



**FOREST POLICY TRADE AND FINANCE INITIATIVE**  
REPORT | JULY 2020

# **COMMUNITY BENEFITS SHARING IN THE FORESTRY SECTOR: LIBERIA'S LEGISLATIVE FRAMEWORK & TRACK RECORD ON SHARING LAND RENTAL FEES FROM COMMERCIAL FORESTRY, 2007-2019**

FOREST TRENDS





## Acknowledgments

---

We thank Ikemefuna Eronini for his assistance with the research, Kerstin Canby for commenting and preparing the manuscript, and Naomi Basik Treanor for her contributions to editing. Nora Garmai Bowier, Matthew Walley, and Prof. John Woods were critical in obtaining information on the NBST. Andrew Zelemen of the National Union of CFDCs, Theodore Nna of SGS, and the Liberia Revenue Authority offered insightful comments on early drafts. Thank you to Grace Cook for layout and formatting. This report was financed by the UK Department for International Development (DFID). The views expressed in this publication reflect those of the author, and do not necessarily reflect the views of external reviewers nor those of Forest Trends' donors.

---

# Table of Contents

**Acknowledgements** ..... 2

**Acronyms** ..... 4

**Executive Summary and Findings** ..... 5

**Background** ..... 7

**Section I: Summary of the Current Legislative Framework Governing the**

**1 Forestry Sector** ..... 8

    1.1 Forestry Policy and Implementation Strategy ..... 8

    1.2 National Forestry Reform Law ..... 8

        1.2.1 Monitoring and Reporting Requirements of the NFRL ..... 9

        1.2.2 Subsequent Changes to NFRL and How These Interpretations Reduced Community Benefits ..... 9

        1.2.3 Integration of Law into Regulations ..... 9

        1.2.4 Transparency and Accountability ..... 11

**2 Section II: Liberia’s Track Record on Benefits Sharing in the Forestry Sector** ..... 13

    2.1 Forest Policy & Implementation Strategy ..... 13

    2.2 Analysis of Forestry Company Payments ..... 14

        2.2.1 SGS ..... 14

        2.2.2 LRA ..... 14

        2.2.3 LEITI ..... 15

        2.2.4 Analysis ..... 15

    2.3 Analysis of Fees Paid to Affected Communities ..... 18

**3 Recommendations** ..... 20

**Works Cited** ..... 22

**Annexes** ..... 24-28

    Annex 1: Payments reported by forestry companies to the GoL; underpayments (FY10&11); and arrears by January 2019 ..... 24-25

    Annex 2: Additional Information on Annual Bid Process ..... 26

    Annex 3: Licenses register provided by FDA, FY2016 & 17 ..... 27

    Annex 4: List of forest permits in Liberia, from SGS quarterly agreement performance updates; December 2018 ..... 28

**List of Figures**

Figure 1: Total area-based fees projected from logging concessions, reportedly collected by the GoL, owed to communities, and paid to communities (US\$ million) ..... 6

Box 1: Consequence of eliminating the land rental bid premium ..... 10

Figure 2: Conflicting reporting on payments by the GoL: LRA vs LEITI ..... 15

Figure 3: Reported payments of forestry fees relevant to community benefits-sharing (US\$ million) ..... 16

Figure 4: Extract from FDA bid submission forms used when allocating FMCs and TSCs ..... 26

**List of Tables**

Table 1: Revenue (US\$ million) reported by the LRA from the forestry sector ..... 14

Table 2: Number of forestry companies operating in Liberia and reporting to the LEITI between 2007-2017 ..... 15

Table 3: LEITI reports of benefits shared with communities by logging companies in Liberia, outside the NBST ..... 17

Table 4: All payments made by the Government of Liberia to the National Benefits Sharing Trust ..... 18

Table 5: Area-based payments (US\$ millions) shared with communities affected by commercial logging through the National Benefits Sharing Trust (2007-2018) ..... 19



## Acronyms

---

<b>CFDCs</b>	Community Forestry Development Committees
<b>CSR</b>	Corporate Social Responsibility
<b>FDA</b>	Forestry Development Authority
<b>FMCs</b>	Forest Management Contracts
<b>GoL</b>	Government of Liberia
<b>LEITI</b>	Liberia Extractive Industries Transparency Initiative
<b>LRA</b>	Liberia Revenue Authority
<b>LVD</b>	Timber Legality and Verification Department
<b>M&amp;E</b>	Monitoring and Evaluate
<b>MoF</b>	Ministry of Finance
<b>MOU</b>	Memorandum of Understanding
<b>NBST</b>	National Community Benefit Sharing Trust
<b>NFF</b>	National Forest Forum
<b>NFRL</b>	National Forestry Reform Law
<b>PAPD</b>	Pro-Poor Agenda for Prosperity and Development
<b>PPCA</b>	Public Procurement & Concessions Act

---

# Executive Summary and Findings

*Liberia's legislative framework explicitly requires that communities impacted by logging should also share in the benefits of the commercial activity. This briefing summarizes the legal requirements on benefits sharing and then analyzes Liberia's track record implementing this framework since resumption of logging after the country's civil war.<sup>1</sup> The forthcoming National Forest Forum and subsequent efforts can use this analysis to improve the efficiency of Liberia's community benefits-sharing mechanisms.*

A basic principle in the Government of Liberia's (GoL) policies, laws, and regulations for the forestry sector is that those who suffer from the negative impacts of logging should also share in the rewards. Revised after the last civil war, Liberia's legislative framework is grounded in a standard of equity, and thus, is consistent with President Weah's *Pro-Poor Agenda for Prosperity and Development* (PAPD), especially the pillars of *economic empowerment and power to the people* (GoL 2018).<sup>2</sup>

Liberia's revised *Forestry Policy and Implementation Strategy* and the *National Forestry Reform Law (NFRL)* of 2006 outline the benefits to which affected communities are entitled, including:<sup>3</sup>

- Harvest-based fees (i.e., stumpage of at least \$1/m<sup>3</sup>); and
- 30% of all area-based fees (e.g., the base land rental of \$2.50/hectare/year for large concessions, and \$1.25/hectare/year for smaller ones).

The area-based fees must go through a *National Community Benefit Sharing Trust* (NBST) that allocates funding to *Community Forestry Development Committees* (CFDCs), which submit applications for community projects, such as the construction of primary schools or guesthouses. Harvesting fees, however, may be deposited directly by Liberia's Forestry Development Authority (FDA) into escrow accounts, that the CFDCs can access.<sup>4</sup>

The FDA, the government agency with the responsibility to manage Liberia's forestry sector, is required to audit and report annually and publicly on all payments by logging companies. Because the FDA has no public reporting, however, almost all the data for this analysis were generated from the Liberia Extractive Industries Transparency Initiative (LEITI), SGS (an independent monitor of timber exports contracted by the GoL, and the Liberia Revenue Authority (LRA).

Implementation of the legislative framework has been weak, and over time, the laws themselves have been revised in ways that have reduced the revenues collected and, thus, that are available both to the central government as well as affected communities:

<sup>1</sup> This briefing only covers logging on land claimed by the State; logging on privately owned land, including communities' forests, is governed by separate laws and regulations. Likewise, this briefing covers only community benefits sharing, and not benefits sharing with counties, which is also required by law.

<sup>2</sup> Liberia's forests have the "potential to significantly contribute to poverty reduction and economic growth" and are considered "a vital source of food, medicines, building materials, and ecosystem services" in Liberia's Agenda for Transformation, which is a medium-term development plan in support of Liberia's national vision, *Liberia Rising 2030* (World Bank 2018).

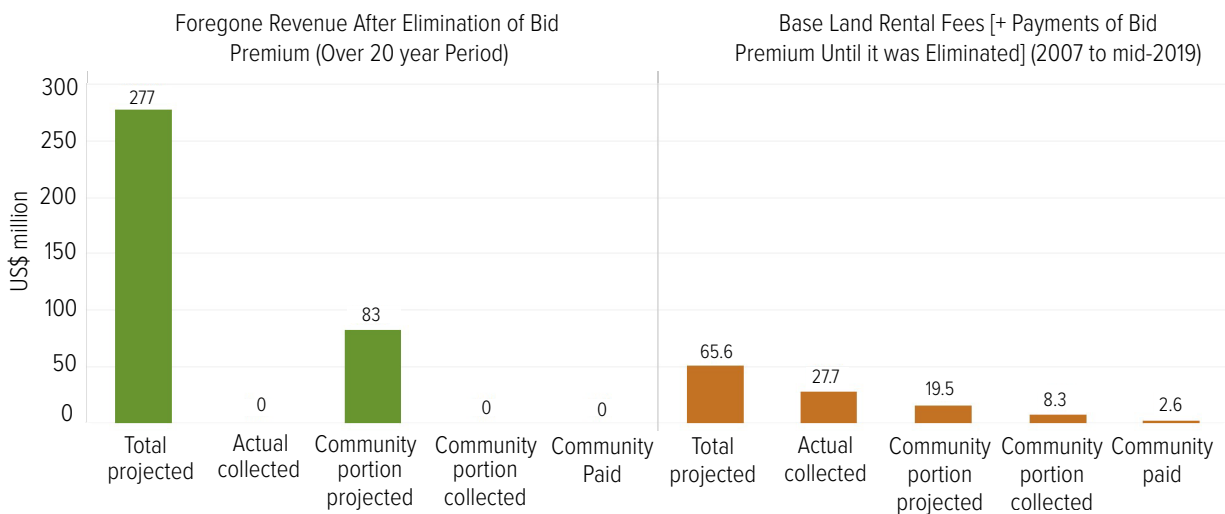
<sup>3</sup> All amounts in this briefing are in US\$, unless otherwise noted. Figures are not adjusted for inflation.

<sup>4</sup> At present, however, it appears that some operators are making deposits directly into the CFDCs of the affected communities.



- Logging concessions were allocated through competitive bidding, but when the government eliminated the bid premium in 2013, the result was foregone revenue in excess of \$277 million over 20 years (Sustainable Development Institute 2014)<sup>5</sup> – \$83 million of which would have gone to communities.
- The government apparently has failed to collect at least half of the base land rental fees due from logging companies. While \$27.7 million in area-based fees has reportedly been collected by the LRA by mid-2019 from logging companies, the arrears may be more than \$37.6 million. If all land rental fees had been collected (\$65.6 million), by law, 30% (or more than \$19.6 million) should have gone to communities.
- But even of the \$27.7 million reportedly collected, by law, \$8.3 million (30%) should have been transferred to the NBST to be disbursed to communities. However, only \$2.6 million has been transferred to date; the government is more than \$5.5 million in arrears to the NBST, and thus, communities.
- After more than a decade of logging, and if the full \$65.6 million in area fees had been collected, communities could have realistically expected to receive at least a total of almost \$20 million – or seven times more than they have received. If the bid premium had not been eliminated, communities would have received an additional \$83 million over the next 20 years beyond the base land rental.

**Figure 1 | Total area-based fees projected from logging concessions, reportedly collected by the GoL, owed to communities, and paid to communities (US\$ million)**



Source: LEITI data; NBST data

<sup>5</sup> The NGO Coalition (2014) estimated: “[b]ased on the figures presented in the SGS Chain of Custody Financial Updates, the annual Land Rental Bid on FMCs is slightly less than US\$10 million. The Government of Liberia through this law therefore opted to waive just under \$200 million” from The Act to Abolish the Bid Premium & its implications for Liberia’s revenue flow.

# Background

Commercial logging resumed after the United Nations Security Council's (UNSC) sanctions on Liberia were lifted in 2006. During the last civil war (1999-2003), the UNSC sanctioned timber imports from Liberia because of the role the sector played in undermining regional peace and security. The timber sanctions were maintained until, under the then-newly elected government of Ellen Johnson Sirleaf, the UNSC determined that Liberia had successfully achieved “full authority and control over the timber producing regions” and that “Government revenues” from the timber industry “are not used to fuel conflict...but are used for legitimate purposes for the benefit of the Liberian people, including development” (UNSC 2003 §11).

In order to review the forestry sector's behavior and to help ensure that they would meet the UNSC conditions in the future, Liberia empaneled an 18-member, multi-stakeholder committee (Liberia Forest Initiative, n.d.). At the start of the review, the FDA mapped the areas claimed by 72 logging companies. They found that multiple claims overlapped and, in total, the companies' claims covered more than 2.5 times Liberia's total forest area.

Moreover, the concession review found:

- “Multiple and massive instances of legal non-compliance and mismanagement,” e.g., logging companies were millions of dollars in arrears (they owed at least 84% of taxes due);
- Widespread corruption, e.g., companies made payments directly into President Charles Taylor's personal bank account in return for tax receipts;
- Companies allegedly trafficked weapons in violation of UN arms sanctions; and
- Company security forces, composed of former military and rebel leaders, allegedly committed gross human rights violations.<sup>6</sup>

The review also found that not one claimant could meet the basic legal criteria required to hold a logging concession, even in a single year of operation (Blundell 2008).<sup>7</sup> Thus, in 2006, given that there were no valid, legal claims, President Johnson Sirleaf's first Executive Order declared all logging claims to be null and void *ab initio* (GoL Forestry Sector Reform 2006). Before new concessions could be allocated and logging resumed, the Executive Order required the FDA to ensure that an “integrated set of forest sector reform measure be developed...and implemented and the necessary legislation enacted and regulations passed.”

The post-conflict concession review, therefore, became the basis for the revision of Liberia's legislative framework governing forestry. These revisions included a focus on communities affected by logging and maintained that they should share in the benefits of economic activity. In the public consultations during the formulation of the revised *Forestry Policy*, communities were “vocal in their claims that they are in the best position to be co-implementers of any forest policy, because they already reside in and depend on the forest for their daily needs and subsistence.” They proposed that a Memorandum of Understanding with the government should “establish their participation in timber, wildlife and conservation activities and the sharing of any benefits arising from these activities” (FAO 2006, 9).

<sup>6</sup> The committee recommended the debarment of 17 companies with the most egregious violations.

<sup>7</sup> At minimum, to be 'legal,' a logging operator needed: i) articles of incorporation and a business license (i.e., proof that the company was legally entitled to operate in Liberia); ii) a performance bond; and, iii) a valid contract. An assessment of these 72 companies can be found in Appendix 2.



## 1

## Summary of the Current Legislative Framework Governing the Forestry Sector

### 1.1 Forestry Policy and Implementation Strategy



Source: Arthur Blundell

***A basic principle in the Government of Liberia's policies, laws, and regulations for the forestry sector is that those who suffer from the negative impacts of logging should also share in the rewards.***

Liberia's revised *National Forestry Policy and Implementation Strategy* (2006) focuses on the three pillars of Commercial operations, Conservation, and Communities (ibid). For the Communities pillar, and the one-third of Liberians (1.5 million people) who rely on forests for their lives and livelihoods, the policy emphasizes the importance of poverty alleviation and public participation, in part to ensure that the "potential for future conflict is reduced and the benefits from forestry development are shared throughout Liberian society" (World Bank 2018). The implementation strategy for forest concession management required the sector to "[d]evelop and implement a mechanism to share the benefits from forest concession activities between the government, private sector and local communities."

### 1.2 National Forestry Reform Law

These policy goals were specifically integrated into the NFRL of 2006, requiring the FDA to ensure that a *Social Agreement* is signed between logging operators and affected communities that defines "the parties' respective rights, roles, obligations, and benefits" (NFRL §5.1[f]iii) and the "communities' benefits and access rights" (§5.3[b]vi) (FAO 2006). However, the NFRL does not define "affected community," (European Commission 2012).<sup>8</sup>

As part of these shared benefits, the NFRL provides that communities are entitled to 30% of "land rental fees...associated with the use of Forest Land, including administrative fees and area-based fees tied to Forest Resources Licenses" (§14.2[b]ii).<sup>9</sup> In line with Liberia's *Public Procurement & Concessions Act* (PPCA), logging concessions on land claimed by the State (i.e., Forest Management Contracts [FMCs; >25-year, >50,000

<sup>8</sup> Liberia's VPA's Legality Matrix defines 'affected communities' as those "within 3.0 kilometres of the proposed concession area" (Indicator 2.1). This appears to be based on the FDA's Social Agreements Handbook (Client Earth 2016).

<sup>9</sup> These area fees include: Bid Document Fees (\$10 for prequalification application and \$10 for a prospectus; (FDA Reg. 107-07; §31); Contract Administration Fees (\$1,000 annually; §32); an Annual Coupe Inspection Fee (\$50/km<sup>2</sup>; §34); and, Area Fees (\$2.5/hectare of land subject to the contract for Forest Management Contract; \$1.25/ha for Timber Sale Contracts; §33[a]). The latter is "separate from, and in addition to, the land rental bids offered as part of the competitive bidding process for awarding contracts (§33[e]).



hectare] and Timber Sale Contracts [TSCs; 3-yr, 5,000 ha]) are required to be allocated through competitive bidding, where the winner is the company that submits the sealed bid with the highest annual land rental.<sup>10</sup> (There can be no doubt that the bidders understood that their bid was to be annual. See Annex 2 for further explanation.)

### 1.2.1 Monitoring and Reporting Requirements of the NFRL

Under the NFRL (§18.15[e]), the FDA must conduct annual audits and report “on the Internet and freely accessible to the public” for each FMC and TSC, including:

- The “nature and monetary value of benefits provided to local communities, in total and by community” (§3.4[b]v); and,
- The “amount a [concession] Holder has spent or owes on community benefits” (§18.15[c]ii)

The NRFL does not specify how the Social Agreements need to be reported or published.

### 1.2.2 Subsequent Changes to NFRL and How These Interpretations Reduced Community Benefits

The gains made by communities under the 2006 NFRL have since been eroded through the GoL’s interpretations of the law and through new laws signed by former President Johnson Sirleaf.<sup>11</sup>

The major changes that affected the revenues promised to communities include:

- In 2012, the Ministry of Finance (MoF) and the FDA appear to have decided, “that the bid premium should be considered as a contract-related fee, and not a land rental fee...As such, 100% of bid premiums are retained by central government” (Forest Carbon Partnership Facility 2012, 21).
- In 2013, the legislature passed the *Act to Abolish the Payment of Annual Land Rental Bid Premium on Contract Area* (“Abolishing Act”) which, as the title suggests, abolished the bid premium altogether (Abolishing Act 2013).
- In its place, the FDA was mandated to “levy, through regulations, a special production-based fee (stumpage premium) to compensate for revenue loss associated with the cancellation of Annual Land Rental Bid Premium” (Abolishing Act §2). The law is not clear if affected communities are entitled to 30% of these fees, as they were to the area-based fees. Certainly, to date the NBST has not received any production-based fees.
- The Abolishing Act further states that “[a]ll Land Rental Bid Premiums accrued up to the Fiscal Year 2011/2012 shall be fully paid within a period of 36 months or as shall be agreed with the Authority and the Ministry of Finance” (§4).
- In 2015, the National Union of CFDCs and the GoL further agreed that community benefits should be limited to administrative and area-based fees only.
- The rights of communities were further eroded by the passage of the Act to Govern the Forestry Industrial Development and Employment Regime (effective October 2017) which gives “FMC

<sup>10</sup> The bid premium is on top of the mandatory \$1.25/ha for TSCs and \$2.50/ha for FMCs (FDA Regulation 107-07; §33[a&b]). For the various FMCs/TSCs, the logging companies bid between \$5-\$20 per ha per year as the bid premium for the duration of the contracts (see Annex 2).

<sup>11</sup> “NGOs working in the forestry sector were unaware of the process [to draft a law eliminating the bid premium], and were not invited to participate in a public hearing on the act, while efforts to investigate and engage the process were unsuccessful due to the secrecy surrounding its formulation and enactment.” NGO Coalition. 2014. (see Footnote 5, therein).



concessionaires a grace period of three years...to settle their bid premium arrears, including the possibility of a write-off against any investments they might have made in the wood processing sector” between c.2015 and 2020 (World Bank 2018, 17). It is not clear whether the 30% of the more than \$10 million<sup>12</sup> in area-fee arrears due to communities would be excluded from the write-off provision (Global Witness 2017).

#### BOX 1

### Consequence of Eliminating the Land Rental Bid Premium

When the GOL canceled the requirement for land rental bid premiums in 2013, the seven FMC logging companies were able to keep almost \$14 million in revenue each year from the more than 1 million hectares under concessions. Over the remaining 20 years in the FMC contracts, this would be the equivalent of more than \$277 million (unadjusted for inflation and assuming all companies remained operational), of which affected communities would have been entitled by law to more than \$83 million (see Figure 1). If the arrears granted forgiveness under the *Forestry Industrial Development and Employment Regime* law of 2017 apply to the community entitlement too, then communities will lose even more than \$83 million.

### 1.2.3 Integration of Law into Regulations

The NFRL requires the FDA to create regulations that aid in implementation of the law, including, “[e]stablish[ing] social, economic, and technical procedures for capacity building to ensure that communities can equitably participate in and equitably benefit from sustainable management of the forests” (NFRL §10.1[b]iv).

Identifying Affected Communities and Representation by Community Forestry Development Committees (CFDCs): Forestry Development Authority Regulation (“FDA Reg.”) 104-07 requires the Authority to “identify” (§22[c])<sup>13</sup> and “maintain a list of Affected Communities for each” commercial operation (104-07 §22[d]). Affected Communities are defined as those “whose interest are likely to be affected by Operations carried out under a Forest Resources License” (FDA Reg. 106-07).<sup>14</sup> Interests may be of an “economic, environmental, health, livelihood, aesthetic, cultural, spiritual, or religious nature” (104-7 §2[a]).

Affected Communities must be represented by a *Community Forestry Development Committee* (FDA Reg. 104-07 §22[g]) and logging operators must “negotiate in good faith a social agreement” and obtain “free prior informed consent, in writing” from CFDCs and “subject themselves to independent arbitration should those negotiations not reach a satisfactory conclusion” (FDA Reg 105-07, §22[j]1).<sup>15</sup> Section 33 requires the negotiated social agreement to be freely available on the internet and contain all the elements of a “code of conduct that governs...[t]he rights (including access rights) and responsibilities of members of the Affected

<sup>12</sup> Based on SGS’ estimate of arrears (see Annex 4); in contrast, Global Witness estimated that the arrears totaled more than \$13 million.

<sup>13</sup> FDA Reg. 104-07 offers an opportunity for anyone to ask for a review of “the decision of the [FDA] not to include the community” in this list (§22[e]); indeed, FDA Reg. 105-07 (§32[b]) expands the definition to include all affected communities, even if they are not on the official list prepared by the FDA.

<sup>14</sup> FDA Reg. 106-07 also deals with equal benefits sharing with counties.

<sup>15</sup> The Community Rights Law with respect to Forest Lands (2009; §6.5) requires commercial operations on community lands to pay the land rental and bid premium according to Reg. 107-07 §33[a, b, & e]. Section 9.1 of the Community Rights Law states “[w]here there are conflicts of law existing between the [NFRL and the Community Rights Law], the Community Forestry Law takes precedence.”

Communities” and contractors, their employees and associates.

Payments: In addition to 30% of land rental fees (NFRL §14.2[b]ii), logging operators must pay communities a “minimum financial benefit” that “must equal or exceed \$1 per cubic meter of Logs harvested annually” (FDA Reg. 105-07 §34). Operators shall “post an annual performance bond to assume payments of amounts due the Government, including taxes, fees, damages, and penalties” equal to 50% of expected government revenue (not including the land rental fees), but not more than \$1 million (FDA Reg. 104-07 §61[a]). If the operator transfers its license, “the new Holder is liable for all taxes, fees, debts, and obligations owed” (§71[d]).

Harvest-fees are to be paid quarterly “into an interest-bearing escrow account that the Holder shall maintain in trust on behalf of all Affected Communities” (FDA Reg. 105-07 §33[a]3).<sup>16</sup> The area-based fees must go through the NBST<sup>17</sup> “to hold and manage all funds received for the sole benefit of Affected Communities” (FDA Reg. 106-07 §33[a]1).<sup>18</sup> These “funds are considered the property of the community, and are to be held in trust until such time as the committee requests the funds” (FDA Reg. 111-10 §14(a)).

The NBST, through its secretariat and Board committees, must review proposals from affected communities, make grants, and then monitor and evaluate (M&E) implementation by the communities (FDA Reg. 106-07 §33). The NBST “shall obtain an independent audit...at least annually (§33[e]), and develop a manual of procedures and guidelines...including how it will evaluate requests” (§33[f]). The Environmental Law Institute developed a guidebook “to help communities develop and conduct projects using their share of the funds in the Trust” (Environmental Law Institute 2013).

Projects approved by the NBST will only receive funding “based upon performance (after initial awards) and availability of funds for given contract areas” (FDA Reg. 111-10 §6.1), but if performance is deemed unsatisfactory, the NBST “shall require training or program support” for the CFDC (§6.3).

Failure to make payments: The NFRL allows the FDA to terminate any forestry license for “Failure to satisfy, consistent with the terms of a Forest Resources License, any financial obligations...to local communities” (NFRL §6.1[d]). The NFRL also allows any “Person” (which, by definition, may include a community) “harmed or injured when a Holder violates any condition or requirement of a [FMC or TSC] may seek [legal] remedy” (§20.10[b]). To date, the FDA has never terminated an FMC or TSC license, although many contractors have ceased operating, and no community has sued a logging company for lack of payment.

**1.2.4 Transparency and Accountability**

The FDA must report publicly in writing within 60 days after the end of each fiscal year (FDA Reg. 106-07 §41), containing:

- “(1) The amount of money distributed...to each of the [CFDFs]...and the date of each disbursement.
- (2) The amount of money disbursed to the [NBST]... and the date of each disbursement.
- (3) The total amount of money disbursed by the Trust to [CFDCs], and a breakdown...by project, date,

<sup>16</sup> FDA Regulation 111-10 on Procedures to Access Funds on Behalf of Affected Communities by CFDCs also states that the CFDC can receive this fee “directly from the logging company, which must transfer funds from the escrow account into the Community’s bank account,” although the FDA may “halt such transfers, but only if a member of the Affected Community protests” (§Preamble). Forest Trends has found two versions of FDA Regulation 111-10 that differ in numbering and slightly in text, but these differences do not appear to be material. We do not know which is operational because the FDA has not published its regulations on its website: <http://www.fda.gov/lr/information/laws/>

<sup>17</sup> FDA Reg. 106-07 (§33[j]) also encourages the FDA to “solicit national and international technical and financial assistance...to support...the creation and operation of the [NCBST]; and...independent monitoring.”

<sup>18</sup> The FDA “in coordination with the Central Bank and the Ministry of Finance... ensure that...all land rental fees collected is distributed to Affected Communities through the [NBST] mechanism” (FDA Reg. 106-07 §31), on a quarterly basis (§32). through the [NBST] mechanism” (FDA Reg. 106-07 §31), on a quarterly basis (§32).



and Affected Community.

(4) A list of all complaints received from the public.”

In addition to dispute resolution mechanisms (including arbitration) built into Social Agreements, the NBST and FDA are required to host an annual National Forest Forum that “shall be open to the public without restriction, and shall have an open agenda, which shall include, in addition to a formal Board meeting, opportunities for stakeholders to air grievances and share successes and failures. Lessons learned from the monitoring and evaluation process will also be discussed” (FDA Reg. 111-10 §20).

Since logging resumed, communities had been promised, by law, 30% of all area-based fees, including the bid premium used by companies during the competitive bidding for logging concessions (FMCs and TSCs). However, within less than a decade of the concessions being allocated, the legislature had changed the law to eliminate annual payments of the bid premium. Even for the remaining area-based fees, logging companies have accrued large arrears, and even for what has been collected, the GoL has failed to transfer most of the money due to communities.

## 2.1

### Forestry Policy and Implementation Strategy

Despite the legal requirements outlined in Section I, there is a lack of publicly available information on all aspects of the delivery of benefits derived from logging for affected communities. As of July 1, 2020, the FDA's website does not have any financial reports under the section entitled "Publications." Nor does the FDA have any reports on their website related to the NBST (NBST 2017). The Board of the NBST has a Facebook page, but it has not been updated since 2017 (Facebook n.d.). None of the previous postings contain data. The NBST, however, has made some data available to Forest Trends prior to the National Forest Forum.



Source: Arthur Blundell

Other sources fill in some of the FDA's gap in financial reporting. Together, these documents provide the only information on the extent to which community payments are being made.

- **The independent monitor SGS** was contracted by the GoL in 2007 to build, operate, and eventually transfer to the FDA a Timber Legality Verification Department (LVD), first known as LiberFor,<sup>19</sup> and later LiberTrace (World Bank and FDA 2017). On the LiberTrace website, SGS has posted *Monthly Performance Reports* for Dec 2018, Jan-March 2019, May-Sept 2019 (Libertrace, n.d.). Their contract has been renewed to February 2021.
- **Liberia Revenue Authority (LRA)** has annual reports on its website going back to Fiscal Year (FY) 2014 (Liberia Revenue Authority, n.d.).
- **Liberia Extractive Industries Transparency Initiative (LEITI)** reports contain the most complete publicly available information on the forestry sector.<sup>20</sup> The LEITI has produced ten reports covering FY2007-2017 that document payments reportedly made by forestry companies to the GoL.

<sup>19</sup> SGS is responsible for:

- Control logs and wood products from stump to point of export or domestic market, and develop and maintain a computerized chain-of-custody information system;
- Invoice and monitor all forest payments related to log, wood production and trade;
- Issue timber export permits upon confirmation that the shipment originates from registered harvesting area and all relevant forest payments have been made to the Central Bank of Liberia; and,
- Provide training to FDA counterpart staff and other relevant government staff in the Ministry of Finance, Central Banks and Ports Authority.

<sup>20</sup> The LEITI website was down in October 2019; a message read "SORRY! Website suspended due to lack of payment!!!! If you are the owner of this website, please contact your hosting provider in 5 days to avoid the deletion of your account." After international partners supported the LEITI, their website was back online in January 2020 (leiti.org.lr). The EITI website also has many of the LEITI's past reports, and is available at: eiti.org/liberia



## 2.2 Analysis of Forestry Company Payments

### 2.2.1 SGS

According to SGS, by 2018, logging operators paid more than \$14 million in area fees, of which about \$4.3 million would be due to communities.<sup>21</sup> SGS further reports that operators are more than \$10 million in arrears on area fees, about \$3 million of which would be due communities.

### 2.2.2 LRA

According to the LRA, more than \$39 million in revenue was collected from the forestry sector between FY2013-18; that is, in the five years to FY18 (Table 1), the LRA reported more than \$39 million in non-tax “property income”, including more than \$1 million in “administrative fees” collected by the FDA and more than \$11 million in “log and wood product export fees” (Liberia Revenue Authority, n.d.).

**Table 1 | Revenue (US\$) reported by the LRA from the forestry sector<sup>22</sup>**

	Property Income		Administrative Fees		Exports	Export Fees
	Actual	Budget	Actual	Budget	(% of all exports)	Actual
FY14	\$9,036,000	\$5,569,000	\$48,000	\$46,000	\$1,050,000 (1%)	\$2,406,000 <sup>23</sup>
FY15	\$9,259,000	\$6,150,000	\$19,000	\$49,000		\$2,383,000
FY16	\$6,879,000	\$10,837,000	\$117,000	\$68,000		\$2,897,000 <sup>24</sup>
FY17	\$7,884,000	\$4,698,000	\$979,000	\$116,000	\$4,040,000 (2%)	\$1,015,000 <sup>24</sup>
FY18	\$6,097,000	\$7,397,000	\$13,000	\$169,000		\$2,356,000

Source: LRA<sup>25</sup>

For FY14, the LRA reported that “the Department...reached out to...the Forestry Sector...These interactions led to increase in the compliance level of the Forestry Sector by 15%” (Liberia Revenue Authority, n.d.). In FY16 they reported that “[a]rea fees of the forestry sector were below expectation” and that “[m]ost of the decline [in government revenue from the natural resource sector] can be attributed to the forestry sector... due to bad road conditions causing delay in haulage thus hindering planned exports, especially during peak periods” (ibid).

<sup>21</sup> According to the December 2018 SGS report, 17 companies had paid \$10,635,433 in area fees invoiced before end of 2015 (without the Ebola period: Table 10) and a further 26 companies paid \$3,592,305 invoiced after January 1, 2016 (Table 11), for a total of \$14,227,738 in area fees, of which about \$4.3 million would likely be due to affected communities. Arrears were \$5,117,751 and \$4,946,873.17 in the two periods, respectively.

<sup>22</sup> Exports were not reported in all years

<sup>23</sup> Reported in the FY15/16 annual report

<sup>24</sup> Reported in the FY18/19 annual report

<sup>25</sup> Total exports were only reported for FY14 & FY17.

### 2.2.3 LEITI

According to the LEITI, more than \$89.7 million in revenue was collected by the GoL from the forestry sector between FY2007-17. In each of their ten reports (Table 2), between two and 19 companies reported<sup>26</sup> their payments to the GoL. The GoL, in contrast, was required to unilaterally reported on all payments, even by contractors whose production was considered too small to be “material.” Thus, over these eleven years, the LEITI reports contain payments from at least 62 different forestry companies that total more than \$89.65 million in tax and non-tax revenue (Annex 1).

**Table 2 | Number of forestry companies operating in Liberia and reporting to the LEITI between 2007-2017**

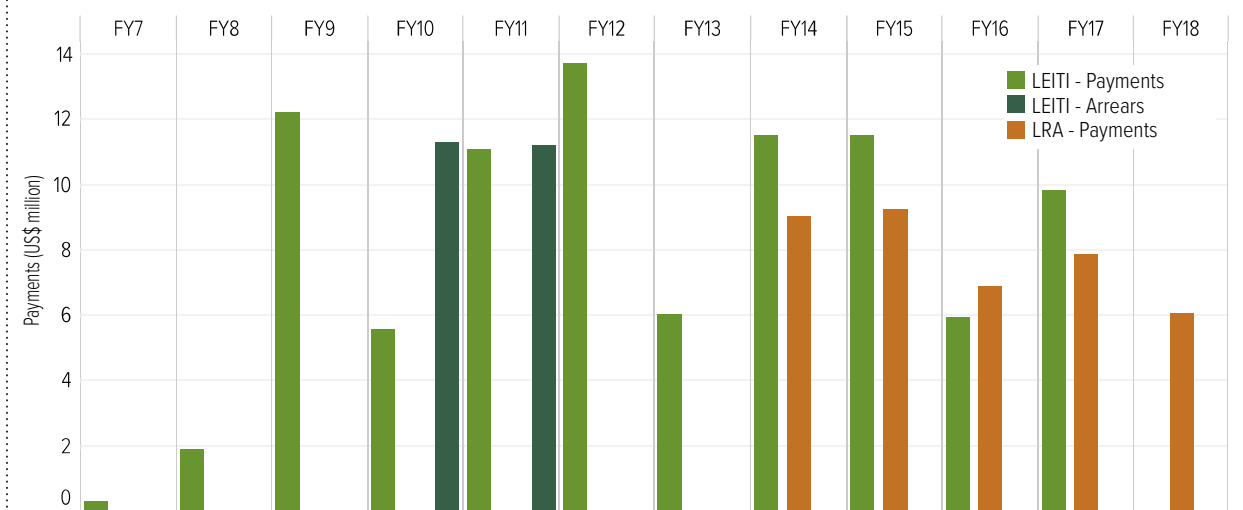
	FY7	F78	FY9	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Number of forestry companies operating in Liberia	4	20	21	20	28	28	32	27	33	26	26
Number of forestry companies reporting to LEITI	2	17	19	17	14	18	8	8	8	6	6

Source: LEITI

### 2.2.4 Analysis

For the four years that LRA and LEITI reporting overlap (FY 14-17), the LEITI reported revenue that was \$5.7 million (or 17%) more than that reported by the LRA (Figure 2).

**Figure 2 | Conflicting reporting on payments by the GoL: LRA vs LEITI<sup>27</sup>**



Source: LRA & LEITI. Note: LEITI reported arrears on land rental in only FY10 & FY11

Of the \$74 million in revenue that the LEITI reported to have been collected between FY2007-15,<sup>28</sup> more than \$25 million in area-based fees were reportedly paid. This contrasts to SGS reporting of \$10.6 million in area fees paid during this period. Most of the LEITI reports break down payments by fee-type.<sup>29</sup> Figure 3 indicates the reported payments of forestry fees relevant to community benefits-sharing (\$37.9 million in

<sup>26</sup> Only companies that met a certain threshold were required to report to LEITI.

<sup>27</sup> For FY10 and FY11, the LEITI’s Independent Administrator (IA) estimated arrears of \$11.3 million and \$11.2 million, respectively. The IAs did not estimate arrears in any of the other reports.

<sup>28</sup> In FY2015, FMCs holders reportedly had \$47.6 million in arrears, and TSCs holders had another \$1.4 million in arrears. By June 2016, these contract holders reportedly paid the GoL \$25 million and \$0.77 million, respectively. It is not clear how much of all these payments—if any—were to be paid to communities.

<sup>29</sup> The FY16 & FY17 reporting by the LEITI did not disaggregate payments by fee-type and extractive sector.



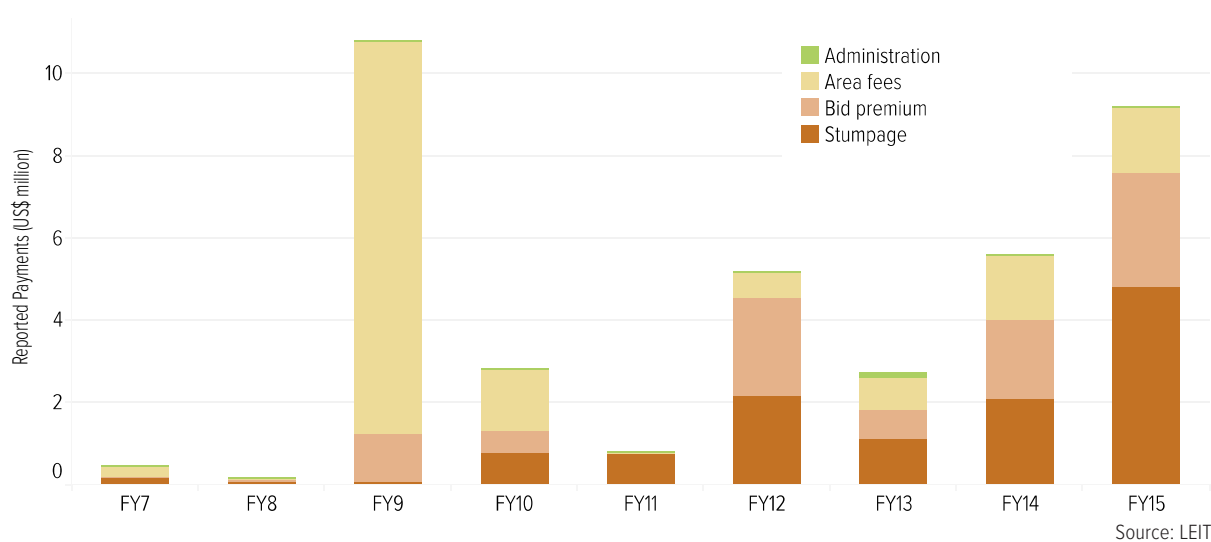
total over nine years [FY2007-15]: i.e., \$25.8 million were area-based fees (bid premium + area fees + administration), and \$12 million in stumpage.

For FY10 and FY11 (the only years the LEITI reports were prepared by Ernst & Young), the LEITI reported all area-based fees, both those that were due and those that were paid. Over these two years, \$22.5 million in area-based fees was reportedly unpaid (Figure 2). It is instructive that in both years, the arrears exceeded the amount of area-fees paid.

In Figure 3, bid premiums represent 25% of all reported forestry-payments, area fees and surface rental represent 42%, stumpage represents 32%, and administrative fees represent just 0.6% of all payments.

It is not clear how much communities were entitled to receive during FY16 through FY18, where LEITI did not break down revenue by fee-type. If the six FMCs that were reportedly operating in FY15 continued to operate through FY18, then at \$2.50/hectare, a further \$2.5 million in area fees would have been collected each year. Note that by FY16, the bid premium had been abolished, though as shown in Figure 3 some bid premiums continued to be paid (presumably these were arrears).

**Figure 3 | Reported payments of forestry fees relevant to community benefits-sharing (US\$ million)**



The LEITI reports do not mention payments to the NBST. The only direct mention of the NBST is in the 4th LEITI report (p.43; covering FY10):<sup>30</sup> citing the NBST Board's claim that it should have received—but did not—\$777,949.50 from the communities' share (30%) of the land rental fees. The 9th report (FY15; p.43), while not mentioning the NBST by name, notes that the Ministry of Finance & Development Planning reported that \$446,687<sup>31</sup> in "revenue [due to communities and]...paid by forestry companies were not fully received by the GoL."

<sup>30</sup> The 5th LEITI report (FY11) describes how payments are made by oil and mining extractive companies to the MoF's Social Development Fund (SDF), who then ascertain how much of the fund should be disbursed to beneficiary communities based on the companies' contractual obligations. The MoF's SDF reported that some counties had not "fully accessed their entitled funds," indicating that "some of the counties are either not able [to] provide a breakdown of funds utilisation [as is required in order to get additional funding] or not aware of the procedures."

<sup>31</sup> The \$446,687 includes \$442,247 in area fees and \$4,440 in contract administration fees.



The LEITI reports do, however, document more than \$4.9 million in contributions made by individual forestry companies to affected communities (Table 3), of which more than 95% were reportedly made ‘in kind’. Note: these transactions were not made through the NBST.

**Table 3 | LEITI reports of benefits shared with communities by logging companies in Liberia, outside the NBST**

LEITI Report	Company	Amount	Description
4 <sup>th</sup> (FY2010)	B&V Timber Company	\$78,000	In kind, including: Construction: \$70,00 for roads; \$1,000 for market building; \$1,000 for water/sanitation; \$4,000 in youth support services; and \$2,000 in education scholarships
5 <sup>th</sup> (FY2011)	B&B Enterprises		16 km of the Gomahill bypass
6 <sup>th</sup> (FY2012)	Euro Liberia Logging Co.	\$42,271	“Corporate Social Responsibility (CSR) cash payments”
6 <sup>th</sup>	EJ&J/Mandra	\$3,000 \$2,000	CSR cash payments CSR in kind payments
8 <sup>th</sup> (FY2014)	ICC	\$42,365	CSR cash payments
9 <sup>th</sup> (FY2015)	ICC	\$750,000 \$3,316	In kind road building “Mandatory cash social expenditures”
9 <sup>th</sup>	Euro Liberia Logging Co.	\$44,405 \$3,000 \$2,500	“Mandatory cash social expenditures”, including: Stumpage (m3) fee [in Grand Gedeh Co.] HR fee development fund (CFDC River Gee) HR fees (CFDC Grand Gedeh)
10 <sup>th</sup> & 11 <sup>th</sup> (FY2016/17)	Euro Liberia Logging Co.	\$3.8 million (130 km Combat Gate to Greenville) \$0.12 million (36 km Duos Town to Combat Gate)	MOU with GoL to underwrite the cost of construction of the highway road between concession area in Grand Gedeh through River Gee to Greenville
FY16	Alpha Logging & Wood Processing Inc.	\$43,080	“Mandatory cash social expenditures”
FY16	Atlantic Resources Ltd	\$71,370	“Mandatory cash social expenditures”
FY17	Mandra Forestry Liberia Ltd	\$21,840 \$12,073	Voluntary cash payment Voluntary in kind payment

Source: LEITI



## 2.3 Analysis of Fees Paid to Affected Communities

A full accounting of the benefits shared with communities from commercial logging is simply not possible because of the incomplete reporting by the GoL, in particular the FDA, despite their clear legal requirements. While communities are entitled to harvest-based fees of at least \$1/m<sup>3</sup>, there is no accounting of what the actual rates is for each FMC/TSC, nor what the concessions have produced, not to mention what they have paid to communities. Therefore, we have limited our analysis to payments made to the NBST in area-based fees.

The NBST reports—although not publicly—that the GoL made a total of \$2.6 million in installments to the NBST Fund (Table 4).

The \$2.6 million represents about 10% of the money reportedly collected in area fees and bid premiums (\$27.7 million; Table 5), rather than the 30% affected communities are entitled. If they had been granted their full entitlement, communities should have received more than \$8.3 million.

**Table 4 | All payments made by the Government of Liberia to the National Benefits Sharing Trust**

Date	US\$ payments	L\$ payments	Grand Total in US\$
August 16, 2015	\$1,000,000		\$1,000,000
August 17, 2015		L\$22,750,000	\$250,000
February 15, 2017		L\$70,135,000	\$686,000
October 3, 2017	\$343,000	L\$38,114,000	\$686,000
<b>TOTAL</b>			<b>\$2,622,000</b>

Source: NBST

But the \$2.6 million represents even less of what *should have been collected*. That is, it represents less than 5% of the \$65 million that likely should have been collected (i.e., the cumulative base land rental for FMCs and TSCs, plus the bid premium up to 2013; Table 5). Given this, up until mid-2019, communities could have expected up to \$16.8 million more in area fees than they have been paid.<sup>32</sup>

<sup>32</sup> This does not include any of the stumpage that communities are also entitled; according to the LEITI, more than \$12 million was reportedly collected in stumpage between FY2007 and 2015, although it is unclear how much of this should have been distributed to communities.

**Table 5 | Area-based payments (US\$ millions) shared with communities affected by commercial logging through the National Benefits Sharing Trust (2007-2018)**

	<b>Total Due</b>	<b>Payments made</b>	<b>Community share of payments</b>	<b>Arrears</b>	<b>Community share of arrears</b>	<b>Payments to NBST</b>
Prior to FY16	\$57.8	\$25.8	\$7.7	\$32.0	\$9.6	\$1.3
FY16	\$2.6	\$0.9	\$0.3	\$1.6	\$0.5	\$0.7
FY17	\$2.6	\$1.0	\$0.3	\$1.5	\$0.5	\$0.7
FY18	\$2.6	\$0.0	\$0.0	\$2.5	\$0.8	\$0
<b>TOTAL</b>	<b>\$64.9</b>	<b>\$27.7</b>	<b>\$8.3</b>	<b>\$37.6</b>	<b>\$11.4</b>	<b>\$2.6</b>

Source: LEITI to FY16; SGS for FY16-FY18 data; and NBST



### 3 Recommendations

The GoL, and communities affected by logging, are aware of the gap between benefits due to communities as codified in Liberia's policies, laws, and regulations, and the benefits actually paid. The World Bank country note from 2018 confirms these findings and provides some background as to why revenues have not been paid:

*“Community benefits...[are] legally earmarked,...[but] in practice, the communities have not received these benefits, for two major reasons. First, the logging companies have failed to fulfill their contractual obligations—there are many cases of non-payment or partial payment of land rental and extraction fees and failure to implement projects and activities established in social agreements. Second, the delay or failure by the Central Government (the Liberia Revenue Authority and the Ministry of Finance and Development Planning) to forward remitted revenues, which communities are legally entitled...The forestry sector has not escaped Liberia's endemic corruption...with unscrupulous logging companies exploiting local populations and the government alike and resulting, among others, in high tax arrears” (World Bank 2018).*

Drawing on the limited data available from the GoL, and using the LEITI and SGS publications that fill in some of the gaps in financial reporting, we can begin to understand the status of logging company payments of land rental fees to both the GoL and communities, and the scale of revenues that remain uncollected and unpaid.

NFRL mandates that the NBST, in conjunction with the FDA, organize an annual National Forest Forum (NFF) to promote exchange of best practice in the field of benefits sharing. The first NFF is set to be held in 2020. It is Forest Trends' hope that the NFF will use the information contained in this report as a springboard for constructive dialogue on how Liberia's benefits sharing mechanism can be improved.

#### **Recommendations that have been suggested by others include:**

- The World Bank report recommended that Liberia “strengthen grievance redress mechanisms, court system, and/or arbitration in the country to ensure that communities reliably receive their due share as part of agreements with concessionaires,” (ibid).
- One option for such control recommended by WWF is using Liberia's VPA *Framework for Assessing Legality of Forestry Operations, Timber Processing and Trade* (WWF 2012). This framework of principles includes the following Principles, Criteria and Indicators, includes:

“Indicator 3.5 The stipulated fees owed to the communities by the contract holder under the social agreement are paid by the contract holder (i) within the prescribed time period and (ii) into an escrow account opened by the contract holder for his purpose.

“Description: The social agreement contains financial terms of the performance which are of essence

to the agreements. It is therefore essential that the timely payment of the fees agreed and provided for in the social agreements is verified. At the operational level, control points may include statements of escrow account, and annual audit reports by the FDA measuring compliance of contract holders.”

**Additional recommendations include:**

**To the Government of Liberia:**

- *Improve public reporting on all payments by logging companies.* By law (NFRL §18.15[e]), the FDA must conduct annual audits and report “on the Internet and freely accessible to the public” for each FMC and TSC. By regulation (FDA Reg. 111-10 §33[e]), the NBST shall obtain an independent audit. Both the FDA and the NBST are encouraged to report publicly so that communities can understand what has been paid and what is due, and what projects work and what do not.
- *Open an escrow account into which logging operators would pay fees due to communities (including any payments of arrears), such as 30% of the land rental fees.* From this escrow account, quarterly payments would be automatically transferred to the NBST.

**To the NBST:**

- *Review all existing CFDC funding, examining which projects were successful, and share all lessons learned.* As required by FDA Reg. 111-10 [§6.3], where performance is deemed unsatisfactory, the NBST “shall require training or program support” for the CFDCs.
- *Assess the need for additional funding. It may be necessary for the NBST to receive additional funding, beyond the 5% of payments that they may use to fund operations.* This is especially true in the short term, where CFDCs with low capacity require additional training and program support. The National Union of CFDCs, the NBST, and the GoL are encouraged to find additional funding and/or increase the amount of NBST funds from 5% for operations.

Implementing Liberia’s legislative framework covering benefits sharing with affected communities will help propel President Weah’s PAPD, especially the pillars of *economic empowerment* and *power to the people*. Communities, who see themselves “in the best position to be co-implementers of any forest policy, because they already reside in and depend on the forest for their daily needs and subsistence” will continue to demand their rights. A failure to help them realize their legal rights risks undermining not just the forestry sector and the rule of law in Liberia, but the development of communities across the country.

- Africa Progress Panel. 2014. "Grain Fish Money; Financing Africa's Green and Blue Revolutions." Africa Progress Panel. [afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Africa\\_Progress\\_Report\\_2014.PDF](http://afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Africa_Progress_Report_2014.PDF)
- Blundell, Arthur. 2008. "Scoping Study: On the Benefits of Incorporating Forestry into the Extractive Industries Transparency Initiative, with Specific Reference to Liberia." Natural Capital Advisors. <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/LEIT%20forestry%20report.pdf>.
- Client Earth. 2016. "Social Agreements Handbook." Liberia's Forest Development Authority (FDA). <https://www.documents.clientearth.org/wp-content/uploads/library/2016-04-13-social-agreements-handbook-2016-forestry-development-authority-social-agreements-handbook-ext-en.pdf>
- European Commission. 2012. Voluntary Partnership Agreement between the European Union and the Republic of Liberia on forest law enforcement, governance and trade in timber products to the European Union. July 19, 2012. [ec.europa.eu/world/agreements/downloadFile.do?fullText=yes&treatyTransId=14685](http://ec.europa.eu/world/agreements/downloadFile.do?fullText=yes&treatyTransId=14685)
- Environmental Law Institute (ELI). 2013. "National Benefit Sharing Trust Community Guidebook." Environmental Law Institute. [eli.org/sites/default/files/eli-pubs/d23-01.pdf](http://eli.org/sites/default/files/eli-pubs/d23-01.pdf)
- Facebook. n.d. "National Benefit Sharing Trust Board." Facebook. [facebook.com/pages/category/Non-Governmental-Organization--NGO-/National-Benefit-Sharing-Trust-Board-1231577976904748/](https://facebook.com/pages/category/Non-Governmental-Organization--NGO-/National-Benefit-Sharing-Trust-Board-1231577976904748/)
- Food and Agriculture Organization of the United Nations (FAO). 2006. "National forestry policy and implementation strategy." Liberia Forestry Development Authority (FDA). [fao.org/forestry/16167-0dd77b0af6b1e94481d519ab979fd40db.pdf](http://fao.org/forestry/16167-0dd77b0af6b1e94481d519ab979fd40db.pdf)
- Global Witness. "Liberian Loggers' Secret Tax Break Wipes US\$13 Million Off Country's Finances." Global Witness. [globalwitness.org/en/press-releases/liberian-loggers-secret-tax-break-wipes-us13-million-countrys-finances/](http://globalwitness.org/en/press-releases/liberian-loggers-secret-tax-break-wipes-us13-million-countrys-finances/)
- Government of Liberia. 2006. An Act Adopting the National Forestry Report Law of 2006. September 2006. <http://www.fao.org/forestry/16151-05fd47b845599b5d3a594a9b0240dacff.pdf>
- Government of Liberia. 2006. Executive Order No. 1: GOL Forest Sector Reform. February 2, 2006. [https://emansion.gov.lr/doc/EXECUTIVE%20ORDER%20\\_%201%20-%20Forest%20Sector%20Reform.pdf](https://emansion.gov.lr/doc/EXECUTIVE%20ORDER%20_%201%20-%20Forest%20Sector%20Reform.pdf)
- Government of Liberia. 2007. Forestry Development Authority Regulation No. 104-07; Regulation on Tender, Award, and Administration of Forest Management Contracts, Timber Sale Contracts, and Major Forest Use Permits. September 11, 2007. <http://extwprlegs1.fao.org/docs/pdf/lbr160083.pdf>
- Government of Liberia. 2013. 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 Liberia. January 2013. <http://extwprlegs1.fao.org/docs/pdf/lbr160032.pdf>
-



- 
- Government of Liberia. 2018. Pro Poor Agenda for Prosperity and Development (PAPD): A Five-Year National Development Plan Towards Accelerated, Inclusive, and Sustainable Development (July 2018-June 2023). September 30, 2018. <http://liberianconsulatega.com/wp-content/uploads/2017/07/PAPD-Pro-Poor-Agenda-for-Prosperity-and-Development.pdf>
- Government of Liberia Ministry of Foreign Affairs. 2010. Amendment and Restatement of the Public Procurement and Concessions Act, 2005. September 16, 2010. [ppcc.gov.lr/doc/PPCA%20\\_Sept%2013%202010%20\\_FINAL.pdf](http://ppcc.gov.lr/doc/PPCA%20_Sept%2013%202010%20_FINAL.pdf)
- Liberia Forest Development Authority (FDA). n.d. "National Benefit Sharing Trust Board." Accessed July 2020. [fda.gov.lr/partners/national-benefit-sharing-trust-board/](http://fda.gov.lr/partners/national-benefit-sharing-trust-board/)
- Liberia Forest Initiative. n.d. "Achievements." Liberia Forest Initiative. Accessed July 2020. <http://www.fao.org/forestry/lfi/29664/en/>
- Liberia Revenue Authority. n.d. "Home." Liberia Revenue Authority. Accessed July 2020. <https://revenue.lra.gov.lr/>
- LiberTrace. n.d. "News Center," LiberTrace. Accessed July 2020. <https://libertrace.sgs.com/>
- Sustainable Development Institute. 2014. "The Act to Abolish the Bid Premium & its implications for Liberia's revenue flow." Sustainable Development Institute. [loggingoff.info/wp-content/uploads/2015/09/847.pdf](http://loggingoff.info/wp-content/uploads/2015/09/847.pdf)
- UN Security Council. 2003. Security Council resolution 1521 (2003) [on dissolution of the Security Council Committee established pursuant to Resolution 1343 (2001) concerning Liberia]. December 22, 2003. <https://www.refworld.org/docid/403349a07.html>
- World Bank. 2012. "Liberia: Assessment of key governance issues for REDD+ implementation through application of Public Disclosure Authorized the PROFOR forest governance tool." World Bank. [documents.worldbank.org/curated/en/377151468263966661/pdf/806260WP0Liber0Box0379812B00PUBLIC0.pdf](http://documents.worldbank.org/curated/en/377151468263966661/pdf/806260WP0Liber0Box0379812B00PUBLIC0.pdf)
- World Bank. 2018. "Country Forest Note." World Bank. <http://documents.worldbank.org/curated/en/233271527176589175/Liberia-Country-Forest-Note>
- World Bank Africa Region and Liberia Forestry Development Authority (FDA). 2017. "Supporting the Development of Liberia's Chain of Custody System." PROFOR. [profor.info/knowledge/supporting-development-liberias-chain-custody-system](http://profor.info/knowledge/supporting-development-liberias-chain-custody-system)
- World Wildlife Fund (WWF). 2012. "A Guide for the Timber Exporter and Importer from Ghana and Liberia." World Wildlife Fund. [awsassets.panda.org/downloads/ghana\\_\\_\\_liberia\\_timber\\_legality\\_guide.pdf](http://awsassets.panda.org/downloads/ghana___liberia_timber_legality_guide.pdf)
-

# Annexes

## Annex 1 Payments reported by forestry companies to the GoL; underpayments (FY10&11); and arrears by January 2019<sup>33</sup>

		Payments (US\$ million)										Underpayments		Arrears	Area Fee Arrears
		FY7	FY8	FY9	FY10	FY11	FY12	FY13	FY14	FY15	TOTAL	FY10	FY11	FY17	Jan 19
1	Intl Consultant Capital		•	3.7	•	•	0.2	0.6	3.3	7.0	14.8	3.5	3.5	7.0	1.9
2	Atlantic		•	1.4	0.2	1.8	2.9	1.5	1.5	1.4	10.7	1.4	0.4	1.3	•
3	Mandra/LTTC			•	•	1.7	2.6	1.5	2.8	1.0	9.6	0.3	0.4		0.7
4	Forest Venture					1.6	1.2	0.9	0.9	4.8	9.4				
5	Geblo		•	1.8	•	0.2	0.1	0.2	•	4.2	6.5	1.7	1.6	4.4	2.3
6	Alpha		•	1.5	0.1	•	1.8	0.3	1.6	0.7	6.0	1.5	1.6	1.7	0.2
7	Euro		•	1.4	1.6	0.5	0.2	•	0.9	0.7	5.3	1.6	2.7	8.7	3.6
8	Buchanan Renewables		1.4			1.7	1.6	•	•		4.7		•		
9	EJ&J		•	0.6	0.4	1.0	1.3	•			3.3	0.3	0.3	0.5	0.4
10	Liberia Tree & Trading Co.		•	0.8	1.5		•	•	•	•	2.3	0.7		0.7	0.1
11	Akewa			•	•	0.3	0.6	0.6	0.3	•	1.8	•	•	•	0.1
12	Global		•		0.4	0.9	0.2	•	•		1.5	•	•		
13	Ecowood/Texas Intl Group	•		•	0.4	0.5	0.3	•	•		1.2	•	•		
14	Liberian Hardwood						•	•	•	0.7	0.7		•		•
15	Liberian Forest Products						0.1	0.1	0.2	0.2	0.6				
16	Unitimber	0.3	0.2								0.5				
17	Tropical Timber					0.3	•				0.3		•		
18	Magna Diversified						•	0.3	•	•	0.3				
19	B&V		•	0.1	0.1	•	•	•			0.2	0.2	0.3	0.3	•
20	San Yeun				0.2	•	•	•	•	•	0.2	•	0.2	0.2	•
21	Tarpeh		•	•	0.2	•	•	•	•		0.2	•	•	•	•
22	UFC Regnais	•								•					
23	Precim	•													
24	B&B Enterprise		•	•	•		•	•				•	•	•	•
25	DCWilson		•												
26	Bopolu		•	•											
27	Universal Forestry		•	•		•	•	•					•		
28	Malavasi		•	•											
29	Olam		•												
30	Omiejoa		•			•									

<sup>33</sup> Company names are abbreviated and not necessarily their official, registered name.

(Continued)



		Payments (US\$ million)										Underpayments		Arrears	Area Fee Arrears	
		FY7	FY8	FY9	FY10	FY11	FY12	FY13	FY14	FY15	TOTAL	FY10	FY11	FY17	Jan 19	
31	S&Z		.													
32	Eco-timber			.	.	.	.	.		.		.	.			
33	TimberLib						.									
34	Bassa			.	.	.				.		.		.	.	
35	Pitsawyers			.	.	.										
36	Thunder Bird				.							.		.	.	
37	Cavalla						.	.					.			
38	Ecologging						.									
39	Frank Brooks												.			
40	K-MARK INDO					.			.					.		
41	Nature Oriented					.								.		
42	Quantum Resource					.	.							.		
43	Timber Liberia					.								.		
44	MG Forest							.	.	.						
45	Ecogreen							.	.	.						
46	Logging Industry of Liberia							.		.						
47	Westnaf							.	.	.						
48	Blib							.	.	.						
49	Renew							.	.	.						
50	Mars							.	.	.						
51	Sustainable Venture							.	.							
52	Auzy Intl Trading								.	.						
53	Alpha Molo								.							
54	Alma woo									.						
55	12-20 grou									.						
56	Afcons Infrastructure									.						
57	Liberia Safari									.						
58	Liberia Recon. Maint.									.						
59	Delta Timber									.						
60	Graceland Consulting									.						
61	African Wood & Lumber									.						
62	Covelyalah Invest									.						

Source: LEITI reports; Arrears = SGS reports

• Annual payments/arrears that were less than \$100,000.

Blank spaces = no payment reported (payment would not be due if the company did not hold a concession in that year. However if concession-holder were simply not operating, they would still have to pay the area-fees).



### Annex 3 Licenses register provided by FDA, FY2016 & 17

Name of Company	Contract Type	Contract Location	Permit Date Issued	Expiration Date	Contract Duration (yrs)	Operating Hectare
Alpha Logging & Wood Processing	FMC-A	Lofa County	May 27, 2009	May 26, 2024	25yrs	119,240 Ha
Mandra Liberia/EJ&J Investment	FMC-B	Rivercess County	May 27, 2009	May 26, 2024	25yrs	57,262Ha
Mandra Liberia Tree & Trade Company	FMC-C	Nimba County Gbi & Doru Rivercess	May 27, 2009	May 26, 2024	25yrs	59,374Ha
Euro Liberia Logging Inc.	FMC-F	River Gee & Grand Gedeh Counties	Sept. 30, 2009	Sept. 29, 2024	25yrs	254,583Ha
Geblo Logging Company	FMC-I	Grand Gedeh & Sinoe Counties	Sept. 30, 2009	Sept. 29, 2024	25yrs	131,466Ha
International Consultant Capital	FMC-K	Nimba Rivercess & Grand Gedeh Counties	Sept. 30, 2009	Sept. 29, 2024	25yrs	266,910Ha
Atlantic Resources LTD	FMC-P	Grand Kru, Maryland, & River Gee	Sept. 30, 2009	Sept. 29, 2024	25yrs	119,344Ha
Tarpeh Timber Corporation	TSC-A2	Grand Bassa County	June 27, 2008	June 26, 2011	3yrs	5000Ha
Akewa Group of Companies	TSC-A3	Grand Bassa County	June 27, 2008	June 26, 2011	3yrs	5000Ha
Bulgar & Vincent	TSC-A6, 9, & 10	Gbarpolu & Cape mount Counties	June 27, 2008	June 26, 2011	3yrs	5000Ha
Bargor & Bargor Enterprise	TSC-A7	Gbarpolu County	June 27, 2008	June 26, 2011	3yrs	5000Ha
Thunder Bird	TSC-A8	Grand Cape Mount County	Oct. 1, 2010	Sept. 30, 2013	3yrs	5000Ha
Bassa Logging Company	TSC-A11	Grand Cape Mount County	July 21, 2010	July 20, 2013	3yrs	5000Ha
Sun Yeun Logging Corporation	TSC-A15 & 16	Grand Cape mount Count	July 21, 2010	July 20, 2013	3yrs	5000Ha
Star Wood/Metro Community	CFMA	Grand Bassa County	May 16, 2018	May 15, 2033	15yrs	8,833Ha
Sewacajua	CFMA	Sinoe County	June 25, 2017	June 24, 2032	15yrs	31,936Ha
Delta Timber Corporation/ Nimopoh	CFMA	Sinoe County			15yrs	7,320Ha
Tetra Enterprise Inc.	CFMA	Rivercess County	March 27, 2017	March 26, 2032	15yrs	36,637Ha
Akewa Group of Companies/ Beayanpoe	CFMA	Margibi County	March 25, 2017	March 24, 2032	15yrs	33,338Ha
Sing Africa Plantation/ Bluyeama	CFMA	Lofa County			15yrs	49,444Ha
Liberia Tree & Tree corporation Gbi	CFMA	Nimba County			15yrs	31,155Ha

Source: 10th & 11th LEITI reports

## Annex 4 List of forest permits in Liberia, from SGS quarterly agreement performance updates; December 2018

Company	Forest Permit	Contact person
Alpha Logging and Wood Processing Co.	FMC A	Mr. Han Dong Chun
EJ & J or (operator : Mandra Forestry)	FMC B	Mrs. Eliza D. J. Kronyah/ Septemberine B. M. Jognson
Mandra LTTC)	FMC C	Mrs. Nyunyun Johnson Tuweh/Septemberine B. M. Johnson
Euro Liberia Logging	FMC F	Mr. Jihad Akkari
Geblo Logging	FMC I	Mr Alexander Wento
International Consultant Capital (ICC)	FMC K	Mr. Cesare Colombo
Atlantic Resources	FMC P	Mr. John Baxter
FMC Grand Total	7 permits	
Tarpeh Timber Co. /Renaissance Group	TSC A2	Mr. David G. Tarpeh/Molly Kamara
Akewa Group	TSC A3	Mrs. Funke Odebumi
Bulglar & Vincent (B&V)	TSC A6 *	Mr. Emmanuel Vincent
Bargor & Bargor (B&B)	TSC A7 *	Mr. Alfred D. Bargor
ThunderBird International Liberia	TSC A8 *	Mr. Andrew Oru
Bulglar & Vincent (B&V)	TSC A9 *	Mr. Emmanuel Vincent
Bulglar & Vincent (B&V)	TSC A10 *	Mr. Emmanuel Vincent
Bassa Timber And Logging	TSC A11	Mr. Clarence Massaquoi
Sun Yeun (1)	TSC A15 *	Mr. Zhang Wei/Joe Banks
Sun Yeun (2)	TSC A16	Mr. Zhang Wei/Joe Banks
TSC Grand Total	10 permits	
Liberia Hardwood Corporation	CFMA Bloquioa	Mr. Mr. Jihad Akkari
Ecowood Inc.	CFMA Neezonie	Mr. Raul Ibadullin
Liberia Tree & Trading Company Inc.(LTTC)	CFMA Gbi	Mrs. Nyunyun Johnson Tuweh
Liberia Tree & Trading Company Inc.(LTTC)	CFMA Doru	Mrs. Nyunyun Johnson Tuweh
Delta Timber Corporation	CFMA Numopoh	Mr. Gabriel Doe
SING Africa	CFMA Bluyeama	Mr. G.R Kumar
Akewa	CFMA BEYAN POYE	Mrs. Abigail Funke Odebumi
Mandra Forestry	CFMA SEWACAJUA	Tbc
LTTC Thanry	CFMA Gba	Mr. Ayouba Jawaraka
Tetra	CFMA Garwin	Mr. Anniebel Morris
Kparblee Timber Corporation	CFMA Kparblee	Stanley F. Sartie Sr
CFMA Grand Total	11 permits	
Forest Permits Grand Total	28 permits	
*Dormant		

Source: SGS



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

Other policy and information briefs can be found at [www.forest-trends.org](http://www.forest-trends.org).

with support from:

