



REVIEW REPORT

Liberia Forest Sector Project

Legality review of forest concessions in Liberia

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ACRONYMS

AC	Annual Coupe
AOP	Annual Operational Plan
CFDC	Community Forest Development Committee
CFHP	Code of Forest Harvesting Practices
CFMA	Community Forest Management Agreement
CIMS	Concessions Information Management System
COC	Chain of Custody
COCIS	Chain-of-Custody Information System
DBH	Diameter at Breast Height
DCL	DBH Cutting Limit
EFI	European Forest Institute, FLEGT Facility
EPA	Environmental Protection Agency
EUTR	EU Timber Regulation
FDA	Forestry Development Authority
FLEGT	Forest Law Enforcement Governance and Trade
FMC	Forest Management Contract
GoL	Government of Liberia
LEITI	Liberia Extractive Industries Transparency Initiatives
LibTA	Liberia Timber Association
LRA	Liberian Revenue Authority
LVD	Legality Verification Department
MACs	Ministries, Agencies and Commissions
NBC	National Bureau Concession
NIC	National Investment Commission
NFRL	National Forest Reform Law
NMSMC	National Multi-Stakeholder Monitoring Committee
PUP	Private Use Permit
SFMP	Strategic Forest Management Plan
TSC	Timber Sale Contract
TORs	Terms of reference
VPA	Voluntary Partnership Agreement
VPASU	VPA Support Unit
5 YFMP	5 Years Forest Management Plan

INTRODUCTION

Since 2006, the Liberian forest sector has experienced important reforms aiming to improve the sector's governance. In this context, the National Forestry Reform Law (NFRL) was enacted and laid the basis for the reform process.

In 2007 the NFRL was followed by implementing regulations and the Code of Forest Harvesting Practices. The Community Rights Law (CRL) of 2009, with respect to Forest Land, recognizes local communities' rights to own forest resources on community forest lands. These reforms have allowed the allocation of numerous concessions throughout the country in the form of industrial logging concessions and agreements.

The effective implementation of the forest regulations has been often criticized and concerns have been raised on the fairness and legality of:

- The contracts negotiation and allocation process;
- The implementation of the terms and conditions of the contracts;
- The enforcement by the government of the terms of the concessions.

Based on these concerns, in 2004 the Government commissioned a review of the legal status of the Forest Management Contracts (FMCs) and other forestry licenses awarded by the FDA. Therefore, the Special Independent Investigative Body (SIIB) conducted a first review of compliance of the award process for PUP's while the Liberia Extractive Industries Transparency Initiative (LEITI) Post Award Process Audit conducted by Moore Stephens reviewed four (4) FMCs, five (5) TSCs, and twenty-three (23) PUPs.

Through this new project, the Government intends to complement the reviews already conducted to ensure all forest concessions have been reviewed by an independent party. On this basis, the Government expects to put in place a process to improve governance in the forest sector.

The report is structured as follows:

- **Sections 1 to 3** are presenting the context of the assignment, the programme of the mission and the methodology.
- **Section 4** presents the compiled results of the review against the legality matrix. As the observations were similar from one contract to another, it was chosen to present the general trends before the detailed results. This section could be used as a summary of the report.
- **Section 5** presents the analysis of the LEITI report's recommendations.
- **Section 6** presents the detailed results of the review per contract type and company.
- **Section 7** offers recommendations for the enforcement of the timber sector legality compliance.

1 MISSION CONTEXT

Launched in 2016 by the World Bank, the current forest sector support project for Liberia ("Liberia Forest Sector Project") aims to improved management and increased benefit sharing in targeted forest landscapes.

This project works mainly through the 2 following components:

- 1) **Strengthened Regulatory and Institutional Arrangements for Implementation of REDD** aiming to finance Technical assistance and operational costs needed to reform and harmonize the existing legal regime and to strengthen institutional and professional capacities for improved management of forest landscapes;
- 2) **Strengthened Capacity for Management of Targeted Forest Landscapes**, will finance technical assistance and operational costs to reinforce land use planning, conservation, community forestry, sustainable agroforestry, and forest management to support local communities and their organizations within the targeted landscapes to improve the sustainable management and conservation of natural resources and improve the economic and social benefits derived from them.

The Consultant (SOFRECO) understands that the current assignment is related to the second component of the Forest Sector Project, aiming to review the award process and the compliance of the timber companies against the legal requirements.

The current report is related to the review phase of the project, held for the conduction of the due diligence assessment of the contracts and agreements. It also intends to highlight the needs to strengthen the capacity of the government while negotiating and monitoring a concession.

As indicated herein above, the current assignment is related to the second component of the Forest Sector Project, aiming to reinforce land use planning, conservation, community forestry, sustainable agroforestry, and forest management to support local communities.

The Government of Liberia (GoL) commissioned a review of the legal status of the Forest Management Contracts (FMCs) and other forestry licenses awarded by the FDA. Therefore, the Special Independent Investigative Body (SIIB) conducted a

first review of compliance of the award process for PUP's while the Liberia Extractive Industries Transparency Initiative (LEITI) Post Award Process Audit conducted by Moore Stephens reviewed four (4) FMCs, five (5) TSCs, and twenty-three (23) PUPs.

Through this project, the GoL intends to complement the reviews already conducted to ensure all forest concessions have been reviewed by an independent party. On this basis, the GoL expects to put in place a process to improve governance in the forest sector.

1.1 General objectives of the assignment

The objective of this assignment is to conduct a review related to (i) the negotiation and awarding process of logging concessions contracts and agreements and (ii) implementation and enforcement of these contracts and agreements. It will also contribute to the design of solutions for a resolution process related to non-compliances in the forest sector.

More specifically, the expected outcomes of the assignment are as follows:

- Review existing logging concession contracts and agreements to establish:
 - a. **Legality** of the negotiation and allocation process for the award of the contracts (issued concessions). Conclusions of reports from previously reviewed contracts & agreements will be accepted and the review process itself not duplicated (unless there is a need to complement its scope or to align it with the assessment criteria defined for the new review). A review of the process followed and of the follow-up on the outcomes and recommendations from reviews already completed will however take place through discussions with stakeholders;
 - b. **Compliance** in the implementation of the contracts (for all current commercial logging contracts, including those that were not subject to previous compliance review against the Code of Forest Harvesting Practices (FHP) and Forest Management Guidelines (FMG)), with defined criteria;
 - c. **Enforcement** by the GoL, whether further actions by the government are required to ensure compliance and validity of the concessions and - in case of identified gaps and weaknesses in the government's capacity in negotiating, issuing, monitoring and enforcing concession contracts, logging permits and licenses, and related agreements - corresponding recommendations;
 - d. **Transparency** surrounding the award, implementation and enforcement of the contracts. Transparency has been one of the key riding principles for the forestry reform process in Liberia since 2006. Transparency in the above-mentioned processes connected to negotiation and allocation, implementation and enforcement of all concession contracts and agreements will be reviewed as well as their legality, compliance and accountability.
- Design and put in place (facilitate) a Consensus Building Process (CBP) whereby involved parties, including GoL, concession holders, and communities, may acknowledge the review and if necessary assist to improve (i.e. to remedy procedural and substantive deficiencies in) the awarding and implementation of

the concessions under review. This includes taking into account recommendations made in reviews already completed such as by SIIB and/or LEITI, due to uncertainty regarding the legal and/or corrective actions implemented as a result;

- Identify and propose recommendations for non-compliance issues that can be resolved through CBP to allow the concession holder to become compliant within a time frame; and inform the process of determining whether further actions by the government are required to ensure compliance and validity of the concessions; and,
- Identify capacity building and training programs necessary to address the identified gaps and weaknesses in government and other stakeholders' (to include contract holders, communities) capacity to implement and enforce the terms and conditions of logging titles.

1.2 Update of the work Schedule and Planning for Deliverables

The planning for deliverables is presented at Table 1.

The current report covers the activities and findings of the review phase which took place between June and August 2019. The international forestry experts stayed in Liberia between the 29th of July and the 23rd August.

As a reminder, it was agreed with the FDA during the kick-off meeting in May 2019, to postpone the deliverables due dates by two weeks as per the project proposal, to consider the mobilization of the experts in the country as the formal date of the project's commencement. Nevertheless, the delay of obtention of the formal authorizations to consult LiberTrace and contact the companies has also affected the project program.

Table 1 - Tentative planning for deliverables

Deliverable	Due date
Report on consensus building and capacity building and training program	15/11/2019
Draft of the final report	30/11/2019
Final Report	31/12/2019

1.3 Challenges encountered and mitigations employed

The main challenges encountered during the review phase were as foreseen during the inception phase, including:

- **Time needed to obtain formal authorization** to access to the legal documents and letters of introduction to allow international consultants to meet with representatives of the contract holders and SGS. In this respect, the review phase had to start with a one-month delay as the authorizations were received:

- For SGS: on the 4th of July 2019;
- For the FMC holders: on the 11th of July 2019;
- For the companies operating in CFMA and TSC: on the 14th of August. Although, the team was not copied to the letters sent to these companies and could only meet with 4 companies operating in CFMAs and 2 in TSCs.

In addition to the time needed to obtain these documents, the following information was also received with important delays causing complications in the project implementation:

- The inception report was delivered on the 15th of June, while comments were only received on the 19th of August;
- The list of active companies was confirmed by the FDA on the 31st of July, after the briefing meeting of the review mission.

The review team had also meetings with the LRA in July to understand the tax management system. The LRA asked for formal authorization from the FDA to share information on the system to the consultants. The authorization was requested for the first time by the consultants to the FDA on the 1st of August 2019. The FDA acted at the beginning of October and the consultant could finally meet with the LRA and get the information on the 14th of October.

- Due to the **project implementation period** (from June to November 2019), the field work had to take place during the wet season when all of the forestry operations were suspended and most of the road accesses to the concessions were bloqued. Therefore, the experts could only access to one FMC during the assignment.
- The completion of **SGS's involvement** in the LiberTrace program means that the SGS staff with knowledge and experience in the operations of the legality program and tax collection system was little available for the experts.

Amongst the assumptions presented in Table 5 of the Consultant's Technical offer (p36), the first must be underlined:

Assumption n° 2: "Availability and collaboration of the FDA staff, TWG of the NMSMC and companies during the assignment".

In this respect, letters of introduction to the stakeholders and authorization to collect the documents were requested from the Client by the consultant on the first day of the inception mission (27/05/2019) but were only sent to the Consultant for the FMCs on the 11/07/19. The consultants did not receive the formal authorizations to meet with the companies operating CFMAs and TSCs but were only allowed verbally to work with 4 companies operating in CFMAs and 2 in TSCs.

In addition, the consultants were briefly introduced to the NMSMC during the inception mission but were not allowed to meet with them again during the review phase.

To the knowledge of the Consultant, the NMSMC didn't settle a TWG to supervise and monitor its work. In this respect, the consultant was instructed to work and communicate directly with P. Joekolo, National Authorization Officer (email of D. Saah of the 27/07/2019).

Due to the delay in receiving the documents and authorizations, the Consultant had to modify the field mission programme. As a consequence, some of the experts were no longer available. In this respect, it was proposed to replace Elvis Kuudaar who was supposed to work as a consensus building expert by Re-Al Myers.

Finally, the Consultant would like to highlight the fact that to ensure the collaboration of the companies and give support to the experts, staff of the FDA assisted the team during the interviews with the companies and the field visits in the concession and base camp of Alpha Logging (FMC A).

The mitigation measures applied during the review phase are presented at Table 2.

Table 2 - Mitigation measures applied during the review phase

Challenge encountered	Mitigation measure
Time needed to obtain formal authorizations and other documents	<p>Meetings held and reminding emails and letters sent between the inception phase and the obtention of the authorizations:</p> <ul style="list-style-type: none"> ▪ Briefing meeting of the inception and review missions on the 27/05/2019 and 30/07/2019 ▪ Letters to the FDA on the 03/06/2019, 10/07/2019 and 26/07/2019 ▪ Emails to the FDA sent by M. Boun Heng and J. Laporte (05/07/2019, 26/07/2019, 07/08/2019, 08/08/2019, 13/08/2019)
Project implementation period during the rainy season	<p>The focus of the consultant was mainly based on the desktop review and meetings with stakeholders. Field trips were made to the FMC A and ICC' sawmill. It was then concluded that no more field trip would be organized for safety reasons due to the bad road conditions and to the fact that there was no operations taking place to assess.</p> <p>This decision was communicated to the FDA verbally and by email on the 13/08/2019.</p>
Completion of SGS's involvement	<p>Continuous communications were taking place with F. Teppe all along the review phase. Nevertheless, the team didn't receive any news from SGS after mid-august.</p>
Collaboration with the NMSMC and absence of TWG	<p>Communications held and work organized with P. Joekolo as instructed by the FDA.</p> <p>The team was in the FDA building during the NMSMC committee of August but was not allowed to participate their session. The team decided to keep on working directly with P. Joekolo.</p>
Availability of Consultant's staff	<p>Appointment of R. Myers as consensus building expert.</p>

2 REVIEW PHASE

2.1 Programme of the review mission

The review mission took place in Monrovia, from Monday 29 of July to Friday 23 August 2019. The progress of the mission and the list of attended meetings are presented in Table 3.

Table 3 – Calendar of the review mission

Day	Activity
M. 29/07/2019	<ul style="list-style-type: none"> ▪ GKU, GG, JL arrival in Monrovia. ▪ Installation at MUREX PLAZA Hotel, Monrovia.
Tu. 30/07/2019	<ul style="list-style-type: none"> ▪ Commencement meeting with FDA for planning the field program.
W. 31/07/2019	<ul style="list-style-type: none"> ▪ Meeting with FDA officials including attendance of the multi-stakeholder meetings at the FDA offices. ▪ Meeting with SGS / LVD.
Th. 01/08/2019	<ul style="list-style-type: none"> ▪ Preparation of template documentation and questionnaire. ▪ Meeting with the VPASU team. ▪ GKU, JLA and M. JOEKOLO/FDA meeting at the office of Alpha Logging (FMC A) and Atlantic Resources (FMC P).
F. 02/08/2019	<ul style="list-style-type: none"> ▪ GKU, JLA and M. JOEKOLO/FDA meeting at the office of ICC (FMC K) and Geblo (FMC I). ▪ PMA arrival in Monrovia (4 days after the other experts, due to non-compliant visa). ▪ Meeting with LRA. ▪ Preparation of template documentation and questionnaire.
Sa. 03/08/2019	<ul style="list-style-type: none"> ▪ Experts reviewing report template, at hotel, Monrovia. ▪ Reading documents of the mission, at hotel, Monrovia.
Su. 04/08/2019	<ul style="list-style-type: none"> ▪ Review of report template at hotel, Monrovia. ▪ Reading documents of the mission, at hotel, Monrovia.
M. 05/08/2019	<ul style="list-style-type: none"> ▪ Car trip from Monrovia to Buchanan, PMA, GKU and M. JOEKOLO/FDA. ▪ Visit of ICC sawmill at Buchanan, with M. Jurgen (Director, ICC). ▪ Visit of Buchanan port and meeting with the port authorities.

Day	Activity
	<ul style="list-style-type: none"> Meeting at FDA regional office with FDA staff. Return trip from Buchanan to Monrovia.
Tu. 06/08/2019	<ul style="list-style-type: none"> PMA, GKU and M. JOEKOLO/FDA meeting at ICC office in Monrovia with Mr. Rahul MISRA, responsible of the company's CoC management. Meeting at FDA Office to organize last visits with forest companies.
W. 07/08/2019	<ul style="list-style-type: none"> Working with Experts on Review report template, at hotel, Monrovia. Reading documents of the mission, at hotel, Monrovia.
Th. 08/08/19	<ul style="list-style-type: none"> Review Report writing at hotel, Monrovia (check-lists). Meeting with the VPASU team and Flegt Facilitator.
F. 09/08/19	<ul style="list-style-type: none"> Review Report writing at hotel, Monrovia (check-lists). PMA, GKU, JLA and M. JOEKOLO/FDA meeting at the office of Euro Liberia Logging (FMC F), Monrovia. Departure from Liberia of JLA, Team leader.
Sa. 10/08/19	<ul style="list-style-type: none"> Working on documents of the mission at hotel, Monrovia.
Su. 11/08/19	<ul style="list-style-type: none"> Working on documents of the mission at hotel, Monrovia. Travel by car from Monrovia to Gbarnga for visiting Alpha Logging forest concession (PMA, GKU and M. JOEKOLO/FDA). Installation at Passion Hotel, Gbarnga.
M. 12/08/19	<ul style="list-style-type: none"> Travel from Gbarnga to the Alpha Logging camp site (PMA, GKU and M. JOEKOLO/FDA). Meeting with Alpha Logging staff. Visit of Alpha Logging camp site. Visit of a log yard within forest concession. Return trip by car to Monrovia.
Tu. 13/08/19	<ul style="list-style-type: none"> Review Report writing at hotel, Monrovia (complements on check-lists). Reading documents of the mission.
W. 14/08/19	<ul style="list-style-type: none"> PMA, GKU and M. JOEKOLO (FDA) meeting at the office of Booming Green Office in Monrovia. Search and collection of documents at FDA, Monrovia. Scanning of documents collected.
Th. 15/08/19	<ul style="list-style-type: none"> Meeting at the Environmental Protection Agency (EPA). Writing minutes of visits and meetings.
F. 16/08/19	<ul style="list-style-type: none"> Writing minutes of visits and meetings. PMA, GKU and M. JOEKOLO/FDA meeting at the office of TSC of Beyan Poye. Meeting with VPASU representatives to brief them on the project and seek feedback (GKU/REM).
Sa. 17/08/19	<ul style="list-style-type: none"> Writing minutes of visits and meetings. PMA, GKU and M. JOEKOLO/FDA meeting at the office of CFMA Bargor & Bargor, Monrovia. Scanning of documents collected.
Su. 18/08/19	<ul style="list-style-type: none"> Writing minutes of visits and meetings. Reading documents of the mission.
M. 19/08/19	<ul style="list-style-type: none"> PMA, GKU and M. JOEKOLO/FDA meeting at the office of CFMA Sing Africa. PMA Visit to EPA for documents collection.

Day	Activity
	<ul style="list-style-type: none"> PMA, GKU and M. JOEKOLO/FDA meeting at the office of CFAM Mandra. Writing minutes of visits and meetings.
Tu. 20/08/19	<ul style="list-style-type: none"> Departure from Liberia of GKU, forest compliance Analyst. PMA Review Report writing at hotel, Monrovia (check-lists).
W. 21/08/19	<ul style="list-style-type: none"> PMA Review Report writing at hotel, Monrovia (check-lists).
Th. 22/08/19	<ul style="list-style-type: none"> PMA Review Report writing at hotel, Monrovia (check-lists).
F. 23/08/19	<ul style="list-style-type: none"> PMA Review Report writing at hotel, Monrovia (check-lists). Departure from Monrovia to Brussels.

In the weeks following this programme, Ms. Myers, consensus building expert, working on legal aspects of the review, had follow-up meetings with the FDA, the LRA and directors of companies.

2.2 Reviewed contracts and agreements

Three types of contracts / agreements had to be considered under the review:

- Forest Management Contract (FMC);
- Timber Sales Contract (TSC);
- Community Forest Management Agreement (CFMA).

The Private Use Permits (PUP) were not considered under this review. All 63 PUPs previously awarded have now been cancelled and will therefore not be considered in this review.

The scope, type, number of contracts and agreements considered are listed in Table 4.

The review is understood as having to cover all forest concessions, in all types of contracts & agreements. These numbers were provided by SGS as the FDA could not confirm the information at the time of the mission.

Table 4 - Scope (type) and number of contracts and agreements to be considered

Type of contract / agreement	Number of existing contracts / agreements	Number of previously reviewed contracts / agreements	Number active	Number of contracts / agreements subject to review of award process	Number of contracts / agreements subject to review of implementation and enforcement
FMCs	7	4	5	3	5
TSCs	10	5	2	5	7
CFMAs	16	0	4	16	4

The list of contracts, agreements and associated companies, to be considered are listed in the table below.

The activity status describes if the forest areas are “Active” or “Inactive”. “Stopped” and “Dormant” forest areas have active contracts / agreements but are not currently producing for a variety of reasons. Some CFMA’s are “Starting” to mean they are “Active” but not yet producing.

Only active contracts / agreements were considered in this legality review as the other companies had no supporting documentation to provide to the review team.

Some contracts have already been subject to a Post Award Process Audit conducted by LEITI. Therefore, their award process won't be assessed again in the frame of this assignment.

Table 5 - List of contracts, agreements and associated companies considered in this assignment

Type of contract / agreement	#	Contract / Agreement	Awarded Company	Area (Ha)	Region	Activity Status	LEITI Post Award Process Audit	Review Scope		Date Approved	Tenure
								Award	Implementation and enforcement		
FMCs	1	FMC A	Alpha Logging and Wood Processing Co.	119,240	2	ACTIVE	No	Yes	Yes	27/05/09	25 Years
	2	FMC B	EJ & J or (operator : Mandra Forestry)	57,262	3	TERMINATED	No	No	No	27/05/09	25 Years
	3	FMC C	Mandra LTTC	59,374	3	DORMANT	No	Yes	No	30/09/09	25 Years
	4	FMC F	Euro Liberia Logging	253,670	4	ACTIVE	Yes	No	Yes	30/09/09	25 Years
	5	FMC I	Geblo Logging	131,466	4	ACTIVE	Yes	No	Yes	17/09/09	25 Years
	6	FMC K	International Consultant Capital (ICC)	266,910	3	ACTIVE	Yes	No	Yes	30/09/09	25 Years
	7	FMC P	Atlantic Resources	119,344	4	ACTIVE	Yes	No	Yes	30/09/09	25 Years
TSCs	8	TSC A2	Tarpeh Timber Co. /Renaissance Group	5,000	3	ENDED	No	No	No	01/06/08	3 Years
	9	TSC A3	Akewa Group	5,000	3	ENDED	Yes	No	No	21/07/10	3 Years
	10	TSC A6 *	Bulglar & Vincent (B&V)	5,000	1	ENDED	No	No	No	01/06/08	3 Years
	11	TSC A7	Bargor & Bargor (B&B)	5,000	1	ACTIVE	No	Yes	Yes	01/06/08	3 Years
	12	TSC A8 *	ThunderBird International Liberia	5,000	1	ENDED	No	No	No	01/10/10	2 years
	13	TSC A9 *	Bulglar & Vincent (B&V)	5,000	1	ENDED	No	No	No	01/06/08	3 Years
	14	TSC A10 *	Bulglar & Vincent (B&V)	5,000	1	ENDED	No	No	No	01/06/08	3 Years
	15	TSC A11	Bassa Timber And Logging	5,000	1	ACTIVE	Yes	No	Yes	21/07/10	3 Years
	16	TSC A15 *	Sun Yeun (1)	5,000	1	ENDED	Yes	No	No	21/07/10	3 Years
	17	TSC A16	Sun Yeun (2)	5,000	1	ENDED	Yes	No	No	21/07/10	3 Years
CFMAs	18	Bloquia	Liberia Hardwood Corporation	43,794	3	STOPPED	No	Yes	No	????	15 years
	19	Neezonie*	Ecwood Inc.	22,653	2	DORMANT	No	Yes	No	????	15 years
	20	Gbi	Liberia Tree & Trading Company Inc.(LTTC)	31,155	3	DORMANT	No	Yes	No	????	15 years
	21	Doru	Liberia Tree & Trading Company Inc.(LTTC)	35,000	3	DORMANT	No	Yes	No	????	15 years
	22	Numopoh	Delta Timber Corporation	7,320	4	DORMANT	No	Yes	No	????	15 years
	23	Bluyeama	SING Africa	49,937	2	ACTIVE	No	Yes	Yes	????	15 years
	24	Beyan Poye	Akewa	33,338	2	ACTIVE	No	Yes	Yes	????	15 years
	25	Sewacajua	Mandra Forestry	31,936	4	ACTIVE	No	Yes	Yes	????	15 years
	26	Gba	LTTC Thanry	182	4	DORMANT	No	Yes	No	????	15 years
	27	Garwin	Tetra	36,637	3	ACTIVE	No	Yes	Yes	????	15 years
	28	Kparblee	Kparblee Timber Corporation	9,926	4	STARTING	No	Yes	No	????	15 years
	29	Gheegbarn-2	L & S Resources Inc, Monrovia (Liberia)	12,576	3	STARTING	No	Yes	No	????	15 years
	30	Marblee and Karblee	African Wood & Lumber Co, Monrovia (Liberia)	23,354	3	STARTING	No	Yes	No	????	15 years
	31	Putu Community Forests	African Wood & Lumber Co, Monrovia (Liberia)	21,337	4	STARTING	No	Yes	No	????	15 years
	32	Gbarsaw and Dorbor	African Wood & Lumber Co, Monrovia (Liberia)	21,230	4	STARTING	No	Yes	No	????	15 years
	33	Kpogblen Community Forest	STARWOOD INC.	8,833	3	STARTING	No	Yes	No	????	15 years
	34	Zuzohn Community Forest	BOOMING GREEN	12,611	3	STARTING	No	Yes	No	????	15 years

3 METHODOLOGY

3.1 Collection of documents

LiberTrace is used by the FDA (under the LVD-SGS project) as a repository of administrative documents which architecture is based on the legality matrix.

Therefore, a first collection of documents was made through the system for every concession and agreement.

After the documents' collection on LiberTrace, consultations were held with companies and FDA in order to collect the documents that were not yet in the database. In this respect, the documents that were identified as missing in LiberTrace were requested during interviews with the companies and the FDA.

It was initially programmed to send letters to the companies. Although, the delay for the reception of the authorization didn't allow the experts to have enough time to send these letters before their mission. Therefore, the document collection was completed directly during the meetings with the companies.

All collected documents, on LiberTrace and through consultations were then shared amongst the experts' team on the shared drive.

3.2 Adaptation of the VPA's Legality Matrix

The Legality Assurance System (LAS) described in the VPA is based on the verification of the criteria of the Legality Matrix defined in Appendix A of the VPA. The Matrix is divided into 11 Principles, 54 Indicators and 132 Verifiers (PIVs). The 11 principles are related to the entire legal framework of the forestry sector.

As a part of this assignment the Legality Matrix was reviewed to include developments to the national legal framework and streamlined by identifying redundancies, repetitions and obsolete criteria. Following this process, a "Legality Review Checklist"¹ was developed using all eleven principles and fifty-one indicators of the legality matrix.

¹ See section 4.1 - Adaptation of the legality matrix, in page 29

3.3 Analysis of the companies' compliance with legal requirements

The analysis of a company's compliance was completed using the Legality Review Checklist outlined above in Section 4.1. A company's compliance with legal requirements defined in governing legislation, regulations, guidelines and forest governance policies was assessed through a review of documented processes and verified reports, permits, licenses, receipts and other supporting documents. Although this review was complimented by interviews, compliance was scored primarily using documented resources.

A scoring code was implemented for the analysis of the documents. As such, a document listed in the legality matrix or a section in a document was coded with:

- **A:** when the supporting documents exist, were sighted by review team and are compliant;
- **B:** when the supporting documents exist, but are not compliant (also includes instances where the full document was not shared with review team/could not be verified);
- **C:** when the supporting documents were not sighted by review team and compliance could not be verified.

3.3.1 Assessment of legality and transparency processes during concession negotiation

The assessment of the legality and the transparency of the negotiation processes is primarily based on the review of compliance with principles 1 and 2 which relate to the legal existence/recognition and eligibility to operate in the forest sector and to the bidding/awarding processes used to allocate forest resources respectively.

In relation to FMCs and TSCs, verification processes outlined under Principle 1 were assessed to confirm that:

- i. The entity seeking a forest contract or permit for harvesting, processing or exporting logs or any timber product in Liberia is either a registered business or recognized by FDA as capable of obtaining and holding a forest contract or permit under Liberian law;
- ii. Applicants for forest licensing and/or concessions are eligible to hold a forest license and are not holders of certain positions in Government that are prohibited by Section 5.2b of the NFRL to conduct commercial forest operations because of actual or potential conflict of interest²;
- iii. Applicants for forest licensing are not be barred from bidding for concession and other public contracts due to violations of tender rules established by the PPCC.

² Including President and the Vice President of Liberia, Members of the Legislature, Members of the cabinet, Directors and Managers of FDA, current county Superintendents or any other person specifically prohibited from owning a forest contractor or an interest in a forest contract

As the guidelines governing CFMAs were not developed prior to the VPA Agreement, requirements for CMFAs were not included in the VPA's legality matrix. However, Principle 1's requirements for legal existence/recognition and eligibility to operate in the forest sector also apply to communities seeking to manage their forests and to third parties contracted by communities to carry out commercial activities within approved community forests. In addition to verification processes outlined in the VPA Agreement, pre-qualification requirements for the establishment of authorized forest community status, community forest governance structures and bodies, and formalization of community forest management agreements were applied in line with Chapters 2, 3, and 7 of the 2017 Amended Regulations to Community Rights Law respectively. These requirements were summarized and streamlined under Principle 1 and included in the Legality Review Checklist.

In relation to FMCs and TSCs, forest allocation verification processes outlined under Principle 2 of the VPA legality matrix aimed to confirm:

- i. That all communities affected communities³ area were consulted by FDA and have given their informed consent to the proposed concession;
- ii. That the proposed concession is consistent with national development objectives;
- iii. That a company applying for licensing has complied with all the relevant prequalification requirements and as such meets the criteria of the bidding process;
- iv. That the forest license for commercial forest operations was granted based on a competitive bidding process as required by the law;
- v. That the concession area awarded to the contract holder does not encroach upon land owned by other contract holder(s) or protected forest area;
- vi. That the bidder has submitted the statutory required bond and met with the relevant requirements;
- vii. That the required performance bond was posted within the required time period;
- viii. That all forest contracts are concluded in keeping with law.

³ Within 3.0 km of proposed concession area

Forest allocation verification processes relating to competitive bidding and concession negotiation outlined under Principle 2 could not be directly applied to CFMAs under review. Although 31 CFMAs have been awarded since 2011⁴, these agreements are not subject to public procurement and competitive concession bidding processes outlined in the PPCC Act for two reasons:

- Part VI, Section 73 of the PPCC Act defines concession as “the grant[ing] of an interest in a public asset by the Government or its agency to a private sector entity for a specified period during which the asset may be operated, managed, utilized or improved by the private sector entity which pays fees or royalties under the condition that the Government retains its overall interest in the asset and that the asset will revert to the Government or agency at a determined time.” By approving a CFMA, GoL acknowledges that the asset i.e. the community forest land is “owned and used by communities for socio-cultural, economic and development purposes” in line with the defined by Chapter 1, Section 1.3 of the Community Rights Law. Therefore, forests owned by communities are not GoL assets and cannot be awarded as concessions. This is why small and medium scale commercial use contracts are negotiated directly between the community and company.
- All approved CFMAs have been awarded for areas less than 50,000 hectares and are therefore classified as small or medium scale commercial use contracts. Chapter 6, sections 6.1 and 6.2 of the Community Rights Law stipulate that these contracts are not allocated on a competitive bidding basis, putting them outside the scope of the PPCC Act and related regulations.

Processes and procedures for awarding small and medium-scale commercial use contracts for community forests are not standardized or clearly defined in law.

The Legal Analysts also assessed how recommendations of previous assessments made by SIIB and LEITI in the frame of contract negotiation were implemented by the FDA.

3.3.2 Contract implementation - Technical review of the key management documents

This section seeks to assess the legality of five (5) forest management contracts, two (2) timber sale contracts, and four (4) community forest management agreements using these criteria.

Following the data collection process, the available documents were examined in order to:

- Identify which are the existing and missing ones against the VPA legality matrix;
- Verify the consistency of the documents against the official guidelines;
- Prepare a desktop review report;
- Prepare the field inspections. In this respect, if a guidance document (i.e. forest management plan, environmental impact assessment) was inexistent or not consistent according to the official guidelines, it was then considered as not available or not compliant. As such, its implementation was not verified in the field. Therefore, more desktop reviews were conducted than field inspections.

⁴ of which 11 are pending board approval (Sixth Meeting of the Joint Implementation Committee (June 13-14 2018), Aide Memoire)

The same scoring system as described at section 3.3.1 (A, B or C) was used to assess the documents listed in the legality matrix.

The assessment was conducted against the official guidelines as detailed in the below sections.

3.3.2.1 Assessment of the Strategic Forest Management Plan (SFMP)

As stated in the VPA, the Forest Management Contracts, the National Forestry Reform Law and the Ten Core Regulation require the companies to prepare a Strategic Forest Management Plans for the FMCs. The “Guidelines for Forest Management Planning in Liberia” (2009) designed with the technical assistance of FRM expose the process to design strategic forest management plan, 5 years management plan as well as Annual Operation Plan.

In the frame of the review, these guidelines were adapted into a checklist to assess the existing management plans against the official guidelines. As such, the review team verified if every criteria of the guidelines had been adequately considered for the design of the document.

The adapted checklist is presented in Table 6. Amongst the assessed criteria, the multi-resources inventory and the socioeconomic diagnosis are more critical than others as detailed below.

- The multi-resources inventory is fundamental for:
 - The calculation of the rotation;
 - The partition of the FMC into management units;
 - The partition of the Timber Production Unit into Compartments;
 - The calculation of the species recovery rates for the update of the DBH cutting limit;
 - The calculation of the commercial species stock;
 - The realization of the industrial planning and the economic and financial assessments.
- The socio-economic diagnosis is essential for:
 - The partition of the FMC into management units;
 - The realization of the industrial planning and the economic and financial assessments.

Therefore, if there was no proper inventory and / or socio-economic diagnosis undertaken, the elements related to them will be considered as not compliant.

Table 6 – Strategic Forest Management Plan verification checklist

Criteria	Items to be verified
Ratification of the SFMP	<ul style="list-style-type: none"> • According to the guidelines, the SFMP must be designed within the 4 years after the signature of the Forest Management Contract
Stratification and mapping	<ul style="list-style-type: none"> • Existence of a forest stratification map with the definition of the land cover types of the FMC area

Criteria	Items to be verified
Multi-resources inventory	<ul style="list-style-type: none"> • Realization of the inventory • Respect of the minimum sampling intensity (1 % for a FMC < 200 000 ha and 0,8 % for a FMC > 200 000 ha) • Presentation of the sampling plan • Respect of the sampling technique for the resources to be inventoried • Presentation of the inventory results and their calculation methods
Socioeconomic diagnosis	<ul style="list-style-type: none"> • Presentation of the diagnosis results • Presentation of the FMC's demography and social infrastructure areas
Definition of protected and managed species	<ul style="list-style-type: none"> • The management species are the Class A to C species, provided by the FDA, for which the densities are above 0,02 stems/ha
Definition of the rotation	<ul style="list-style-type: none"> • The rotation shall not be less than 25 years
Partitioning of the FMC into management units	<ul style="list-style-type: none"> • Map of the management units (at least timber production, protection, reforestation and agricultural units) • Verification that the partitioning is based on the results of the: <ul style="list-style-type: none"> ○ Forest stratification mapping ○ Multi-resources inventory ○ Socio-economic surveys
Design of management procedures for the management units	<ul style="list-style-type: none"> • Definition of the generic harvesting procedures • Definition of the generic rights of use • Definition of the management procedures for the protection, reforestation and agricultural units • Social management • Other environmental and wildlife management measures
Definition of DBH cutting limits	<ul style="list-style-type: none"> • The cutting limits are based on the calculation of the reconstitution indexes for every specie • Every specie shall present reconstitution index > 50 %, except if the stand structure is favorable • Every class of managed species (A, B and C) shall have a global reconstitution index > 75 %
Stock calculation of the commercial species	<ul style="list-style-type: none"> • Stock calculated based on the adapted DBH cutting limits • Presentation of the total, 5 years and annual expected yields per species
Partition of the timber Production Unit into Compartments	<ul style="list-style-type: none"> • The compartments have the same volume (+/- 5 %) • The calculation method is presented and credible • The volume is calculated based on the adapted DBH cutting limits
Industrial planning	<ul style="list-style-type: none"> • Consistency of the industrial planning against the assessed timber resources • Schedule of the industrial projects over the five following years
Implementation, monitoring and evaluation of the FMP	<ul style="list-style-type: none"> • Presentation of the functional organization for the implementation of the new departments, the Reduced Impact Logging procedures, the social management, etc. • Presentation of the internal audit planning program • Presentation of the FMP review process

Criteria	Items to be verified
Economic and financial assessment	<ul style="list-style-type: none"> • Presentation of the cost of the implementation of the FMP • Calculation of the State revenues based on the stock calculation • Presentation of the corporate business plan

3.3.2.2 Criteria to assess the 5 Years Management Plan (5YFMP)

As per the SFMP, a checklist was designed based on the guidelines to assess the 5YFMP against the official requirements for the FMCs. The adapted checklist is presented in Table 8.

According to the guidelines and regulations, the 5YFMP is based on the results of the SFMP. Therefore and in the frame of this review, the 5YFMP which will be based on inexistent or non-compliant SFMP will be considered as non-compliant.

Table 7 – 5 Years Management Plan verification checklist

Criteria	Items to be verified
General framework	<ul style="list-style-type: none"> • Company profile • Description of the FMC area • Description and map of the Forest Compartment • The sequence of harvesting of the Forest Compartment is the same as per the SFMP
Assessment of the previous 5YMP	<ul style="list-style-type: none"> • Presentation of the harvesting figures against the expectations of the previous 5YFMP
Description and location of the forest compartment	<ul style="list-style-type: none"> • Description of boundaries and surface area • Description and forest stratification map of the Forest Compartment • Description and map of the management Units within the Forest Compartment
Results of the multi-resources inventory	<ul style="list-style-type: none"> • Synthesis of results of the multi-resources inventory conducted in the Forest Compartment in the frame of the SFMP <ul style="list-style-type: none"> ◦ Table presenting the densities, volume and basal areas per hectare by species and class of species
Planning of logging activities on the Forest Compartment	<ul style="list-style-type: none"> • Average yields on the Forest Compartment • Partitioning into 5 AC of equal area • Map of the 5 AC • Sequence of harvesting and opening schedule • Logging management rules • Other management rules
Activity forecast / implementation chart	<ul style="list-style-type: none"> • Planning schedule of the logging activities • Planning schedule of other activities

3.3.2.3 Criteria to assess the Annual Operational Plan (AOP)

As per the previous sections, the Table 8 presents the adaptation of the guidelines to assess the AOP for the FMCs, TSCs and CFMAs.

Table 8 – Annual Operational Plan verification checklist

Criteria	Items to be verified
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	<ul style="list-style-type: none"> The AC location is consistent with the SFMP and the 5 YFMP The AC is in line with the sequence of harvesting
AC Area	<ul style="list-style-type: none"> The AC area should equal to 1/5 of the 5 years Compartment
Annual audit report	<ul style="list-style-type: none"> Results and lessons learned from the previous AC harvesting
Pre-harvest enumeration (stock survey)	<ul style="list-style-type: none"> 100% of the trees above 50 cm DBH of all the blocks of the AC have been enumerated The enumeration results are presented per diameter class in: <ul style="list-style-type: none"> Number of stems (density) and number of stems per species Volume per species
Harvesting forecasts	<ul style="list-style-type: none"> The forecasts are based on the enumeration The calculations are based on the DCL defined in the SFMP
Annual Coupe Map	<ul style="list-style-type: none"> Scale between 1/15.000 and 1/30.000 Location of the blocks, management units Logging constraints (streams, slopes, rocks, swamps) Existing and planned infrastructure
Stock map	<ul style="list-style-type: none"> Scale between 1/1.000 and 1/5.000 Location of trees to be harvested and those to be protected Pre-harvest enumeration transects
Planning of harvesting operations	<ul style="list-style-type: none"> Road network, bridges and log landings Harvesting operations
Planning of other activities	<ul style="list-style-type: none"> Special silvicultural activities Social program Environmental program

3.3.2.4 Criteria to assess the EIA

The criteria to assess the EIA were adapted from the Environmental Impact Assessment Procedural Guidelines (2006) to assess the EIA against the official requirements for the FMCs, TSCs and CFMAs.

The adapted checklist is presented in Table 9.

Table 9 – EIA verification checklist

Criteria	Items to be verified
Executive summary	<ul style="list-style-type: none"> • Project Description • Consultant Information • Findings
Introduction-overview of the project	<ul style="list-style-type: none"> • EIA objective and scope; • Project rationale
Policy, legal and administrative framework	<ul style="list-style-type: none"> • Regulations and standards applicable to the project should be referred to
Detailed project description	<ul style="list-style-type: none"> • Detailed statement of all the critical activities which will be involved in the proposed project: <ul style="list-style-type: none"> ○ Construction phase ○ Operational phase
Description of the Environment	<ul style="list-style-type: none"> • Biological environment • Physical environment • Human environment
Impact Prediction and Evaluation	<ul style="list-style-type: none"> • Air quality • Sewage disposal • Sludge and wastewater management • Groundwater impacts and servicing • Surface water • Proximity and impact on environmental features • Waste management
Socio-economic analysis of project impacts	<ul style="list-style-type: none"> • Analysis of the proposed project impacts on the socio-economic environment
Environmental Management Plan (EMP) and Mitigation Measures	<ul style="list-style-type: none"> • Summary of Impacts • Description of mitigation measures • Description of monitoring programmes • Assignment of responsibilities for plan implementation • Impact management strategy • Implementation and Reporting procedures • Estimate of cost of carrying out mitigation measures and sources of funds • Proven efficacy of the mitigation measures
Identification of Alternatives	<ul style="list-style-type: none"> • Definition of the alternatives taken into account in developing the project
Monitoring Program	<ul style="list-style-type: none"> • Definition of the monitoring activities to ensure proper process and performance efficiency of the project
Public Participation	<ul style="list-style-type: none"> • Plans for public consultation
Description of the best available Technology	<ul style="list-style-type: none"> • Description and list of the specifications of the technology used

Criteria	Items to be verified
Conclusion and Recommendations	<ul style="list-style-type: none"> Conclusion or recommendation on whether the project should proceed as described in the Environmental Impact Assessment report.

3.3.2.5 Criteria to assess the Social Agreements

The criteria to assess the social agreements are adapted from the Ten Core Regulations.

The adapted checklist is presented in Table 10.

Table 10 – Social agreement verification checklist

Criteria	Items to be verified
Code of conduct	<ul style="list-style-type: none"> Rights and responsibilities of members of the affected communities Rights and responsibilities of the Holder and Holder's employees, contractors and other associates
Financial benefit	<ul style="list-style-type: none"> Description of the financial benefit that the affected communities will receive from the Holder (see section 34 of the Ten Core Regulation)
Payment by the Holder	<ul style="list-style-type: none"> Interest bearing escrow account to be set up by the Holder.
Funds released by the Holder from an escrow account to the benefit of an Affected Community	<ul style="list-style-type: none"> The request satisfies the requirement of Part Six of this Regulation; The Authority consents to the respect.
Settlement dispute mechanism	<ul style="list-style-type: none"> Practical mechanism for resolving disputes that may arise between the Holder and members of Affected Communities.

3.4 Contract implementation - Field inspections

Field inspections took place at FMC A and in ICC' sawmill in Buchanan as these were the only reachable places during the mission because of the rainy season.

For their realization, the experts focused their inspections mainly on social issues as no logging operations were carried on during the mission.

During the preparation of these inspections, it was foreseen to adapt field checklists for every contract, based on the existing (and compliant) guidance documents. Besides, it was foreseen to use the checklist of the code of harvesting practices. Although, as there were no harvesting operations going on during the mission, these checklists could not be used.

During the field inspections, traceability verifications were also undertaken. References of barcode tags were recorded on standing trees, logs and stumps and verified against their declared status in LiberTrace.

3.5 Analysis of governance of key management processes (planning, control, audit/compliance management)

Based on the legality assessment of the forest contracts, an analysis of governance of key management processes was undertaken for the following topics:

- Forest planning and management;
- Community / stakeholder engagement;
- Environmental protection;
- Social welfare;
- Payment of taxes and fees to the Government and communities.

An analysis was also made on the potential structural and regulatory problems in the sector causing regular non-compliance.

In this respect and in addition to the document analysis, the experts worked with the different administrations to:

- Present the principal issues observed in the field;
- Assess the government capacity;
- Determine in collaboration with the administration of the government recommendations to figure out the issues reported;
- Advise the government how to modify and orientate the legacy for the forestry sector if needed.

At the completion of this stage, recommendations were made based on the consultation process held during this component of the assignment.

3.6 Analysis of Recommendations from LEITI 2013 Post Award Audit Report's and SIIB's Report on the Issuance of PUPs

The experts analysed the reviews already conducted by SIIB and LEITI to evaluate if the outcomes and recommendations were correctly implemented for concessions negotiated after this assessment.

Furthermore, a review of the concessions which had not been assessed was conducted to ensure all concessions had been reviewed by an independent party.

3.7 Financial Review of forest concession fees

3.7.1 Information Basis

The main information basis used for the financial review was shared by SGS as it oversaw the management of the Chain of Custody of all logs and wood products in Liberia, which includes:

- The invoicing and monitoring of payments of all forest charges related to log and wood production and trade (this includes the calculations for the amount owing);

- The confirmation that the payments have been duly made by logging and exporting companies to the appropriate government accounts in the Central Bank before the release of each timber export permit.

Consequently, the main source for financial information has been the SGS database which was made available to the team after the return of the financial analyst. All observations and conclusions regarding the concession fee situation of the companies have been based on the information provided by the file "ALL_FEES_MAY2008_JUN2019.xlsx". Special attention was given to the spreadsheet "Financial – Statement of Account".

Additional financial information was retrieved from the SGS document "March 2019 Quarterly Agreement Performance Updates" and LVD "Quarterly Agreement performance Updates, June 2019). In parts both reports publish identical information, but there are different reference periods. In other cases, there are discrepancies and or misleading tables published (eg. LVD Monthly report DO3, Table 12 – Area fees invoiced after 1st January 2016: the table includes not only area fees but other concession fees, no information is given which period is covered; the total volumes for invoices paid and balance does not correspond to figures of the SGS Quarterly Agreement performance Updates, March 2019.

A meeting was also held with LRA in order to learn about the mechanisms adopted in order to enforce payment of forestry taxes and to learn which legal measures have been adopted. Moreover, information about the requirements for tax clearance were requested. Unfortunately, LRA was unable to provide that information and insisted on an official request by FDA which did not materialize.

Regarding the information collection for the financial review, the main following assumptions were made:

- There was no comprehensive information provided whether invoices have been paid to the LRA or whether individual agreements had been made between the LRA and the concession companies. It was confirmed by the LRA that there have been cases that some FMC companies made an arrangement with the LRA allowing that their company taxes were cleared in exchange of work on infrastructures. No official document has been received, therefore, the invoices marked as paid by SGS were considered as paid.
- Community Payments: The VPA stipulates that a "(...) the contract/ permit holder would pay financial benefits on a quarterly basis into an interest-bearing escrow account maintained in trust for the community". Although, the database doesn't keep a record regarding the situation of communities under the CFMA scheme. The company's obligations regarding direct payments has not been made available to the team, neither. Nor have there been any records with respect to an outstanding "financial benefits" to be paid to the communities. It seems that there is no entity responsible for the monitoring of community payments. The area tax is to be paid in full to the LRA and this is held by the Finance Ministry. The Finance Ministry is supposed then to forward 30% of the Area Fees to the communities. Communities complained that they have not received their share of the area taxes for FMCs. Invoices issued nor payments made to the communities were not shared to the team.

3.7.2 Calculation of concession fees and payments

The following fees were invoiced by SGS within LiberTrace and recorded in the file shared by SGS:

- **Area Fee**, which is an annual area fee for every hectare of land subject to the contract: US \$2.5/ha/year for FMC and US \$1.25/ha/year for TSC. Only area fees issued after 1/2017 are considered in the database. Open payments have been marked as “undue” or “overdue” according to the repayment period established by the system.
- **Bid premium fees** have been abolished through the “act to abolish the payment of annual land rental bid premium on contract area (...)” approved on the 17/09/2013. As such, all land rental bid premiums accrued up to the Fiscal Year 2011/2012 should have been fully paid within a period of 36 months or as agreed with the FDA and the Ministry of Finance. Nevertheless, outstanding bid premium fees have been invoiced by SGS as “2008-2011 (Bid Premium)” with due date October 2020. The recovery of these payments is currently progressively made by the companies which must pay **13 % of the FOB value** of every export against their arrears.
- **Stumpage and export fees**, which are fees associated with the harvest of Forest Resources, including fees based on the kind and amount of Forest Resources harvested and exported.
 - Stumpage fee value is comprised between 2.5 % and 10 % of the FOB price Monrovia of the harvested wood;
 - Export fee value is comprised between 2.5 % and 10 % of the FOB price Monrovia for log export and between 1.5 % and 5 % for wood product export.

Other concession fees (including waybill fee, barcode fee, inspection fee etc.) have been grouped under the term “other fees”. Community Payments have not been recorded within the SGS database.

4 COMPILED RESULTS

4.1 Adaptation of the legality matrix

The Legality Matrix was reviewed and adapted to include developments to the national legal framework and streamlined by identifying redundancies, repetitions and obsolete criteria. The “Legality Review Checklist”, found below in sub-section 4.1.3 is the product of these efforts. The Checklist specifies the standards and criteria used to evaluate and determine if the forest contracts analysed in this study were:

- i. Transparently and legally negotiated and awarded; and
- ii. Implemented and enforced in line with contractual obligations and relevant laws, guidelines and industry best practices.

4.1.1 Missing Documents

It is important to note that the review of the legality of the assigned contracts was severely limited due to the number of key documents that were missing and/or not made available to the Review Team. The lack of key documents affected the Team’s ability to assess the transparency and legality of negotiation and awarding processes, the sustainability of forest planning and management practices, and the environmental impact of commercial use activities.

- **Transparency and legality of negotiation and awarding processes:** The lack of concession procurement plans, signed minutes detailing the bid evaluation processes, and due diligence reports was systemic across all FMCs and TSCs under review. These gaps indicate a lack of transparency and the violation of legal standards for awarding concession agreements. These violations were well documented by LEITI and SIIB in their respective reports. See section 6.1. below for further details.
- **Forest Planning and Management:** Lack of Annual Operational Plans, 25-year management plans for FMCs, and management plans for commercial use contracts within community forests make it difficult to assess if forest management operations and harvesting comply with applicable laws.
- **Compliance and Monitoring:** Overall, the lack of key monitoring and audit reports indicate a lack of oversight by appropriate MACs and a lack of accountability within the sector. For example, FDA’s annual compliance audit (i.e. post-harvest audit) is meant to monitor and evaluate a company’s

compliance with several key legality principles including forest allocation (Principle 2, indicator 2.6), forest management, operations and harvest (Principle 4, indicator 4.2), environmental obligations (Principle 5, indicator 5.2 timber transportation and traceability (Principle 6, indicator 6.3), and worker's rights, health safety and welfare (principle 8 indicator 8.6). However, annual compliance audit reports were not available for review. Likewise, EPA's environmental impact reports and Ministry of Labour Audit Reports were also not available at the time of review.

4.1.2 Rationalization of the Legality Matrix

While evaluating the companies' compliance against the requirements of the legality matrix, it appeared that:

- i. Some Legality Matrix criteria were redundant due to developments to the legal framework.
- ii. Several criteria are repeated within the Legality Matrix. In some instances, a single cross-cutting document/report could contain information to satisfy multiple indicators across more than one principle.
- iii. The Legality Matrix contains a number of verification criteria that require the documentation of processes which are not expressly defined in supporting regulations or guidelines.
- iv. Regulations for the Community Rights Law (CRL) were not originally included in the VPA Legality Matrix. As much as possible, regulations for the CRL must be streamlined across all 11 principles and indicators.
- v. There are several obsolete criteria, referring to processes that have never been undertaken or do not apply to the types of contracts under review.

The below table outlines actions taken to address to above issues and streamline the legality matrix for the purpose of this review.

<i>Verification criteria that were made redundant by developments to the national legal framework were not factored in the legality assessment of contracts in this review.</i>	
1. <u>Moratorium on PUPs</u>	Indicator 2.5 and all related verifiers were not included in this assessment because there are currently no active PUPs due to the moratorium enacted under Executive Order 44.
2. <u>Receipt of bid premium payment</u>	<p>Bid premiums were abolished by the Act to Abolish the Payment of Annual Land Rental Bid Premium on Contract Area and Merging of Export Taxes into Stumpage/Production Fee in the Forestry Sector of the Liberian Economy. Therefore, the verifier 9.2.2, requiring receipt of bit premium payment, was not factored in to the legality assessment.</p> <p>The Act also authorized the FDA to levy a special production-based fee (stumpage premium) to compensate for revenue loss associated with the cancellation of bid premiums (Section II). All land rental bid premiums accrued up to the Fiscal Year 2011/2012 should have been fully paid within a period of 36 months or as agreed with the FDA and the Ministry of Finance.</p>
FDA's Annual Compliance Audit (i.e. Post Harvest Audit Report) is cross-cutting and can serve as verification for multiple legality principles and indicators	
3.	The Annual Compliance Audit assess areas related to several legality principles and indicators including:

<ul style="list-style-type: none"> • forest allocation (Principle 2, indicator 2.6), • forest management, operations and harvest (Principle 4, indicator 4.2), • environmental obligations (Principle 5, indicator 5.2,) • timber transportation and traceability (Principle 6, indicator 6.3), and • worker's rights, health safety and welfare (principle 8 indicator 8.6)
Several criteria related to the importation of timber were not factor into the legality assessment of contracts under review.
4. Traceability processes for imported wood products have not been fully developed and the contracts under review did not include provisions for the importation of timber products. Therefore indicators 6.1, 6.4, 6.5, and 7.2 and all related verifiers were not factored into the legality assessment.
Several criteria related to the seizure and auction of abandoned were not factored into the legality assessment of contracts under review.
5. Regulations relating to the seizure and auctioning of abandoned logs have not been developed and there is no evidence that FDA has ever seized abandoned logs. Therefore, indicator 6.6 relating to the seizure and auction of abandoned logs appears to be obsolete.
Regulations for the Community Rights Laws were mainstreamed across all 11 legality principles
6. Guidelines and regulations for the commercial use of community forests have been streamlined across all 11 principles of the VPA (see section 4.1.3 of this report). However, indicators 2.2 -2.8 relating to competitive bidding processes do not apply to small and medium scale commercial use contracts. Only large scale (i.e. 50,000 hectares and above) commercial use contracts are allocated on a competitive basis. Therefore, these indicators were not considered in this legality assessment as all CFMAs under review were in relation to land area below this required threshold.

Based on the work conducted in the previous sections, the Legality Review Checklist, as presented in Table 11, was designed.

Table 11 - Legality review checklist

Principle	Requirements*	Key Document & Responsible Party	Supporting Documents and Other Requirements			
<div>Principle 1</div> <div>Legal existence/recognition and eligibility to operate in forestry sector</div>	<ul style="list-style-type: none">Contractor is registered with GoL or recognition by the FDAOwnership clarified and shareholders listedContractors and associated persons are not prohibited by law to hold such positions or barred by from bidding, holding a forest license or GoL contract	Forest Management Contract (FMC) / Timber Sales Contract (TSC)				
		Company	1.1.1	Business Registration Certificate		
			1.1.2	Articles of incorporation		
			1.1.3	Declaration of ownership		
			1.2.3	List of shareholders and beneficiaries		
			1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person		
		Community Forest Management Agreement (CFMA)				
		Community / FDA	-	Approved application for the Community Assembly and Executive Committee and list of members.		
			-	Approved application for the Community Forest Management Body (CFMB).		
			-	Constitution, governing bylaws and forest rules for the Community Assembly.		
			-	Community Forest Management Agreement		
			-	Community Forest Management Plan		
		Community Company /	-	MOU / Social Agreement between logging company and CFMB		
			-	Third Party Agreement / Commercial Use Contract		
		FDA	-	Socio-Economic Survey/Resource		

			-	Reconnaissance Report / Approved CF Map	
		Chainsaw Mill Permit			
		The regulation for this is being drafted. Cannot be assessed.			
Principle 2 Forest allocation (i.e. the bidding and awarding processes)	<ul style="list-style-type: none"> Free and prior informed consent of affected communities FDA has obtained approved concession certificate prior to allocation of forest contract Concession is consistent with national development objective Compliance with statutory prequalification requirements operate in the forestry sector bid for the contract (FMC/TSC) Bidding process was competitive and in line with PPCC and FDA rules Integrated map developed showing the contract area and adjacent land areas prepared by FDA The forest contract holder has submitted a bidder's bond along with its bid for the forest contract to the FDA The contract holder posts an initial performance bond within the period specified by law after conclusion of contract negotiation Forest contract signed by the contract holder and the FDA and, where applicable, duly ratified in keeping with the law 	Forest Management Contract (FMC)			
		FDA	2.1.1	Socio economic survey report	
			2.1.3	Proof of community consultation	
		Forest Management Contract (FMC) / Timber Sales Contract (TSC)			
		FDA	2.2.2	Approved concession certificate	
			2.4.1	Public tender notice	
			2.4.3	Due Diligence Report	
			2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	
			2.4.5	IMCC recommendation to President	
		Company/ FDA	2.3.1	Pre-qualification report	
			2.3.2	Pre-qualification certificate	
			2.3.4	Liquidity guarantee	
			2.7.1	Bidder's bond receipt	
			2.8.1	Performance bonds	
Principle 3 Social obligations and benefit sharing	<ul style="list-style-type: none"> Social agreement negotiated with authorized representatives of affected communities following advance notice Social agreement signed prior to felling of operations The terms of the social agreement between the contract/permit holder and the affected communities include a code of conduct governing parties to the agreement, a dispute resolution mechanism, plus (i) a description of 	Social Agreement (for FMC, TSC, CFMA)			
		Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	
			3.2.1	Executed Social Agreement signed by contract holder and CDFO	
			3.2.3	List of CFDC identified or registered with FDA	

	<p>amounts of financial benefits payable to the community by the contract holder and (ii) a requirement that the contract/permit holder pays the amounts quarterly in an interest-bearing escrow account that the contract/ permit holder shall maintain in trust on behalf of all affected communities</p> <ul style="list-style-type: none"> ▪ Social agreement attested by FDA ▪ Fees owed to the communities by the contract holder under the social agreement are paid by the contract holder (i) within the prescribed time periods and (ii) into an escrow account opened by the contract holder for this purpose 		3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	
			3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	
			3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	
			3.3.4	Social Agreement to include a dispute resolution mechanism	
		Quarterly Bank Statement of Escrow Account			
		Company	3.3.3	Receipt of payments to escrow account	
		Compliance Audit Report (Post Harvest Report)			
		FDA	3.5.2	FDA verification of payment to communities	
		Long Term Plans (for FMC)			
		Company	4.1.3	25 Year Forest Management Plan (SFMP)	
<p><u>Principle 4</u></p> <p>Forest management operations and harvesting</p>	<ul style="list-style-type: none"> ▪ Contract or permit holder has completed an annual operational plan and where applicable, a forest management plan ▪ Contract or permit holder complies with the terms of its annual operational plan and requirements of law regarding the species and quantities it is permitted to harvest 	Long Term Plans (for CFMA)			
		Community		Community Forest Management Plan (CFMP)	
		Operational Plans (for FMC and CFMA)			
		Company	4.1.1	Annual Harvesting Certificate (also for TSC)	
			4.1.2	5 Year Forest Management Plan (5YFMP)	
			4.1.2	Annual Operational Plan (AOP, also for TSC)	
			4.1.4	Written permission from land owner	
				Approved annual blocks (also for TSC)	

		FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	
		Tree Data Form – TDF (for FMC, TSC, CFMA)			
		Company / FDA	4.2.3	Tally sheets./ Felled trees data verification	
		Company	4.2.3	TDF records on LiberTrace	
Principle 5 Environmental obligations	<ul style="list-style-type: none"> Environmental Impact Assessment completed and approved by EPA Mitigating measures identified in EIA are implemented Contract or permit holder or timber processor has disposed of equipment, fuel, wood refuse and related waste arising from its operations in a lawful and environmentally appropriate manner A buffer between harvesting operations and water courses and trees have not been felled in an area that could threaten the flow or stability of the water course(s) Contract or permit holder has in place procedures (i) to ensure compliance with rules regarding wildlife conservation, and (ii) to avoid harvest or trade in endangered or threatened plants and animal species 	Environmental Impact Permit (for FMC, TSC, CFMA)			
		Company	5.1.1	Environmental Impact Assessment Report prepared and approved	
		EPA	5.1.3	Environmental Impact Permit	
				EPA Inspection Report	
			5.3.2	Annual Environmental Audit	
		FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	
Principle 6 Timber transportation and traceability	<ul style="list-style-type: none"> Transportation of logs, timber and other timber products is accompanied by a waybill identifying chain of custody numbers / references and a named destination. All logs are properly marked and entered in the chain of custody system All logs, timber and timber products harvested or transported by the contract or permit holder originate from the concession area of the contract or permit holder All logs, timber, or timber products imported (not in transit) into Liberia have complied with applicable legislation and regulations of the country of harvest All logs or timber products in transit are (i) 	LiberTrace Information System (for FMC, TSC, CFMA)			
				Barcode records in LiberTrace	
		Log Data Form - LDF (for FMC, TSC, CFMA)			
		Company / FDA	6.1.1	Waybills	
			6.2.1	Tally sheets.	
			6.2.1	LDF records in LiberTrace	
			6.3.1	Cross cutting data in LiberTrace	
			6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	
		Log Data Verification Form			

	<p>physically segregated from domestic or imported timber, and (ii) custom controlled at all times while in Liberia</p> <ul style="list-style-type: none"> The FDA has complied with legal requirements for (i) seizure and or (ii) auctioning of abandoned logs wherever found. 	Export Permit (for FMC, TSC, CFMA)		
		FDA LVD / Company		Transit, confiscated and abandoned logs not included in this assessment.
Principle 7 Transformation and timber processing	<ul style="list-style-type: none"> A timber processor has applied for and obtained required sawmill permit. The timber processor has in place a system of recording timber products through the mill or processing activity to ensure their traceability. All logs harvested in Liberia and logs imported from 3rd countries for processing are accompanied by their chain of custody ID numbers 	Sawmill Permit (for FMC, TSC, CFMA)		
		FDA	7.1.4	Sawmill Permit
		EPA	7.1.3	Approved Environmental Plan
		Sawmill Input / Output Statement (for FMC, TSC, CFMA)		
		Company	7.2.1	All logs and timber products are properly labelled.
			7.3.2	The log inputs and processed wood outputs are recorded on Sawmill log input form and sawmill output form and recorded in LiberTrace.
Principle 8 Workers' rights, health safety and welfare	<ul style="list-style-type: none"> Liberian nationals are given employment preference Company complies with the employment laws of Liberia The contract/permit holder or timber processor pays to all its employees no less than the minimum wage established by law The contractor/permit holder or timber processor complies with the maximum hours of work, leave and rest periods laid out in law The contract/permit holder or timber processor has neither employed anyone under the age of sixteen nor engaged in the practice of forced labour The contract/permit holder or processor pays its (employer's) contributions to the employee pension and social security funds established by Liberian Law The contract/permit holder or timber processor has observed legal requirements concerning housing and sanitation as well as operational 			
		Ministry of Labor	8.5.2	Ministry of Labor Audit Report
		NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)
		FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report
		Company	8.2.2	Payroll

	hygiene and general workers safety pursuant to the code of harvesting practices and guidelines issued by the FDA				
Principle 9 Taxes, fees and other payments	<ul style="list-style-type: none"> All tax arrears settled prior to the signing of the contract or the issuance/renewal of the saw mill permit Initial annual area fee (in case of contract holder) or annual registration fee (in case of timber processor) paid prior to the signing of the contract or the issuance/renewal of the permit LRA Clearance received for taxes and fees required of it by law and in keeping with the terms of its contract Annual tax return filed with LRA no later than March 31st of each year 	Tax Clearance Certificate (FMC,TSC, Timber Processor)			
		Company	9.1.1	Tax clearance certificate	
			9.4.1	Tax return	
		FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in LiberTrace.	
			9.2.2	Invoices and receipts for Bid Premium Fee Payment in LiberTrace.	
			9.2.3	Invoices and receipts for Annual Registration Fees in LiberTrace (Timber Processor).	
			9.3.2	Invoices and receipts for Stumpage Fees in LiberTrace.	
			9.3.3	Invoices and receipts for Contract Administration Fee in LiberTrace.	
			9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in LiberTrace.	
			9.3.5	Invoices and receipts for Waybill Sticker Fees in LiberTrace.	
				Invoices and receipts for Barcode Tag Fee in LiberTrace.	
			9.3.6	Invoices and receipts for Chain of Custody Fees in LiberTrace.	
				Invoices and receipts for Exports Fees in LiberTrace.	
		Receipts for Community Benefits Fees			
		Company / CFDC / CFMB		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	

		Receipts for Annual Area Fees payable directly to communities (FMC, TSC)		
		Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.
		Receipts for Annual Area Fees payable directly to communities (FMC, TSC)		
		Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.
Principle 10 Export, processing and trade requirements	<ul style="list-style-type: none"> Any person exporting logs, timber and/or timber products is duly registered with the FDA annually All shipments of logs, timber, or timber products loaded for export have been entered into the chain of custody system Any load of logs, timber, or timber products has been priced according to current market information gathered, sorted and maintained by the LVD 	Export License (FMC,TSC, CFMA, Timber Processor)		
		Company	10.2.1	Export Permit report from LiberTrace
			10.2.2	Export shipment specification log (SOP 20) in LiberTrace
			10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace
			10.2.4	Log export volume report
		LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace
				Reference price as found in market intelligence data base (MIDB)
Principle 11 Transparency and General Disclosure	<ul style="list-style-type: none"> List of the amounts and dates of all payments and considerations provided the Government of Liberia in respect of specified contract area published in newspaper biannually The contract or permit holder is currently participating in the Liberia Extractive Industries Transparency Initiative (LEITI) Copies of the contract, license, permits, records of payments made to Government as well as the bid evaluation report of its successful bid are made publicly accessible by FDA in keeping with the Freedom of Information Act of Liberia 	FMC, TSC, CMFA		
		Company	11.1.1	Publication of payments to GoL
		LEITI	11.2.1	LEITI report
			11.2.2	LEITI attestation
		LEITI	11.3.1	LEITI publication of contracts

4.2 Compiled analysis of the companies' compliance with legal requirements

4.2.1 Assessment of legality and transparency processes during concession negotiation

4.2.1.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

The below table provides compiled results of the assessment of FMCs, TSCs, and CFMAs legal recognition and eligibility to operate in the forest sector.

Table 12 – Compiled results against principle 1

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Forest Management Contract (FMC) / Timber Sales Contract (TSC)					
Company	1.1.1	Business Registration Certificate	5/5	2/2	-
	1.1.2	Articles of incorporation	5/5	2/2	-
	1.1.3	Declaration of ownership	4/5	0/2	-
	1.2.3	List of shareholders and beneficiaries	2/5	2/2	-
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	1/5	1/2	-
Community Forest Management Agreement (CFMA)					
Community / FDA	-	Approved application for the Community Assembly and Executive Committee and list of members.	N/A	N/A	0/4
	-	Approved application for the Community Forest Management Body (CFMB).	N/A	N/A	0/4
	-	Constitution, governing bylaws and forest rules for the Community Assembly.	N/A	N/A	0/4
	-	Community Forest Management Agreement	N/A	N/A	2/4
	-	Community Forest Management Plan	N/A	N/A	2/4
Community / Company	-	MOU / Social Agreement between logging company and CFMB	N/A	N/A	2/4
	-	Third Party Agreement / Commercial Use Contract	N/A	N/A	2/4
FDA	-	Socio-Economic Survey/Resource	N/A	N/A	0/4
	-	Reconnaissance Report / Approved CF Map	N/A	N/A	0/4

FMC

The Table 12 shows that all FMCs were awarded to entities with business registration certification and articles of incorporation. These companies have therefore established legal existence/recognition and are partially compliant with Principle 1. However, only two of the five FMCs under review provided lists of shareholders and beneficiaries and only one provided an affidavit declaring that its owners are not prohibited persons.

As a result, the Review Team could not confirm that these companies were eligible to hold a forest license and that their owners were not GoL officials prohibited from conducting commercial forest operations or persons barred from bidding for concession and other public contracts due to violations of tender rules established by the PPCC.

No FMCs were fully compliant with Principle 1.

TSC

All TSCs were awarded to companies with business registration certification and articles of incorporation confirming legal existence/recognition and partially compliance with Principle 1. All TSCs under review provided a list of shareholders and beneficiaries. However, FDA has not maintained a list of persons barred from bidding on concessions against which lists of shareholders, beneficiaries and owners could be assessed. No declarations of ownership were provided for TSCs under review.

As a result, the Review Team could not confirm that these companies were eligible to hold a forest license and that their owners were not GoL officials prohibited from conducting commercial forest operations or persons barred from bidding for concession and other public contracts due to violations of tender rules established by the PPCC.

No TSCs were fully compliant within Principle 1.

CFMA

The business registration, ownership, and shareholder details for third party contractors operating in community forests were not made available to the Review Team. Therefore, the legal existence/recognition and eligibility of these contractors could not be assessed.

No CFMAs under review provided all pre-qualification documents needed for full compliance with Principle 1.

4.2.1.2 Principle 2: Forest allocation

Table 13 – Compiled results against principle 2

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Forest Management Contract (FMC)					
FDA	2.1.1	Socio economic survey report	1/5	1/2	N/A
	2.1.3	Proof of community consultation	0/5	0/2	N/A
Forest Management Contract (FMC) / Timber Sales Contract (TSC)					
FDA	2.2.2	Approved concession certificate	1/5	0/2	N/A
	2.4.1	Public tender notice	0/5	0/2	N/A
	2.4.3	Due Diligence Report	0/5	0/2	N/A
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	0/5	0/2	N/A
	2.4.5	IMCC recommendation to President	1/5	0/2	N/A
Company/ FDA	2.3.1	Pre-qualification report	3/5	0/2	N/A
	2.3.2	Pre-qualification certificate	3/5	2/2	N/A
	2.3.4	Liquidity guarantee	0/5	0/2	N/A
	2.7.1	Bidder's bond receipt	0/5	0/2	N/A
	2.8.1	Performance bonds	4/5	0/2	N/A

As described in Table 13, most of the performance bonds, pre-qualification reports and certificates were obtained from the companies. Most of the documents that had to be shared from the FDA could not be found.

The Review Team was told by the FDA that all these documents were lost during its office relocation process .

As a result, **none of the FMCs and TSC were fully compliant with Principle 2.**

Box 1 - Summary of the concessions' award process

No new concessions agreements (i.e. FMCs or TSCs) have been awarded since December 2011. An assessment of forest contracts awarded before December was conducted by LEITI in its 2011 Post Award Audit.

The Audit found that all forest contracts were non-compliant with applicable regulations and awarded using processes that majorly departed from those outlined in governing legislation. The above results confirm these findings.

4.2.2 Contract implementation - Key management documents and field inspections

4.2.2.1 Principle 3: Social obligations and benefit sharing

Table 14 – Compiled results against principle 3

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Social Agreement (for FMC, TSC, CFMA)					
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	2/5	0/2	1/4
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	2/5	2/2	4/4
	3.2.3	List of CFDC identified or registered with FDA	2/5	0/2	2/4
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	5/5	2/2	4/4
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	4/5	2/2	0/4
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	0/5	0/2	0/4
	3.3.4	Social Agreement to include a dispute resolution mechanism	5/5	2/2	4/4
Quarterly Bank Statement of Escrow Account					
Company	3.5.1	Receipt of payments to escrow account	2/5	0/2	1/4
Compliance Audit Report (Post Harvest Report)					
FDA	3.5.2	FDA verification of payment to communities	0/5	0/2	0/4

FMCs

Amongst the required documents, only the Social Agreements signed by contract holders and CDFCs were available for all companies, which assessment is presented at Table 15. While only two out of these documents could be considered as fully compliant, they all include the most important information (Code of Conduct, Dispute mechanism, description of the minimum cubic meter that the contract / permit holder will pay on a quarterly basis to the affected communities).

Table 15 - Assessment of the Social Agreements for FMCs

Criteria	<i>Validity criteria FMC A</i>	<i>Validity criteria FMC F</i>	<i>Validity criteria FMC I</i>	<i>Validity criteria FMC K</i>	<i>Validity criteria FMC P</i>
Code of conduct	A	B	A	A	A
Financial benefit	A	A	A	A	A
Payment by the Holder	A	C	C	A	C
Funds released by the Holder from an escrow account to the benefit of an Affected Community	C	C	C	A	C
Settlement dispute mechanism	A	A	A	A	A
Overall compliance of the document	A	C	C	A	C

Payments from companies to communities are made directly in cash to community representatives with the FDA providing verification of the payment. While no major dispute with communities were reported on this point, this method doesn't guarantee transparency or accountability of the transactions. This explains the absence of bank books or other records of the interest-bearing escrow account opened by the contract / permit holder in trust for the affected communities and the lack of receipts of payments to escrow account.

The companies met during the review and the FDA team assisting the consultants were under the impression that government, most often, does not return to the communities the share that is due to them. The Liberia Timber Association (LibTA) reported that in response to these irregularities, members of affected communities regularly block roads, to prevent the continuation of timber harvesting, even though it causes damage to both farmers and local communities. This direct action is taken in place of filing to FDA alleging exclusion from negotiation or failure of contract holder to negotiate.

FDA does not maintain an up-to-date list of registered CDFCs. CDFCs are mentioned only in Social Agreements or annexes to forest management contracts despite playing an essential role in the disbursement of funds to communities.

The review team observed that the disputes resolution procedures formalized in the Social Agreements were generally followed. Causes of disputes included:

- Companies logging slower and at lower volumes than expected resulting in lower and delayed payments for cubic meter fees payable directly to communities and benefits in kind.

- The companies failing to deliver benefits in kind with hand / water pumps / wells being a common benefit not delivered.
- Complaints related to lack of transparency about the payment amounts and processes. Companies often failed to disclose the volumes for the calculation of cubic meter fees. Although production information could be independently provided by the FDA to the communities, this option is not currently exercised.
- Difficulties with inactive companies: Inactive companies make no direct payments to communities, nor do they pay stumpage royalties, export taxes or area fees. Some communities have reportedly taken inactive companies through a legal process but found the process to be expensive and unlikely to result in recovery of lost fees and benefits.

As a result, none of the FMCs was fully compliant with Principle 3.

TSCs

The Social Agreements for TSCs A7 and A11 is presented at Table 16.

Table 16 - Assessment of the Social Agreements for TSCs

<i>Criteria</i>	<i>Validity criteria TSC A7</i>	<i>Validity criteria TSC A11</i>
Code of conduct	A	A
Financial benefit	A	A
Payment by the Holder	C	B
Funds released by the Holder	C	C
Settlement dispute mechanism	A	A
Overall compliance of the document	A	A

Both social agreements are considered as compliant.

The other observations are the same observations as per the FMCs above.

As a result, none of the TSCs was fully compliant with Principle 3.

CFMAs

The assessment of the Social Agreements for the 4 CFMAs that have been reviewed is presented at Table 17.

Table 17 - Assessment of the Social Agreements for CFMAs

<i>Criteria</i>	<i>Validity criteria SING AFRICA</i>	<i>Validity criteria AKEWA</i>	<i>Validity criteria MANDRA</i>	<i>Validity criteria BOOMING GREEN</i>
Code of conduct	A	A	A	A
Financial benefit	A	A	A	A
Payment by the Holder	B	B	A	A
Funds released by the Holder	C	C	A	A
Settlement dispute mechanism	A	A	A	A
Overall compliance of the document	A	A	A	A

The codes of conduct are generally lacking in the CFMA's Social Agreements, although, they are detailed in the sections related to the holder's and CFMB obligations.

The other observations are the same observations as per the FMCs and TSCs above.

As a result, none of the CFMAs was fully compliant with Principle 3.

4.2.2.2 Principle 4: Forest management operations and harvesting

Table 18 – Compiled results against principle 4

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Long Term Plans (for FMC)					
Company	4.1.3	25 Years Strategic Forest Management Plan (SFMP)	0/5	NA	NA
Long Term Plans (for CFMA)					
Community		Community Forest Management Plan (15 years)	NA	NA	0/4
Operational Plans (for FMC and CFMA)					
Company	4.1.1	Annual Harvesting Certificate (also for TSC)	5/5	1/2	4/4
	4.1.2	5 Years Forest Management Plan (5YFMP)	0/5	NA	0/4
	4.1.2	Annual Operational Plan (AOP, also for TSC)	0/5	0/2	0/4
	4.1.4	Written permission from land owner	0/5	NA	0/4
		Approved annual blocks (also for TSC)	1/5	0/2	0/4
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	0/5	NA	0/4
Tree Data Form – TDF (for FMC, TSC, CFMA)					
Company / FDA	4.2.3	Tally sheets./ Felled trees data verification	NA	NA	NA
Company	4.2.3	TDF records on LiberTrace	NA	NA	NA

FMC forest planning

The assessments of the SFMPs, 5YFMPs and AOPs are presented at Table 19, Table 20 and Table 21.

Table 19 - Assessment of the SFMPs

Criteria	Validity criteria FMC A	Validity criteria FMC F	Validity criteria FMC I	Validity criteria FMC K	Validity criteria FMC P
SFMP is existing	A	C	C	C	A
Ratification of the SFMP	B	-	-	-	B
Stratification and mapping	C	-	-	-	C
Multi-resources inventory	C	-	-	-	C
Definition of protected and managed tree species	C	-	-	-	C
Definition of the rotation	C	-	-	-	C
Partitioning of the FMC into management units	C	-	-	-	C
Design of management procedures for the management units	C	-	-	-	C
Definition of DBH cutting limits	C	-	-	-	C
Stock calculation of the commercial species	C	-	-	-	C
Partition of the timber Production Unit into 5 years Compartments	C	-	-	-	C
Industrial planning	C	-	-	-	C
Implementation, monitoring and evaluation of the FMP	C	-	-	-	C

Criteria	<i>Validity criteria FMC A</i>	<i>Validity criteria FMC F</i>	<i>Validity criteria FMC I</i>	<i>Validity criteria FMC K</i>	<i>Validity criteria FMC P</i>
Economic and financial assessment	C	-	-	-	C
Overall compliance of the document	C	C	C	C	C

Amongst the 5 FMCs, only FMCs A and P had a SFMP. Unfortunately, none of them was compliant with applicable regulations and guidelines.

As such, none of the companies undertook the basic studies required to design a credible management plan:

- **No multi-resources inventory** was conducted, as such the following assessments couldn't be made:
 - The calculation of the rotation;
 - The partition of the FMC into management units;
 - The partition of the Timber Production Unit into Compartments;
 - The calculation of the species recovery rates for the update of the DBH cutting limit;
 - The calculation of the commercial species stock;
 - The realization of the industrial planning and the economic and financial assessments;
- **No socio-economic diagnosis** was made, which is essential for:
 - The partition of the FMC into management units;
 - The realization of the industrial planning and the economic and financial assessments.

As a result, it can be concluded that there is no sustainable forest management plan complies with legal and regulatory requirements resulting in a lack of long-term forest management planning.

Table 20 - Assessment of the 5YFMPs for FMCs

Criteria	<i>Validity criteria FMC A</i>	<i>Validity criteria FMC F</i>	<i>Validity criteria FMC I</i>	<i>Validity criteria FMC K</i>	<i>Validity criteria FMC P</i>
5YFMP is existing	C	C	A	C	A
General framework	-	-	A	-	A
Assessment of the previous 5YMP	-	-	A	-	C
Description and location of the forest compartment	-	-	A	-	A
Results of the multi-resources inventory	-	-	C	-	C
Planning of logging activities on the Forest Compartment	-	-	B	-	C
Activity forecast / implementation chart	-	-	C	-	C
Overall compliance of the document	C	C	C	C	C

Table 21 - Assessment of the AOPs for FMCs

Criteria	<i>Validity criteria FMC A</i>	<i>Validity criteria FMC F</i>	<i>Validity criteria FMC I</i>	<i>Validity criteria FMC K</i>	<i>Validity criteria FMC P</i>
AOP is existing	A	A	A	A	A
Ratification of the AOP	A	A	A	A	A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	C	C	C	C	C
AC Area	C	C	C	C	C
Annual audit report	C	C	C	C	C
Pre-harvest enumeration (stock survey)	C	C	C	C	C
Harvesting forecasts	C	C	C	C	C
Annual Coupe Map	C	C	C	C	C
Stock map	C	C	C	C	C
Planning of harvesting operations	C	C	C	C	C
Planning of other activities	A	C	C	C	A
Overall compliance of the document	C	C	C	C	C

The failure of designing and executing the 5 year and annual operating plans appears to more closely aligned to lack of technical capacity and lack of will.

Only FMC I had a 5YFMP, although, it wasn't compliant. The main weaknesses of the plan were related to the absence of SFMP which shall be the main foundation of the document.

Besides, all FMCs had an AOP, although, none was compliant. Besides the fact that no plans were based on credible SFMPs and 5YFMPs, the recurrent issues with the AOPs are as follows:

- The location of the AC is not based on a SFMP, nor on compartments or 5 years blocks;

- **Absence of enumeration** prior to the design of the AOP (as prescribed in the management guidelines and in the Forest Management Contracts) which undermines:
 - The calculation of the harvesting forecasts;
 - The annual coupe and stock maps;
 - The planning of harvesting operations and other activities.

Like the SMFPs and 5YFMP, most of the AOPs did not contain sufficient detail in line with applicable regulations and guidelines. Primarily AOPs contained lists of blocks that claimed by companies for the subsequent harvesting year.

As described in the above tables, **no company completed the 25-year, 5 year and annual planning processes according to the official requirements. However, the FDA generally accepts the plans and always issues a harvesting certificate, which indicates that governance of the planning processes is very weak.**

As a result, none of the FMCs was fully compliant with the forest planning and management requirements of Principle 4.

CFMA and TSC forest planning and management

Only one company (**Mandra**) operating under a CFMA completed a 15-years management plan. However, **this 15-year management plan did not appear to meet any of the official requirements.**

Three of the four companies operating in CFMAs had submitted a 5YFMP. In relation to Akewa, **only the letter of approval of the management plan was made available for review.** As such, the Review Team couldn't confirm that the document was compliant.

Table 22 - Assessment of the 5YFMPs for CFMAs

Criteria	<i>Validity criteria SING AFRICA</i>	<i>Validity criteria AKEWA</i>	<i>Validity criteria MANDRA</i>	<i>Validity criteria BOOMING GREEN</i>
5YFMP is existing	A	C	A	A
General framework	A	-	A	A
Assessment of the previous 5YMP	NA	-	NA	NA
Description and location of the forest compartment	C	-	C	C
Results of the multi-resources inventory	C	-	C	C
Planning of logging activities on the Forest Compartment	A	-	A	A
Activity forecast / implementation chart	B	-	B	B
Overall compliance of the document	C	C	C	C

As for the FMPs, the failure of designing and executing the 5 year and annual operating plans **appears to more closely aligned to lack of technical capacity and lack of will.**

Table 23 - Assessment of the AOPs for CFMAs and TSCs

Criteria	<i>Validity criteria SING AFRICA</i>	<i>Validity criteria AKEWA</i>	<i>Validity criteria MANDRA</i>	<i>Validity criteria BOOMIN G GREEN</i>	<i>Validity criteria TSC A7</i>	<i>Validity criteria TSC A11</i>
AOP is existing	A	A	A	A	A	A
Ratification of the AOP	A	A	A	A	A	A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	B	B	B	B	NA	NA
AC Area	A	A	A	A	A	A
Annual audit report	A	NA	NA	NA	C	C
Pre-harvest enumeration (stock survey)	A	B	A	B	B	B
Harvesting forecasts	B	C	B	C	B	B
Annual Coupe Map	B	C	C	C	B	B
Stock map	C	C	C	C	C	C
Planning of harvesting operations	B	B	C	B	B	B
Planning of other activities	B	B	C	B	B	B
Overall compliance of the document	C	C	C	C	C	C

While all companies operating in CFMAs filed an AOP, **only Sing Africa and Mandra conducted prior enumeration of their blocks**. For the TSCs, only Bassa Logging filed an AOP, which was based on a priori enumeration. Nevertheless, and for the same reasons as the FMCs, none of these AOPs can be considered as compliant.

Furthermore, the Regulation to the Community Rights Law of 2009 (published in 2017), stated that the Authority shall issue guidelines to the “Community Forest Management Body on the requisite content and standards of the **Community Forest Management Plan, together with a proposed planning schedule.**” **These guidelines governing CFMAs SFMP and 5-year plans have still not been developed.** Therefore, a comprehensive legality assessment could not be completed.

In any case and as detailed at Section 4.3.4.3, the cutting cycle of the only one approved management plan is in contradiction with the Code of Harvesting Practices (2017) and shall be of 25 years (Section 2.2 – Planning Requirements).

As the FDA accepted the plan, it indicates that Governance of the planning processes is weak.

As a result, none of the CFMAs / TSCs was fully compliant with the forest planning and management requirements of Principle 4.

COCIS for FMCs, CFMAs and TSCs

The LiberTrace system is fully operational. The companies must comply with the enumeration and Tree / Log / Export Data Forms processes for all exported logs. On face value, the traceability of exported logs is very strong.

According to the FDA and the companies, the LVD and the regional offices of the FDA conduct annual inspections. However, the reports of these inspections were not made available to the Review Team. Therefore, the team could not confirm the transparency of processes or regularity of field inspections.

According to the LiberTrace COC SOPs, the companies must declare their Tree Data Forms (TDF) on a monthly basis for stumpage fee invoicing. In practice, these declarations are only made for the logs that are supposed to be exported (and which are already in the port facilities) and only when these are ready to be exported. As such, the review team was unable to confirm that stumpage fees are paid on time and for logs that are not exported (for logs dedicated to the local market, infrastructures or lost logs). Furthermore, as these declarations are not made on time, LVD does not possess up to date view of the harvesting operations. Consequently, LVD cannot effectively organize field inspections to ensure that TDF and LDF are recorded as per the field reality.

Consequently, as the enumeration is audited on sample base by the LVD and as few inspections are made outside of the port facilities by the LVD, it is hard to ensure that no industrial harvesting can be conducted outside of the COCIS.

Outside of the COCIS, there are less robust systems in place to protect against illegal logging. According to the Liberia Timber Association (LibTA), there are significant areas of recent illegal clear-felling within the FMCs. These appear to be related to community based agricultural development and illegal harvesting undertaken by individuals. There does not appear to be any control of these types of illegal logging activities.

As a result, none of the FMCs, CFMAs / TSCs was fully compliant with the COCIS requirements Principle 4.

4.2.2.3 Principle 5: Environmental obligations

Table 24 – Compiled results against principle 5

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Environmental Impact Permit (for FMC, TSC, CFMA)					
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	0/5	0/3	0/5
EPA	5.1.3	Environmental Impact Permit	5/5	1/3	5/5
	5.2.1	EPA environmental monitoring reports	0/5	0/3	0/5
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	0/5	0/3	0/5

Most companies have prepared some sort of Environmental Impact Assessment Report. However, none of these reports appear to be compliant with the official guidelines (Sections 0 and 0). Nevertheless, all EIAs were always approved by the EPA and environmental permits were issued. Primarily, EIAs lacked information on priority areas such as waste treatment, respect for the edges of streams, etc.

In any case and as per the principle 4, **this EPA approval indicates that Governance of the environmental processes is weak.**

According to the FDA and the companies, the FDA conducts a joint annual inspection along with the EPA. Neither organization prepares reports from these inspections, except in the case of non-compliance. In such cases, the FDA or the EPA issues a notification letter to the company about the non-compliance. However, none of these letters are uploaded into LiberTrace or made available to the review team. This undermines the transparency and credibility of these visits and their findings.

As a result, none of the FMCs, CFMAs / TSCs was fully compliant with Principle 5.

FMCs

Three companies prepared Environmental Impact Assessments (EIA). ICC and Geblo only uploaded an “Environmental Audit Report” in LiberTrace which could not be assimilated to an EIA. All EIA reports were approved by the EPA, which was then formalized by the issuance of Environmental Impact Permit - EIP.

Some reports were not shared with the review team (FMC I). In other instances, such as the case of FMC F, the reports shared looked promising but were incomplete and didn’t allow for a comprehensive evaluation.

Nevertheless, all reports were generally weak in content and considered non-compliant.

Table 25 - Assessment of the EIAs for FMCs

<i>Criteria</i>	<i>Validity criteria FMC A</i>	<i>Validity criteria FMC F</i>	<i>Validity criteria FMC I</i>	<i>Validity criteria FMC K</i>	<i>Validity criteria FMC P</i>
EIA is existing	A	A	C	C	A
Executive summary	C	A	-	-	B
Introduction-overview of the project	A	A	-	-	A
Policy, legal and administrative framework	B	A	-	-	A
Detailed project description	C	A	-	-	A
Description of the Environment	B	truncated	-	-	B
Impact Prediction and Evaluation	B	truncated	-	-	B
Socio-economic analysis of project impacts	B	truncated	-	-	B
Environmental Management Plan (EMP) and Mitigation Measures	B	truncated	-	-	B
Identification of Alternatives	C	truncated	-	-	B
Monitoring Program	C	truncated	-	-	
Public Participation	B	truncated	-	-	B
Description of the best available Technology	C	truncated	-	-	C
Conclusion and Recommendations	B	truncated	-	-	C
Overall compliance of the document	C	A ?	C	C	C

Fortunately, the EPA's EIPs contain a minimum of recommendations that often compensate for the absence of Environmental Management Plans (EMPs).

Amongst the weaknesses of these documents and as the SFMPs, it appears that no field studies (such as a multi-resource inventory for the description of the environment) were undertaken for the elaboration of the documents.

As a general observation and in the same way as the SFMPs / 5YFMPs and AOPs, the design of EIAs documents appears as an administrative obligation, instead of as a tool to mitigate impacts generated by the logging activity.

A field visit in a logging camp showed that the E & S measures were quite minimalist and not related to the EIA, and that a large margin of progress was possible in this area.

CFMAs and TSCs

Three of the four CFMA and none of the TSCs had filed an EIA.

Table 26 - Assessment of the EIAs

Criteria	<i>Validity criteria SING AFRICA</i>	<i>Validity criteria AKEWA</i>	<i>Validity criteria MANDRA</i>	<i>Validity criteria BOOMING GREEN</i>	<i>Validity criteria TSC A7</i>	<i>Validity criteria TSC A11</i>
EIA is existing	A	A	C	A	C	C
Executive summary	C	C	-	C	-	-
Introduction-overview of the project	A	C	-	C	-	-
Policy, legal and administrative framework	B	C	-	C	-	-
Detailed project description	A	B	-	B	-	-
Description of the Environment	A	B	-	B	-	-
Impact Prediction and Evaluation	B	A	-	A	-	-
Socio-economic analysis of project impacts	B	C	-	A	-	-
Environmental Management Plan (EMP) and Mitigation Measures	B	B	-	B	-	-
Identification of Alternatives	C	C	-	C	-	-
Monitoring Program	C	C	-	C	-	-
Public Participation	C	C	-	B	-	-
Description of the best available Technology	C	C	-	C	-	-
Conclusion and Recommendations	A	B	-	A	-	-
Overall compliance of the document	C	C	C	C	C	C

The main weaknesses of these EIAs are the same as per the FMCs:

- Absence of field inventory;
- Lack of analysis of available data;
- Lack of pragmatic EMP and monitoring program.

4.2.2.4 Principle 6: Timber transportation and traceability

Table 27 – Compiled results against principle 6

Key Document & Responsible Party	Supporting Documents and Other Requirements	Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
	LiberTrace Information System (for FMC, TSC, CFMA)			
	Barcode records in LiberTrace	NA	NA	NA
	Log Data Form - LDF (for FMC, TSC, CFMA)			
Company / FDA	6.1.1 Waybills	NA	NA	NA
	6.2.1 Tally sheets.	NA	NA	NA
	6.2.1 LDF records in LiberTrace	NA	NA	NA
	6.3.1 Cross cutting data in LiberTrace	NA	NA	NA
	6.3.3 Annual Compliance Audit (Post Harvest Audit) Report	NA	NA	NA
	Log Data Verification Form			
	Export Permit (for FMC, TSC, CFMA)			
FDA LVD / Company	Transit, confiscated and abandoned logs not included in this assessment.	NA	NA	NA

The LiberTrace information system is fully operational. The companies must upload their enumeration data (Stock Data Form), felling data (Tree Data Form), harvesting data (Log Data Form) into LiberTrace on a monthly basis.

This information is later used to invoice the companies for their stumpage fees which is based on the volume and species harvested and declared in the TDF.

As soon as a company wishes to export, it must submit their export request in LiberTrace to generate export fee invoices.

LiberTrace reconciles the request with previously declared TDFs and LDFs to ensure that the logs to be exported are traceable back to their stump.

At each control point, LiberTrace reconciles the data to ensure accuracy and consistency of information along the chain. Field stump verifications are carried out on a regular basis in order to ensure the accuracy of felling information supplied by the companies.

Port log yard inspection is conducted by the LVD and FDA field inspection teams. The teams verify 100% of logs at the company port log yard (checking species and scaling). These records are used to compare the real volume to be loaded against the company's export request.

Pre-shipment inspection is carried out on all consignments by the LVD and FDA inspection teams. The export permit is delivered only for traceable logs which have passed the inspection. All the failed records are then communicated to the company and FDA with an explanation of the reason for the failure.

Nevertheless and as detailed at Section 0, as the felling declarations (TDF) are not made on time, it is impossible for the LVD to closely monitor harvesting operations. Therefore, the stump verifications can only be conducted after the logs are ready or have already been exported. As such, if problems are identified, it is difficult for the LVD to have an impact on the export process as the logs have, often, already been completed.

The timber transport and traceability requirements couldn't be assessed in the field for all companies and forest contracts as no companies were operating during the review mission. Nevertheless, the declared status on LiberTrace of barcodes taken a sample of tree, stump and logs were verified against their real location in the field. The status in the field and on LiberTrace were all matching.

As a general observation regarding the principle 6, the analysis made at Section 0 (page 55), still applies. **As a result, none of the FMCs, CFMAs / TSCs can be considered as fully compliant with Principle 6.**

4.2.2.5 Principle 7: Transformation and timber processing

Table 28 – Compiled results against principle 7

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Sawmill Permit (for FMC, TSC, CFMA)					
FDA	7.1.4	Sawmill Permit	1/1	NA	NA
EPA	7.1.3	Approved Environmental Plan	0/1	NA	NA
Sawmill Input / Output Statement (for FMC, TSC, CFMA)					
Company	7.2.1	All logs and timber products are properly labelled.	1/1	NA	NA
	7.3.2	The log inputs and processed wood outputs are recorded on Sawmill log input form and sawmill output form and recorded in LiberTrace	1/1	NA	NA

There is only one commercial mill operated by ICC for the wood coming from FMC I (Geblo Logging) and FMC K (ICC).

Inputs and outputs statements were in line with the LiberTrace requirements. Although, the Environmental Plan was not shared for review.

Although FDA purports to conduct a joint annual inspection with the EPA, neither organization prepares monitoring reports, except in the case of non-compliance. In such cases, then the GoL agency only prepares a notification letter about the non-compliance for the company rather than a full inspection report.

Further analysis regarding the transformation and timber processing is made in Section 4.3.1.

As a result, none of the FMCs, CFMAs / TSCs can be considered as fully compliant with Principle 7.

4.2.2.6 Principle 8: Workers rights, health safety and welfare

Table 29 – Compiled results against principle 8

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Complying documents (FMC)</i>	<i>Complying documents (TSC)</i>	<i>Complying documents (CFMA)</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	0/5	0/3	0/5
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	0/5	0/3	0/5
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	0/5	0/3	0/5
Company	8.2.2	Payroll	0/5	0/3	0/5

Most companies submitted payroll documentation for review. However, companies nor regulators provided documents demonstrating compliance to workers' rights, health safety and welfare.

The Ministry of Labor purports to regularly conduct inspections of forestry operations, but there is no documentation to verify these claims. The regulator does not provide reports of its inspections to the companies.

As a result, none of the FMCs, CFMAs / TSCs can be considered as fully compliant with Principle 8.

4.2.2.7 Principle 9: Taxes, fees and other payments

In the frame of this assessment, it was preferred to analyze the financial information shared by SGS as it was not materially possible to verify individually all taxes invoices and receipts from every single company since the award of their contract. Therefore, the cells related to verifiers 9.2 and 9.2 in Table 30 were considered as “non applicable”.

The legality of the companies was therefore assessed on the following basis:

- The existence and compliance of the tax clearance certificate and tax return (verifiers 9.1.1 and 9.4.1);
- The payment status of taxes and fees to LRA (indicators 9.2 and 9.3);
- The payments to communities.

Table 30 – Compiled results against principle 9

Key Document & Responsible Party	Supporting Documents and Other Requirements	Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Tax Clearance Certificate (FMC, TSC, Timber Processor)				
Company	9.1.1 Tax clearance certificate	4/5	0/2	3/4
	9.4.1 Tax return	1/5	0/2	1/3
FDA LVD / Company	9.2.1 Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in LiberTrace.	NA	NA	NA
	9.2.2 Invoices and receipts for Bid Premium Fee Payment in LiberTrace.	NA	NA	NA
	9.2.3 Invoices and receipts for Annual Registration Fees in LiberTrace (Timber Processor).	NA	NA	NA
	9.3.2 Invoices and receipts for Stumpage Fees in LiberTrace.	NA	NA	NA
	9.3.3 Invoices and receipts for Contract Administration Fee in LiberTrace.	NA	NA	NA
	9.3.4 Invoices and receipts for Annual Coupe Inspection Fees in LiberTrace.	NA	NA	NA
	9.3.5 Invoices and receipts for Waybill Sticker Fees in LiberTrace.	NA	NA	NA
	Invoices and receipts for Barcode Tag Fee in LiberTrace.	NA	NA	NA
	9.3.6 Invoices and receipts for Chain of Custody Fees in LiberTrace.	NA	NA	NA
	Invoices and receipts for Exports Fees in LiberTrace.	NA	NA	NA
Receipts for Community Benefits Fees				
Company / CFDC / CFMB	Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	0/5	0/2	0/4
Receipts for Annual Area Fees payable directly to communities (FMC, TSC)				
Ministry of Finance	Receipts for payment of 30% of land rental fee to community representatives.	0/5	0/2	NA
Receipts for Annual Area Fees payable directly to communities (FMC, TSC)				
Company / CFDC / CFMB	Receipts for payment of 55% of land rental fee to community representatives.	0/5	0/2	NA

4.2.2.7.1 Payments of concession fee payments

The Table 31 presents the status of concession fee issuance and payments for all companies from January 2017 to July 2019. The table takes also into consideration the area and bid premium fees invoiced since the award of the concessions.

Table 31 - Status of concession fee payments (in million USD for all companies, from January 2017 to July 2019)

<i>SGS database (million USD)</i>	<i>Area Fees</i>	<i>Export fees</i>	<i>Stumpage fees</i>	<i>Area fee Arrears</i>	<i>Other fees</i>	<i>Bid premium/ arrears</i>	<i>Misc.</i>	<i>total</i>
Total invoiced	11.8	6.2	7.8	2.2	1.8	11.7	0.6	42.1
Cancelled invoices	0.0	0.0	0.2	0.0	0.4	0	0.1	0.7
Total invoices due	11.8	6.2	7.7	2.2	1.4	11.7	0.5	41.4
Paid	1.8	5.9	6.5	1.0	0.5	0	0.1	15.8
Undue	5.7	0.0	0.0	2.2	0.0	11.7	0.0	17.6
Overdue	4.3	0.3	1.2	1.0	0.8	0	0.3	8.1

As detailed in Table 31, only 38% of the 41.4 million USD invoiced by the FDA to the forest concessions were paid during the period under review.

Overall, payment performance of the companies is not satisfactory. According to data provided by SGS, active companies accrued 6.5 million USD in unpaid duties and fees between 01/2017 and 07/2019, namely:

- 4.3 million in Area fees
- 1.2 million in Stumpage fees and
- 1 million Unpaid arrears (invoiced before 2017).

Payment of Area fees and arrears is very low. Only 15% and 7% of the bills issued during the reference period have been paid, thus adding another 4.3 million USD to the “old” arrears”.

The long grace period for area fees and bid premium arrears payment of 12 months resulted in a volume of 17 million USD in undue invoices for which payment is not guaranteed. As a matter of fact, these bid premium arrears payments are pending since 2011. The effectiveness of the “13% FOB payment” (see Section 3.7.2, page 33) has been low as only 1.0 million USD has been recovered from the original debt of more than 13 million USD. Moreover between 1/2017 and 7/2019 the area fee debt of the companies has been increased by another 4.3 million USD in overdue and 5.7 million USD in undue payments. Both FDA staff and companies expressed serious doubts that the 2.2 million of open area fee invoices and 2.2 million of area fee arrears will be paid in due time.

The development of **export and stumpage fee payments** has been more satisfactory. 84% of the stumpage fees invoiced have been paid in time. Regarding export fees: Only 5% of the invoices are overdue obviously thanks to the fact that no export permit will be issued if export fees are still overdue.

Some problems have been reported by companies which were obliged to pay invoices which were issued previously but not yet due at the time of requesting an export permit.

The calmative amount of outstanding payments is critical and reveals weaknesses from the companies and the tax monitoring system. The lack of compliance with payment obligations indicates reluctance of the government to enforce legal penalties against companies with high outstanding forest fee debts.

Despite evidence of overdue payments and tax arrears, the majority of FMC companies were issued tax clearance certificates by LRA. Only 2 FMC companies and one CFMA contractors presented a tax return for the year 2017.

This demonstrates weaknesses within the tax collection system, especially as:

- A tax clearance aims to “certify that on the basis of available information to the tax department the company has qualified to obtain this tax clearance”;
- A tax return aims to demonstrate “that all relevant forest taxes are paid”

The LRA told the consultants that they had been instructed by the FDA to issue these tax clearances to allow the companies to export. Indeed, if these clearances hadn't been issued, the companies wouldn't have had income to pay their taxes. This decision was made during a meeting between FDA and LRA in 2016, but no official instruction was generated after that.

It was confirmed that some companies claimed other payments (such as for the construction of infrastructure) to be deducted from their annual area fee. However, documents supporting these claims seemed to be not existing.

Consequently, it can be stated that the tax clearance and tax return documents are not necessarily a proof that a company has paid all their concession fees.

4.2.2.7.2 Payment of taxes and fees to communities

In the absence of banking system in rural areas and as detailed above in Section 0, payments from companies to communities are made directly in cash to community representatives with the FDA providing verification of the payment. These payments are not recorded in LiberTrace.

Community members and representatives interviewed appear to be satisfied and confirmed receipt of all Community Benefits Fees (\$1.50/m3) payable directly from the companies to the communities. They did express concern that some companies were not transparent about the quantities of logs being cut. The companies apparently do not fully disclose the Tree Data Forms to the communities, and to date the FDA has not provided this information to the communities.

However, the prevalence of late declarations of felling activities indicates insufficient transparency of the logging figures.

In addition to Community Benefits, communities are also entitled to 30% of the Annual Area Fees payable from the Ministry of Finance. The Ministry has for some time failed in its obligations to pay these fees completely and this non-payment is the source of considerable legitimate grievance.

As a result, no FMCs, CFMAs / TSCs are considered as fully compliant with Principle 9.

4.2.2.8 Principle 10: Export, processing and trade requirements

Table 32 – Compiled results against principle 10

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Export License (FMC, TSC, CFMA, Timber Processor)					
Company	10.2.1	Export Permit report from LiberTrace	NA	NA	NA
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	NA	NA	NA
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA	NA	NA
	10.2.4	Log export volume report	NA	NA	NA
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	NA	NA	NA
		Reference price as found in market intelligence data base (MIDB)	0/5	0/2	0/4

Export processes and trading requirements were analyzed in relation to traceability analysis for Principle 6 outlined above in Section 4.2.2.4.

Export requests and permits were not reviewed first-hand. Rather, this review was conducted using secondary information and analysis provided by SGS. Moreover, no shipments were occurring during the presence of the review team in Liberia. Therefore, the cells related to verifiers 10.2 were considered as “not applicable”.

As detailed at Section 4.3.6, reference prices needed establish the official FOB prices and calculate the stumpage and export fees have not been reviewed for more than 4 years.

LiberTrace information system is fully operational. The companies must comply with the Export Permit application processes for all log and timber export. From a legality perspective, the export application systems for exported logs and timber are very strong.

As previously stated in Section 4.2.2.4 for Principle 6, the fact that the felling declarations (TDF) are not made on time challenges LVD’s ability to closely monitor harvesting operations and to ensure that effective traceability at field level.

As a result, none of the FMCs, CFMAs / TSCs can be considered as fully compliant with Principle 10.

4.2.2.9 Principle 11: Transparency and general disclosure

Table 33 – Compiled results against principle 11

Key Document & Responsible Party	Supporting Documents and Other Requirements		Complying documents (FMC)	Complying documents (TSC)	Complying documents (CFMA)
Company	11.1.1	Publication of payments to GoL	0/5	0/2	0/4
LEITI	11.2.1	LEITI report	0/5	0/2	0/4
	11.2.2	LEITI attestation	0/5	0/2	0/4
	11.3.1	LEITI publication of contracts	0/5	0/2	0/4

None of the companies were publishing their payments made to GoL.

Also, and as reported on the EITI website⁵, “LEITI's 2015/16 annual report was due on 30 June 2018. On 28 June 2018, Liberia submitted a request for an extension of the reporting deadline. The Board decided on 4 September 2018 that Liberia is ineligible for an extension. Therefore, in accordance with provision [8.2 of the Standard](#), Liberia was suspended.”

Therefore, none of the companies could comply with the LEITI requirements.

This 2015/16 annual report was finally issued in January 2019, although it didn't include an individual analysis of the forestry companies.

As a result, none of the FMCs, CFMAs / TSCs can be considered as fully compliant with Principle 11.

Box 2 - Summary of the concessions' contract implementation

The level of contract implementation in Liberia is globally preoccupant as none of the company could fully comply with any the Principle of the VPA legality matrix.

This incapacity to comply with the VPA requirements goes further than the single responsibility of the companies as described at Section 4.3 (page 69).

⁵ <https://eiti.org/liberia> (consulted on the 17/09/2019)

4.3 Analysis of governance of key management processes

4.3.1 Implementation of the Forest Management Contract (FMC)

More than ten years after their signature, there is almost no enforcement of the FMC on the part of both the GoL and the companies.

The main discrepancies between the contracts and their implementation are listed below:

- Sawmill:

All FMCs foresee the implementation of a sawmill and a plywood / veneer mill within two years after the ratification of their contract. Although, only ICC disposes of a functional industrial sawmill in Buchanan. ELL also imported a sawmill many years ago, but which was never installed.

One of the reasons given by the companies for not installing a sawmill is that only the port of Monrovia has export facilities for containers while the ports of Buchanan and Greenville can only export logs. As a consequence, ICC is transforming timber in Buchanan but has to export its processed timber from Monrovia.

- Forest Management Plan including SFMP, 5YFMP and EIA:

All contracts stated that a Forest Management Plan (including SFMP, 5YFMP and EIA) had to be submitted at least 90 days before the first annual operation season and shall be “looking far enough into the future”. These FMP had to be in conformity with the “Guidelines for Forest Management Planning and the Liberia Code of Forest Harvesting Practices (...)”. As already described, none of the company had an FMP in line with the official requirements.

- AOP:

None of the companies if conducting a complete enumeration prior to the elaboration of the AOP. None of the AOPs were complying with the official guidelines.

- Environmental management (including wildlife, pollution, erosion, H&S):

Besides the fact that no EIA is complying with the official requirements, the EPA doesn't provide any inspection report that could ensure the compliance of the companies against their contracts.

- Payments not received and Land Rental Bid Payments:

Land Rental Bid Payments were cancelled in 2013 (see Section 3.7.2, page 33) while most of the companies still have important outstanding arrears.

Also, none of the provisions regarding late payment are enforced, such as interest penalties, contract termination or suspension.

- Force Majeure:

As per the terms of the contracts, the Ebola outbreak could have been considered as a Force Majeure. Although and even if they couldn't operate, companies were still invoiced for the area fees.

- Audits and Reviews:

None of the Governments agencies are producing reports to ensure that contracts are implemented as per their terms.

This globally low contract implementation was commented with the companies. Most of them were claiming that they had to stand in for the following activities that GoL failed to undertake and therefore couldn't implement their contract:

- Improve the port and road infrastructures;
- Pay back the share of the communities;
- Build schools and hospitals in rural areas.

4.3.2 Background for issuance of certificates and other official documents

As detailed at Sections 4.2.1 and 4.2.2, the mission team could rarely understand the basis on which the following documents were issued by the GoL:

- **Letters of approval of SFMPs and 5YFMPs** as none of these documents were designed based on the official guidelines for forest management (especially as there was no multi-resource inventory, no zoning, no recovery rate calculation, etc.);
- **Annual Harvesting Certificates** as none of the companies is complying with the official guidelines (especially as the size and location of the AC are not based on a SFMP or as there no exhaustive priori enumeration);
- **Environmental Impact Permits** as none of the companies is complying with the official guidelines for EIA (no field investigation, no impact mitigation measures, etc.);
- **Tax clearance certificates and tax returns** as most of the companies have important outstanding tax arrears and as official arrangements between the LRA and the companies could not be shared with the review team.

In addition, none of the GoL administrations supposed to conduct audits and inspections in the companies are issuing reports.

Besides, considering the lack of equipment (vehicles), financial and human resources of the GoL administrations (especially the FDA regional offices) for field inspections, there is low confidence that these administrations can perform their day-to-day responsibilities and keep their objectivity while depending on operators for support (lodging, feeding, transportation).

As a result, the overall governmental process shows weaknesses to guarantee credibility and transparency in the monitoring of the companies.

4.3.3 Export process and export permit

4.3.3.1 Export process

The regulatory and administrative processes around processing Export Permit applications are extremely complex and results in a high level of uncertainty around the logistics of exporting logs and timber products.

Companies have multiple complaints about the process:

- When a company makes a declaration for export, it must first request an independent inspection and “legality verification” by SGS / LVD. Following a successful inspection, the company is issued with an export fee invoice, which must be paid. The Export Declaration is only formally accepted for final approval after the invoice is paid. The parties are then given 3 weeks from the following Saturday to formally process the Export Declaration and issue and approve an Export Permit. **The total process can take many weeks from start to finish.**
- The Export Declaration and Export Permits need to be formally approved by both the FDA and the Minister of Commerce & Industry (i.e. the Minister him/herself and not a designated signatory for the Minister). The FDA first signs the documents, then forwards them to the Minister of Commerce to sign. The documents are then returned to the FDA for re-signing to confirm the original FDA signature. **These authorizations must be signed by specific individuals, who may not be available at any given time and the process often creates significant delays for companies.**
- The convoluted administrative processes and long timelines involved in processing Export Declarations and Export Permits make it very difficult to organize shipments. **Companies often incur added expenses from holding stock for long periods and are often penalized by the ports and shipping agencies for short shipments and demurrage charges because of delays to shipment.**

The companies argue that there is a lack of fairness, reasonableness, and care afforded them through the imposition of overbearing bureaucracy leading to needless additional expenses.

4.3.3.2 Meaning of the current export permit

As SGS / LVD is supposed to verify the legality of the traceability of the logs to be exported and as the system is conducted through the LiberTrace system (which is the backbone of the Legality Verification System), the Export Permit issued is often considered as a legality evidence by the wood importers in Europe in the frame in the EU Timber Regulation.

In the facts and even if the logs are always traceable on paper, the real field traceability is still questionable (as per the analysis made at Section 4.2.2.4) and the basis to attest legality is uncertain:

- The “legality assessment” is only made on a selection of indicators from Principles 1, 7 and 10 of the VPA legality matrix. While Principles 7 and 10 are mainly focused on traceability issues;
- The background to issue most of the certificates and other official documents lacks transparency and credibility (Section 4.3.2, page 70).

On another hand, FDA asserts that the legality is currently verified under the “current regime”, which was defined through a document issued in November

2016⁶ (Annex 2). This document issued by the FDA, lists several requirements needed for verification before issuance of an Export Permit. However, only the requirements related to traceability are currently consideration. None of the pre-felling requirements nor most of the concession allocation documents appear to be regularly considered.

This suggests a regime of general indulgence, derogation or lack of enforcement. In some cases, discretionary decisions are made by the FDA to issue EPs in contravention of the requirements it has itself prescribed.

If FDA adhered to its own guidelines, such as the “current regime” or the VPA, no EP would be issued.

In relation to traceability, as the LVD is currently being transferred from SGS to FDA, there is a high risk that the LVD inspectors will face similar constraints (i.e. the lack of equipment (vehicles), financial and human resources) for field inspections as the rest of the FDA teams. In this respect, there is justifiable concern that the traceability system could be soon undermined.

As a result, the Export Permit currently provides little assurance of the log’s legality compliance and limited confidence for their traceability.

Moreover, overall forest management is weak, these Exports Permits don’t provide any assurance that logs are from managed forests.

4.3.4 Forest planning and management

4.3.4.1 Design of supporting documents

As described in the above tables, no company implements the 25-year, 5 year and annual planning processes in line with regulations and guidelines. Nevertheless, the FDA generally accepts the plan which indicates that **the Governance of planning processes is weak.**

In this respect, the mechanism to issue the harvesting certificate and the block approval letter is especially revealing. In theory and as per the Forest Management Contracts, the harvesting certificate shall be enough for a company to start operating. Although, the companies were not enumerating their blocks before the elaboration of their AOP. In this respect, SGS implemented the block approval letter in its COC SOPs to serve as an entry point of the COCIS. Consequently, the harvesting certificate became a mandatory document for the company, but which had no official legitimacy.

4.3.4.2 DBH Cutting Limits

The 2007 version of the Code of Harvesting Practices included DBH Cutting Limits for the main commercial tree species. The limits outlined were between 60 and 100 cm of DBH.

In the revised Code of Harvesting Practice, approved in 2017, the DBH were all removed.

The Forest Management Contracts specify that (article B.6.22) “holder shall not cut or fell for commercial use any growing tree smaller than 60 cm Diameter at BREAST HEIGHT” (DBH).

⁶ Document called “Verification of documentation before issuance of Export Permit”, issued by the FDA in November 2016 -

In addition, these contracts also specify that (article B.3.11) a Forest Management Plan (including SFMP, 5YFMP and EIA) had to be in conformity with the “Guidelines for Forest Management Planning and the Liberia Code of Forest Harvesting Practices (...)”. In this respect and in the frame of the SFMP, the Guidelines for Forest Management Planning (2009) specify that cutting limits must be defined for all managed tree species in order to ensure their long-term reconstitution. The guidelines establish a methodology to define these cutting limits based on the multi-resource inventory, stand structure, growth and mortality.

As there are is no SFMP based on the guidelines, and as no recovery rates were calculated, no cutting limits were defined in these documents.

At the time of the review, companies argued that they should be allowed to harvest at 60 cm of DBH in line with their contracts and supported by revised Code of Harvesting Practices silence on cutting limits. According to information shared by FDA officials, SGS and companies, there was a consensus to start harvesting trees at 60 cm of DBH as there is no other legal basis to harvest at another cutting limit. Obviously, none of the companies was pointing at the article in their contracts obliging them to prepare a SFMP based on the official guidelines and which would include definition of “sustainable” cutting limits. It appears that no consideration is given to the contractual obligation to prepare SFMPs based on the Guidelines for Forest Management Planning.

Based on the facts that 1) the cutting limits were removed from the Code of Harvesting Practices; 2) overall forest management is very weak; and 3) the FDA is keen to agree to decrease the overall cutting limits (from 100 cm in some cases to 60 cm DBH), the Review Team concludes that there is little demonstrated will to ensure the sustainability of the forests in Liberia.

4.3.4.3 Cutting cycle for CFMA

The Guidelines for Forest Management Planning were prepared for the Forest Management Contracts and foresaw cutting cycles of 25 years. The Code of Harvesting Practices also states that the cutting cycle in selective logging system shall be of 25 years. This timeframe is similar for cutting cycles in other tropical countries (such as Cameroon, Gabon and Congo).

As the CFMAs are signed for 15 years, the only approved CFMA management plan was designed on a 15 years rotation, which is in contradiction with the Code of Harvesting Practice.

As there is currently no inventory made to assess the state of the resource and as the cutting limit shall likely be 60 cm of DBH, there is no evidence to support that this cutting cycle would allow for the recovery of community forests.

In this respect, the cutting cycle currently applied in CFMA is in contradiction with the law and doesn't offer confidence for the sustainability of the forests in CFMAs.

4.3.5 Environmental monitoring

There are several issues hindering environmental governance, including:

- The low interest of the operators in this technical area. Operators consider environmental obligations to be superfluous and inconvenient for logging;
- The overall weakness and non-compliance of the EIA documents;

- The low service offered by consulting firms specialized in this field, which leads to the view that ESA reports are very uniform in content, approach, design, and level of quality. Only a few follow guidelines;
- The weakness of E&S management plan design and weak field application of E&S recommendations or mitigations measures;
- The almost automatic allocation of environmental permits by EPA irrespective of the quality of the ESA documents;
- The lack of E&S monitoring, both from operators who do not report regularly on the implementation of their management plan and from the regulatory institutions (EPA, FDA, MoL) that do not produce inspection reports.

As a result, the overall environmental governance seems very weak and does not provide transparency nor credibility.

4.3.6 Payment of taxes and fees to the Government and communities

4.3.6.1 Stumpage and export fees calculation

The stumpage and export fees are based on listed FOB prices, which should be reviewed annually.

The FDA has not modified the FOB price list for at least 4 years during which time log prices have changed considerably, generally trending downwards.

In this respect, the official FOB price calculation lacks transparency and these fees seem to be higher than they should be.

4.3.6.2 Bid premium fee recovery

The forestry industrial development act (29/8/29017) states that all land rental bid premiums accrued up to the Fiscal Year 2011/2012 should have been fully paid within a period of 36 months or as agreed with the FDA and the Ministry of Finance.

Outstanding bid premium fees have been invoiced by SGS as “2008-2011 (Bid Premium arrears)” to the 5 FMC companies on 1/7/2018 with due date October 2020 with a total of 11.7 million USD.

No payments have been recorded so far. The total volume of bid premium is still open.

4.3.6.3 Forest fee collection system

The present system for forest concession taxes does not satisfactorily comply with Liberian law, as outlined within the VPA. The invoices are issued through LiberTrace under the responsibility of the FDA, informing also LRA through a triangulation platform.

There seems to be no common platform or channel between tax department and the FDA to reconcile/ monitor individual accounts with each concession company for the purpose of monitoring open and overdue concession fee payments, the actual state of the “bid premium” debt, payments to communities, and the volume of investments’ made within the “wood processing sector” agreed upon by both LRA., FDA and NIC .

4.3.6.4 Application of the “force majeure”

The companies have what appears to be a legitimate legal complaint with regards to the payment of Annual Area Fees during the Ebola crisis. During this time, companies were forced to close operations for nearly 1 year. This clearly constitutes a Force Majeure under the terms of the FMC’s and the companies should have been exempted from payment of Annual Area Fees during this period.

Nevertheless, companies argue that the GoL continues to request them to pay their arrears for this period.

4.3.6.5 Payments to communities

In the absence of banking system in rural areas, payments from companies to communities are made directly in cash to community representatives with the FDA providing verification of the payment. These payments are not captured on LiberTrace and it is not possible to confirm amounts paid except from company and community records.

This methodology doesn’t guarantee accountability or transparency of the system.

4.3.6.6 Late or absence of payments

As detailed at Section 4.3.1, no sanctions are taken when companies do not comply with payment obligations.

For example, Annual Area fees are invoiced annually through LiberTrace, even though LiberTrace records indicate that less than half of companies have paid on time. Apparently, no legal measures were taken. Neither does FDA issue further reminders, neither does FDA ask LRA for updated information regarding the payment status.

As a result, the present management system facilitates non-compliance, especially with respect to annual area fee payment.

4.3.7 Structural problems in the sector causing non-compliance

Companies claim that there are several issues relating to transportation of logs that in themselves contribute to illegality or an inability to meet legal obligations to the Government and communities.

The Government is supposed to maintain a public road network, which in many cases it has failed to do. Companies have been forced in many cases to fund construction and maintenance of public roads at their own expense.

The port facilities at Greenville and Buchanan are only suitable for logs. They offer virtually no services and often charge for services that they do not provide (log handling and storage). The port charges are also excessive, even extortionate.

These extra expenses hinder companies’ ability to meet other financial obligations.

5 ANALYSIS OF LEITI REPORT'S RECOMMENDATIONS

In 2012, The Liberia Extractive Industries Transparency Initiative (LEITI) was requested by its Multi-Stakeholder Steering Group (MSG) to perform an audit of the processes by which material concessions, contract, licenses, and other rights were awarded in forestry, mining, oil, agriculture, and other designated resources to determine compliance with applicable Liberian laws.

The Liberia Extractive Industry Transparency Initiative's 2013 Post Award Audit Report made 26 recommendations directly related to the processes involved in awarding material public concessions, contracts, licenses, permits and other rights of exploitation of forest resources of Liberia from 13 July 2009 to 31 December 2011. The Audit reviewed the validity of four forest management contracts, five timber sales contracts, and 43 private use permits. The Audit found that all forest contracts were non-compliant with applicable regulations and awarded using processes that majorly departed from those outlined in governing legislation.

The majority of findings and recommendations from LEITI's 2013 Audit Report were in relation to the improper issuance of PUPs. Following these recommendations, President Ellen Johnson Sirleaf issued Executive order 44, placing a moratorium on the issuance of PUPs and on activities involving or related to the felling or export of logs under any PUPs granted, authorized or approved by the Forestry Development Authority. All PUPs were suspended. Executive Order 44 also tasked relevant GoL MACs to take appropriate actions to remedy the situation through criminal prosecutions, review of the relevant legal and regulatory framework, validation of deeds, audit of the Forestry Development Authority, public sensitization, and such other necessary measures.

In addition to the moratorium on PUPs, the Sirleaf administration also established the Special Independent Investigating Body (SIIB) to investigate allegations related to the issuance of PUPs.

The below analysis focuses on recommendations made about the forest management, the FDA, and specific companies that are still operating forest contracts. Several recommendations relating to negotiating and awarding of concessions were not included in this legality assessment for the following key reasons:

- No new concessions agreements (i.e. FMCs or TSCs) have been awarded since December 2011. Therefore, an evaluation of the progress made towards improving negotiation and awarding processes for subsequent concessions could not be made.
- Although 31 CFMAs have been awarded since 2011⁷, these agreements are not subject to public procurement and competitive concession processes outlined in the PPCC Act for two reasons:
 - Part VI, Section 73 defines concession as a “means the grant of an interest in a public asset by the Government or its agency to a private sector entity for a specified period during which the asset may be operated, managed, utilized or improved by the private sector entity which pays fees or royalties under the condition that the Government retains its overall interest in the asset and that the asset will revert to the Government or agency at a determined time.” By approving a CFMA, GoL acknowledges that the asset i.e. the community forest land is “owned and used by communities for socio-cultural, economic and development purposes” in line with the defined by Chapter 1, Section 1.3 of the Community Rights Law. Therefore, forests owned by communities are not GoL assets and cannot be awarded as concessions. Therefore, small and medium scale commercial use contracts are negotiated directly between the community and company.
 - All approved CFMAs have been awarded for areas less than 50,000 hectares and are therefore classified as small or medium scale commercial use contracts. Chapter 6, sections 6.1 and 6.2 of the Community Forest Law stipulates that these contracts are not allocated on a competitive bidding basis, putting them outside the scope of the PPCC Act and related regulations.

The below table outlines recommendations made in the LEITI and SIIB Reports and the progress made on implementing those recommendations to date.

Table 34 - Progress made on LEITI and SIIB recommendations

LEITI Recommendations	Progress
1. Punitive sanctions should be in the Public Procurement and Concessions Act	<p>This recommendation was implemented.</p> <p>Punitive measures were introduced in Section 138 of the Amended PPCCA 2010. Section 138 holds:</p> <p>“Any person who contravenes any provision of this Act commits an offence and a person convicted by a Court of a violation of this Act shall, upon summary conviction, be liable to imprisonment for a period not exceeding five (5) years and or a fine not exceeding One Hundred</p>

⁷ of which 11 are pending board approval (Sixth Meeting of the Joint Implementation Committee (June 13-14 2018), Aide Memoire)

	Thousand United States Dollars (US\$100,000.00). Violation of provisions of this Act may also constitute grounds for debarment."
2. A proper and reliable filing system should be put in place to keep track of all award process documents,	This recommendation was not implemented. The evaluation team was unable to gain access to many supporting documents pertinent to this review. Documents were not digitized and did not appear to be filed systematically.
3. Private land should not be included within FMCs and TCSs according to Sections 5.3 and 5.4 of the NFRL. According to Section 5.3 of the NFRL, FMC areas should not include any private land. FDA awarded a total acreage of 253,670 hectares to Euro Liberia Logging Co (FMC Area F). This area overlapped with private land owned by Thienpo Chiefdom by an area of 103,022 hectares. This situation constitutes a deliberate circumvention of the applicable law as it would appear that FDA had acted in full knowledge of the facts.	This recommendation was not implemented. FDA maintains that the deed provided by the Thienpo Chiefdom was not legitimate. According to FDA, the deed was signed by president Tubman in 1974 when the president had died in 1971. The Review team was unable to validate this claim. Copies of the deed and report of the investigation have been requested.
4. Timber Sale Contracts should be awarded according to the PPCA as required by the NFRL and the PPCA. If TSCs are to be excluded from the ambit of the PPCA due to their immateriality, this should be clearly stated in the PPCA, NFRL and FDA Core Regulations	This recommendation was not implemented Regulations on TSCs have not been developed. Furthermore, FDA asserts that Authority has no intention of awarding new TSCs as the majority of forests are owned by communities.
SIIB Recommendations	Progress
1. An Executive Order should be issued giving effect to the recommendations of the SIIB.	This recommendation was not implemented. Although some recommendations of the SIIB were implemented, they were not adopted comprehensively.
2. All PUPs issued by the FDA are void as their issuance preceded promulgation of standard qualifications as required by the NFRL Section 5.3(iii).	This recommendation was implemented. The moratorium on issuance of PUPs remains in place. All PUPs were suspended under Executive Order 44.
3. Convene a Special Panel to include SGS, FDA, Ministry of Finance, Internal Audit Secretariat and independent members to conduct an inventory of all logs that have been felled in PUP operations.	This recommendation was not implemented.
4. Institute confiscation proceedings for the auction of logs catalogued in the inventory	This recommendation was not implemented. There is no regulation on confiscation of logs. FDA fined some companies that operated illegally but did not confiscate any logs.

<p>5. Order the Land Commission to conduct an extensive evaluation of all Deeds submitted for PUPs and make recommendations consistent with the NFRL, the CRL, and other laws of Liberia. An independent audit of FDA be conducted and the findings made public and appropriate action(s) taken.</p>	<p>This recommendation was not implemented.</p>
<p>6. FDA must develop a recording system for all documents related to forestry licenses and social agreements.</p>	<p>This recommendation has been implemented. FDA maintains a record of all forestry licenses and social agreements.</p>
<p>7. Suspended Managing Director Moses Wogbeh should be dismissed from the FDA and government service for gross misconduct, abuse of power, economic sabotage, and insubordination to the FDA Board of Directors; and prosecuted appropriately.</p>	<p>This recommendation was implemented. A prosecution was brought against Mr. Wogbeh and other GoL officials implicated in the PUP scandal in the case of <i>Republic of Liberia v. Wogbeh et al.</i></p>
<p>8. Cllr. Benedict Sagbeh, FDA Legal Counsel be dismissed from FDA for conniving with FDA Management and various individuals in the fraudulent issuance of PUPs; and a complaint of his unethical behaviors and ethical failures and moral turpitude be reported to the Grievance and Ethics Committee of the Liberian National Bar Association for disciplinary action. That he be barred from providing any future legal services to the Government of Liberia.</p>	<p>Recommendation was implemented</p>
<p>9. Messrs. John Kantor, FDA Technical Manager, Towon Nyenty, FDA GIS Coordinator, and Jangar Kamara, FDA Commercial Manager be dismissed from FDA and Government Service for orchestrating the falsification of government records and receiving illegal payments from PUP operators. The above listed individuals should be further investigated by the Ministry of Justice and LACC and if convicted be made to retribute payments received illegally</p>	<p>Recommendation was implemented. Following an investigation by the Ministry of Justice, representing the Republic of Liberia, prosecuted government employees implicated in the PUP scandal in the case of <i>Republic of Liberia v. Wogbeh et al.</i></p>
<p>10. The Chairperson of the Board of Directors, Minister Florence Chenoweth be suspended for one month for her failure to provide proper oversight to FDA and failing to conduct due diligence in the issuance of PUPs.</p>	<p>Recommendation not implemented</p>
<p>11. The Board of Directors should be appropriately reprimanded for breach of</p>	<p>Recommendation implemented</p>

their fiduciary duty, the duty of care owed to the FDA, failing to conduct due diligence and to provide effective oversight of FDA operations and in the issuance of PUPs.	
12. The Board of Directors of FDA should be required to establish and institute appropriate guidelines for reviewing, approving, and attesting to the actions of FDA.	Recommendation not implemented
13. The Board of Directors should establish and institute mechanisms for receiving and investigating claims made against FDA management.	Further information needed
14. Dr. Sizi Subah, Deputy Minister of Agriculture be appropriately reprimanded for signing per procurationem and failing to conduct due diligence in attesting to 17 PUPs dated October 6, 2011.	This recommendation not implemented. Dr. Subah was subsequently promoted to Minister of Agriculture.
15. Mr. Maxwell C. F. Gwee, Director of Cartography Services at the Ministry of Lands, Mines and Energy should be dismissed forthwith from MLME and barred from holding any position involving land transactions or resource licensing. Mr. Gwee should be investigated by the Ministry of Justice for fraudulent conveyance of land.	This recommendation was implemented.
16. Mr. David Blaye, County Surveyor for Grand Bassa County should be dismissed for fraudulent conveyance of land and gross misconduct	Further information needed
17. The Ministry of Justice and the Ministry of Finance must conduct an analysis and issue a formal opinion on the current tax and fee requirements of commercial forest license holders and whether the market can bear them.	Further information needed
Atlantic Resource Limited should be required to pay all tax arrears on FMC "P" and be permanently barred from engaging in commercial forestry activities for violation of NFRL 20.6(a)(i) and NFRL 20.6(a)(ii) and for orchestrating fraudulent activities in Liberia's forest sector.	This recommendation was not implemented. Atlantic still owes taxes, still operates in FMC P and in community forests.
Atlantic Resource Limited. affiliated companies including - Forest Venture, Nature Orient Timber Corporation, Southeast Resources should be permanently barred from engaging in commercial forestry activities for violation of NFRL 20.6(a)(i) and NFRL 20.6(a)(ii) and for orchestrating fraudulent activities in Liberia's forest sector.	This recommendation was not implemented. Forest Venture still operates logging operations. The fate of the other two companies is unknown.
EJ and J Corporation and its Chief Executive Officer Eliza Kronyann be prevented from engaging in commercial forest activities unless an independent panel makes a determination that the company has the financial and technical	This recommendation was not implemented. EJ&J still holds logging permits

capacity to operate a commercial forestry license independently.	
That Sarah Miller is prevented from representation, management, or service as an agent of any PUP and/or community forestry except on land proven to be personally owned by her as verified and validated by the Land Commission.	This recommendation was not implemented.
Amb. John Gbesie, Messrs. Augustus Abram and Ben Kofie be barred from engaging in commercial forestry activities in Liberia and prosecuted by the Ministry of Justice for fraud, violation of Section 20.6(a) of the NFRL.	This recommendation was not implemented.
That the Ministry of Justice prosecutes all individuals who submitted PUP applications with forged land deeds.	This recommendation was not implemented.
That the Ministry of Justice prosecutes all individuals who submitted PUP applications with forged land deeds.	This recommendation was not implemented.
All listed companies that have exported timber be made to compensate communities as per their memorandum of understand and social agreements. That all payments for cubic meters of timber felled be immediately paid into escrow accounts created for this purpose. That those companies whose social agreements specify that a clinic (valued at US\$12,500) and schools (US\$14,500) be made to immediately pay said amounts to the escrow account.	This recommendation was partially implemented.
FDA must develop and publicize a fee structure for administrative and other costs associated with forestry licenses.	This recommendation was partially implemented. In relation to community forestry, there is no official guidance on the cost of working through the Nine Steps process.
Capacity building initiatives should be instituted to educate communities on the vary forestry licenses and to support the expeditious implementation of the CRL	This recommendation was partially implemented. Capacity building initiatives are undertaken by civil society organizations. These initiatives are don an ad hoc basis and are not standardized.

6 LEGALITY REVIEW PER CONTRACT

6.1 FMC A – Alpha Logging

6.1.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	C
	1.2.3	List of shareholders and beneficiaries	A
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	C

FMC A is mostly compliant with principle 1.

The company's registration is up to date and its articles of incorporation meet legal and regulatory standards. The declaration of ownership and notarized affidavit declaring that company's owners do not include prohibited persons were unavailable for review.

Therefore, **FMC A is partially compliant with Principle 1.**

6.1.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.1.1	Socio economic survey report	B
	2.1.3	Proof of community consultation	C
FDA	2.2.2	Approved concession certificate	C
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	A
	2.3.2	Pre-qualification certificate	A
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	A

A "Justification Document" was presented in place of the Concession Procurement Plan required by Section 79 of PPCC Act.

All other documents created prior to the allocation of the forestry contract, and held by the FDA, have been lost and were not available for review. The bidder's bond and liquidity guarantee documents are also missing.

Therefore, FMC A is not compliant with Principle 2.

6.1.3 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	FMC A, Alpha Logging & Wood Processing Inc. Supporting Documents and Other Requirements		Document assessment
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	A
	3.2.1	Executed Social Agreement signed by contract holder and CDRC	
	3.2.3	List of CDRC identified or registered with FDA	A
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	A
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	B
Compliance Audit Report (Post Harvest Report)			

Key Document & Responsible Party	FMC A, Alpha Logging & Wood Processing Inc. Supporting Documents and Other Requirements		Document assessment
FDA	3.5.2	FDA verification of payment to communities	C

V. 3.2.3: the list of CFDC identified or registered with FDA is found at the end of the Social Agreement and has not been extracted from this report to be included in verifier V.3.2.3 in LiberTrace.

V. 3.3.3: No evidence that a specific bank account has been opened by the holder for the payment of the concerned communities.

V. 3.5.1: It was not clear whether the payments were made in cash to communities or directly on their bank account.

V. 3.5.2: The FDA claims that they verify the payments made to the communities by the holder but does not mention them in LiberTrace.

Table 35 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder	-	C
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

Summary on Alpha Logging's Social Agreement (SA):

- P. 11/14 & 12/14: error on the name s' Holder: put "Alpha Logging & Wood Processing" instead of "International Consultant Capital" (error of copy and paste?). Point (4) of standard content is missing (escrow account). Valid, but under conditions of point (4).
- As for the other FMC's reviewed below, the content complies with the REG document (Section 33, p. 65), except escrow account setting up (Payment by the Holder).
- Criteria "Payment by the Holder" and "Funds released by the Holder" are missing. It was explained by M. Andrew Y-Y ZELEMEN, representative of the CFDC/NUCFDC (on-site meeting holds on at Alpha Logging concession, near Gbarnga on August 12 2019), that payment arrangements are usually different from those indicated in FDA's Ten Core Regulation (105-07, §33, p. 66). Nevertheless, it is said that payments are consistently expressed on a regular basis, according with the matters negotiated with the company and approved by FDA. Furthermore, 90% of in-kind benefits negotiated have been implemented by the company.
- This document can be considered as partially compliant.

Therefore, FMC A is partially compliant with Principle 3.

6.1.4 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	4.1.3	25 Year Forest Management Plan (SFMP)	B
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	C
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	C
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

Neither the SFMP nor the AOP are compliant (see tables below).

The 5YFMP was not sighted by the review team.

The company was granted a harvesting certificate despite its weaknesses on the management documents.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, FMC A is not compliant with Principle 4.

Table 36 - Assessment of the SFMP – FMC A

Criteria	Comments	Validity criteria
SFMP is existing		A
Ratification of the SFMP	No evidence of ratification	B
Stratification and mapping	-	C
Multi-resources inventory	"Some kind of" inventory was conducted in 2007. It can't be considered as a multi-resources inventory (wrong methodology, low sampling rate, no map)	C
Definition of protected and managed tree species	-	C
Definition of the rotation	No inventory made; no justification of the rotation chosen	C
Partitioning of the FMC into management units	-	C
Design of management procedures for the management units	No management units	C
Definition of DBH cutting limits	-	C
Stock calculation of the commercial species	-	C
Partition of the timber Production Unit into 5 years Compartments	No stock calculation. Compartments not based on an inventory,	C
Industrial planning	-	C
Implementation, monitoring and evaluation of the FMP	-	C
Economic and financial assessment	-	C
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of a management plan are not met (no inventory, no stock calculation, no DBH calculation, etc.)	C

Table 37 - Assessment of the AOP - FMC A

<i>Criteria</i>		<i>Validity criteria</i>
AOP is existing		A
Ratification of the AOP	-	A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments were not based on an inventory. The compartments are not matching with the SFMP.	C
AC Area	The area of the compartment is not presented. The fact that the company is claiming to mix ancient and current blocks makes that it is hard to know exactly what is going to be harvested.	C
Annual audit report	The report is not detailed. The harvested volumes are not presented. In the audit report, the company was supposed to compare the harvested volumes against the forecasts.	C
Pre-harvest enumeration (stock survey)	The presented enumeration is the one for the blocks of the previous exercise. There was no enumeration for the current one.	C
Harvesting forecasts	The relevant harvesting forecast is for the volumes in only 16 blocks (on 48).	C
Annual Coupe Map	The annual coupe map was supposed to cover: <ul style="list-style-type: none"> Location of the blocks, management units Logging constraints (streams, slopes, rocks, swamps) Existing and planned infrastructure 	C
Stock map	-	C
Planning of harvesting operations	No map presented, no enumeration	C
Planning of other activities	A table is provided	A
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of an AOP are not met (no enumeration, no stock calculation, maps, compartment not in line with SFMP)	C

As a conclusion regarding the AOP, only **the enumeration** of the 2018/2019 could be considered as valid for the 16 previously approved blocks if there are stock maps and planning for harvesting operations and other activities in the 2017/2018 AOP for these blocks.

6.1.5 Principle 5: Environmental obligations

Key Document & Responsible Party	FMC A, Alpha Logging & Wood Processing Inc. Supporting Documents and Other Requirements		Document assessment
Environmental Impact Permit (for FMC, TSC, CFMA)			
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.2.1	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

This company meets most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The comments related to this section are the same for all FMCs and listed in Section 4.2.2.3.

The general comments on the EIA are as follows:

- The content of the report is not compliant with the 'EIA procedural Guidelines' of 2006, especially with lack of: 'Executive summary', 'Public consultation', 'Impact Rating Scores', Indicators and verifiers for mitigations measures, EMP Reporting procedures, Monitoring programme, Cost evaluation of implementing mitigation measures.... This report is insufficient and unusable for an implementation on site.
- Although the EI Permit has been issued to the company, EPA approved the content of the EIA which do not really match to the regular abstract and content of an EIA.
- The field visit (on August 12 2019) revealed the weakness of the environmental and social facilities compared to the content of EIA and EIP.
- Regardless of the EIA reports of companies describing different abstracts and content, the environmental permits issued by EPA to companies all have the same content.

Finally, it seems that the biannual environmental monitoring report is not issued by EPA (cf. 5.1.3 Environmental Permit, article 11). It was explained by the ALPHA Logging's Forest Manager - ABRAM Angnems (?), that a joint team (EPA, FDA, MoL...) was coming on site once a year in order to verify compliance with the EIP. Nevertheless, no report was transmitted to the company.

As a result, FMC A is not compliant with Principle 5.

Table 38 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	Very short, no description of the planned facilities. No description of the findings	C
Introduction-overview of the project	Project rationale not clearly described	B
Policy, legal and administrative framework		A
Detailed project description	No detailed statement of activities. Some confusion with environmental chapters to go in other sections. Construction phase and operation phase missing, at this level, but addressed at § 6.	B
Description of the Environment	Human environment not clearly described	C
Impact Prediction and Evaluation	Most of the impacts are not rated.	B
Socio-economic analysis of project impacts	Analysis of the impacts is missing	C
Environmental Management Plan (EMP) and Mitigation Measures	-	C
Identification of Alternatives	-	C
Monitoring Program	-	C
Public Participation	Not clearly described	C
Description of the best available Technology	-	C
Conclusion and Recommendations		A
Annexes	Different elements are missing	C

6.1.6 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

FMC A is partially compliant with Principle 6.

6.1.7 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.1.8 Principle 8: Workers rights, health safety and welfare

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, FMC A is not compliant with Principle 8.

6.1.9 Principle 9: Taxes, fees and other payments

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company Alpha Logging	9.1.1	Tax clearance certificate	A
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	Area fees paid
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A, not due
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	C, 59074 USD overdue in stumpage fee
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	A
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	C, 1000 overdue
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	C, 119571 USD overdue

Alpha logging is a company with good repayment quota (Table 39).

All annual area fees have been paid. Overdue export fees are considered temporarily. Tax clearance has been issued.

Bid premium arrears are considered as not due yet, while these payments are pending since 2013.

No records were sighted regarding the community payments.

As a result, FMC A is not fully compliant with Principle 9.

Table 39 - State of concession fee payments (in USD - 1/2017-7/2019) – Alpha Logging

<i>Area Fee</i>	<i>Export fee</i>	<i>Stumpage fee</i>	<i>arrears</i>	<i>other fees</i>	<i>Bid Premium</i>	<i>sum</i>	<i>status</i>
0	0	0		0	1 018 857	1 018 857	undue
0	119 571	59 074	0	1 000	0	179645	overdue
596 200	1 145 617	1 064 077	0	57 575	0	2 863 469	Paid
596 200	1 265 188	1 123 151		58 575	1 018 857	3 882 326	total

6.1.10 Principle 10: Export, processing and trade requirements

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC A is partially compliant with Principle 10.

6.2 FMC F – Euro Liberian Logging Company

6.2.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	A
	1.2.3	List of shareholders and beneficiaries	A
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	B

The FMC contract exists. The company is legally registered. There is no notarized affidavit declaring that company's owners do not include prohibited person.

Therefore, FMC F is mostly compliant with Principle 1.

6.2.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.1.1	Socio economic survey report	B
	2.1.3	Proof of community consultation	C
FDA	2.2.2	Approved concession certificate	C
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	A
	2.3.2	Pre-qualification certificate	A
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	A

All other documents created prior to the allocation of the forestry contract, and held by the FDA, have been lost and were not available for review. The bidder's bond and liquidity guarantee documents are also missing.

Therefore, FMC F is not compliant with Principle 2.

6.2.3 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFO	B
	3.2.3	List of CFDC identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	A
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	C
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

This company does not meet its obligations regarding the supply of documents in LiberTrace. Evidence of payment to the communities were not sighted by the review team.

Evidence that no complaint was filed to FDA by affected persons are missing as detailed at Section 0.

Regarding the SA, only the Chairperson of the CFDC is specified.

There is no evidence that a specific bank account has been opened by the holder for the payment of the concerned communities. As detailed at Section 0, payments are realized in cash to communities.

In addition, the FDA did not share a document to attest that payments are made to the communities.

Table 40 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder	Payment terms are distinct from requirements	C
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, except the escrow account setting up.

As a result, FMC F is not compliant with Principle 3.

6.2.4 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	4.1.3	25 Year Forest Management Plan (SFMP)	C
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	C
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	A
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The SFMP and the 5YFMP were not sighted by the review team. The AOP doesn't comply with the official guidelines (see tables below).

The company was granted a harvesting certificate despite its weaknesses on the management documents.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, FMC F is not compliant with Principle 4.

Table 41 - Assessment of the AOP - FMC F

Criteria		Validity criteria
AOP is existing		A
Ratification of the AOP		A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments and AC are not based on a SFMP.	C
AC Area	The area of the compartment is not presented	C
Annual audit report	-	C
Pre-harvest enumeration (stock survey)	The presented enumeration is the one for the blocks of the previous exercise. There was no enumeration for the current one.	C

Criteria		Validity criteria
Harvesting forecasts	No enumeration	C
Annual Coupe Map	-	C
Stock map	-	C
Planning of harvesting operations	No map presented, no enumeration	C
Planning of other activities	-	C
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of an AOP are not met (no enumeration, no stock calculation, maps, compartment not in line with SFMP)	C

6.2.5 Principle 5: Environmental obligations

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Environmental Impact Permit (for FMC, TSC, CFMA)			
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

The company seems to meet most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The comments related to this section are the same for all FMCs and listed in Section 4.2.2.3.

As a general comment, the abstract and content of the EIA report complies with guidelines. Nevertheless two-thirds of the document were not sighted by the review team.

As a result, FMC F is not compliant with Principle 5.

Table 42 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	Several elements are missing	C
Introduction-overview of the project		A
Policy, legal and administrative framework		A
Detailed project description	Quality detailed approach. But descriptions of the construction phase and the operation phase are missing. Chapter truncated.	B
Description of the Environment	-	B
Impact Prediction and Evaluation	-	B
Socio-economic analysis of project impacts	-	B
Environmental Management Plan (EMP) and Mitigation Measures	-	B
Identification of Alternatives	-	B
Monitoring Program	-	B

Criteria	Comments	Validity
Public Participation	-	B
Description of the best available Technology	-	B
Conclusion and Recommendations	-	B

6.2.6 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

FMC F is partially compliant with Principle 6.

6.2.7 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.2.8 Principle 8: Workers rights, health safety and welfare

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, FMC F is not compliant with Principle 8.

6.2.9 Principle 9: Taxes, fees and other payments

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	9.1.1	Tax clearance certificate	A
Euro Liberian	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C, 634175 USD overdue, 2334367 USD still undue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	None invoiced
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	NA
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	C, 240802 USD (45 invoices) overdue
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 1000 USD overdue
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	A
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	A

A tax clearance document was issued to Euro Liberian in March 2019 although considerable volumes of overdue area fees and stumpage fees were recorded by the SGS system (Table 43). The fact indicates:

- That LRA is adopting other criteria than those stipulated in the VPA (“paying all taxes and fees required of it by law and in keeping with the terms of its contract”) or that
- The company paid all concession fees but neither LRA fed in the information into the SGS system nor have receipts be presented.
- The SGS system did not record properly information provided by LRA or the Ministry of Finance.

Due to the high volumes of unpaid forestry fees options b and c seem to be less likely than a).

Bid premium arrears are considered as not due yet, while these payments are pending since 2013.

No records were sighted regarding the community payments.

As a result, FMC F is not compliant with Principle 9.

Table 43 - State of concession fee payments (in USD - 1/2017-7/2019) – FMC F

Area Fee	Export fee	Stumpage fee	arrears	other fees	Bid Premium	sum	status
2 334 367	0	0		0	5 125 235	7 459 602	undue
634 175	0	240 802	204 762	1 000	0	1 080 739	overdue
634 175	302 150	229 029	182 069	23 250	0	1 370 674	Paid
3 602 717	302 150	469 831	386831	24 250	5 125 235	8 830 275	total

6.2.1 Principle 10: Export, processing and trade requirements

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC F is partially compliant with Principle 10.

6.3 FMC I – Geblo Logging Inc.

6.3.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	A
	1.2.3	List of shareholders and beneficiaries	C
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	C

Although a notarized affidavit declaring the company's owners do not include prohibited persons was unavailable for review, the company's ownership was assessed by LEITI and found to be fully compliant.

6.3.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.1.1	Socio economic survey report	C
	2.1.3	Proof of community consultation	C
	2.2.2	Approved concession certificate	C
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	C
	2.3.2	Pre-qualification certificate	C
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	A

There were no documents available relating to bidding and awarding processes for this concession.

Therefore, FMC I is not compliant with Principle 2.

6.3.3 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	B
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	C
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

Evidence that no complaint was filed to FDA by affected persons are missing as detailed at Section 0.

V. 3.2.3: Only the CFDC's Chairperson is mentioned in the SA.

There is no evidence that a specific bank account has been opened by the holder for the payment of the concerned communities. As detailed at Section 0, payments are realized in cash to communities.

In addition, the FDA did not share a document to attest that payments are made to the communities.

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, at the exception of the escrow account setting up.

As a result, FMC I is not compliant with Principle 3.

Table 44 - Assessment of the Social Agreement

<i>Criteria</i>	<i>Comments</i>	<i>Validity</i>
Code of conduct	The rights and responsibilities are missing	C
Financial benefit		A
Payment by the Holder	Payments terms are different from the requirements	B
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

6.3.4 Principle 4: Forest management operations and harvesting

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	4.1.3	25 Year Forest Management Plan (SFMP)	C
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	B
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	C
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The SFMP was not sighted by the review team. The 5YFMP and the AOP don't comply with the official guidelines (see tables below).

The company was granted a harvesting certificate despite its weaknesses on the management documents.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, FMC I is not compliant with Principle 4.

Table 45 - Assessment of the AOP - FMC I

<i>Criteria</i>		<i>Validity criteria</i>
AOP is existing		A
Ratification of the AOP		A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments and AC are not based on a SFMP.	C
AC Area	The area of the compartment is not presented	C
Annual audit report	-	C
Pre-harvest enumeration (stock survey)	No enumeration results presented	C
Harvesting forecasts	-	C
Annual Coupe Map	Not in line with the requirements. No tree location.	C
Stock map	-	C
Planning of harvesting operations	No map presented, no enumeration	C
Planning of other activities	-	C
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of an AOP are not met (no enumeration, no stock calculation, maps, compartment not in line with SFMP)	C

Table 46 - Assessment of the 5YFMP – FMC I

<i>Criteria</i>	<i>Comments</i>	<i>Validity criteria</i>
5YFMP is existing		A
General framework		A
Assessment of the previous 5YMP		A
Description and location of the forest compartment		A
Results of the multi-resources inventory	No multi-resources inventory conducted	C
Planning of logging activities on the Forest Compartment	No methodology, no explanations given on the volumes claimed	B
Activity forecast / implementation chart	No implementation chart	C
Overall compliance of the document	Not in line with official guidelines. Besides, as no multiresources inventory was conducted, this document has no background.	C

6.3.5 Principle 5: Environmental obligations

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	C
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

Although the EIA document was missing, the company was still delivered an EIP.

The reports supposed to be made by EPA and FDA were also missing.

As a result, FMC I is not compliant with Principle 5.

6.3.6 Principle 6: Timber transportation and traceability

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

FMC I is partially compliant with Principle 6.

6.3.7 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.3.8 Principle 8: Workers rights, health safety and welfare

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, FMC I is not compliant with Principle 8.

6.3.9 Principle 9: Taxes, fees and other payments

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company Geblo Logging	9.1.1	Tax clearance certificate	C
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C, 657330 USD overdue, 1315493 undue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A , not due
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	A, 68 USD overdue
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 330665 USD overdue, of which one alone 329665 (01.07.2018)
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	C, 1600 USD overdue
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	C, 5000 USD overdue
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	A

Geblo logging has built up its area debt by another 657 330 USD during the last 2½ years. No paid invoices for annual area fees recorded during the last 30 months. Moreover, there are 1.3 million USD of area fees still open until oct 2020.

Bid premium arrears are considered as not due yet, while these payments are pending since 2013.

No records were sighted regarding the community payments.

As a result, FMC I is not compliant with Principle 9.

Table 47 - State of concession fee payments (in USD - 1/2017-7/2019) – FMC I

<i>Area Fee</i>	<i>Export fee</i>	<i>Stumpage fee</i>	<i>arrears</i>	<i>other fees</i>	<i>Bid Premium</i>	<i>sum</i>	<i>status</i>
1 315 493	0	0		0	2 404 298	3 719 790	undue
657 330	0	68	0	345 915	0	1003313	overdue
0	1 286	517 958	0	28 450	0	547 694	Paid
1 972 823	1 286	518 026		374 365	2 404 298	4 267 484	total

6.3.1 Principle 10: Export, processing and trade requirements

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC I is partially compliant with Principle 10.

6.4 FMC K – ICC

6.4.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	A
	1.2.3	List of shareholders and beneficiaries	C
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	C

Although a notarized affidavit declaring the company's owners do not include prohibited persons was unavailable for review, the company's ownership was assessed by LEITI and found to be fully compliant.

6.4.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.1.1	Socio economic survey report	C
	2.1.3	Proof of community consultation	C
	2.2.2	Approved concession certificate	C
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	C
	2.3.2	Pre-qualification certificate	C
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	C

All other documents created prior to the allocation of the forestry contract, and held by the FDA, have been lost and were not available for review.

Therefore, FMC K is not compliant with Principle 2.

6.4.3 Principle 3: Social obligations and benefit sharing

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFO	A
	3.2.3	List of CDFO identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	B
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	A
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	B
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

Evidence that no complaint was filed to FDA by affected persons are missing as detailed at Section 0.

V. 3.2.3: Only the CDFO's Chairperson is specified in the SA.

There is no evidence that a specific bank account has been opened by the holder for the payment of the concerned communities. As detailed at Section 0, payments are realized in cash to communities.

In addition, the FDA did not share a document to attest that payments are made to the communities.

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, at the exception of the escrow account setting up.

As a result, FMC K is not compliant with Principle 3.

Table 48 - Assessment of the Social Agreement

<i>Criteria</i>	<i>Comments</i>	<i>Validity</i>
Code of conduct	The rights and responsibilities are missing	B
Financial benefit		A
Payment by the Holder	Payments terms are different from the requirements	B
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

6.4.4 Principle 4: Forest management operations and harvesting

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	4.1.3	25 Year Forest Management Plan (SFMP)	C
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	B
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	C
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The SFMP and the 5 YFMP were not sighted by the review team. The AOP don't comply with the official guidelines (see tables below).

The company was granted a harvesting certificate despite its weaknesses on the management documents.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, FMC K is not compliant with Principle 4.

Table 49 - Assessment of the AOP - FMC K

<i>Criteria</i>		<i>Validity criteria</i>
AOP is existing		A
Ratification of the AOP	-	A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments and AC are not based on a SFMP.	C
AC Area	The area of the compartment is not presented	C
Annual audit report	The report is not detailed. The harvested volumes are not presented	C
Pre-harvest enumeration (stock survey)	No enumeration results presented	C
Harvesting forecasts	-	C
Annual Coupe Map	Not in line with the requirements. No tree location.	C
Stock map	-	C
Planning of harvesting operations	No map presented, no enumeration	C
Planning of other activities	-	C
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of an AOP are not met (no enumeration, no stock calculation, maps, compartment not in line with SFMP)	C

6.4.5 Principle 5: Environmental obligations

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Environmental Impact Permit (for FMC, TSC, CFMA)			
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	C
EPA	5.1.3	Environmental Impact Permit	A
	5.2.1	Annual Environmental Audit	B
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

Although the EIA document was missing, the company was still delivered an EIP.

An undated EPA monitoring report was filed as a EIA in LiberTrace.

The reports supposed to be made by EPA and FDA were also missing.

As a result, FMC K is not compliant with Principle 5.

6.4.6 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

FMC K is partially compliant with Principle 6.

6.4.7 Principle 7: Transformation and timber processing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	7.1.4	Sawmill Permit	A
EPA	7.1.3	Approved Environmental Plan	C
Company	7.2.1	All logs and timber products are properly labelled.	A
	7.3.2	The log inputs and processed wood outputs are recorded on Sawmill log input form and sawmill output form and recorded in LiberTrace.	A

ICC manages the only industrial sawmill of Liberia, which transforms wood from FMC I (Geblo Logging) and FMC K (ICC).

Inputs and outputs statements were in line with the LiberTrace requirements. Although, the Environmental Plan was not shared for review.

Although FDA purports to conduct a joint annual inspection with the EPA, neither organization prepares monitoring reports, except in the case of non-compliance. In such cases, then the GoL agency only prepares a notification letter about the non-compliance for the company rather than a full inspection report.

As a result, FMC K cannot be considered as fully compliant with Principle 7.

6.4.8 Principle 8: Workers rights, health safety and welfare

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, FMC K is not compliant with Principle 8.

6.4.9 Principle 9: Taxes, fees and other payments

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company ICC	9.1.1	Tax clearance certificate	A
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C, 1334550 USD overdue, 1680173 USD undue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	C, 63037 USD overdue
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	NA
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	C, 432937 overdue
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 268275 overdue
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	C, 15000 USD overdue
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	C, 15000 USD overdue
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	C, 63037 USD overdue

A tax clearance certificate was issued in 4/2019 notwithstanding some 3 million USD in overdue forest taxes. ICC has a large debt with LRA not only with unpaid area fees but also unpaid stumpage fees and missing payments to cover the area fees arrears.

Bid premium arrears are considered as not due yet, while these payments are pending since 2013.

No records were sighted regarding the community payments.

As a result, FMC K is not compliant with Principle 9.

Table 50 - State of concession fee payments (in USD - 1/2017-7/2019) – FMC K

Area Fee	Export fee	Stumpage fee	arrears	other fees	Bid Premium	sum	status
1 680 173	0	0		0	2 574 150	4 254 323	undue
1 334 550	63 037	432 937	755 806	284 775	340 880	3 211 985	overdue
0	1 840 897	2 355 759	814 610	161 691	0	5 172 958	Paid
3 014 723	1 903 934	2 788 696	4 144 566	446 466	2915030	12 639 266	total

6.4.10 Principle 10: Export, processing and trade requirements

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	A
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC K is partially compliant with Principle 10.

6.5 FMC P – Atlantic Resources

6.5.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	A
	1.2.3	List of shareholders and beneficiaries	C
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	C

The company's registration is up to date and its articles of incorporation meet legal and regulatory standards. The declaration of ownership and notarized affidavit declaring that company's owners do not include prohibited persons were unavailable for review.

Therefore, **FMC P is partially compliant with Principle 1.**

6.5.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.1.1	Socio economic survey report	A
	2.1.3	Proof of community consultation	C
	2.2.2	Approved concession certificate	A
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	A
	2.3.2	Pre-qualification certificate	A
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	A

All other documents created prior to the allocation of the forestry contract, and held by the FDA, have been lost and were not available for review.

Therefore, **FMC P is not compliant with Principle 2**

6.5.3 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	FMC P, Atlantic Resources Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	A
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	A
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	B
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	B
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

This company meets generally its obligations regarding the supply of documents in LiberTrace. There is no evidence that the holder fulfills his payment obligations towards the communities.

V. 3.2.3: the list of CFDC identified or registered with FDA is found at the end of the Social Agreement and has not been extracted from this report to be included in verifier V.3.2.3 in LiberTrace.

V. 3.3.1: Obligations of the holder are missing. However, they can be found in the previous SA's paragraphs.

V. 3.3.3: No evidence that a specific bank account has been opened by the holder for the payment of the concerned communities.

V. 3.5.1: A receipt shows that a payment by check was made to the community concerned, but it is not possible to relate the payment to any specific fee.

V. 3.5.2: The FDA probably verifies the payments made to the communities by the holder but does not record it in LiberTrace.

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, at the exception of the escrow account setting up.

As a result, FMC P is not compliant with Principle 3.

Table 51 - Assessment of the Social Agreement

<i>Criteria</i>	<i>Comments</i>	<i>Validity</i>
Code of conduct	The rights and responsibilities are missing	B
Financial benefit		A
Payment by the Holder	Payments terms are different from the requirements	B
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

6.5.4 Principle 4: Forest management operations and harvesting

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	4.1.3	25 Year Forest Management Plan (SFMP)	B
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	B
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	A
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

Neither the SFMP, the 5YFMP nor the AOP are compliant (see tables below).

The company was granted a harvesting certificate despite its weaknesses on the management documents.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, FMC P is not compliant with Principle 4.

Table 52 - Assessment of the SFMP – FMC P

<i>Criteria</i>	<i>Comments</i>	<i>Validity criteria</i>
SFMP is existing		A
Ratification of the SFMP	No evidence of ratification	B
Stratification and mapping		C
Multi-resources inventory	An inventory was conducted in 2007. It can't be assimilated to a multi-resources inventory (wrong methodology, low sampling rate, no map)	C
Definition of protected and managed tree species		C
Definition of the rotation	No inventory made; no justification of the rotation chosen	C
Partitioning of the FMC into management units	-	C
Design of management procedures for the management units	No management units	C
Definition of DBH cutting limits	-	C
Stock calculation of the commercial species	-	C
Partition of the timber Production Unit into 5 years Compartments	No stock calculation. Compartments not based on an inventory,	C
Industrial planning	-	C
Implementation, monitoring and evaluation of the FMP	-	C
Economic and financial assessment	-	C
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of a management plan are not met (no inventory, no stock calculation, no DBH calculation, etc.)	C

Table 53 - Assessment of the AOP - FMC P

<i>Criteria</i>		<i>Validity criteria</i>
AOP is existing		A
Ratification of the AOP	-	A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	No compartments are made in the SFMP. Therefore, the AC is not located into a specific compartment	C
AC Area	The area of the compartment is not presented	C
Annual audit report	The report is not detailed. The harvested volumes are not presented.	C
Pre-harvest enumeration (stock survey)	The presented enumeration is the one for the blocks of the previous exercise. There was no enumeration for the current one.	C
Harvesting forecasts	No enumeration	C
Annual Coupe Map	-	C
Stock map	-	C
Planning of harvesting operations	No map presented, no enumeration	C
Planning of other activities	A table is provided	A
Overall compliance of the document	Most of the requirements of the guidelines are inexistent. The basics of an AOP are not met (no enumeration, no stock calculation, maps, compartment not in line with SFMP)	C

Table 54 - Assessment of the 5YFMP – FMC P

<i>Criteria</i>	<i>Comments</i>	<i>Validity criteria</i>
5YFMP is existing		A
General framework		A
Assessment of the previous 5YMP	-	C
Description and location of the forest compartment		A
Results of the multi-resources inventory	No multi-resources inventory conducted	C
Planning of logging activities on the Forest Compartment	-	C
Activity forecast / implementation chart	No implementation chart	C
Overall compliance of the document	Not in line with official guidelines. Besides, as no multiresources inventory was conducted, this document has no background.	C

6.5.5 Principle 5: Environmental obligations

Key Document & Responsible Party	FMC P, Atlantic Resources Supporting Documents and Other Requirements		Document assessment
Environmental Impact Permit (for FMC, TSC, CFMA)			
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

This company meets most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The general comments are the same as per Section 0.

Table 55 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	Many important elements are missing	B
Introduction-overview of the project	Not clearly detailed	B
Policy, legal and administrative framework	OK	A
Detailed project description	No detailed statement of activities. Some confusion with environmental chapters to go in other sections. Construction phase and operation phase missing.	B
Description of the Environment	Not clearly detailed	B
Impact prediction and Evaluation	Different impacts were not rated.	B
Socio-economic analysis of project impacts	Not clearly detailed	B
Environmental Management Plan (EMP) and Mitigation Measures	Most of the items are missing	C
Identification of Alternatives	Missing.	C
Monitoring Program	Cf. table at the end of the document. Some topics are missing.	B
Public Participation	No methodology and results.	C
Description of the best available Technology	Missing.	C
Conclusion and Recommendations	OK.	A

As per the other EIA approved by the EPA, the document doesn't match the official requirements and the background to issue the Environmental Permit could not be assessed.

As a result, FMC P is not compliant with Principle 5.

6.5.6 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

FMC P is partially compliant with Principle 6.

6.5.7 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.5.8 Principle 8: Workers rights, health safety and welfare

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, FMC P is not compliant with Principle 8.

6.5.9 Principle 9: Taxes, fees and other payments

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company Atlantic Resources	9.1.1	Tax clearance certificate	A
	9.4.1	Tax return	A (income tax return)
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C, 298360 USD overdue plus 48360 USD undue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A, not due
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	NA
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	C, 38422 USD overdue
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 1000 USD overdue
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	C, 5900 USD overdue
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	None issued
		Invoices and receipts for Barcode Tag Fee in Libertrace.	None issued
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	None issued
		Invoices and receipts for Exports Fees in Libertrace.	C, 46937 USD overdue

The company has carried out only very few recorded logging operations. The export value of its production (according to the stumpage fee invoiced) is much lower than the area fees invoiced during the reference period.

According to the figures the company must be in serious financial problems which may have led to the incompliance with principle 9.

Bid premium arrears are considered as not due yet, while these payments are pending since 2013.

No records were sighted regarding the community payments.

As a result, FMC P is not compliant with Principle 9.

Table 56 - State of concession fee payments (in USD - 1/2017-7/2019) – FMC P

Area Fee	Export fee	Stumpage fee	arrears	other fees	Bid Premium	sum	status
48 360	0	0		0	610 784	659 144	undue
298 360	46 937	38 422	15 786	6 900	0	406404	overdue
298 360	0	0	0	11 300	0	309 660	Paid
645 080	46 937	38 422	15 786	18 200	610 784	968 804	total

6.5.10 Principle 10: Export, processing and trade requirements

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC A is partially compliant with Principle 10.

6.6 TSC A7 – B&B

6.6.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	C
	1.2.3	List of shareholders and beneficiaries	A
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	A

TSC A7 is mostly compliant with Principle 1. All documents are available to confirm compliance with legal existence requirements. However, a declaration of ownership is needed to confirm that B&B's owners are not prohibited from operating in the forest sector and that they do not include officials with conflict of interests.

Therefore, **TSC A7 is partially compliant with Principle 1.**

6.6.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.2.2	Approved concession certificate	C
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	C
	2.3.2	Pre-qualification certificate	A
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	C

All other documents created prior to the allocation of the forestry contract, and held by the FDA, have been lost and were not available for review.

Therefore, **TSC A7 is not compliant with Principle 2.**

6.6.3 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	A
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	B
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	C
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

This company doesn't meet its obligations regarding the supply of documents in LiberTrace. There is no evidence that the holder fulfills his payment obligations towards the communities.

The detailed observations are listed below:

V. 3.1.3: Missing. See comment at Section 0.

V. 3.2.3: the list of CFDC identified or registered with FDA is found at the end of the Social Agreement and has not been extracted from this report to be included in verifier V.3.2.3 in LiberTrace.

V. 3.3.1: Obligations of the holder are missing. However, they can be found in the previous SA's paragraphs.

V. 3.3.3: No evidence that a specific bank account has been opened by the holder for the payment of the concerned communities.

V. 3.5.1: Document missing.

V. 3.5.2: Missing. See comment Section 0.

Table 57 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder	-	C
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, except the escrow account setting up.

As a result, TSC A7 is not compliant with Principle 3.

6.6.4 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	4.1.1	Annual Harvesting Certificate	A
	4.1.2	Annual Operational Plan	B
Company / FDA	4.2.3	Tally sheets./ Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The AOP doesn't comply with the official guidelines (see table below). Even so, the company was granted a harvesting certificate.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, TSC A7 is not compliant with Principle 4.

Table 58 - Assessment of the AOP – TSC A7

Criteria		Validity criteria
AOP is existing		A
Ratification of the AOP	-	A
AC Area	The area of the compartment is not presented	A
Annual audit report	-	C
Pre-harvest enumeration (stock survey)	It is not clear whether these results are issued from the enumeration of the blocks for the next year	B
Harvesting forecasts	See above	B
Annual Coupe Map	Not in line with the requirements. No tree location	B
Stock map	-	C
Planning of harvesting operations	No map presented, no clear enumeration	B
Planning of other activities	-	C
Overall compliance of the document	Most of the requirements of the guidelines are applied. The basics of an AOP are not met (no enumeration, no transparent stock calculation)	C

6.6.5 Principle 5: Environmental obligations

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	C
EPA	5.1.3	Environmental Impact Permit	A
	5.2.1	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

No documents were found on this TSC in LiberTrace. However, the EPA's environmental permit was provided by the company, but not the EIA Report.

As a result, TSC A7 is not compliant with Principle 5.

6.6.6 Principle 6: Timber transportation and traceability

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

TSC A7 is partially compliant with Principle 6.

6.6.7 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.6.8 Principle 8: Workers rights, health safety and welfare

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, TSC A7 is not compliant with Principle 8.

6.6.9 Principle 9: Taxes, fees and other payments

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company B&B	9.1.1	Tax clearance certificate	C
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	Nothing issued
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	A
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 2000 overdue
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	A
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
Company / CFDC / CFMB		Invoices and receipts for Exports Fees in Libertrace.	A
		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	C
Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.	C
Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.	C

According to the information shared, the company has complied with all tax payments. Tax clearance certificates were not sighted.

No records were sighted regarding the community payments.

As a result, TSC A7 is not fully compliant with Principle 9.

Table 59 - State of concession fee payments (in USD - 1/2017-7/2019) – TSC A7

Area Fee	Export fee	Stumpage fee	arrears	other fees	Bid Premium	sum	status
0	0	0	0	2 000	0	0	Paid

6.6.10 Principle 10: Export, processing and trade requirements

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC A is partially compliant with Principle 10.

6.7 TSC A11 – Bassa Timber & Logging

6.7.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	1.1.1	Business Registration Certificate	A
	1.1.2	Articles of incorporation	A
	1.1.3	Declaration of ownership	C
	1.2.3	List of shareholders and beneficiaries	A
	1.3.1	Notarized affidavit executed by its CEO declaring that company's owners do not include prohibited person	C

TSC A11 is mostly compliant with Principle 1. All documents are available to confirm compliance with legal existence requirements. However, a declaration of ownership is needed to confirm that Bassa Timber and Logging's owners are not prohibited from operating in the forest sector and that they do not include officials with conflict of interests.

6.7.2 Principle 2: Forest allocation

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
FDA	2.2.2	Approved concession certificate	A
	2.4.1	Public tender notice	C
	2.4.3	Due Diligence Report	C
	2.4.4	Final report of bid evaluation panel to the Inter-Ministerial Concessions Committee (IMCC)	C
	2.4.5	IMCC recommendation to President	C
Company/ FDA	2.3.1	Pre-qualification report	C
	2.3.2	Pre-qualification certificate	A
	2.3.4	Liquidity guarantee	C
	2.7.1	Bidder's bond receipt	C
	2.8.1	Performance bonds	C

All other documents created prior to the allocation of the forestry contract, and held by the FDA, have been lost and were not available for review.

Therefore, TSC A11 is not compliant with Principle 2.

6.7.3 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	B
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	C
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

The company doesn't meet its obligations regarding the supply of documents in LiberTrace. There is no evidence that the holder fulfills his payment obligations towards the communities.

The observations on this company are the same as per Section 0.

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, except the setting up of the escrow account.

As a result, TSC A11 is not compliant with Principle 3.

Table 60 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder	-	C
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

6.7.4 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	4.1.1	Annual Harvesting Certificate	A
	4.1.2	Annual Operational Plan	B
Company / FDA	4.2.3	Tally sheets./ Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The AOP filed in LiberTrace is the one for the AC of 2017/2018. It doesn't comply with the official guidelines (see table below). Even so, the company was granted a harvesting certificate.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, TSC A11 is not compliant with Principle 4.

Table 61 - Assessment of the AOP – TSC A7

Criteria		Validity criteria
AOP is existing		A
Ratification of the AOP	-	A
AC Area	The area of the compartment is not presented	A
Annual audit report	-	C
Pre-harvest enumeration (stock survey)	It is not clear whether these results are issued from the enumeration of the blocks for the next year	B
Harvesting forecasts	See above	B
Annual Coupe Map	Not in line with the requirements. No tree location	B
Stock map	-	C
Planning of harvesting operations	No map presented, no clear enumeration	B
Planning of other activities	-	C
Overall compliance of the document	Most of the requirements of the guidelines are applied. The basics of an AOP are not met (no enumeration, no transparent stock calculation)	C

6.7.5 Principle 5: Environmental obligations

Key Document & Responsible Party	TSC A11 – Bassa Logging & Timber Supporting Documents and Other Requirements		Document assessment
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	C
EPA	5.1.3	Environmental Impact Permit	C
	5.2.1	Annual Environmental Audit	B
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

Most of the documents are missing. The annual environment audit report is not dated and cannot be considered as a formal report.

As a result, TSC A7 is not compliant with Principle 5.

6.7.6 Principle 6: Timber transportation and traceability

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

TSC A11 is partially compliant with Principle 6.

6.7.7 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.7.8 Principle 8: Workers rights, health safety and welfare

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, TSC A11 is not compliant with Principle 8.

6.7.9 Principle 9: Taxes, fees and other payments

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company Bassa Timber	9.1.1	Tax clearance certificate	C
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	A
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	A
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	A
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	A
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	A
Company / CFDC / CFMB		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	C
Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.	C
Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.	C

The company was inactive and has accrued only a small debt with the LRA.

No documents were sighted by the review team.

No records were sighted regarding the community payments.

As a result, TSC A11 is not fully compliant with Principle 9.

Table 62 - State of concession fee payments (in USD - 1/2017-7/2019) – TSC A11

<i>Area Fee</i>	<i>Export fee</i>	<i>Stumpage fee</i>	<i>arrears</i>	<i>other fees</i>	<i>Bid Premium</i>	<i>sum</i>	<i>status</i>
0	0	0	33 350	0	0	33 350	Undue
0	0	0	1 000	0	0		Overdue
0	0	0	0	2 000	0	2 000	Paid
0	0	0	34 350	2 000	0	35 350	Total

6.7.10 Principle 10: Export, processing and trade requirements

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC A is partially compliant with Principle 10.

6.8 CFMA Bluyeama – Sing Africa Plantations Liberia Inc.

6.8.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		% Complying documents
Community Forest Management Agreement (CFMA)			
Community FDA	-	Approved application for the Community Assembly and Executive Committee and list of members	C
	-	Approved application for the Community Forest Management Body (CFMB)	C
	-	Constitution, governing bylaws and forest rules for the Community Assembly.	C
	-	Community Forest Management Agreement	A
	-	Community Forest Management Plan	A
Community Company	-	MOU / Social Agreement between logging company and CFMB	A
	-	Third Party Agreement / Commercial Use Contract	A
FDA	-	Socio-Economic Survey/Resource	C
	-	Reconnaissance Report / Approved CF Map	C

The Community Forest Management Agreement satisfies the legal existence/recognition requirement. However, the approved applications for community assembly, executive community, and CFMB are needed to confirm that members do not include persons that are ineligible to operate in the forestry sector.

Therefore, CFMA Bluyeama – Sing Africa is partially compliant with Principle 1.

6.8.2 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFO	A
	3.2.3	List of CFDC identified or registered with FDA	A
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	B
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	C
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

This company doesn't meet its obligations regarding the supply of documents in LiberTrace. There is no evidence that the holder fulfills his payment obligations towards the communities.

The observations are the same as per Section 0.

Table 63 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder	-	C
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, except the escrow account setting up.

As a result, CFMA Bluyeama is not compliant with Principle 3.

6.8.3 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company		Community Forest Management Plan (CFMP)	C
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	B
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	A
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The CFMP wasn't sighted by the review team. The AOP nor the 5 YFMP comply with the official guidelines (see tables below). Even so, the company was granted a harvesting certificate.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, CFMA Bluyeama is not compliant with Principle 4.

Table 64 - Assessment of the AOP - CFMA Bluyeama

Criteria		Validity criteria
AOP is existing		A
Ratification of the AOP		A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments and AC are not based on a SFMP.	B
AC Area		A
Annual audit report		A
Pre-harvest enumeration (stock survey)		A
Harvesting forecasts	The forecasts are not based on the entire enumeration.	B
Annual Coupe Map	Not in line with the requirements. No tree location.	B
Stock map	-	C
Planning of harvesting operations	No map presented	B
Planning of other activities	-	B
Overall compliance of the document	The best AOP so far. Nevertheless, the fact that the AOP is not based on a CFMP is a major weakness.	C

Table 65 - Assessment of the 5YFMP – CFMA Bluyeama

Criteria	Comments	Validity criteria
5YFMP is existing		A
General framework		A
Description and location of the forest compartment	-	C
Results of the multi-resources inventory	No multi-resources inventory conducted	C
Planning of logging activities on the Forest Compartment		A
Activity forecast / implementation chart	No implementation chart	B
Overall compliance of the document	Not in line with official guidelines. Besides, as no multiresources inventory was conducted, this document has no background.	C

6.8.4 Principle 5: Environmental obligations

Key Document & Responsible Party	CFMA Bluyeama – Sing Africa Plantations Liberia Inc. Supporting Documents and Other Requirements		Document assessment
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

This company meets most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The general observations are the same as per Section 0. The EIA lacks a proper field investigation and lacks most of the important items.

Table 66 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	-	C
Introduction-overview of the project		A
Policy, legal and administrative framework		A
Detailed project description		A
Description of the Environment		A
Impact Prediction and Evaluation	Insufficiently described impacts about magnitude, location and targets.	B
Socio-economic analysis of project impacts	Idem.	B
Environmental Management Plan (EMP) and Mitigation Measures	Lack of strategy, responsibilities, estimate costs...	B
Identification of Alternatives	-	C
Monitoring Program	-	C
Public Participation	-	C

Criteria	Comments	Validity
Description of the best available Technology	-	C
Conclusion and Recommendations		A

As a result, CFMA Bluyeama is not compliant with Principle 5.

6.8.5 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

CFMA Bluyeama is partially compliant with Principle 6.

6.8.6 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.8.7 Principle 8: Workers rights, health safety and welfare

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, CFMA Bluyeama is not compliant with Principle 8.

6.8.8 Principle 9: Taxes, fees and other payments

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company Sing Africa	9.1.1	Tax clearance certificate	A
	9.4.1	Tax return	A income tax return
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C 111110 USD overdue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	C, 18620 USD overdue
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	A
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	A
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	C, 10046 overdue
Company / CFDC / CFMB		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	C
Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.	C
Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.	C

A tax clearance certificate has been issued in August 2019 not considering that there have been 111 110 USD overdue area fees. Last area fee has not been paid yet.

No records were sighted regarding the community payments.

As a result, CFMA Bluyeama is not fully compliant with Principle 9.

Table 67 - State of concession fee payments (in USD - 1/2017-7/2019) – CFMA Bluyeama

Area Fee	Export fee	Stumpage fee	arrears	other fees	sum	status
111 110	10 046	18 610	0	0	139 766	Overdue
111 110	460 895	407 762	0	51 750	1 031 517	Paid
222 220	470 942	426 372	0	51 750	1 171 284	Total

6.8.9 Principle 10: Export, processing and trade requirements

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

FMC A is partially compliant with Principle 10.

6.9 CFMA Beyan Poye – Akewa Groups of Companies

6.9.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Community Forest Management Agreement (CFMA)			
Community FDA	-	Approved application for the Community Assembly and Executive Committee and list of members.	C
	/ -	Approved application for the Community Forest Management Body (CFMB).	C
	-	Constitution, governing bylaws and forest rules for the Community Assembly.	C
	-	Community Forest Management Agreement	A
	-	Community Forest Management Plan	A
Community Company	/ -	MOU / Social Agreement between logging company and CFMB	A
	-	Third Party Agreement / Commercial Use Contract	A
FDA	-	Socio-Economic Survey/Resource	C
	-	Reconnaissance Report / Approved CF Map	C

The Community Forest Management Agreement satisfies the legal existence/recognition requirement. Approved applications for community assembly, executive community, and CFMB were unavailable for review. There was no documented evidence to confirm that members do not include persons that are ineligible to operate in the forestry sector.

Therefore, CFMA Beyan Poye-Akewa is partially compliant with Principle 1.

6.9.2 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Social Agreement (for FMC, TSC, CFMA)			
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	C
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Quarterly Bank Statement of Escrow Account			
Company	3.5.1	Receipt of payments to escrow account	C
Compliance Audit Report (Post Harvest Report)			
FDA	3.5.2	FDA verification of payment to communities	C

This company doesn't meet its obligations regarding the supply of documents in LiberTrace. There is no evidence that the holder fulfills his payment obligations towards the communities.

The observations are the same as per Section 0.

Table 68 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder	-	C
Funds released by the Holder	-	C
Practical settlement dispute mechanism		A

Regarding the Social Agreement (SA) and per the other FMCs, the content complies with the regulation, except the escrow account setting up.

As a result, CFMA Beyan Poye-Akewa is not compliant with Principle 3.

6.9.3 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company		Community Forest Management Plan (CFMP)	C
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	C
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	C
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The CFMP and the 5YFMP weren't sighted by the review team. The AOP doesn't comply with the official guidelines (see table below). Even so, the company was granted a harvesting certificate.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, CFMA Beyan Poye-Akewa is not compliant with Principle 4.

Table 69 - Assessment of the AOP - CFMA Beyan Poye-Akewa

Criteria		Validity criteria
AOP is existing		A
Ratification of the AOP		A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments and AC are not based on a CFMP.	B
AC Area		A
Pre-harvest enumeration (stock survey)	No enumeration	B
Harvesting forecasts	-	C
Annual Coupe Map	-	C
Stock map	-	C
Planning of harvesting operations	No map presented	B
Planning of other activities	-	B
Overall compliance of the document	Not in line with most of the official guidelines. No enumeration.	C

6.9.4 Principle 5: Environmental obligations

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Environmental Impact Permit (for FMC, TSC, CFMA)			
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

This company meets most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The general observations are the same as per Section 0. The EIA lacks a proper field investigation and lacks most of the important items.

As a result, CFMA Beyan Poye-Akewa is not compliant with Principle 5.

Table 70 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	-	C
Introduction-overview of the project	-	C
Policy, legal and administrative framework	Not clearly detailed	B
Detailed project description	No distinction between construction and operational phases.	B
Description of the Environment	Very short on human environment.	B
Impact Prediction and Evaluation		A
Socio-economic analysis of project impacts	-	C
Environmental Management Plan (EMP) and Mitigation Measures	Not operational on site	B
Identification of Alternatives	-	C
Monitoring Program	-	C
Public Participation	-	C
Description of the best available Technology	-	C
Conclusion and Recommendations		B

6.9.5 Principle 6: Timber transportation and traceability

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

CFMA Beyan Poye-Akewa is partially compliant with Principle 6.

6.9.6 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.9.7 Principle 8: Workers rights, health safety and welfare

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, CFMA Beyan Poye-Akewa is not compliant with Principle 8.

6.9.8 Principle 9: Taxes, fees and other payments

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Akewa	9.1.1	Tax clearance certificate	A
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C, 138756 USD overdue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	A
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 6000 USD overdue
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	C, 500 USD overdue
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	C, 500 USD overdue
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	C, 1000 USD overdue
		Invoices and receipts for Exports Fees in Libertrace.	C, 10046 USD overdue
Company / CFDC / CFMB		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	C
Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.	C
Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.	C

Only very small payments for annual area fees have been made which lead to the assumption that some undocumented arrangements have been made with LRA.

Neither complete set of receipts nor evidence by SGS could be found to prove compliance with principle 9 although a tax clearance document was issued in July 2019.

No records were sighted regarding the community payments.

As a result, CFMA Beyan Poye-Akewa is not compliant with Principle 9.

Table 71 - State of concession fee payments (in USD - 1/2017-7/2019) – CFMA Beyan Poye

Area Fee	Export fee	Stumpage fee	arrears	other fees	sum	status
138 756	0	0	0	6 950	145 706	Overdue
7 250	66 424	89 003	0	3 500	166 176	Paid
146 006	66 424	89 003	0	10 450	311 883	Total

6.9.9 Principle 10: Export, processing and trade requirements

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

Beyan Poye-Akewa is partially compliant with Principle 10.

6.10 CFMA Sewacajua - Mandra Forestry Liberia Ltd

6.10.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Community Forest Management Agreement (CFMA)			
Community / FDA	-	Approved application for the Community Assembly and Executive Committee and list of members.	C
	-	Approved application for the Community Forest Management Body (CFMB).	C
	-	Constitution, governing bylaws and forest rules for the Community Assembly.	C
	-	Community Forest Management Agreement	C
	-	Community Forest Management Plan	C
Community Company /	-	MOU / Social Agreement between logging company and CFMB	C
	-	Third Party Agreement / Commercial Use Contract	C
FDA	-	Socio-Economic Survey/Resource	C
	-	Reconnaissance Report / Approved CF Map	C

6.10.2 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	B
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	C
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Company	3.5.1	Receipt of payments to escrow account	C
FDA	3.5.2	FDA verification of payment to communities	C

This company doesn't meet its obligations regarding the supply of documents in LiberTrace. There is no evidence that the holder fulfills his payment obligations towards the communities.

The observations are the same as per Section 0.

Table 72 - Assessment of the Social Agreement

Criteria	Comments	Validity
Code of conduct		A
Financial benefit		A
Payment by the Holder		A
Funds released by the Holder		A
Practical settlement dispute mechanism		A

Regarding the Social Agreement (SA) the content complies with the regulation, including the escrow account setting up.

As a result, CFMA Sewacajua is partially compliant with Principle 3.

6.10.3 Principle 4: Forest management operations and harvesting

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company		Community Forest Management Plan (CFMP)	B
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	B
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	C
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

Mandra is the only company having submitted a CFMP, which was unfortunately not in line with the official guidelines. Nevertheless, there is a loophole concerning the regulations for forest management planning of CFMAs. Nevertheless, the CFMP is designed on a 15 years rotation and no multi-resources inventory were conducted.

The AOP nor the 5 YFMP comply with the official guidelines (see tables below). Even so, the company was granted a harvesting certificate.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, CFMA Sewacajua is not compliant with Principle 4.

Table 73 - Assessment of the AOP - CFMA Sewacajua

Criteria		Validity criteria
AOP is existing		A
Ratification of the AOP		A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The AC location is based on a 15 years rotation	B
AC Area		A

<i>Criteria</i>		<i>Validity criteria</i>
Annual audit report		NA
Pre-harvest enumeration (stock survey)		A
Harvesting forecasts	The forecasts are not based on an enumeration	B
Annual Coupe Map	-	C
Stock map	-	C
Planning of harvesting operations	-	C
Planning of other activities	-	C
Overall compliance of the document	Not in line with most of the official guidelines. No enumeration.	C

Table 74 - Assessment of the 5YFMP – CFMA Sewacajua

<i>Criteria</i>	<i>Comments</i>	<i>Validity criteria</i>
5YFMP is existing		A
General framework	-	A
Description and location of the forest compartment	-	C
Results of the multi-resources inventory	No multi-resources inventory conducted	C
Planning of logging activities on the Forest Compartment		A
Activity forecast / implementation chart	No implementation chart	B
Overall compliance of the document	Not in line with official guidelines. Besides, as no multiresources inventory was conducted, this document has no background.	C

6.10.4 Principle 5: Environmental obligations

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Environmental Impact Permit (for FMC, TSC, CFMA)			
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

This company meets most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The general observations are the same as per Section 0. The EIA lacks a proper field investigation and lacks most of the important items.

Table 75 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	-	C
Introduction-overview of the project	-	C
Policy, legal and administrative framework	Not clearly detailed	B
Detailed project description	No distinction between construction and operational phases.	B
Description of the Environment	Very short on human environment.	B
Impact Prediction and Evaluation		A
Socio-economic analysis of project impacts	-	C
Environmental Management Plan (EMP) and Mitigation Measures	Not operational on site	B
Identification of Alternatives	-	C
Monitoring Program	-	C
Public Participation	-	C
Description of the best available Technology	-	C
Conclusion and Recommendations		B

As a result, CFMA Sewacajua is not compliant with Principle 5.

6.10.5 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

CFMA Sewacajua is partially compliant with Principle 6.

6.10.6 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.10.7 Principle 8: Workers rights, health safety and welfare

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, CFMA Sewacajua is not compliant with Principle 8.

6.10.8 Principle 9: Taxes, fees and other payments

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company Mandra	9.1.1	Tax clearance certificate	C
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	C, 79840 USD overdue
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	C, 106115 USD overdue
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	C, 2000 USD overdue
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	A
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
		Invoices and receipts for Exports Fees in Libertrace.	C, 33171 USD overdue
Company / CFDC / CFMB		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	C
Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.	C
Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.	C

The company has only paid a third of their annual area fees although it is managing considerable logging operations.

No supporting documents have been made available and no records were sighted regarding the community payments.

As a result, CFMA Sewacajua is not fully compliant with Principle 9.

Table 76 - State of concession fee payments (in USD - 1/2017-7/2019) – CFMA Sewacajua

Area Fee	Export fee	Stumpage fee	arrears	other fees	sum	status
79 840	33 171	106 115	0	2 000	221 127	Overdue
39 920	1 087 750	946 676	0	60 300	2 134 646	Paid
119 760	1 120 921	1 052 791	0	62 300	2 355 772	Total

6.10.9 Principle 10: Export, processing and trade requirements

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

CFMA Sewacajua is partially compliant with Principle 10.

6.11 CFMA Zuzohn – Booming Green Liberia

6.11.1 Principle 1: Legal existence/recognition and eligibility to operate in forestry sector

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Community Forest Management Agreement (CFMA)			
Community / FDA	-	Approved application for the Community Assembly and Executive Committee and list of members.	C
	-	Approved application for the Community Forest Management Body (CFMB).	C
	-	Constitution, governing bylaws and forest rules for the Community Assembly.	C
	-	Community Forest Management Agreement	C
	-	Community Forest Management Plan	C
Community Company /	-	MOU / Social Agreement between logging company and CFMB	C
	-	Third Party Agreement / Commercial Use Contract	C
FDA	-	Socio-Economic Survey/Resource	C
	-	Reconnaissance Report / Approved CF Map	C

6.11.2 Principle 3: Social obligations and benefit sharing

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Community/ Company	3.1.3	Evidence that no complaint filed to FDA by an affected community alleging exclusion from negotiation or failure of contract holder to negotiate	C
	3.2.1	Executed Social Agreement signed by contract holder and CDFC	A
	3.2.3	List of CFDC identified or registered with FDA	C
	3.3.2	Description of the minimum cubic meter fee that the contract/ permit holder will pay on a quarterly basis to the affected communities	A
	3.3.1	Code of conduct that determines rights and responsibilities of communities and contract holders	C
	3.3.3	Bank book or other records of the required interest-bearing escrow account opened by the contract/ permit holder in trust for the affected communities	C
	3.3.4	Social Agreement to include a dispute resolution mechanism	A
Company	3.5.1	Receipt of payments to escrow account	C
FDA	3.5.2	FDA verification of payment to communities	C

This company meets most of its obligations regarding the supply of documents in LiberTrace, but it doesn't show receipts of payment.

Most of the observations remain the same as per Section 0.

Table 77 - Assessment of the Social Agreement

<i>Criteria</i>	<i>Comments</i>	<i>Validity</i>
Code of conduct		A
Financial benefit		A
Payment by the Holder		A
Funds released by the Holder		A
Practical settlement dispute mechanism		A

Regarding the Social Agreement (SA) the content complies with the regulation, including the escrow account setting up.

As a result, CFMA Zuzohn is partially compliant with Principle 3.

6.11.3 Principle 4: Forest management operations and harvesting

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company		Community Forest Management Plan (CFMP)	C
	4.1.1	Annual Harvesting Certificate	A
	4.1.2	5 Year Forest Management Plan (5YFMP)	B
	4.1.2	Annual Operational Plan (AOP)	B
	4.1.4	Written permission from land owner	C
		Approved annual blocks	A
FDA	4.2.4	Annual Compliance Audit Report (Post Harvest Audit)	C
Company / FDA	4.2.3	Tally sheets / Felled trees data verification	A
Company	4.2.3	TDF records on LiberTrace	A

The CFMP wasn't sighted by the review team. The AOP nor the 5 YFMP comply with the official guidelines (see tables below). Even so, the company was granted a harvesting certificate.

The company labels trees and logs and these are recorded on LiberTrace enumeration and TDF databases.

Therefore, CFMA Zuzohn is not compliant with Principle 4.

Table 78 - Assessment of the AOP - CFMA Zuzohn

<i>Criteria</i>		<i>Validity criteria</i>
AOP is existing		A
Ratification of the AOP		A
Location of the Annual Coupe (AC) on the FMC area (FMCs and CFMAs only)	The compartments and AC are not based on a CFMP.	B
AC Area		A
Pre-harvest enumeration (stock survey)	No enumeration	B
Harvesting forecasts	-	C
Annual Coupe Map	-	C
Stock map	-	C
Planning of harvesting operations	No map presented	B
Planning of other activities	-	B
Overall compliance of the document	Not in line with most of the official guidelines. No enumeration.	C

Table 79 - Assessment of the 5YFMP – CFMA Zuzohn

<i>Criteria</i>	<i>Comments</i>	<i>Validity criteria</i>
5YFMP is existing		A
General framework	-	A
Description and location of the forest compartment	Not based on a CFMP	C
Results of the multi-resources inventory	No multi-resources inventory conducted	C
Planning of logging activities on the Forest Compartment		A
Activity forecast / implementation chart	No implementation chart	B
Overall compliance of the document	Not in line with official guidelines. Besides, as no multiresources inventory was conducted, this document has no background.	C

6.11.4 Principle 5: Environmental obligations

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company	5.1.1	Environmental Impact Assessment Report prepared and approved	B
EPA	5.1.3	Environmental Impact Permit	A
	5.3.2	Annual Environmental Audit	C
FDA	5.4.2	Annual Compliance Audit (Post Harvest Audit) Report	C

This company meets most of its obligations regarding the supply of documents in LiberTrace. On the other hand, the EPA and the FDA do not provide tangible evidence on their inspections and audit.

The general observations are the same as per Section 0. The EIA lacks a proper field investigation and lacks most of the important items.

Table 80 - Assessment of the Environmental Impact Assessment

Criteria	Comments	Validity
Executive summary	-	C
Introduction-overview of the project		A
Policy, legal and administrative framework	Not clearly detailed	B
Detailed project description	No distinction between construction and operational phases.	B
Description of the Environment	Not clearly detailed	B
Impact Prediction and Evaluation		A
Socio-economic analysis of project impacts		A
Environmental Management Plan (EMP) and Mitigation Measures	Not operational on site	B
Identification of Alternatives	-	C
Monitoring Program	-	C
Public Participation	-	C
Description of the best available Technology	-	C
Conclusion and Recommendations		B

As a result, CFMA Zuzohn is not compliant with Principle 5.

6.11.5 Principle 6: Timber transportation and traceability

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company / FDA		Barcode records in LiberTrace	A
Company / FDA	6.1.1	Waybills	A
	6.2.1	Tally sheets.	A
	6.2.1	LDF records in LiberTrace	A
	6.3.1	Cross cutting data in LiberTrace	A
	6.3.3	Annual Compliance Audit (Post Harvest Audit) Report	C

There is no specific observation for this company on Principle 6. The analysis made at Section 4.2.2.4 remains valid.

The annual compliance audit report was not sighted by the review team.

CFMA Zuzohn is partially compliant with Principle 6.

6.11.6 Principle 7: Transformation and timber processing

This Principle is not applicable as the company has no transformation and timber processing plant.

6.11.7 Principle 8: Workers rights, health safety and welfare

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Ministry of Labor	8.5.2	Ministry of Labor Audit Report	C
NASCORP	8.5.3	Attestation from National Social Security & Welfare Corporation (NASCORP)	C
FDA	8.6.1	Annual Compliance Audit (Post Harvest Audit) Report	C
Company	8.2.2	Payroll	C

The review team couldn't find enough objective evidence that the Workers Rights, Health Safety and Welfare requirements are being met either by the companies or the regulatory authorities.

Besides, the reports supposed to be produced by the Ministry of Labor, NASCORP and FDA were not sighted.

As a result, CFMA Zuzohn is not compliant with Principle 8.

6.11.8 Principle 9: Taxes, fees and other payments

<i>Key Document & Responsible Party</i>	<i>Supporting Documents and Other Requirements</i>		<i>Document assessment</i>
Company Booming Green	9.1.1	Tax clearance certificate	A
	9.4.1	Tax return	C
FDA LVD / Company	9.2.1	Invoices and receipts for Annual Area Fees (including Previous Bid Premium) in Libertrace.	A
	9.2.2	Invoices and receipts for Bid Premium Fee Payment in Libertrace.	A
	9.2.3	Invoices and receipts for Annual Registration Fees in Libertrace (Timber Processor).	A
	9.3.2	Invoices and receipts for Stumpage Fees in Libertrace.	A
	9.3.3	Invoices and receipts for Contract Administration Fee in Libertrace.	A
	9.3.4	Invoices and receipts for Annual Coupe Inspection Fees in Libertrace.	A
	9.3.5	Invoices and receipts for Waybill Sticker Fees in Libertrace.	A
		Invoices and receipts for Barcode Tag Fee in Libertrace.	A
	9.3.6	Invoices and receipts for Chain of Custody Fees in Libertrace.	A
Company / CFDC / CFMB		Receipts for Community Benefits Fees (\$1.50/m3) paid directly from the company to community representatives.	C
Ministry of Finance		Receipts for payment of 30% of land rental fee to community representatives.	C
Company / CFDC / CFMB		Receipts for payment of 55% of land rental fee to community representatives.	C

While the company has no tax payment arrears, it seems to have been quite inactive during the last 2.5 years.

No records were sighted regarding the community payments.

As a result, CFMA Zuzohn is not fully compliant with Principle 9.

Table 81 - State of concession fee payments (in USD - 1/2017-7/2019) – CFMA Zuzohn

Area Fee	Export fee	Stumpage fee	arrears	other fees	sum	status
15 764	373 009	0	0	17 650	406 423	Paid

6.11.9 Principle 10: Export, processing and trade requirements

Key Document & Responsible Party	Supporting Documents and Other Requirements		Document assessment
Company	10.2.1	Export Permit report from LiberTrace	A
	10.2.2	Export shipment specification log (SOP 20) in LiberTrace	A
	10.2.3	Export specification-sawn timber (SOP 21) in LiberTrace	NA
	10.2.4	Log export volume report	A
LVD	10.2.5	Proof of payment of export fees (SOP 26) in LiberTrace	A
		Reference price as found in market intelligence data base (MIDB)	C

There is no specific observation for this company on Principle 10. The analysis made at Section 4.2.2.8 remains valid.

The MIDB report was not sighted by the review team. Besides, the official FOB prices have not been reviewed for at least the last four years.

CFMA Zuzohn is partially compliant with Principle 10.

7 RECOMMENDATIONS

7.1 Ensuring Accountability by Effectively Discharging Regulatory Responsibilities

The lack of enforcement of applicable laws and regulations continues to mar the reputation of Liberia's forestry sector and limit its commercial development and sustainable management. **No forest contracts assessed during the process of this review were fully compliant with applicable regulations.** Forest management and planning, contract implementation, and environmental protection processes did not adhere to the letter or spirit of applicable legislation. Holders of forest contracts are rarely held accountable for contravention of contractual and legal obligations. This is largely due to systemic lapses from regulatory bodies in discharging their monitoring and enforcement responsibilities.

1. **We recommend that a capacity needs assessment is conducted for relevant regulatory MACs and that responsive capacity building initiatives/complimentary programs are developed.**
2. **We recommend that FDA and MOJ apply sanctions to companies who have been found to be in breach of contractual obligations.**
3. **We recommend that an oversight committee is created with a fixed term mandate to assist FDA, EPA, and relevant MACs to discharge regulatory duties.**

7.2 Strengthening the Legal and Regulatory Framework

Since the ratification of the VPA, there have been several developments the legal framework governing the forestry sector relating to the abolition of private use permits, the revision of the Code of Harvesting Practices, the abolition of bid premiums, and the development of regulations and guidelines for community forestry. As a result, several criteria within the Legality Matrix are obsolete or redundant.

1. **We recommend that the VPA legality matrix is reviewed, updated, and consolidated to include developments to the legal framework to provide clarity of current legal processes.**
2. **We recommend that regulations and guidelines relating to community forests are reconciled with the nine legality principles outlined in the VPA legality matrix.**
3. **We recommend that standards and guidelines for awarding and negotiation of commercial contracts within community forests be developed.**
4. **We recommend that the government of Liberia, re-states its commitment to sustainable forestry by developing and implementing an action plan for the resolution of non-compliance issues outlined within this report.**
5. **We recommend that clear and transparent requirements are designed and applied for the issuance of export permits.**

7.3 Ensuring Sustainability of Forests by Implementing Forest Management and Planning Laws

No assessed forest contracts implemented the 25-year, 5 year or annual planning processes in line with regulations and guidelines. This is due in part to companies and communities limited financial resources, poor road connectivity, and the lack of enforcement by FDA. The lack of AOPs, 5-year management plans, and 25-year management plans make it impossible to ascertain forest resources and to monitor and ensure harvesting practices are sustainable and compliant with the law.

1. **We recommend that a fixed-term program, funded by GoL, private companies, and international partners is developed to assist companies, communities, and GoL to conduct multi-resource inventories of forest contracts, develop and implement comprehensive management plans in line with applicable laws.**
2. **We recommend that a transparent and standardised approval process for AOPs, 5 years Management Plans, 25 Year Management Plans be developed and implemented.**

The 2017 Amended Code of Harvesting Practices is silent on cutting limits. As a result, there appears to be a consensus amongst companies, with no objection from FDA, to begin harvesting trees at 60 cm of DBH.

1. **We recommend that previous cutting limits of between 60 and 100 cm of DBH for commercial species are re-instated to allow a better recovery of forests.**

The limited rotation/cutting cycle requirements applied to CFMAs does not encourage sustainability of community forests and contravenes the 2017 Amended Code of Harvesting Practices. Section 2.2 of the Code states that “forest areas designated for sustainable forest management by applying the Liberian selective cutting system (i.e. FMC and CFMA areas) must be managed according to a 25-year rotation/ cutting cycle.”

However, as the CFMAs are signed for 15 years, management plans for community forests are designed on a 15 years rotation. Furthermore, there is currently no inventory made to assess the state of forest resources and cutting limits are likely be reduced 60 cm of DBH indicating that if such practices continue, community forest are unlikely to recover.

1. **We recommend that the regulatory provisions for rotation/cutting cycles for community forests are revised in line with the Amended Code of Harvesting Practice.**

7.4 Improving Environmental Protection

Although foreseen in both the ESA Report and the EPA and FDA inspection procedures, environmental monitoring is not practically assured.

1. **We recommend the development and implementation of capacity building initiatives on the design of ESAs for third party environmental impact firms, GoL, companies and communities.**
2. **We recommend that I the design level of ESAs are improved at the planning stage so basic elements such as: (i) the institutional set-up of the implementation and monitoring of the ESMP, (ii) the priorities of the mitigation measures, (iii) the responsibility for implementation their schedule and (iv) and costs of implementation are included.**
3. **We recommend the inclusion of monitoring data on environmental and social management plans onto LiberTrace and the COC system.**
4. **We recommend that GoL increases financial expenditure to relevant MACs for the purposes of conducting inspections and periodic audits, with emphasis on reporting and dissemination procedures to superiors and concessions holders.**

7.5 Payment of taxes

There appears to be no shared platform between FDA, LRA and NIC to reconcile data and monitor companies' compliance with investment, tax, and other contractual payment obligation.

Furthermore, FDA has not provided updates to the National Bureau of Concession's Concession Information Management System (CIMS).

1. **We recommend FDA and LRA to clearly define the signification of the tax clearance certificate and tax return in order to give credibility to these documents.**
2. **We recommend FDA, LRA, NBC and NIC jointly evaluate individual concession accounts for the purpose of ascertaining open and overdue concession fee payments, payments to communities, and the volume of investments made within the "wood processing sector" agreed upon by LRA, FDA and NIC. We recommend that the result of this evaluation be published publicly and updated onto the CIMS.**
3. **We recommend that GoL applies and enforces appropriate sanctions to companies in violation of payment obligations.**
4. **We recommend that FDA update its FOB price calculation.**

7.6 Community forestry

During this review, the team found that at times that due to capacity challenges, third-party contractors directly engaged by communities sub-contracted other better capacitated companies to carry-out logging activities. In some instances, this has led to significant delays in logging activities, implementation of social benefits and has resulted in conflict.

1. **We recommend that an independent due diligence assessment is conducted to assess the managerial and financial capacity of all third-party contractors engaged with CFMAs. All third-party contractors found lacking managerial capacity, adequate experience, appropriate equipment, and financial capacity should have their contracts reviewed and where appropriate revoked.**
2. **We recommend that the contracts of non-performing companies be aborted so that communities are able to enter into new agreements with companies better able to discharge their forest management responsibilities.**

Chapter 5 of the Community Rights Law holds that the FDA has a duty to “provide and assist communities [seek] and access technical assistance and support for management of forest resource” and to “support building of the capacity of communities to sustainably manage their forest resources”.

1. **In line with this duty, we recommend that GoL provides commercial forestry and business development to communities to ensure communities are not disadvantaged when making decisions on commercializing forest resources and engaging with third-party contractors.**
2. **We recommend that GoL provide independent transaction advisory services to communities interested in entering into third-party commercial contracts.**

8 ANNEXES

8.1 Annex 1 - People Met and Contacts

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8.2 Annex 2 – Document for the verification of documentation before issuance of Export Permit

NOVEMBER 2016

Verification of documentation before issuance of Export Permit

The legal requirements that are met to export logs from Liberia are embedded in the National Forestry Reform Law of 2006 (NFRL/2006), the Ten Core Regulations and the Code of Forest Harvesting Practices. In addition, Standard Operating Procedures developed for the implementation of the Chain of Custody System, which are currently in use, are implemented significantly and improvements are being carried out on the SOP's as it relates to the VPA implementation.

In order to grant permission for logging activities and export in Liberia, the following requirements need to be met by the concession holder. The requirements from 01 to 03 (as below) are required for all concession holders to start exportation; however, requirements from 04 to 05 are to be followed for issuance of each export permit per shipment continually during the life cycle of the contract:

1. **Prequalification procedures** – requirements to be followed by applicant requesting the allotment of forest concession in line with Public Procurement and Concession Act (PPCA) requirements;
 - a. Pre-qualification certificate
2. **Concession allocation (FMC)** – competitive bidding process determines the awarding of contracts which includes:
 - a) Forest management contract
 - b) Socio-economic survey;
 - c) Forest inventory and environmental survey;
3. **Pre-felling requirements**
 - a) Boundary line demarcation;
 - b) **Social agreement;**
 - c) Environmental and social impact assessment;
 - d) Performance bond;
 - e) Strategic forest management plan (SFMP);
 - f) Five years forest management plan (5YFMP);
 - g) Annual operation plan (AOP);
 - h) Annual coupe demarcation;
 - i) Tax clearance; and payment of Area fee and Annual Administration Fee
4. **Felling requirements**
 - a) Tax clearance; barcode issuance fee, block inspection fee
 - b) Annual harvesting certificate;
 - c) **Barcode Issuance:** After allotment of respective concession to Operator, the operator applies for barcodes to apply on trees (tree barcodes) and logs (log barcodes) to be enumerated, felled, converted to logs and subsequently exported. The barcodes issued are operator specific and cannot be used by other operators in the field. The same barcodes are verified throughout the life cycle of forestry operations in Liberia.
 - d) **Verification of SSF/TDF:** The SSF (Stock Survey Forms) are used to submit enumerated tree data (more than 50 cm diameter at DBH) with the help of Tree barcodes. The

enumerated trees are then submitted (not less than 60 cm and/or as per minimum cutting diameter specified for individual species) for felling approval. Once approved the trees can be harvested and are submitted in the form of TDF (Tree Data Form) for stumpage invoicing.

5. Post-felling requirements

- a) **Stump verification:** Inspection to be conducted for stumps where the trees have been harvested
- b) **LDF:** Trees are then cut into logs and log tags (log barcodes) are applied. The data is recorded with the help of LDF (Log Data Form). Logs are then prepared to be transported to log yards from Forests sites with the help of Waybills.
- c) **Transportation and Waybill checks:** Waybills are issued to concession holders having unique barcode for identification and are checked in the forest concessions while loading, at check points during transportation and also at log yard while unloading by FDA and SGS.
- d) **EPR/LDF submission:** Upon successful inspection of the logs, the same could be submitted for issuance of SPECs, Export Permits and Certificate of Origin. Relevant certification could be issued subjected to verification of LDF against TDF & SSF.
- e) **Log yard verification** – LDF verification is done in the log yard before exportation
- f) **Shipment specification** – SPECs issued to operator clearly indicating compliant exportable logs
- g) **Shipment verification:** Verification of logs at the export port at the time of export
- h) **Certificate of origin:** issued subject to receipt of draft/ original Bill of Lading(BL) and Short Shipped inspection report from the Port
- i) **Verification of Taxes/ Fee Paid:** Verification of fee/ taxes paid such as stumpage, export invoice, way bills etc.

The above requirements are part of the VPA Legality Matrix, but don't cover all the verifiers. In the future VPA Legality Assurance System (LAS) will ensure credible mechanism for Chain of Custody and legal traceability of logs being exported from Liberia. The system will be able to answer all the questions raised by any third party with respect to checks being made in the forest sector pertaining to legal traceability. In other words, the VPA requirements will be fulfilled in full. This will also include the compliance with all the principles, indicators and verifiers as per the requirements of Legality Matrix of the VPA.

8.1 Annex 3 – WB technical mission report and Sofreco's observations

Republic of Liberia: Liberia Forest Sector Project (LFSP, P154114)

Ongoing Forest Concessions Review

Progress Assessment Mission

Draft Technical Mission Report

November 4 to 20, 2019

Introduction

1. A World Bank Technical Mission (the Mission) visited Liberia from November 4 to November 20, 2019. The mission was led by Edward Dwumfour (Senior Environmental Specialist and TTL of LFSP); it included Giuseppe Topa, World Bank Consultant and former World Bank Lead Forest Specialist; and Zinnah Mulbah (Environmental Specialist). The Mission coincided with the release of the Review Report (RR) corresponding to Output #2 of the Forest Concession Review undertaken by Sofreco⁸ in the framework of the Liberia Forest Sector Project (LFSP, P154114).
2. The Mission's objectives were: (i) to help the Bank and the FDA analyze the findings presented in the RR prepared by Sofreco within the framework of the Forest Concession Review; (ii) to meet with Government institutions, the private sector, relevant CSOs, NGOs, development partners, donor-supported projects, individual experts and personalities to gather their initial feedback on the RR; (iii) to participate in an event where various stakeholders could publicly express their views on the RR; and (iv) to help the FDA determine if the activities remaining in the Sofreco workplan needed to be modified based on the findings of the RR and reflections from broader stakeholders.
3. The Mission met with the Managing Director of FDA and with the Chairman of the Board of FDA, the Deputy Minister of Justice, Deputy Commissioner of the Liberia Revenue Authority (LRA), the Law Office Heritage Partners Associates (HPA), several FDA Technical Directors and staff, the Forest Program Manager at the EU Delegation, the VPA and the FLEGT Program Support Manager, staff of SGS, the NGO Coalition in Liberia, the National Union of Community Forestry Management Bodies (CFMBs), the National Union of Community Forestry Development Committees (CFDCs), VOSEIDA, PADEV, USAID-supported FIFES and LAVI projects, FAO, the Liberia Timber Association, and members of the Sofreco the Review team that authored Report. The Mission made several attempts to meet with the Special Presidential Review Committee on Concession Management (SPRC) and made plans to meet with Counselor Negbalee Warner, former Head of Secretariat for the Liberia Extractive Industry Transparency Initiative, and member of the SPRC. The list of people met by the Mission is presented in the Annex.
4. The Mission would like to express its appreciation to Hon. Kou Dorlie, Deputy Minister, Ministry of Justice; Mr. C. Mike Doyen, Managing Director of the Forestry Development Authority (FDA); Hon. Harrison Karnwea, Chairman of the Board of FDA; Mrs. Decontee King-Sackie, Deputy Commissioner, Liberia Revenue Authority; Mr. Saah A. David, Jr., National REDD+ Coordinator; and Mr. Arild Skedsmo, Senior Advisor, Forest and Climate, from the Norwegian Ministry of Climate and Environment for the productive discussions held during the mission.

⁸ The Concession Review is carried out in the framework of the World Bank Liberia Forest Sector Project (LFSP). Sofreco was selected by FDA to conduct the Forest Concession Review. Sofreco's contracts include six outputs, of which the Review Report #2, is among the most important.

Status and Progress of the Forest Concession Review

5. The ongoing Forest Concession Review (FCR) is called for in the Letter of Intent (LOI) between the Government of Liberia and the Government of Norway, where it is referred to as Priority (A) for the 2015-2020 period. Despite time passed since the signature of the LOI, the rationale for and the features of the review described in the LOI have remained valid and no significant changes were necessary in developing the TORs used for the Review.
6. Sofreco was selected for the assignment following a public request for expressions of interest issued by FDA in Summer 2017. Consultant selection and the TORs² were approved in a Multistakeholder Committee Meeting prior to the beginning of the assignment. The Special Presidential Review Committee on Concession Management (SPRC) was informed about the Forest Concession Review in October 2018. In correspondence dated March 5, 2019, SPRC encouraged FDA to move forward with the Review, requested to be kept informed of progress, and offered to provide advice as appropriate. It is expected that SPRC will use the results of the Forest Concession Review as an important source of information and possibly as a basis for its deliberations.
7. According to its contract with FDA, Sofreco is expected to produce six outputs: 1) an Inception Report, 2) a Review Report, 3) a Consensus Building Report, 4) a Capacity Building Report, 5) a Draft Final Report, and 6) a Final Report.
8. The document discussed in this technical mission report is output 2) Review Report (RR). For the sake of efficiency and transparency, and with backing from the World Bank, FDA shared the Report in the form received from Sofreco along with the study's TORs. Thus, the report circulated did not yet reflect the views of FDA and the World Bank. Various Government Agencies, the private sector, CSOs, donors, development partners and other relevant actors have received the RR and been invited to provide comments. Following this review, FDA will ask Sofreco to issue a revised Report.

Structure and Overall Findings of Review Report (RR)

9. Consistent with the TORs, the RR evaluates the legal compliance of active forest contracts against the 11 VPA⁹ (Voluntary Partnership Agreement) Principles which are, in turn, grounded in Liberia's constitution, laws and regulations. Out of 34 contracts identified through Libertrace, 11 were found active and reviewed: seven Forest Management Contracts (FMC), and four Community Forest Management Contracts (CFMC). These contracts were assessed based on about 100 verifiers consistent with the VPA Matrix, and their level of legal compliance was scored on an A, B, and C scale.
10. By design, the scope of the review was restricted to assessing legal compliance. As a result, the RR does not focus on structural challenges and mitigating circumstances facing the sector's performance; it also does not comment on progress being made or ongoing capacity building initiatives the Government is carrying out with support from partners such as Norway, the EU, the UK, USAID, and the World Bank among others.
11. The results of the analysis are presented in two separate documents: the RR and the Executive Summary (ES). The RR displays results in a disaggregated format: by company, principle, sub-principle, verifier, supporting document and rating of compliance level. The entire document consists of short statements supported by a number of tables. The RR includes all the data

⁹ [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22012A0719\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22012A0719(01)&from=EN)

necessary to document compliance issues and support the conclusions of the legality review. However, as a consequence of the very detailed presentation, readers unfamiliar with sector may fail to appreciate the nature and severity of the overall challenges.

12. Complementing the RR, the ES provides a simpler and more straightforward narrative of the findings and conclusions of the RR. Using candid language, the ES portrays a rather worrisome picture of sector governance and of forest resource management in Liberia. In doing so, the ES avoids pointing fingers at any particular actor. By noting that performance failures and illegal conduct by one player can often be traced to the underperformance of other players, the ES suggests that the framework for management and oversight of industrial forestry is dysfunctional overall, which undermines community forestry efforts and forest conservation programs. On this premise, the ES suggests that necessary improvements are of a systemic nature and that lasting solutions can only be brought about through high level Government support and attention.
13. As the RR contains the supporting data used to analyze the performance of individual contract against each VPA principle, subprinciple and indicator, it should be relatively easy for the Government and other specialized reviewers to identify possible factual errors and omissions, which the consultant should amend in the revised versions of the RR and ES.
14. Given that the RR is only an intermediate step in the Forest Concession Review, report finalization should be managed effectively and expeditiously. Proposed amendments should be limited to statements and sections proven incorrect, and no significant changes should be requested to the structure of the report, which is in line with the TORs. The consultant should be asked to put other comments in a new annex to the RR.

Reception of Review Report

15. The distribution of the draft RR, and especially the ES, generated lively reactions by recipients, both supportive and critical. Research institutes, NGOs, and CSOs welcomed the reports, agreed with many of the findings, and offered constructive comments and suggestions for improvement.
16. Other stakeholders were taken aback by the unadorned language of the Executive Summary. Some also felt that the report implicitly minimized the important foundational work that is being undertaken by the Government of Liberia and its partners in forest management, governance, and capacity building.
17. The vast majority of criticisms focused on methodology, definitions, processes, and duplication of efforts. In virtually no cases did the parties met by the Mission question the veracity of specific data and statements in the report.
18. The partners with deepest forest sector expertise underscored that the RR did not reveal any previously unidentified facts or circumstances, adding that most of the issues flagged in the RR were being or would be addressed in the framework of one of the several Government- and Donor-supported forest sector initiatives. The Mission agreed that the RR's data and conclusions had been for the most part revealed in previous studies, adding that those studies and databases had been primary source documents for the RR. The Mission pointed out, however, that such information had been dispersed in separate documents, some confidential, each focused on specific issues and distinct timeframes. As a result, a clear global picture on legal compliance, such as the one emerging from the RR, had either been practically unavailable before, or had gone unnoticed. Hopefully, the RR and ES will help leverage the type of high-level support required to address the sector's most enduring challenges.

The Bigger Picture: Country and Sector Structural Challenges

19. While the RR was not tasked with describing the sector context, its findings cannot be entirely appreciated without mentioning some structural challenges that severely undermine the functioning of the forest sector. Liberia remains a fragile state, struggling to recover from two devastating civil wars and the Ebola crisis. Given its dependence on foreign investment, and its reliance on income from mining, forest and agriculture concessions, Liberia is very vulnerable to export markets, to slumps in commodity prices and to inflation. Against this background, tax revenue from timber exports represents an essential lifeline for meeting Government expenditures. As a result, forest production targets tend to be adjusted to meet pressing national financial imperatives and budget requirements, rather than being determined on the basis of the forest resource's capacity to produce at sustainable levels.
20. While not a justification for the unorderly exploitation of Liberia's forest resources, this situation helps explain the hesitation of the Government to rigorously apply laws and regulations that would inevitably reduce, at least temporarily, the flows of exports and financial revenues. The tension between the country's short-term financial obligations and its commitment to good governance, law enforcement, and sustainable forest management is obvious. As a consequence:
 - a) virtually no funding is available to support FDA's capacity to enforce forest laws and regulations;
 - b) export licenses are basically granted for "all" loads of timber that reach the port¹⁰;
 - c) no fines are applied, and no criminal prosecutions are pursued against known cases of illegal logging;
 - d) non-compliant forest management plans are routinely certified or approved by FDA;
 - e) community forests have *de facto* become the back door for industrial logging; and
 - f) company ownership and shareholding structures are, in most cases, not disclosed.
21. This last point is particularly significant because the **2006 Forest Act** makes such disclosure a condition for eligibility to hold a concession and mandates that non-disclosure be punished with the retreat of concession, fines and jail time up to 12 months. Lack of disclosure is also puzzling, given that Liberia has included the forest industry in its Extractive Industries Transparency Initiative (LEITI) and that further delays in disclosure are seriously detrimental to the country's EITI standing.
22. The recent reduction of the salaries of civil servants and an increasing backlog of unpaid salaries, also affect the motivation and effectiveness of staff of forest institution and of other national institutions, especially those in charge of law enforcement.
23. The above context slows down progress and hampers the effectiveness of the significant financial and technical support in the forest sector that Liberia is receiving from partners such as Norway, the EU, the UK, USAID and the World Bank among others.

Mission's Assessment of Review Report (RR)

24. While acknowledging that the comments expected in the course of the review process may significantly improve quality of the RR and ES, the Mission found these documents adequate overall. It also noted the clarity of the contract analyses, the candor of the ES and the attention drawn to the interdependence of issues that had often been considered individually, rather than in an integrated fashion. Once the various stakeholders have provided their input and their input is reflected in revised RR and ES reports, these documents can offer a solid foundation for the

¹⁰ At times against the advice coming from Libertrace Managers SGS/LVD

remaining steps of the Concession Review. The following paragraphs summarize the Mission observation on selected issues.

25. Gaps in the Analytical Framework. The reliance on the 11 VPA principles as the sole lens to review legal compliance was such that Liberia's constitutional laws and regulations were hardly mentioned in the Report. Similarly, the Report fails to list the fines, sanctions, and other prosecutions that national laws call for against those found responsible of serious offenses.

SOFRECO: See reply on consolidated comments (Question 1 of General observation). Using the VPA was the basis of the technical proposal as the VPA is based on the existing laws and regulations. The list will be provided as per comment in the consolidated comments.

26. The fact that VPA principles are based on the country's legal system and that they have become mainstays of most widely-used forest monitoring and tracking systems is no excuse for omitting the reference to relevant Liberia's laws and regulations ¹¹ At the end of the day, the Concession Review should be used by the Government to determine what instances of noncompliance, omission and offense have been identified for each concession contract; what sanctions are written in law against such infractions and offenses; what avenues are available to the signatories of the contracts to re-affirm their commitments and restore legal compliance; and to cancel contracts when necessary.

SOFRECO: Same as above (section 25).

27. To correct this weakness, **the Mission recommends that references to the provisions of the Liberian Laws be integrated into the report**, particularly in the ES. For simplicity's sake, a sentence should be added to the end of sections 3.2.1 through 3.2.11 indicating the significance of noncompliance with a particular VPA principle, with respect to Liberian laws and regulations. Only then could the Concession Review be used to address concrete cases, to draw the attention of players such as the Ministry of Justice, the Ministry of Finance and to facilitate the involvement of the country's political leadership to close potential gaps and to endeavor to effect changes.

SOFRECO: Same as above (section 25).

28. Regarding the Review of the Allocation Process. While a review of the legality of the concession allocation process was within the scope of the Consultants' TORs, this task was hardly developed in the RR. However, as explained by a Government authority, reviewing the award process would have been infeasible and inconsequential because: a) the records of the award process were accidentally lost (burned) during transport to a storage facility; b) all FMC contracts had been signed and ratified by the Legislative and Executive long ago; and c) the Government was committed to honoring the contracts it had signed until or unless FMC holders are found responsible for serious breach of contract or for breaking the law.

29. While some feared that by documenting vices in the award process, the Concession Review would enable certain international NGO(s) to launch a campaign advocating the cancellation of irregularly awarded forest management contracts, this possibility was never raised during discussions the mission had with national and international CSOs or NGOs. In fact, most felt that, under the prevailing situation, such an initiative was not a priority. While cancellation of concessions might be

¹¹ At various stages of the revision of the TORs, the World Bank had recommended that national laws be more prominently featured in the analytical framework of the Concession Review.

necessary in some cases, it should follow demonstration that a company has broken the law and disregarded its commitments vis-à-vis local communities.

30. Regarding Focus on Compliance Issues Related to VPA Principles 1 and 2. EU and DFID technical specialists noted that there was a disconnect between the formulation of Liberian regulations and the requirements to satisfy VPA Principles 1 and 2; for this reason, in the absence of appropriate adjustments, VPA Principles 1 and 2 might never be fully met. Having raised this issue with FDA for some time, FDA had indicated that the Concession Review would be asked to investigate and propose a solution to this contradiction. EU and DFID were therefore disappointed that this issue had not received attention in the preparation of the Review Report.

SOFRECO: These observations have not been shared with SOFRECO's team during the field mission. Besides, the team didn't receive any specific instruction on this topic.

31. In this regard, the Bank team noted that, despite having been discussed and endorsed by the Multi-Stakeholder Committee prior to the beginning of the Review, the TOR did not ask Sofreco to address the specific issues related to VPA Principles 1 and 2. It also noted that, while these issues were again raised in comments on the Inception Report, the Consultant's team was not well positioned to argue for specific legislative changes. In fact, due to its limited mandate and short duration, the mission was ill equipped to propose solutions to issues that had been raised, with modest results, in the framework of major TA projects. Regardless, the Mission felt that maintaining consistency between national regulations and VPA principles is very important, and that this issue should be reflected in the revised version of the RR.

SOFRECO: Same as above (section 25).

32. On Community Forestry. The RR did not place a particularly strong emphasis on community forestry. Given that VPA Principles were the basis for the contract review, and that Liberia's VPA places a lesser emphasis on community forestry, the RR could not have focused on community forestry issues without straying from its analytical framework.¹²

SOFRECO: Community forestry issues have been assessed with the same emphasis as the other forest titles. In its adaptation into a legality checklist, the legality matrix was adapted to include the community forests (see section 4.1.2 and table 11 of the review report)

33. The RR confirmed some of the most serious and widely known problems with the CFMC. They included, among others: a) that CFMCs are normally coopted by middlemen and industry to get hold of forest resources outside a transparent competitive process; b) that the legal nine-step process is reduced to building a paper trail of meetings and rushed deliberations that allow FDA to authorize logging operations; c) that no forest management plan is followed and logging decisions are only based on logistics and market demand; d) that most community forests are being seriously over logged and that the commercial timber will be exhausted well before the end of the contract periods; and finally, e) that, for years now, forest communities have not received their shares of the area tax the Government collects on their behalf from logging companies.
34. Most parties consulted during the mission expressed concern with these developments, and with the fact that the number of companies seeking eligibility to become CFMC contractors has sharply

¹² The notion that the VPA "does not really apply to CFMAs" was particularly emphasized by the Deputy Minister of Justice, by lawyers from HPA and the FERN network, and by the Union of Community Forest Management Bodies.

increased in the past year. Most knowledgeable experts and organizations suggested that the issuance of new CFMCs should be suspended, and that new communities should benefit from the technical and legal advice of FDA, an NGO or a specific project, for two to three years before beginning tree cutting operations. During this time forest communities should also be presented with opportunities to generate sustainable income from activities other than those offered by supplying timber to industry.

35. On the positive side, the Mission noted that local NGOs and CSOs have been doing tremendous work building a solid infrastructure for transparency, public information, and defense of forest communities' rights. It also noted that a strong body of experience is emerging from the work done in some forest communities within the framework of efforts supported by USAID and other partners. These two elements leave hope that significant progress could be made relatively rapidly, if this issue were treated as a priority by the country's political leadership.
36. In concluding its remarks on community forestry, the Mission strongly suggests that the reality of artisanal logging should no longer be ignored or underestimated. Rather, it should be assessed thorough a comprehensive analysis of its merits and demerits with a view towards harnessing its potential to enhance rural incomes and sustainable forest management¹³. This study should propose Liberia-tailored regulations to take into account the experience of other relevant countries and avoid possible mis steps.

SOFRECO: See section 7.6 of the review report "Community Forestry"

37. Data Sources and Tracking of Progress. The RR analysis was based on data collected and reported within the framework of functioning Liberian monitoring systems, processes, and projects. The RR findings originate from and are essentially consistent with data from these sources, among which Libertrace, VPASU, SGS, and LVD are the most important. Libertrace and LVD's emerging capabilities are results of an ongoing multi-year capacity building effort and represent a significant tangible achievement. Concerns that the draft RR underplayed or minimized the importance of these capabilities should be squarely addressed in the revised RR. In doing so, attention should be paid to making a distinction between the quality of Libertrace as a tool, and the quality of data currently entered into the system. Libertrace's value should not be questioned if FDA's data collection and verification capabilities are being strengthened but remain weak. Similarly, one shouldn't assume that tracking by Libertrace automatically guarantees the quality of forest operations.

SOFRECO: See answer on section 20 of consolidated comments from FDA

38. The mission worked closely with the SGS expert in Monrovia, accessed a sample of the verification documents stored in Libertrace and reviewed LVD's May and August Quarterly Reports. On this basis, the Mission concluded that a lot remains to be done to guarantee more rigorous analysis of the information fed into Libertrace and greater candor in presenting the situation on the ground.

¹³ A field study conducted by the Center for International Forestry Research in 2017, Domestic Timber Value Chain Analysis - Paolo Cerruti, showed that in 2016 artisanal logging production was between 700,000 and 900,000 (in round equivalent m³), vastly exceeding that year's industrial production estimated at 300,000 m³. In addition, and, most importantly, artisanal logging's value chain resulted in between 19,000 and 31,000 quasi-permanent jobs (versus 10,000 jobs in the industrial sector), and the rural share of revenues generated by artisanal logging (including wages, profits, informal payments and other transactions completed in rural areas) amounted to approximately 40% (a much lower share of industrial logging revenues remained in rural areas).

Mission Recommendations

39. Given the scope of its mandate, the Mission's recommendations will be limited to:

- A. Urging the Government to delay the issuance of any new concessions (FMCs, TSCs and CFMAs, etc.) until the most serious issues pertaining to regulating harvests and securing community forests start being addressed. The Mission also urges the Government to adopt a two- to three-year incubation period before approving new commercial use contracts for Authorized Forest Communities. This period would allow Communities to be strengthened through the collaboration with NGOs or other actors, as appropriate. Finally, the Mission urges the Government to set up a technical committee to review the adequacy of FMC and CFMC forest management plans that have been approved or certified by FDA, and to recommend appropriate remedial action, if necessary.
- B. Finalizing Review Report. The Review Report and Executive Summary should be revised taking into account the comments offered by partners in the course of the review process. The Bank's technical comments and requests for RR amendments are contained in paragraph 23 to 37 of the present Technical Mission Report. FDA should be the sole channel to communicate comments to the Consultant and the period to send comments should be limited to two weeks. Requests for amendments to the RR and ES should focus on correcting data and statements proven to be incorrect or insufficiently supported by evidence. No significant changes in the overall structure of the RR and EA should be introduced in the process of finalizing these documents. Broader comments offered following the distribution of the draft RR should be integrated into the RR in the form of annex. The finalization of the RR and EA should be carried out by the original authors of these reports.

SOFRECO: Constitutional laws and regulations, sanctions, etc. will be included (see answer on question 1 of consolidated comments) and taken into account in the final report.

- C. Amending the contract with Sofreco to include activities, outputs, and expertise that complement and put to use the findings of the RR. Given the RR's findings, the Mission concluded that the original outputs envisaging a quick consensus-building exercise followed by a training program had lost relevance. Instead, **it proposed the organization of "Structured Hearings"** for the eleven contracts analyzed in the RR. The purpose of these Hearings would be to enable all parties involved to: i) acknowledge and discuss the findings of the RR; ii) renew their commitments to respecting the terms of the FMC and CFMC contracts' according to relevant laws and regulation; and iii) agree on realistic corrective actions to be taken within a specific time frame. The consequence of non-compliance with the renewed commitments should be made clear to all parties. While contract termination is by no means the objective of the Hearings, this should not be ruled out in cases involving irreconcilable conflict among parties, blatant abuse and major violation of the law.

SOFRECO: The FDA is welcome to conduct this hearings and Sofreco will provide assistance in the analysis of information in the remaining time of its assignment.

The Mission recommends that all resources remaining in the current Sofreco's contract should be used to organize "Structured Hearings" for the 7 FMCs and 4 CFMCs analyzed in the Review Report. The table below shows the original outputs of the contract and those proposed by the Mission along with tentative delivery dates.

Original Outputs	Status	Revised Outputs	Est. Delivery
Inception Report,	Completed	-	
Review Report (RR)	Draft RR Submitted	RR Edited to reflect relevant comments	February 10
Consensus Building Report	-	Case Write-Ups	March 30
Capacity Building Report	-	Information Note to Hearing Participants	April 15
Draft Final Report	-	Detailed Planning of Hearings	April 15
Final Report	-	Final Report	April 30

40. The following paragraphs provide a succinct description of the Structured Hearings and of the activities and outputs leading to their preparation. These elements should be further detailed by FDA in consultation with partners and in negotiation with Sofreco.

Structured Hearings: These would consist of facilitated sessions to discuss the eleven contracts evaluated by the RR. Key participants in the hearings would be FDA, the concerned Forest Company, middlemen and subcontractors possibly involved, Local Community representatives and members, local NGOs and CSOs with technical and legal forest expertise, local administrative authorities, representatives of the LRA, Ministry of Justice and Presidential Commission, and most relevant development partners. Discussion would take place according to a previously agreed-upon format. Ideally, these meetings would be chaired by a representative of the Ministry of Justice or by an expert chosen in collaboration with the Ministry of Justice. Hearings should be held in Regional Locations in proximity to contract operations, not in Monrovia. Each of the 7 FMC and 4 CFMC should be granted individual consideration and discussion.

To prepare the Hearings and within the framework of the existing contract, Sofreco should commit to produce the following outputs¹⁴:

- Case Write-Ups summarizing the key issues identified in the Review Report. Each write-up should be in written in plain language and its length limited to three pages (plus annexes). Issues such as the following should be considered, among others: quality and implementation of forest management plans, financial arrears, social and financial obligations vis-à-vis the communities, problems related to sub-contractors and other rent seeking actors, company ownership and shareholding structure.
- Format and rules governing the Hearings. A brief document should be prepared to make sure that all hearings take place consistent with a pre-determined format covering the key issues to be discussed, how discussion would be organized, consensus reached, disagreements outlined, and session recorded for future reference. Chairmanship and other key functions to be played in the Hearings should be determined in the process of preparing the document.
- Information Note to Hearing Participants. This note should explain the purpose of and the rules governing the proposed hearings. It should highlight actions that actors might

¹⁴ Depending on resources available in the contract, FDA may request Sofreco to undertake additional work

be requested to take to demonstrate commitment to the terms of each contract considered. The time frame given for most urgent remedial actions and for FDA to start prosecuting offenders should not exceed 12 months.

- Events Budget. Calendar, Venues, Sample Agendas and Lists of Participants. The Consultants should draft a planning document for the event. Adequate budget provisions should be estimated for travel and subsistence of community members and local facilitators. Forest companies and other business players should finance their own participation. Resources for participation of institutional representatives should be leveraged from other institutions and projects, whenever possible. Major partners (UK, EU, USAID, LSFP) should be invited to provide complementary financial support, as appropriate.

SOFRECO: The FDA is welcome to conduct this hearings and SOFRECO will provide assistance in the analysis of information in the remaining time of its assignment.

41. The expertise for delivering these new outputs should be sought primarily among well-respected Liberian professionals and national organizations known for their integrity and independence. The fields of expertise should include Forest and Land Law, Forest Operations and Associated Issues - Social Science, Mediation/Facilitation. A local NGO could be recruited to coordinate the effort. The role of facilitator could be played by a national or an international expert, depending of the options available. Sofreco should consult with Development Partners and the NGO community to identify the members of the team in charge of preparing the above outputs. Final approval of the team composition and work plan would be provided by FDA and the WB as per usual procedure.

Annex I List of People Met

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Antoine de la Rochefordiere	Independent Auditor	Consultant	
Theodore Nna	Project Coordinator - LAS Team Leader	SGS Liberia Inc	
Jerome Laporte	Leader of Concession Review Team	Consultant	
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8.2 Annex 4 – Consolidated comments from NMSMC and Sofreco's observations

NMSMC Consolidated Comments on the Concession Review Draft Report

Presented to: NMSMC

Date : December 11, 2019

General Observation

1. The entire report heavily relies on the VPA legality matrix as the basis (Law) for reporting violations within the context of the forest concession review. The report should also have cited the necessarily provisions in the Liberian Laws that are applicable to the Concession review to also tie in the VPA as the laws for holding concessions in violation since this was a national review. (NGO Coalition)

SOFRECO: The ToRs – technical proposal validated during the contract negotiation was based on the VPA legality matrix only as it summarizes the Liberian Law applicable to forestry (See 2.2.4 “Development of concessions review checklist p.41).

Meanwhile a table showing the law and the related sanction can be provided in an additional seven days work for the legality expert (see excel file).

2. The report is too technical especially for readers not involved in forestry. The report should have a section with definition of key terms within the context of this report so that those who do not understand certain forestry term are clear about its meaning within the context of this report. (NGO Coalition)

SOFRECO: OK, this could be done in an additional 1 day work for the legality expert (see excel file).

3. The Report generally stated that none of the companies complied (TSCs, FMCs, or CFMAs) in line with various VPA principles, but it did not state which laws beside VPA principles that the companies were not in compliance with. The Report needs to clearly state the content of the various principles (principle 1, 2, 3 States) and indicator rather than providing the numbers in cited instants so that there is consistency in understanding the various principles and indicators. It also needs to be clear as to whether the companies were in compliance or not with relevant State law on forestry concession. (NGO Coalition)

SOFRECO: This analysis is provided in the full document of the legality review (See Chapter 6 “Legality review per contract”). No new action proposed.

4. The findings, according to the Consultant, were primarily based on desktop review and interview with stakeholders. Considering that this does have budgetary implications, the FDA is concerned about the consultants not executing its task (ex. Field visits) in line with its Proposals. Also, the Consultant dedicated responsibilities to staff for functions outside the scope of their professional qualification (page 19). A consensus-building expert conducted the legal review.

SOFRECO: As per the technical proposal (section 2.3.2), the field review was supposed to verify the correct implementation of the companies' management documents (FMP, AOP, EIA, etc.) if these were existing and valid.

If a regulatory document (i.e. forest management plan, environmental impact assessment) cannot be presented at the FDA and / or the company, it will then be considered as not available. As such, its implementation will not be verified in the field.

As explained in the legality review, none of these documents were valid when existing. Indeed, it is not possible to verify the implementation of a document when a document doesn't exist. Nevertheless, the consultants realized several field visits to have a better understanding of the local situation:

- ICC sawmill in Buchanan (06/08/2020);
- FDA regional office and port of Buchanan (06/08/2020);
- Alpha Logging camp site and operations site (11 and 12/08/2020)

Two legality experts were contracted to conduct the legality review. They were supported by the consensus building expert who also has a legal background and has provided legality services for the forestry (i.e. SGS LVD).

Regular communications were held on both subjects with the FDA, such as:

- Replacement of expert:
 - Letter of Sofreco to FDA on the 07/08/2020;
 - Remind email on the 09/08/2020 with a reply from FDA on the 26/08/2020;
 - Clarification email from Sofreco on the 02/09/2020, without reply from FDA.
- Suspension of field visits:
 - Email sent from J. Laporte to P. Joekolo on the 08/08/2020;
 - Email sent from J. Laporte to P. Joekolo on the 13/08/2020.

5. The Consultant asserted that it did not have access ("not allowed") to the NMSMC and that the NMSMC failed to cooperate with it in setting up a Technical Working Group (TWG) to work with the Consultant. However, it stated that it attended one of the NMSMC.

Comment: The FDA introduced the Consultant to the NMSMC; the Consultant attended one of the NMSMC meeting (July 31, 2019) and had the opportunity to interact with the NMSMC. The Consultant did not request or inquire about the TWG establishment but opted to proceed with a review and lay blame on the NMSMC.

SOFRECO: During the inception mission, the consultants were indeed introduced to the NMSMC but were requested by the FDA not to interfere in the meeting.

During the review mission, the consultants were in the FDA building during the NMSMC meeting but were not allowed to enter the meeting.

Besides, the ToRs and the technical proposal foresaw the implementation of a Technical Working Group within the NMCMC to guide and supervise the consultants. This TWG has never been implemented.

Nevertheless, the consultants met individually with most of the stakeholders of the NMSMC.

Specific Comments

1. **Reference to 4.1.1** The report indicated that the various laws (CRL/NFRL) were streamline along the VPA. The report needs to be clear as to whether the Laws are streamline along the VPA process or the VPA process streamline along the various laws within the forestry sector as should be the other way around not as reported (NGO Coalition)

SOFRECO: This clarification will be made in the revised report. The VPA matrix was streamlined in relation to the relevant laws governing the forestry sector. Therefore verifiers/indicators that were repetitive were consolidated and verifiers/indicators that were made obsolete due to changes within the national legal framework were removed to create the review checklist (see section 4.1.2 “Rationalization of the Legality Matrix” in the review report).

2. **Reference to 4.1.2** The report stated that certain criteria were redundant. The report needs to be clear as to which criteria were made redundant and what the reason for such redundancy was. (NGO Coalition)

SOFRECO: The analysis of the legality matrix is presented at section 4.1 of the review report (“Adaptation of the legality matrix”). The presentation of all redundant criteria could be explained in 2 days work by the legality expert.

As an example, the following documents (used as criteria) are requested several times amongst the legality matrix:

- Tax clearance;
- FMC Contract;
- EPA inspection report (requested 4 times);
- FDA annual compliance audit report (requested 4 times);
- Ministry of Labour Inspection report (requested 6 times).

3. **Reference 4.2.1** The report stated that all 4 CFMAs assessed did not have the relevant documents; articles of incorporation, Business registration and other which are very vital to the operation of any Authorized Forest Community in Liberia. The report needs to state whether the consultant reached out to CFMBs and NUCFMBs as well as companies both in Monrovia and on the field and was denial access to these documents. Email and letters substantiating their claims should also be annexed in this report. (NGO Coalition)

SOFRECO: This work was conducted on the same basis as per the FMCs and TSCs. Collection of information initially made on LiberTrace (as per the technical proposal), then meetings held with companies and FDA.

4. **Reference Table 12** -The report needs to clarify what N/A represent in the context of this report and clarify the grading system what each letter A-C represent in the scoring process.

SOFRECO: See explanations at Section 3.3 for A-C scoring system. N/A means Non-Applicable.

5. **Reference Table 14** - 3.3.2 the report stated that the consultant was unable to get the list of CFDCs and CFMBs assessed. The report needs to clearly say who and when it reached out for the listing and reasons provided for not accessing the listing. What further measure(s) was instituted and documented? (NGO Coalition)

SOFRECO: Further clarification needed. Table 14 “Compiled results against principle 3”, indicator 3.3.2 shows that 4/4 assessed CFMAs provided the necessary documents.

6. **Reference Page 48.** The report stated that FDA verified cash given out to communities by companies in the field. The report needs to cite example of said process (names and instance) and at what level of authority did the FDA verified cash transfer between the communities and the companies. (e.g. senior, junior, middle staff). (NGO Coalition)

SOFRECO: This was recorded during the meetings held with the companies and the FDA. We have not asked for names as it doesn't meet the requirements of the VPA stating that it shall be done by bank transfer instead of cash.

7. **Reference Pages 14 & 25**, the scope of work as in the TOR called for the visitation of 5 FMCs, 2TSCs and 4 CFMAs. However, page 14 of the report stated that the consultant managed visit only 1FMC and a sawmill. The consultant we believed is aware of the situation in Liberia during the raining season and bad road network. The consultant further wrote an email and verbally informed the FDA rather than having a one on one discussion for the cancellation of field visits. The report needs to state whether the email and verbal communication to the FDA was responded to or approved by the FDA to cancel the field trips. (NGO Coalition)

SOFRECO: See reply for question 4 regarding field visits. This was discussed several times verbally and by email with our FDA counterparts during the mission. A final email was sent on the 13/08/2019 to Mr. Joekolo to inform him that no other field visits would be conducted due to the rainy season. No reply was given to this email.

8. The report provided many long-term recommendations for mitigating the situation, but it did not provide any short-term solution or remediation for breach and violations or noncompliance by companies. The report should provide a short-term recommendation for immediate actions and mitigation or penalty as enshrine in relevant laws of the sector E.g. Norway agreement calls for non-performance-based agreement to be canceled. The report needs to provide long term sustainable action that would ensure enforcement, compliance, accountability, legality and transparency in the sector with punitive measure against breach of the laws and non-compliance. The report should clearly state what action in line with the relevant laws should be taken against companies who are in non-compliance or violation as cited within this report. (NGO Coalition).

SOFRECO: See reply for question 1 (additional table law regarding sanction).

A. Relative to Legal Existence and Eligibility (FDA Comments):

- i. FMC: The Consultant reviewed three FMCs for award processes, five for implementation and enforcement, and one was considered "terminated."

Comments: The FDA has terminated no FMC. FDA does not have the authority to terminate an FMCs except as provided by Law (provisions within the contracts or other laws). The Consultant mentioned that four of the five FMCs were compliant with the ownership declaration requirement

but said that only two of the five provided shareholders listing. We are concern about how practical this conclusion is because the declaration of the four companies provides an information source for determining shareholder's list.

The Consultant conclusion could not support its findings on the eligibility of these companies. The team determined that all five companies reviewed had articles of incorporation and business certificates, declared their ownership. Only two had a shareholder lists/beneficial ownership, with one declaring the lack of prohibited persons.

SOFRECO: EJ &J's status will be updated in the revised report.

The review team found that the declarations did not include all necessary information in all instances (e.g. stakeholder listings and beneficial ownership). The pre-qualification requirements for the award of forest licenses found in FDA Regulation 103-07 requires companies to provide information to FDA of all significant individuals which includes

- 1. All members of the board of the corporation.
All holders of offices created in the corporate bylaws.**
- 2. All individuals who have effective control over at least ten percent of the voting stock of the corporation, either through direct ownership or through direct or indirect control of the voting of other stockholders.**
- 3. All individuals authorized to withdraw funds or sign checks on the corporate bank accounts.**
- 4. All individuals authorized to transfer ownership of corporate assets worth more than US \$10,000, including individuals authorized to pledge those assets as security.**
- 5. All individuals presently entitled to receive, directly or indirectly, more than US \$10,000 per year from the corporation in interest payments, and all individuals to which the corporation owes, directly or indirectly, more than US \$100,000 in principal.**
- 6. All individuals who have received in the last two years, or can reasonably be expected to receive in the coming two years, more than US \$25,000 from the corporation from sources other than current employment or sale of goods or services at fair market value.**

The provision of this information allows FDA to carry-out its due diligence assessments under Regulation 103-07 ensuring that the contract holder is not barred from applying for forest licenses.

- ii. TSC: The two TSC reviewed were compliant with all other requirements except that the two companies did not declare their ownership. However, they had a complete shareholder listing, which is by default an ownership declaration, and one company had a notarized declaration that prohibited persons were not shareholders/owners.

Comment: The FDA recognizes the gap in information and considers corrective measures.

- iii. CFMA: The community forest legal framework does not support the requirements used to measure the legal existence of Community Forests. For example, Community Assembly (CA) and Executive Committee (EC) are not initiators of community forest establishment. The Community established the CA and EC after the application for Community Forest Status. Each of the

community forest reviewed has a community forest application by an interested party or persons/group from the Community. The legal framework does not include a requirement for an approved application from the CFMB because the CFMB is not in existence at the time of the application. Also, all community forest has a Community Forest Management Agreement (CFMA), and no community forest is allowed forest management rights without first signing a CFMA. All CFMAs are presented to the FDA Community Forest Department and filed. There is also no MOU or social agreement requirement (independent) under medium and small CFMAs. The Third-Party Agreement suffices when communities are not self-managing. As part of that Agreement, the Community and their third-party agent memorialize all their contractual obligations, be it social, financial, or general operational.

Comments: The review framework deployed is not in sync with the community forestry legal framework. Therefore, its conclusions do not provide a clear assessment of the legal existence of community forests.

SOFRECO: The review was completed based on the VPA framework as per the technical proposal. Principles 1 and 2, focused legal existence/recognition and forest allocation respectively were not applied to CFMAs as the criterion as the related indicators and verifiers were not supported by CRL or CRL Regulations. Therefore, an assessment of legal existence of CFMAs was not conducted.

This separate assessment, outside of the VPA framework can be conducted within an additional five days (see excel file).

9. Relative to Forest Allocation (FDA Comments)

- a. FMC/ TSCs: FDA has stated the unfortunate situation of managing its records during its relocation from Monrovia to its permanent headquarter in Paynesville. While this may result in a wrong conclusion that companies did not meet the allocation requirements, it is safe to say that the PCC provided letters of no obligation for each FMCs. Those FMCs were all enacted into Law by the Liberian Legislature.

10. Relative to Social Obligations (FDA Comments)

- a. FMCs/TSCs: CFDCs establishment is automatic and based on the existence of a concession(s) in an area. All government holdings/contracts have CFDCs. All the FMCs/TSCs have CFDC, and the signing of a social agreement is a condition precedent for any concession commencing its felling operations. There is also a national union of CFDCs that is recognized by the authority. Issues raised with formal payment mechanism and increase transparency is valid and attracts our attention.
- b. Relative to CFMAs, third party contracts and not necessarily social agreements are negotiated and agreed by the communities and their partner. It is essential to note the different rights issues associated with TSC/FMC and CFMA. TSC/FMC communities are project-affected communities, while CFMA communities are owners. Social Agreement is a stand-alone document in the legal framework for TSC/FMC and is not a stand-alone requirement for CFMAs since they are owners.

Comments: The Consultant assessment of TSCs/FMCs and CFMAs social obligations using the same standards has no support in the legal framework for managing community forests. The assessment does not support the Consultant conclusion that no CFMA is compliant with social responsibility. Its assessment found that third party operators Mandra and Blooming Green are

compliant with all the requirements and that although Akewa and Sing Africa were not fully releasing funds, there was overall compliance

SOFRECO: Indeed, the consultant states that none of the CFMAs was “fully” compliant

11. Relative to Forest Management (FDA comments)

- a. FMCs: The report identifies that only two concessions (FMC) have developed an SFMP, although those plans are not compliant with the Forest Management Planning Guidelines. We acknowledge that most companies have not developed an SFMP after the initial four years of operation but have continued to operate based on five-year plans. These plans provide a harvesting framework. However, **to enhance forest management, all forest harvesting must be supported or informed by an SFMP.**
- b. TSCs/CFMA: It is essential to note that the SFMP requirement, as spelled out in the Guideline on forest management planning, does not apply to community forest and TSC. The Government/FDA award TSCs license on land that should be in transition to other land uses, including agriculture. The review, however, mentioned that three of the four CFMAs had management plans but did not meet the "official requirements." While the reviewer adopted its "official requirements" for this review, the FDA is developing guidelines for Community Forestry because the peculiarities of the CFMA, makes it different from those of the CFMA.

Comment: The FDA is currently developing a guideline for Community Forestry. The FDA acknowledges the lack of SFMP for many FMCs and stresses the need to move on from planning for every five years, as is currently the case to a long-term planning requirement of the SFMP

12. Relative to Timber Transportation and traceability (FDA Comments)

- a. The Consultant was unable to assess transportation and traceability because no company was operating during its mission. However, it concluded that no FMCs, TSCs, and CFMA in compliance because they did not make timely felling declarations. This analysis is faulty, and the team's assessment must have supported its conclusions.

SOFRECO: These conclusions were made based on the information verified on LiberTrace (Timber trace traceability database) and meetings with SGS and FDA. A significant amount of declarations have been also checked by SOFRECO to issue this statement.

13. Relative to compliance with LEITI Recommendations (FDA Comments)

FDA implemented the recommendations on not including private property in government concessions and the procurement process for TSCs because it has not awarded any FMCs/TSCs since 2012. Consultant needs to correct its conclusion that FDA did not implement this LEIT recommendation.

SOFRECO: As no new FMCs/TSCs were awarded since 2012, these conclusions refer to contracts awarded before this date. There have been no amendments to these forest contracts to exclude the relevant private property.

14. Relative to the Consultant's General Recommendations

- i. The Consultant was to utilize two processes in conducting the Concession review. Review Concession Agreements or forest resource licenses and Correcting illegalities identified by instituting

joint collective dispute resolution mechanism or the termination of contracts in gross violation. Despite the lapses identified in the Consultant report, its recommendations provide an excellent framework for achieving this, except that the process should not create additional bureaucracy as recommended in 7.1.3.

- ii. The recommendations on strengthening the legal and regulatory framework should acknowledge the statement of transparency that the Government of Liberia has sent by its commission of this review. Additionally, the TOR tasked the Consultant with designing and implementing a dispute resolution process for noncompliant issues. The Consultant should implement this as part of 7.3 4 (We recommend that the government of Liberia, re-states its commitment to sustainable forestry by developing and implementing an action plan for the resolution of non-compliance issues outlined within this report).

15. **(VPASU 2)** The report did not seem to sufficiently respond to the review of legality of the concession allocation process called for in the TOR's expected outcomes. The use of the VPA Legality Matrix (LM) to assess the present situation may not be enough given the need to update the LM to incorporate CMFAs, new laws and regulations among others. The VPA process has recognized this situation and is in the process of updating the LM. Regarding LM Principle 1 (Legal Existence), the report states that the "legal existence/ recognition and eligibility of contractors could not be assessed". The review team recognizes not having enough access to information, which weakens the overall review process. To strengthen the report, findings may need to be specified by contractor indicating information not found by the team so that contractors and GoL can respond accordingly. Regarding Principle 2 (Forest Allocation), the report states that most documents to be shared by FDA could not be found. Again, the report needs to reflect what documents are missing for the contractors and GoL to respond. The concession review seems to be pending to render its opinion if the award process is legally consistent in reference to legal framework and the PPCA, if competition requirements were met, if documents were completed by the awardees and what documents are still pending by the GoL. It may be necessary to specify the legality of the concession awards on a case by case to address them accordingly since each contract is different.

SOFRECO: See available ("A" and "B" classification) and non-available ("C" classification) documents per company in the exhaustive report (See chapter 6 "Legality review per contract").

16. **(VPASU 2)** The review report confirmed what is already known to most key private sector, civil society and Government stakeholders, adding little information that could be used for completing the legal review of the allocation process
17. **(VPASU 2)** The TORs do not call for a review of the Legality Matrix (LM). The review team seems to have ignored how the VPA process works in Liberia and what has been already agreed upon by stakeholders to update the LM to incorporate already known needed changes (e.g. CFMAs, new laws and regulations). The recommendations provided by the team to update the LM may need to be formally channeled through the VPA process to be considered.

SOFRECO: See section 7.2 of the Review report "Recommendations for strengthening the Legal and Regulatory Framework"

18. **(VPASU 2)** The VPA process has identified a list of documents that cannot be found through the concession allocation process. The report does not reflect on additional missing documents or processes not being followed to provide recommendations for the GoL to follow up. The report does not discuss if the existing framework for the award process is legally sound or if adjustments are needed to the existing legal framework to allow for improving transparency, competition, others needed to strengthen future awards.

SOFRECO: Recommendations on improving transparency and competition will be included in the final report.

19. **(VPASU 2)** Regarding LM Principle 3, Social Obligations, the team findings did not indicate the progress made to establish a functioning National Benefit Sharing Trust that has received since 2015 over US\$2.3 million from the GoL on behalf of affected forestry communities. Moreover, the report does not clearly differentiate between the cubic meter fees being paid directly by contractors, and payments for land rental fees paid to first the GoL and then to the NBST on behalf of the affected communities organized under 23 Community Forest Development Committees (CFDC). Additional benefits being captured through the Social Agreements between FMC and TSC are not referred to (roads, clinics, schools, wells, employment, other). Moreover, the report does not specify that there are two types of social benefits: one received by CFDC through Social Agreements, and another type is received by CFMA from Third Party Operators through using Commercial Use Contracts. Liberia has made significant inroads respecting social benefits as compared to other African countries. Social benefit costs are a significant expense incurred by FMCs, TSC and CMFA's Third Party Operators and this is not sufficiently discussed in the report as part of the positive contributions by the concessionaires.

SOFRECO: This clarification will be included in the final report.

20. **(VPASU 2)** The report does not make references to reviews and reports that have been conducted on LiberTrace, and what additional elements need considering to continuously improve the COC System. The conclusion that LiberTrace is a repository of documents that is "globally empty" needs to be clearly documented since this conclusion is inconsistent with other reports indicating that LiberTrace is the main repository of documents in FDA backing up the traceability and export process. Moreover, the conclusion asserting that "export licenses issued through the system (LiberTrace) are used to whitewash the wood exports from Liberia" needs to be clearly documented in the report for the GoL to verify and respond accordingly.

SOFRECO: more info will be provided in the final report.

21. **(VPASU 2)** The issue of arrears and agreements reached between LRA and concession holders is not sufficiently discussed to clarify what debt proportion has or not been negotiated for future payment.

SOFRECO: this is not sufficiently discussed as the documents formalizing these negotiations are inexistent and / or were not provided (several emails and meetings held with the LRA).

22. **(VPASU 2)** The report does not discuss which of the 7 FMCs may or not complete the 25-year concession contract based on their balance of commercial forests and apparent financial situation. There is a significant risk for the GoL that part of these concessions could be abandoned short of the 25-year contract due to

insufficient commercial forest resources and or financial incapacity to implement the concession contract. The review does not consider existing conditions that from the 7 FMCs, two (2) concessions (LTTC and AJ&J) have practically exhausted their commercial forests. Three (3) concessions (ICC, Alpha, Atlantic) may have about 10 more years of commercial forest left. Two (2) concessions (Giblo and Euro Logging) seem to have enough commercial forests to complete the 25-year concession contract. All these time resources are estimates by the author but the concept of baseline forest resources to project how long and if the concession contracts can be fulfilled is not discussed in the report.

SOFRECO: The consultant was not there to assess whether there was still potential forest resource or not but to assess the legality compliance of the companies. In any case, and even if there is no forest resource left, there is a need for legality compliance and for sound forest management.

- 23. (VPASU 2)** The report does not discuss the significant differences in the allocation process between CFMAs and FMCs but rather review all concessions almost under the same framework, this despite that each have different allocation processes and laws. The Legality Matrix is still to include CFMAs, hence being insufficient to conduct a deep review through it.

SOFRECO: The assessment was conducted using the indicators and verifiers specific to each type of forest contract. The VPA framework needs to be updated to include developments in community forestry.

- 24. (VPASU 2)** The difference between the length of 15-year contract for the CFMAs as base for 15-year cycle as oppose to the required 25-year cycle for commercial forestry under sustainability principles, need to be fully discussed to prevent awarding CFMAs who can become a backdoor to unsustainable logging. The shorter cycle could also make forests managed under CFMAs into conversion forests in violation of the forestry law NFRL of 2006. The risk of not achieving sustainable harvesting seems higher for CFMAs than FMCs. In Ghana, with similar forests to Liberia, a 40-year harvesting cycle is being used. These considerations may be significant in review of CFMA concessions.

- 25. (VPASU 2)** Also not discussed if it is financially viable to award CFMAs that contain less than 10,000 hectares of commercial forests, and this being the case, if the award process merits a review under the existing regulations. Also not discussed is the potential land conflicts when the Land Rights Act of 2017 is implemented in reference to the Community Rights Law of 2009

SOFRECO: Agreed, although this is not part of the ToRs / proposal to review the legality of forest concession.