

Atty. Martus Bangalu  
Deputy National Authorizing Officer  
Office of the National Authorizing Officer (ONAO)  
Ministry of Finance and Development Planning (MFDP)  
Executive Mansion Grounds, Capitol Hill  
Monrovia, Liberia  
E-mail: mbangalu@mfdp.gov.lr; naoliberia@mfdp.gov.lr

Cc:  
Hon. C. Mike Doryen,  
Managing Director  
Forestry Development Authority (FDA)  
Whein Town, Mount Barclay, Paynesville City, Liberia

Cc:  
M. David PALACIOS Garcia de la Rosa  
Programme Manager Forestry, Environment & Natural Resources  
Delegation of the European Union to Liberia  
37, Sékou Touré Avenue, Mamba point, Monrovia, Liberia

November 5, 2019

**Your ref.: Efficiency of the FLEGT licensing scheme and effectiveness of the Legality Assurance System assessed through the services of an Independent Auditor - EuropAid/137659/IH/SER/LR**

**Our ref. : R2004/MBH/1289**

**Subject : Urgent situation in TSC A2**

Dear Ms. Bangalu,

We are herewith using our official communication channel through your Office to formally bring this information to the knowledge of the FDA Managing Director, to the Government of Liberia and to the VPA implementation partners, without waiting for our main audit report to be submitted, since we think it requires urgent attention.

Shortly ahead of our planned field audit in TSC (Timber Sales Contract) A2 located in Compound #1, Grand Bassa County, owned by Tarpeh Timber Corporation, we were informed that the logging operator Renaissance was fined USD 100'000 on January 11, 2019, for felling trees outside of the concession area.

Our objective was to acquire sufficient understanding of the situation to assess whether the responsible FDA divisions, mostly Commercial Forestry Department (CFD) and Legality Verification Department (LVD) staff from both Region 3 and Head Office, had fulfilled and were still fulfilling their responsibilities in a trustful and efficient manner.

We collected as much evidence of the incident as possible, through documents, interviews and field observations. We tried to reconcile facts, figures, COCS data from the field and in the LiberTrace system, places, chronology etc.

As a result, we must state that this has proved to be a difficult and inconclusive exercise and will remain so, if no further investigation is conducted.

The administrative situation of TSC A2 is largely uncontrolled as can be judged:

- The TSC has been extended several times since it was first allocated in 2008 (initially for 3 years, as for all TSCs). Currently, the rationale behind the creation of the TSC A2 is no longer available;
- The ownership of the concession has passed from father to son;
- The logging company Renaissance was sold to another company Freedom Group Liberia, Inc.;
- The company name 'Renaissance' was just replaced with 'Freedom Group' in many instances in LiberTrace and without any evidence that formal protocols were followed, leading to such substitution;
- Two Freedom Groups have been created in LiberTrace (by mistake we are told, but this has not yet been corrected);
- Two TSC A2 have been created in LiberTrace (which we are told could disappear if the "second" Freedom Group is removed);
- The legally required documents, where existing and valid, since 2008 for some of them, are scattered in different places within LiberTrace; and
- The traceability links are said to be broken between the old and the new company;
- Since the sale to Freedom Group, there has been a significant change in key positions in the company. This further complicated our ability to gather field evidence of the history of events since the felling commenced outside the boundaries of TSC A2.

Bringing clarity into a whole exercise like this one cannot be completed in the time allocated for a field audit; nor is it the role of the Independent auditor beyond reasonable efforts:

- There is no clarity why the fine was settled at the level of USD 100'000. It is also unclear to the IA whether a fine of such magnitude lies within the jurisdiction of the FDA or whether it should not have involved the Ministry of Justice;
- The volume of felling (reportedly) declared under 'Special Felling' in LiberTrace amounted to roughly 14'000 m3 of logs, of which 11'000 m3 have been allowed for export (with Export permits), 9'000 m3 have actually been exported, hence 5'000 m3 must remain "in stock";
- There is no clarity why the logs were not confiscated in the first place, in accordance with Regulation 118-17 on 'Confiscated Logs, Timber and Timber Products' (that was officially gazetted on October 24, 2017 and has been enforceable ever since);
- Only 2 of 11 stumps we found in the forest had a tree tag affixed to them, 4 old log tags found on logs were not traceable in LiberTrace, and new log tags are being put onto logs now being extracted (in the last two weeks, at the initiative of Freedom's new CoC Manager) but have not yet been declared in LiberTrace;
- None of the company staff could indicate what quantity of logs is yet to be extracted from the forest, and where all the trees were felled at the time, so as to try to make up for the declared volume. Field staff informed the audit team that felled trees are present over a very large area and that their tree finders still have to be sent to locate the felled trees;
- There is a necessity to review the authenticity, issuance, and content of all export permits.

What's more, we were informed that felling has continued after the fine was paid, up to April this year, making the real magnitude of the violation and of the loss in revenues for the Government largely unknown.

LVD CoC inspectors inspected the logs for export, but not beyond the company log yard in Compound #1. The audit team was informed by the FDA Region 3 Regional Manager that he had a log scaler on site for some months, but there is no evidence of any reporting related to TSC A2. The evidence at hand to the IA thus suggests that neither any CFD staff nor LVD auditors have ever reported on the forest itself; and there is no indication that forest visits were scheduled to TSC A2. The case was initially made known to FDA upon a denunciation.

Nothing has therefore really prevented felling to be still continuing after April, and we are told that local communities tend to collaborate with operators rather than report them.

The IA questions, what would have happened if the incident had not been uncovered? The mere fact that an operator took the risks of felling such an important volume of logs illegally provides a high probability that the operator was confident in the possibility to export the illegal logs, which raises questions for further consideration.

In view of the magnitude of the illegal operation, of the lack of clear information in many respects, and of the risks that the disorder could continue around TSC A2 and, similarly, potentially in other places in Liberia, we strongly recommend that the whole area be placed under control of the FDA, all logs seized, the company's documents and computers inspected or seized (the former CoC Manager of Freedom, who we understand did retroactive tagging, and the new CoC Manager have been using the same computer where all the company's old and recent records are stored), and a formal investigation of the case conducted. It is our further suggestion that external technical assistance from VPA SU and EFI could be brought in, to design a technical methodology and oversee its implementation.

This advance information will also be included in the coming audit report related to this mission.

Yours faithfully,



Mr. Antoine DE LA ROCHEFORDIERE  
Team Leader,  
Independent auditor FLEGT LAS Liberia  
Mob: 00231.881.119.478  
E-mail: [antoine.delarochefordiere@sofreco.biz](mailto:antoine.delarochefordiere@sofreco.biz)  
Skype : antoine.rochefordiere