

Liberia Social Audit

2012 / 2013

Assessing the Forestry sector:

Community benefit sharing and participation
in forest governance



Civil Society
INDEPENDENT FOREST MONITORS



NGO Coalition
of Liberia

“Is the community benefitting? How many communities are actually benefitting? In our case the logging company is harvesting - that has been confirmed by the Authorities - but in the five years they have been operating we have not received a dime in Cubic Meter Payments or Land Rental Fees. That’s why the community cannot really get their benefits.”

– CFDC member, Cape Mount.

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List of acronyms

AOP – Annual Operational Plan
CBO – Community Based Organisation
CFDC – Community Forestry Development Committee
CoC – Chain of Custody
CRL – Community Rights Law
CS-IFM – Civil Society Independent Forest Monitors
CSO – Civil Society Organisation
DEN-L – Development Education Network-Liberia
ESIA – Environmental, Social Impact Assessment
EU – European Union
FDA – Forestry Development Authority
FLEGT – Forestry Law Enforcement Governance and Trade
FMC – Forest Management Contract
FMP – Forest Management Plan
FPIC – Free, Prior and Informed Consent
GoL – Government of Liberia
IMF – International Monetary Fund
LAS – Legality Assurance System
LD – Legality Definition
LEITI – Liberia Extractives Industry Transparency Initiative
MoF – Ministry of Finance
NBST – National Benefit Sharing Trust
NBSTB – National Benefit Sharing Trust Board
NFRL – National Forestry Reform Law
NGO – Non-Governmental Organisation
PRS – Poverty Reduction Strategy
SGS – Société Générale de Surveillance
TSC – Timber Sales Contract
UN – United Nations
UN PoE – United Nations Panel of Experts
VPA – Voluntary Partnership Agreement

Executive summary

Introduction

There continues to be a focus on export-orientated commercial forestry in Liberia, a model dependent on the extraction of large quantities of timber in order to turn a profit. This model of forestry arguably provides a disproportionately low level of benefits in return to the people of Liberia, and does little to address the pressing development needs facing the country after 14 years of conflict. In contrast, Liberian forestry law and policy is very progressive, and if correctly implemented could have far-reaching positive impacts for Liberia's rural population. There is therefore an urgent need for the Government of Liberia to ensure proper implementation of the existing laws and policies in order to shift the Liberian forest sector towards providing greater benefits for its people. Strengthening community participation and the benefit-sharing framework are key aspects of this process.



Community meeting in Cape Mount, 2012
© CS-IFM
Logging concession in Rivercess, 2012.
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In 2006 a National Forestry Policy was formulated, with the objectives being:

- To ensure that commercial forestry, community forestry and forest conservation activities are integrated and balanced to ensure the economic, social and environmental benefits from the resource.
- To grant more equitable access to forest resources so that potential for future conflict is reduced and the benefits from forestry development are shared throughout Liberian society.
- To ensure that all stakeholders participate in the formulation of forestry policies and in the conservation and management of the forestry resource.¹

This study seeks to determine how well these objectives are being addressed by the current forestry model in Liberia, specifically focusing on community benefit sharing and participation in forest governance. Communities were chosen as the focal point of this study for a number of reasons. Firstly, rural communities are directly dependent on forest resources for their livelihoods. Secondly, rural communities are frequently marginalized from decision-making due to a combination of geographical distance, low levels of education and pre-existing power structures. It is therefore important to study the effects of forestry on these communities to ensure that their needs can be appropriately addressed through ongoing review of the forestry laws and policies in Liberia.

In May 2011 the Government of Liberia and the European Union signed a Voluntary Partnership Agreement (VPA), which is currently awaiting ratification by the Government of Liberia (GoL). Civil society organisations (CSOs) were able to successfully lobby the parties to include a provision for civil-society monitoring of the VPA's implementation. Monitoring the performance of the forestry sector will be necessary to evaluate the impact of the VPA on forest communities in terms of transparency, poverty reduction and community benefits. This first Social Audit aims to provide baseline information, which can then be used to determine if there have been any improvements in forest governance resulting from the implementation of the VPA. It focuses on the social aspects of forest governance such as community participation and benefit sharing, as well as looking at the legal status of logging concessions.

Focusing on the social impacts of a company's activity, a social audit enables ongoing monitoring and assessment to be carried out in order to systematically report on a company's performance and progress, with the 'foremost principle of the social audit being to achieve continuously improved performances in relation to chosen social objectives'. In this way regular social audits improve accountability by bringing issues in to public focus.

This social audit focuses on logging concessions in Liberia. A total of seven concessions were surveyed, comprising of five Timber Sales Contracts (TSCs) and two of the larger, long-term Forest Management Contracts (FMCs). The criteria for choosing these concessions were (a) that they must be operating at the time of the data collection, and (b) that they must be operating in areas where the affected communities have formed a CFDC. The social audit aims to provide communities with the information that they need to actively participate in forest sector reform, by holding both government and the private sector to account.

Stakeholder interviews are a central part of a social audit, and as such provide a channel for community voices to be heard and taken into account by both government and the private sector.

footnotes

¹ FDA. 2006. National Forestry Policy and Implementation Strategy: Forestry for communities, commerce and conservation. Republic Of Liberia. Forestry Development Authority. Monrovia, 2006. p10.

Objectives and Methodology

The primary objective of this Social Audit was to establish baseline data on the level of community participation in local forest governance and community benefit sharing. To gather this information two elements were involved; a desk-based study of company compliance with fiscal and legal obligations, and a community perception component involving interviews with CFDC members and local government officials from each concession area. The desk-based study relied on financial updates published by SGS, the forestry laws and regulations and contract documents. An analysis of the Social Agreements was also conducted, looking at the legal provisions and their implications for affected communities. The second element of the assessment was based on community level interviews, and focused on the distribution of revenue to communities and its use within the beneficiary communities. In-depth interviews were conducted with CFDC members and local government officials in each of the seven communities.

The analysis of this data provides an assessment of the following: (1) the extent to which the FDA is fulfilling its legal obligations in terms of involving communities in the forest management planning processes; (2) the extent to which affected communities are aware of the company's financial and forest management obligations to them; (3) the extent to which those companies are fulfilling their financial obligations to the affected communities; and (4) how the benefits reaching the communities are being used and managed.

The seven CFDCs selected for the Social Audit were located in Rivercess, Grand Bassa, Gbarpolu and Grand Cape Mount counties. Local CFDC members were selected for interview along with other influential community members such as the Clan Chief, District Superintendent and the Paramount Chief. These members of the community were selected for interview on the assumption that they are more likely to have a higher level of awareness of forestry-related matters in their community, and should therefore be able to provide the information required. Two types of Forest Use Permits (FUP) were covered in the Social Audit, Forest Management Contracts and Timber Sales Contracts.

Communities are entitled to receive two forms of payments from the operations of FMCs and TSCs. The first is 30 per cent of Land Rental Fees,² which includes payments related to the use of forestland. The second payment communities are entitled to is the cubic meter payment. These are negotiated in the Social Agreement, and are calculated per cubic meter of timber harvested from the concession.

“The FDA came to us and said that there are funds in the account. We have a National Benefit Sharing Trust, but it will take time to get the money. But the account is open, why is it that the Community Forestry Development Committees who are established can't get their money? The money cannot go into the NBSTB account, the money has been put somewhere else, we are running after the money but it is not there.” – CFDC member.

Summary of Findings

The findings are presented on a concession-by-concession basis. The table on the following page presents a summary of the findings.



(Left to right) Logging concession in Rivercess, 2012. © CS-IFM
Logging concession in Rivercess, 2012. © CS-IFM
Forest dependent community in Nimba, 2013. © Louise Riley

footnotes

1 National Forestry Reform Law: Section 14.2 Forestry Fees.

Summarizing key findings from the Social Audit

Company & Concession ^a	Exporting ^b year started/ quantity	Land Rental Fees ^c % paid/ amount owed	Consultation & Social Agreement ^d	Satisfied/ Dissatisfied ^e company/ social agreement	Knowledge of Forest Management Planning processes ^f	Cubic metre payments ^g	Community benefits ^h	Impression of CFDC ⁱ
Tarpeh Timber TSC-A2	2009 4,964 m ³	51% paid \$79,000 owed	Consulted Social Agreement	Dissatisfied Dissatisfied	Low	\$5,000 received	No	CFDC need support to build capacity. More participation needed. Most are satisfied.
Akewa TSC-A3	2011 16,403 m ³	50% paid \$49,000 owed	Consulted Social Agreement	Dissatisfied Dissatisfied	Low	\$3,500 received	Hand pump	CFDC need support to build capacity. More participation needed. Most are not satisfied.
B & B TSC-A7	2011 4,717 m ³	58% paid \$34,950 owed	Consulted Social Agreement	Dissatisfied Dissatisfied	Low	\$6,000 received	Clinic started	CFDC need support to build capacity. More participation needed. Most are satisfied.
B & V TSC-A9	2010 1,288 m ³	26% paid \$395,000 owed	Consulted Social Agreement	Dissatisfied Dissatisfied	Low	None received	Log bridge	Past issues of mismanagement. More participation needed. Most are not satisfied.
Sun Yeun TSC-A16	2012 1,068 m ³	39% paid \$160,000 owed	Consulted Social Agreement	Dissatisfied Dissatisfied	Low	n/a	Road paved	CFDC need support to build capacity. More participation needed. Most are not satisfied.
EJ & J FMC B	2010 33,227 m ³	67% paid \$580,891 owed	Consulted Social Agreement	Dissatisfied Dissatisfied	Low	\$19,000 received	No	Better levels of participation. Reporting structures. Most are satisfied.
LTTC FMC C	2011 89,817 m ³	63% paid \$1,073,015	Consulted Social Agreement	Dissatisfied Satisfied	Medium	\$90,000 received	Football field Latrine Hand-pump	More participation needed. Reporting structures. Most are satisfied.

Notes

The first three columns are based on SGS CoC financial update January 2013

^a Concession holder, concession name.

^b When did they start exporting, and how much has been exported so far?

^c Have the company paid their land rental fees – a) what percentage has been paid, and b) what amount (US\$) are they still owing to the government?

The last six columns are based on community interviews:

^d Was there a consultation prior to the contract being allocated? Did the community sign a social agreement?

^e Are the community satisfied a) with the companys operations? b) with the social agreement?

^f What is the level of knowledge within the community of forest management processes?

^g How much have the community received in cubic metre payments?

^h What have the community received in terms of other benefits?

ⁱ What is their view of the CFDC and the way it is managed?

Conclusions and recommendations

Conclusions

Recommendations

Legal requirement for consultation

At the time when the TSC and FMC concessions were being allocated during 2008 and 2009, CFDCs had not yet been fully established, preventing the correct legal processes from being followed. As a result, the majority of respondents were dissatisfied with the consultation process that took place before concessions were allocated.

Free, Prior and Informed Consent must be obtained before logging concessions are allocated. The process must involve fully established CFDCs in a participatory process of consultation.

The Social Agreement

Social Agreements are currently negotiated directly between CFDCs and logging companies, leaving communities at risk of unequal bargaining power.

Update the Ten Core Regulations to include a provision for legal assistance to be provided to communities during the entire negotiation process. This will assist CFDCs to negotiate more favourable contracts.

Not enough time was allowed for communities to fully understand the Social Agreements before signing.

As many of the Social Agreements are now due for review, the FDA must encourage CFDCs to renegotiate Social Agreements, with support from civil society and legal experts if they wish.

Access to contract information and forest management planning processes

CFDCs did not have sufficient access to documents such as Annual Operational Plans and ESIA's.

The FDA must facilitate community access to documents through their local offices, ensuring that these offices are adequately staffed to meet community needs.

CFDCs did not have sufficient knowledge of forest management planning processes to enable them to hold logging companies and the FDA accountable where correct procedures were not followed.

The FDA must ensure that education on forest management planning is provided to affected communities and CFDCs. CFDC leaders must ensure that their communities are familiar with forest management planning processes by holding monthly meetings on issues related to forest governance.

There was a low level of knowledge of the Annual Operational Plan in all of the CFDCs surveyed, indicating that logging companies were not respecting their obligation to hold annual meetings with CFDCs.

Logging companies must ensure that they hold annual meetings with affected communities on the Annual Operational Plan.



(Left to right) Log field in Rivercess, 2012. © CS-IFM
 Log field in Rivercess, 2012. © CS-IFM
 Affected community in Rivercess, 2012. © CS-IFM

Conclusions

Recommendations

Receipt of community benefits

Land Rental Fees

The majority of logging companies owe significant Land Rental Fees to the Government.

Logging companies are continuing to export timber, despite the substantial revenues that they owe.

The community share of Land Rental Fees has not been paid to the NBSTB account by the Ministry of Finance, with the result that no CFDC has received any land rental payments.

The Ministry of Finance must ensure that any outstanding land rental payments are deposited in the Central Bank as a matter of urgency.

The Government of Liberia must prevent companies that consistently fail to pay land rental payments from exporting timber until these fees have been paid.

The Ministry of Finance must ensure that 30% of land rental payments received from concession holders is now transferred to the NBSTB for allocation to CFDCs.

Cubic meter payments

CFDCs are not being provided with official harvesting updates by logging companies or the FDA, leaving them unable to verify that correct payments have been received.

The cubic meter payment was \$1.00 per cubic meter in every concession audited, regardless of the value of the species being harvested.

A majority of interviewees were not aware that cubic meter payments are linked to the volume of timber harvested.

CFDCs should formally employ a member of the affected community to act as a community verifier of timber harvest volumes. Harvesting volumes can then be verified with data provided by logging companies and the FDA, and any inconsistencies can be reported. Civil society should also provide SGS harvesting updates to CFDCs via SMS. CFDCs must then report to civil society when payments are received, to allow third party verification.

The cubic meter fee should depend on the value of the species being harvested.

The FDA, civil society and CFDC leaders must further raise awareness of the benefit sharing system amongst communities.

Community development

There is a mismatch between what communities are expecting in terms of community development, and what is actually provided for in the Social Agreement.

The FDA must ensure that Social Agreements specify what community developments are to be provided by the company, and include an implementation timeline.

Internal governance of community revenues

Although in many cases little or no money had been spent by the CFDCs, it was clear that accountability and reporting mechanisms needed to be strengthened.

In all the CFDCs it was clear that not all CFDC members were attending regular meetings, and therefore were not able to participate in decision-making processes.

CFDCs must ensure that there is a high level of transparency in their financial management, through accurate accounting and regular reporting to the community on spending and other CFDC activities. Civil society and the FDA must provide relevant trainings to build the financial and project management capacity of CFDCs.

CFDCs must ensure that all members of the community, including women, children and other marginalised sections have a means to make their voices heard and fully participate in community decision making. CFDCs must ensure that all community members are given adequate notice prior to meetings taking place, and provide transport arrangements if necessary to ensure wide participation.



1.

Introduction

2012 / 2013

There continues to be a focus on export-orientated commercial forestry in Liberia, a model dependent on the extraction of large quantities of timber in order to turn a profit. This model of forestry arguably provides a

disproportionately low level of benefits in return to the people of Liberia, and does little to address the pressing development needs facing Liberia after 14 years of conflict. It has been argued that it 'does little to address economic

exclusion, which was one of the root causes of the conflict'.³ In contrast, Liberian forestry law and policy is very progressive, and if correctly implemented could have far-reaching positive impacts for Liberia's rural population.



INTRODUCTION

There is therefore an urgent need for the Government of Liberia to ensure proper implementation of the existing laws and policies in order to shift the Liberian Forest sector towards providing greater benefits for Liberian people. Strengthening community participation and the benefit-sharing framework are key aspects of this process.

In 2006 a National Forestry Policy was formulated, with the objectives being:

- To ensure that commercial forestry, community forestry and forest conservation activities are integrated and balanced to ensure the economic, social and environmental benefits from the resource.
- To grant more equitable access to forest resources so that potential for future conflict is reduced and the benefits from forestry development are shared throughout Liberian society.
- To ensure that all stakeholders participate in the formulation of forestry policies and in the conservation and management of the forestry resource.⁴

This study seeks to determine how well these objectives are being addressed by the current forestry model in Liberia, specifically focusing on community benefit sharing and participation in forest governance. Communities were chosen as the focal point of this study for a number of reasons. Firstly, rural communities are directly dependent on forest resources for their livelihoods, using the forest to meet a wide variety of daily needs. They are also the first to lose out when these resources are destroyed or degraded by unsustainable logging practices, with these occurrences threatening a number of basic human rights for forest communities. Secondly, rural communities are frequently marginalized from decision-making due to a combination of geographical distance, low levels of education and pre-existing power structures. This means they are frequently at a disadvantage when it comes to asserting their rights over forest resources and making their voices heard. It is therefore important to study the effects of forestry policy on these communities to ensure that their needs can be appropriately addressed through ongoing review of the forestry laws and policies in Liberia.

In May 2011 the Government of Liberia and the European Union signed a Voluntary Partnership Agreement (VPA), which is currently awaiting ratification by the Government of Liberia (GoL). The negotiation of the VPA has prompted various reforms, and civil society organisations (CSOs) collaborating under the umbrella of the NGO coalition for Liberia were able to successfully lobby the parties to include a provision for civil-society monitoring of the VPA's implementation.⁵ Monitoring the performance of the forestry sector will be necessary to evaluate the impact of the VPA on forest communities in terms of transparency, poverty reduction and community benefits. This will provide empirical data that can then be used to objectively evaluate its performance over time. This first social audit aims to provide baseline information, which can then be used to determine if there have been any improvements in forest governance resulting from the implementation of the VPA. The Social Audit focuses on the social aspects of forest governance such as community participation and benefit sharing, as well as looking at the legal status of logging concessions. Collected on an annual basis the data will also inform civil society advocacy for proper implementation of the VPA.



(Above) Upper Guinean forest, Liberia, 2013.
© Louise Riley
SGS chain of custody barcode, 2012. © CS-IFM

footnotes

- 3 Baumsgaard et al. 2011. Liberia – Selected Tax Policy Issues: Petroleum, Mining, Forestry, And Indirect Tax Reforms. International Monetary Fund, January 2011.
- 4 FDA. 2006. National forestry policy and implementation strategy: Forestry for communities, commerce and conservation. Republic Of Liberia. Forestry Development Authority. Monrovia, 2006. p10.
- 5 European Commission. 2011. 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, 2011.

In response to the negotiation of the VPA and its aim to move towards a formal system of independent forest monitoring, the NGO coalition for Liberia saw the need for Liberian civil society working on issues in the forestry sector to form an independent team of forest monitors. In March 2012 the project began and the Civil Society-Independent Forest Monitors (CS-IFM) became an operational team, dedicated to monitoring and reporting on the forestry sector and the VPA in Liberia. The team consists of four persons, each recruited from a different CSO of the Liberia NGO coalition. The aim of this collaborative program is to improve forest governance through contributing to the effective implementation of the VPA. This will be achieved by strengthening civil society to allow them to systematically monitor the implementation and effectiveness of the agreement in Liberia, providing regular feedback on key areas for improvement. The monitoring broadly targets the functioning of the Legality Assurance System (LAS), especially the implementation of the Legality Definition and the functioning of institutions within the LAS. But more importantly from the point of view of civil society and communities, the program will also monitor the wider impacts of the VPA on forest governance and poverty reduction. The program specifically builds on the role played by civil society during the VPA negotiations.

From 2009 to 2013 the ‘Making the Forest Sector Transparent’ program, supported by DfID, aimed to measure improvements in forest governance, especially transparency, and was implemented in Cameroon, the Democratic Republic of Congo, Ecuador, Ghana, Guatemala, Liberia and Peru.⁶ Building on this concept of a systematic program of annual monitoring and documentation of the changes in forest governance and transparency, the Sustainable Development Institute (SDI) designed and piloted a social audit of the forestry sector in order to assess the contribution of the sector to community development and poverty reduction in rural Liberia. The pilot involved developing indicators that would be used to gather data in a systematic manner on an annual basis, allowing for comparison over time.

Why the Social Audit is important

A social audit can be defined as being an in-depth scrutiny and analysis of an organization or company, in relation to its social impacts and relevance.⁷ Focusing on the social impacts of a company’s activity, a social audit enables ongoing monitoring and assessment to be carried out in order to systematically report on a company’s performance and progress, with the ‘foremost principle of the social audit being to achieve continuously improved performances in relation to chosen social objectives’.⁸ In this way regular social audits improve accountability by bringing issues in to public focus.

This social audit focuses on logging concessions in Liberia. A total of seven concessions were surveyed, comprising of five Timber Sales Contracts (TSCs) and two of the larger, long-term Forest Management Contracts (FMCs). These concessions were chosen for their proximity to affected communities that have formed a Community Forestry Development Committee (CFDC). The criteria for choosing these concessions were (a) that they must be operating at the time of the data collection, and (b) that they must be operating in areas where the affected communities have formed a CFDC.

The Liberia Social Audit also specifically looked at the functioning of CFDCs. Elected by members of communities affected by logging operations, CFDCs are the official and legal representatives of these communities in interactions with the FDA, logging companies and in any other forestry-related matters. Of the 27 CFDCs that are reported to exist, 19 are said to be active and this social audit covered the seven that related to actual logging operations taking place. As the interface between affected communities and the logging companies operating in their area, CFDCs are very important for democratic forest governance in Liberia. They are a positive and innovative step towards fully involving communities in the decision-making process over natural resources.

In the historic context of the systematic abuse of the forestry sector that occurred during the Liberian civil war, a social audit is an important aspect of providing the necessary transparency to make lasting and positive reforms of the sector. It provides communities with the information that they need to actively participate in forest sector reform by holding both government and the private sector to account. Stakeholder interviews are a central part of a social audit, and as such provide a channel for community voices to be heard and taken into account by both government and the private sector.

footnotes

6 Making the Forest Sector Transparent is collaboration between NGOs and Global Witness. More information available from: <http://www.foresttransparency.info/liberia/2012/>

7 Thomas, Kurian; 2005. Social Audit: A Tool for Performance Improvement and Outcome Measurement.

8 Ibid.

Objectives and Methodology

The primary objective of this social audit was to establish baseline data on the level of community participation in local forest governance and community benefit sharing. To gather this information two elements were involved; a desk-based study of company compliance with fiscal and legal obligations, and a community perception component involving interviews with CFDC members and local government officials from each concession area.

The desk-based study relied on financial updates published by SGS, the forestry laws and regulations and contract documents. An analysis of the Social Agreements was also conducted, looking at the legal provisions and their implications for affected communities.

The second element of the assessment was based on community level interviews, and focused on the distribution of revenue to communities and its use within the beneficiary communities. In-depth interviews were conducted with CFDC members and local government officials in each of the seven affected communities. The analysis of the data provides an assessment of the following: (1) the extent to which the FDA is fulfilling its legal obligations in terms of involving affected communities in the forest management planning processes; (2) the extent to which affected communities are aware of the company's financial and forest management obligations to them; (3) the extent to which those companies are fulfilling their financial obligations to the affected communities; and (4) how the benefits reaching the communities are being used and managed. The questionnaire was divided into four sections, each covering one of the four objectives: (1) Was the legal requirement for community consultation and FPIC fulfilled? (2) Does the community have access to contract information and concession planning processes? (3) Has the community received benefits of any kind? and (4) Is the community happy with the internal governance of community shares? . The information gathered provides a baseline dataset against which future changes in the forestry sector can be assessed.

The seven CFDCs selected for the Liberia Social Audit were located in Rivercess, Grand Bassa, Gbarpolu and Grand Cape Mount counties. CFDC members were selected for interview along with other local government officials such as the Clan Chief, District Superintendent and the Paramount Chief. These members of the community were selected for interview on the assumption that they are more likely to have a higher level of awareness of forestry-related matters in their community, and should therefore be able to provide the information required. The District Commissioners, Paramount Chiefs and other local officials are traditionally the first line of contact for concessionaires going into communities, so they were also interviewed where possible. Interviews were carried out during May - October 2012, and each interviewee was asked 32 questions, corresponding with the four objectives. Not all CFDC members and other officials were available for interview during the research period, as many were away from the community when the interviews were being conducted. However, out of the 70 people selected for interview, 46 were able to complete the questionnaire, amounting to 77% of the total of targeted respondents. Interviewees were asked to respond either yes or no to each of the questions, whilst additional information from the respondents was also noted to aid the analysis and provide a clearer picture of the situation in each of the affected communities.



(Left to right) Community meeting in Grand Bassa, 2012. © CS-IFM
CFDC interview in Cape Mount, 2012. © CS-IFM
Log field in Rivercess, 2013. © CS-IFM

Interviewees in each concession

Concession	Company	CFDC members	Paramount Chief	Other official	Total
TSC A2	Tarpeh Timber	5	1	District Superintendent	7
TSC A3	Akewa	5	--	-	5
TSC A7	Barkor and Barkor	5		District Commissioner	6
TSC A9	B & V	5	1	District Commissioner	7
TSC A16	Sun Yeun	5		2 District Commissioners	7
FMC B	EJ & J	2	1	Influential Community Member, Acting Commissioner, Clan Chief, Chief 1, Chief 2	8
FMC C	LTTC	3	1	Chief, Traditional Speaker	6
Totals:	-	30	3	13	46

Timber Sales Contracts and Forest Management Contracts

Two types of Forest Use Permits (FUP) were covered in the Liberia Social Audit; Forest Management Contracts and Timber Sales Contracts. In total 17 commercial logging concessions have been allocated so far, comprising of ten TSCs and seven FMCs. Timber Sales Contracts are small-scale contracts covering a maximum area of 5,000 hectares each. They are short in duration, lasting for three years but can also be renewed. Most of the TSCs currently operating in Liberia were awarded between 2008 and 2010. The FMC contracts were awarded in 2009, and cover over one million hectares. Lasting for 25 years, they are much larger in scale with the contract area being between 50,000 - 400,000 hectares. However in practice the largest FMC covers an area of just over 260,000 hectares. Two of these seven FMCs are covered in the Social Audit, the only two operational FMCs with a functioning CFDC at the time.

Communities are entitled to receive two forms of payments from the operations of FMCs and TSCs. The first is 30 per cent of Land Rental Fees,⁹ which includes payments related to the use of forestland. The Area Fee, a component of the Land Rental Fees is a flat fee levied on a per hectare basis for each concession. Currently a TSC holder must pay \$1.25 per hectare, whilst an FMC holder is required to pay \$2.50 per hectare for the Area Fee. The land rental bid, or bid premium is the amount prospective bidders pledge to pay per hectare, in addition to the standard Area Fee in order to secure the concession. Together the Area Fee and the Land Rental bid make up the Land Rental Fees, which must be paid annually to the Government of Liberia, via the Central Bank to the Ministry of Finance. The Ministry of Finance is then responsible for transferring 30 per cent of the amount they receive to the National Benefit Sharing Trust Board, who are responsible for managing the funds on behalf of affected communities. Communities are then able to submit proposals for appropriate use of their share of the Land Rental Fees, which are then approved and their implementation overseen by the NBSTB.

The second payment communities are entitled to is the cubic meter payment. These are negotiated in the Social Agreement, and are calculated per cubic meter of timber harvested from the concession. The Ten Core Regulations specifies that a minimum of \$1.00 per cubic meter of timber must be paid to the community. However, the community is free to negotiate this sum upwards, but in practice \$1.00 per cubic meter became the standard fee. The company is required to provide regular harvesting updates to the CFDC so the community can verify the payments they receive. This money must be paid directly to the CFDC, who are then responsible for ensuring that this money is allocated fairly for the benefit of the community.

footnotes

⁹ National Forestry Reform Law (2006), Section 14.2 (e)ii



2.



Key to interpreting the tables In the community perception section of the tables, one respondent is represented by one shaded box. If their answer is positive in relation to the question (for example they were consulted) then the box is shaded green. If their answer was negative in relation to the question (for example they were not consulted) then their box is shaded red. If they did not give an answer the box remains light blue.

Findings from the Social Audit

2012 / 2013

This section presents a summary of the findings of the Social Audit. The following tables bring together both the desk-based research along with the findings from the community perception interviews. The findings

are presented per concession, and are consolidated under the four themes outlined in the methodology: 1. Was the legal requirement for community consultation and FPIC fulfilled? 2. Does the community

have access to contract information and concession planning processes? 3. Has the community received benefits of any kind? and 4. Is the community happy with the internal governance of community shares?



TSC – A2: Tarpeh Timber

Contract Information¹⁰

Company	Contract	Contract Area (Hectares)	County	Contract start date/ duration	Activity	Began exporting	Quantity exported to date (m ³) ¹¹
Tarpeh Timber	TSC-A2	5,000	Grand Bassa	27 th June 2008 3 years	Exporting	2009	4,964

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ¹²
<p>Were the community consulted by the FDA prior to logging operations starting?¹³</p> <p>Yes, but no documentation available</p>	<p>Community were consulted/community were not consulted</p> <p> P.C.*</p> <p>Satisfied/dissatisfied with the company's operations</p> <p></p>
<p>Was a Social Agreement signed between the community and the logging company?¹⁴</p> <p>Yes, dated 8th August, 2008</p>	<p>Community signed/did not sign a Social Agreement with the company</p> <p> P.C.</p> <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> <p></p>

In this community five CFDC members were interviewed along with the Paramount Chief and the District Superintendent. This CFDC was formed in 2008, and has been legally incorporated. It has received support from SDI and has also been assessed by DEN-L, and has its headquarters in Moore Town, Grand Bassa. All respondents except two said that there had been a consultation by the FDA before logging operations began. The Paramount Chief was one of those who was not aware that the consultation had taken place. Only two of these seven respondents said that they were satisfied with how Tarpeh Timber is now conducting its logging operations. There was also dissatisfaction that the FDA always takes a pro-company stance when facilitating negotiations with the community. The District superintendent was amongst the two people who were satisfied with the company, saying that he felt that Social Agreements were well understood, and that when problems did arise they were addressed adequately by the CFDCs.

Four respondents said they were dissatisfied with the process of negotiating the Social Agreement, claiming that they had not been given enough time to fully examine the document before signing it. It was clear from the responses that not enough was done by the FDA to ensure that community members fully understood the Social Agreement before signing it. Others were disappointed that Tarpeh Timber was not living up to the promises that they made in the agreement, such as paving roads and building a school. One respondent felt that it was in the communities best interests to sign the document even though it falls short of community expectations, and then to petition for increased community benefits after signing it.

footnotes

- * Paramount Chief.
- ¹⁰ Information obtained from the contract between FDA and Tarpeh Timber, dated 27th June, 2008.
- ¹¹ Based on SGS CoC Financial Update, January 2013.
- ¹² Based on community interviews.
- ¹³ Based on community interviews.
- ¹⁴ Social Agreement between the CFDC and Tarpeh Timber, dated 15th August, 2008.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ¹⁵	Yes	Knowledge/no knowledge of contract start date or duration 
Map of concession area available to the CFDC? ¹⁶	Yes	Have seen map/have not seen map 
Boundary information available? ¹⁷	Yes	Knowledge/no knowledge of concession boundary 
Any Agricultural activities by the company? ¹⁸	Yes	Knowledge/no knowledge of agricultural activities in the concession 
ESIA completed? ¹⁹	Yes, November 2008	Knowledge/no knowledge of ESIA 
Annual Operational Plan has been completed? ²⁰	Yes	Knowledge/no knowledge of Annual Operational Plan 
Forest Management Plan completed?	Not applicable to TSCs	Knowledge/no knowledge of Forest Management Plan 
Does the Forest Management Plan identify no-go-zones? ²¹	Not applicable to TSCs	Knowledge/no knowledge of no-go zones in the Forest Management Plan 
Is the logging company now operating? ²²	Yes	Knowledge/no knowledge of logging company identities 

The majority of those interviewed knew the contract start date and duration, the identities of the logging companies, and had seen a map of the concession area. Almost none of the respondents were aware of the pre-felling requirements that the company must fulfil, such as conducting an Environmental and Social Impact Assessment (ESIA) and developing an Annual Operational Plan. The Paramount Chief was particularly poorly informed, and was unaware of the contract start date, duration and the identity of the logging company operating. In contrast, the District Superintendent was well informed and had a good grasp of the pre-felling requirements that had been undertaken, but wrongly answered that a Forest Management Plan had been completed when in fact this is not a requirement for a Timber Sales Contract. We can see from these responses that generally there was a poor understanding of the processes a logging company must follow in order for them to be permitted to harvest timber from a TSC. Where there is a solid understanding of these processes within affected communities, they are in a much stronger position to be able to alert the relevant bodies when these processes are not followed. This is particularly important for communities affected by logging, as they are almost always located in remote areas, and company's are away from the gaze of those authorities that are supposed to monitor their activities.

footnotes

** District Superintendent.

¹⁵ Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.

¹⁶ Ibid.

¹⁷ Information obtained from the contract between FDA and Tarpeh Timber, dated 27th June, 2008.

¹⁸ Based on information from community interviews.

¹⁹ ESIA, dated November 2008, obtained from the EPA.

²⁰ Annual Operational plan not available.

²¹ Forest Management Plan not required for TSCs.

²² Based on SGS CoC Financial Update, January 2013.

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

Fees payable to Government of Liberia²³

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1000	-	1,000	5	5,000	4,000	1,000	80%
Annual Area Fee	1.25	5,000	6,250		31,250	28,250	3,000	90.4%
Annual Land Rental bid ²⁴	5.00		25,000		125,000	50,000	75,000	40%
Total	-		32,250		161,250	82,250	79,000	51%

Community share of land rental payments

	Percentage due to CFDCs (%) ²⁵	Amount due to CFDC (US\$) ²⁶	Amount received by GOL (US\$) ²⁷	Amount received by CFDC (US\$) ²⁸	Knowledge/no knowledge of Land Rental Fees due to the CFDC
Area Fee	30%	9,375	8,475	0	
Land rental bid	30%	37,500	15,000	0	
Total	-	46,875	23,475	0	

Tarpeh Timber has paid some of the Area Fee, Land Rental Fees and the contract administration fee, but is still in arrears of \$79,000, having paid 51% of the total sum. Although this level of arrears is in contravention of the NFRL (2006), the Government of Liberia is allowing Tarpeh Timber to continue exporting timber from this concession. Our calculations show that the affected community is entitled to \$46,875 in total from land rental payments and Area Fees from Tarpeh Timber. The Ministry of Finance has received \$23,475 of this figure, but so far no money has yet been transferred to the CFDC in this concession for spending on community development projects.

Three respondents knew that there were Land Rental Fees due to the CFDC. Again, the paramount chief was poorly informed and was not aware that any Land Rental Fees were due to the CFDC. It was clear that the CFDC leaders had not been providing adequate education or access to information to the community, as five of the interviewees responded incorrectly that the CFDC had already received some money in land rental payments. In fact no CFDC in Liberia has received any money from the Ministry of Finance yet, and it is more likely that these interviewees were referring to the cubic meter payments that had been received.



Conducting interviews in Cape Mount, 2012. © CS-IFM

footnotes

²³ Based on information in the SGS CoC Financial Update January 2013, as well as additional information obtained directly from SGS.

²⁴ Area Fee and land rental bid in FDA- Company contract, dated 27th June 2008.

²⁵ Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).

²⁶ SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update January 2013.

²⁷ Calculation of community share received by GoL, based on SGS CoC Financial Update January 2013.

²⁸ No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception	
Volume harvested (m³)²⁹	Cubic meter fee (US\$/m³)³⁰	Amount due (US\$)	Amount paid (US\$)³¹	Amount owing (US\$)	Aware/ not aware of cubic meter payment received by the community	
4,964	1.00	4,964	~ 5,000	0		
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far	
No						
					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested	
Community development benefits				Community perception		
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due		
	Completed	Partially completed	Not started	Knowledge/ no knowledge of community benefits being delivered		
'Community development'	-	-	Clinic School Bridge Paving, Roads			

The community has received some money in cubic meter payments from Tarpeh Timber. Although estimates varied between respondents, a figure of US\$ 5,000 has likely been received so far, which roughly corresponds with the export data obtained from SGS. It was clear from the responses that there was a low level of knowledge that cubic meter fees had been received by the CFDC from Tarpeh Timber, with only two of the respondents aware that any money had been received. This indicates that there is a lack of information sharing within the CFDC, and that CFDC leaders are not sharing information with all members. It was only the District Superintendent that said he was aware of the volume of logs that had been harvested, whilst the rest of those interviewed had received no information from the FDA, Tarpeh Timber or the CFDC on the volume harvested. This lack of access to harvesting information prevents the community from being able to verify the amount they receive with the amount the company has harvested. There was also a low level of knowledge amongst the community that as logs continue to be harvested, the community will be owed more cubic meter fees, again demonstrating the limited understanding of the benefit sharing system.

No community benefits had been delivered when the interviews were carried out. The community were under the impression that Tarpeh Timber had agreed to construct a bridge, clinic, school and to pave roads, and were very disappointed that none of these had been delivered. In fact Tarpeh Timber had agreed to provide 'community development' in the Social Agreement it signed with the community, but no specific deliverables were actually outlined. This discrepancy between community expectation and company obligation meant that the community were dissatisfied with Tarpeh Timber because 'promises were not being fulfilled'.

footnotes

** District Superintendent.

²⁹ SGS CoC financial update January 2013.

³⁰ Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).

³¹ Based on community interviews.

4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
Money spent	What were the main things the money was spent on?	Money not spent
Yes	Do the CFDC and community leaders report on how the money is used?	No
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No

Approximately \$5,000 has been received by the community so far, so at this point it is difficult to assess how well the CFDC’s internal governance of revenues is being carried out. Most respondents answered that there had been no money spent by the CFDC on behalf of the community, and it was only the District Superintendent, who is not a member of the CFDC, who knew that some money had already been spent, apparently on building a community meeting place. We can see from the responses that the internal decision-making and management processes have not yet been fully established, highlighting the need for additional support to this CFDC to ensure that it is able to manage its finances in a transparent and accountable way. Many of those interviewed were not aware of meetings that had been held, which raises the question on whether transportation to meetings is being adequately provided for or whether certain members of the community or CFDC are being actively excluded by other, more dominant community members. The District Superintendent was not aware that there had been community meetings held to discuss the spending of revenues, which is interesting as on other matters, such as understanding the forest management planning processes he was very well informed.

However, there was still a general feeling of satisfaction with the way the CFDC are operating amongst most of those interviewed. Five respondents believed that the CFDC are able to manage money properly, even though most of those interviewed were not aware that any money had been received. The Paramount Chief was among the two who were dissatisfied with the CFDC management, saying that he wasn’t sure of the purpose of the CFDC. Another respondent was also concerned that the community are not being informed of how the money allocated to them is being used. This shows that there needs to be a greater effort to include all members of the community in CFDC activities, in order to ensure that it serves its purpose to improve the democracy of forest governance in this community.

“We signed the Social Agreement for three years, which are now finished. But they renewed the contract for a further two years and there is no Social Agreement for the new contract. After the three years were over, the FDA said they were granting the concession two more years. But they will not allow the community to work. The community have not signed any agreement but there has been an unwritten ‘gentlemen’s agreement’ that Tarpah Timber will pay \$2.00 per cubic metre, and do no community development.” – CFDC member, TSC A2.

footnotes

* Paramount Chief.
 ** District Superintendent.

TSC – A3: Akewa Group

Contract Information³²

Company	Contract	Contract Area (Hectares)	County	Contract start date/duration	Activity	Began exporting	Quantity exported to date (m ³) ³³
Akewa	TSC-A3	5,000	Grand Bassa	21 st July 2010	Exporting	2011	16,403

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ³⁴
<p>Were the community consulted by the FDA prior to logging operations starting?³⁵</p> <p>Yes, but no documentation available</p>	<p>Community were consulted/community were not consulted</p> <p></p> <p>Satisfied/dissatisfied with the company's operations</p> <p></p>
<p>Was a Social Agreement signed between the community and the logging company?³⁶</p> <p>Yes, dated 15th January, 2011</p>	<p>Community signed/did not sign a Social Agreement with the company</p> <p></p> <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> <p></p>

The CFDC representing this concession were formed in 2010, but is unclear whether or not they have been legally incorporated. They have received assistance from SDI in getting established, and have also been assessed by DEN-L. Their headquarters are in Grand Bassa, but the exact town where they're located has not been confirmed. In this community, interviews were carried out with five CFDC members, unfortunately no other officials such as the Paramount Chief or District Superintendent were available for interview. Only three of the five CFDC members were aware that there had been a consultation by the FDA on bringing logging operations in their area. There was further dissatisfaction with the company due to 'promises being broken', and the lack of employment provided to the community by the company was another bone of contention.

Although all said that a Social Agreement had been signed, four of the five CFDC members said they were not satisfied with the way the process of negotiating the Social Agreement was conducted. There was dissatisfaction with the amount negotiated for the cubic meter fee, as well as there being dissatisfaction with the content and the lack of clarity of the Social Agreement, with one CFDC member believing that 'there are no clear benefits for the community in signing it'. This indicates that due process was not followed during the consultation and negotiation process, with not enough time allowed for the community to fully understand what they were agreeing to. There was also a clear sentiment that the Social Agreement was not being adhered to, further contributing to the dissatisfaction found within this CFDC. Although a bridge and a road were built by the company, they were now in poor condition.

footnotes

³² Information obtained from the TSC A3 contract between FDA and Akewa, dated 21st July 2010.

³³ Based on SGS financial update January 2013.

³⁴ Based on community interviews.

³⁵ Ibid.

³⁶ Social Agreement, dated 15th January 2011.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ³⁷	Yes	Knowledge/no knowledge of contract start date or duration 
Map of concession area available to the CFDC? ³⁸	Yes	Have seen map/ have not seen map 
Boundary information available? ³⁹	Yes	Knowledge/ no knowledge of concession boundary 
Any Agricultural activities by the company? ⁴⁰	No	Knowledge/no knowledge of agricultural activities in the concession 
ESIA completed? ⁴¹	Yes, but no date available	Knowledge /no knowledge of ESIA 
Annual Operational Plan has been completed?	Yes, but no date available	Knowledge/no knowledge of Annual Operational Plan 
Forest Management Plan completed? ⁴²	Not applicable to TSCs	Knowledge /no knowledge of Forest Management Plan 
Does the Forest Management Plan identify no-go-zones? ⁴³	Not applicable to TSCs	Knowledge/ no knowledge of no-go zones in the Forest Management Plan 
Is the logging company now operating? ⁴⁴	Yes	Knowledge/ no knowledge of logging company identities 

There was very limited knowledge in this community about any of the pre-felling requirements. Although all interviewees knew of the contract start date, duration, and the logging company identity, none of those interviewed had any awareness that an ESIA or Annual Operational Plan must be completed before logging operations can begin. One CFDC member had seen a copy of the concession area map, whilst two knew where the concession boundary lay. However, there was clear knowledge that only logging was being carried out with no knowledge of any agricultural activities at all. This low level of knowledge indicates that the FDA may not be fulfilling its mandate to educate the community on the forest management and planning processes such as an ESIA and Annual Operational Plan which must be completed before a company is allowed to begin operating. It is important the FDA carry out education programmes and awareness-raising within affected communities, so that these communities are able to verify that their forests are being managed in accordance with the law.

footnotes

³⁷ Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.

³⁸ Ibid.

³⁹ Concession boundary and concession map contained in the FDA-company contract, dated 21st July 2010.

⁴⁰ Based on information from community interviews.

⁴¹ ESIA not available.

⁴² Annual Operational plan not available.

⁴³ Forest Management Plan not required for TSCs.

⁴⁴ Based on SGS financial update January 2013.

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

Fees payable to Government of Liberia⁴⁵

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1,000	-	1,000	3	3,000	3,000	-	100%
Annual Area Fee	1.25	5,000	6,250		18,750	18,750	-	100%
Annual Land Rental bid ⁴⁶	5.20		26,000		78,000	28,750	49,250	63.1%
Total	-		33,250		99,750	50,500	49,250	50.6%

Community share of land rental payments

	Percentage due to CFDCs (%) ⁴⁷	Amount due to CFDC (US\$) ⁴⁸	Amount received by GOL (US\$) ⁴⁹	Amount received by CFDC (US\$) ⁵⁰	Knowledge/no knowledge of Land Rental Fees due to the CFDC
Area Fee	30%	5,625	5,625	0	
Land rental bid	30%	23,400	14,765	0	
Total	-	29,025	20,390	0	

Community perception

Akewa has paid the Government of Liberia \$50,500, or just over 50% of its land rental payments so far, with an outstanding amount of \$49,250 still to be paid. Having paid 100% of its Area Fees, the main outstanding balance is for the land rental bid – the additional sum that a logging company must pay for each hectare of its concession. There have been some conflicting views regarding this payment, with many logging companies unwilling to pay this sum on an annual basis, instead arguing that this should be a one off payment at the beginning of the contract period. As such, there often remains a large outstanding payment on this land rental bid, as is the case here for Akewa. The CFDC is due to be paid \$29,025 in Land Rental Payments from Akewa, but so far has not received anything at all, due to the Ministry of Finance failing to transfer the funds it has received into the NBST account. Our calculations show that there should be at least \$20,390 awaiting transfer to the NBST account for use by the Akewa affected community.

There was not much knowledge of Land Rental Fees within the community, with only two of the CFDC members knowing that they were due any money in Land Rental Fees at all. This is worrying, especially when the amount they are currently due could produce substantial community benefits if managed correctly. In addition, another CFDC member believed that \$3,400 had already been received by the CFDC, although as stated earlier this is certainly not the case. This again indicates that the CFDC leaders must do more to ensure that all information is shared with the other CFDC members in the community.

footnotes

⁴⁵ Based on information in the SGS CoC Financial Update January 2013.

⁴⁶ Area Fee and land rental bid in FDA- Company contract, dated.

⁴⁷ Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).

⁴⁸ SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update January 2013.

⁴⁹ Calculation of community share received by Government of Liberia, based on SGS CoC Financial Update January 2013.

⁵⁰ No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception
Volume harvested (m³)⁵¹	Cubic meter fee (US\$/m³)⁵²	Amount due (US\$)	Amount paid (US\$)⁵³	Amount owing (US\$)	Aware/not aware of cubic meter payment received by the community
16,403	1.00	16,403	~ 3,500	~ 13,000	
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far
No					
					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested
Community development benefits				Community perception	
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due	
	Completed	Partially completed	Not started		
'Community development'	Hand-pump	-	Clinic School buildings	Knowledge/no knowledge of community benefits being delivered	

Only two of the five respondents were aware that there had been some cubic meter payments made to the community. One respondent gave the figure as being \$50,000, but judging by the export data this seems unlikely. It is more likely that this figure was paid to the Government of Liberia for Land rental and administration fees. Looking at the SGS export data, the community are owed \$16,000 in cubic meter payments from Akewa, but two CFDC members were only aware that \$3,500 had been received so far. One community member believed that 22,000 cubic meters of timber had been harvested from the concession so far, but again the SGS CoC updates show that only 16,400 cubic meters have so far been exported. So far there has been no official harvesting information provided to the community by Akewa or the FDA, so currently they have no independent way to verify that they have received the correct cubic meter payments.

In terms of community development benefits, so far Akewa has completed some hand-pumps. The other facilities that the community were expecting such as a school, a clinic and employment opportunities have yet to materialise. In this CFDC it was again found that there was a large gap between what the community were expecting the company to provide, and the actual provisions found in the Social Agreement. In this case, the company had agreed to provide 'community development' but it was not specified what would be provided, how the construction projects would be managed and when these 'community developments' would be completed. This lack of clarity makes these provisions almost impossible to enforce, and has lead in this case to the community not being provided with the development benefits they believed they had been promised by Akewa.

footnotes

51 SGS CoC financial update January 2013.
 52 Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).
 53 Based on community interviews.

4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
		
Money spent	What were the main things the money was spent on?	Money not spent
		
Yes	Do the CFDC and community leaders report on how the money is used?	No
		
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
		
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No
		

Only three of the five CFDC members interviewed knew that the community held meetings to decide how money would be spent. Three of the CFDC members were not aware that any money had been spent by the CFDC, even though they may have so far received \$16,000 in cubic meter payments. Given that the whole CFDC should be present during the decision making processes, this is worrying and points to a lack of accountability in financial decision making processes. It could also point to transportation issues, and there not being the provisions to ensure that all the CFDC members are able to attend regular CFDC meetings. It seems that a lot more must be done to enable this CFDC to be more transparent and accountable in its decision-making, as only two of the five CFDC members interviewed were aware that there was any financial reporting, that community meetings were held on forestry and other related issues, or believed that the community were managing the funds satisfactorily. In light of the fact CFDCs were only recently established, it seems that the necessary skills such as reporting, accounting and project management skills needed to manage substantial funds may be lacking. These skills are fundamental in ensuring that the community's forestry revenues are managed for the benefit of the entire community, not just for a small minority of powerful community actors.

"In my community, we never knew what was in the Social Agreement. The FDA brought a copy of it to another community affected by the logging operations, but it was never brought to my community. By the time they brought the Social Agreement to our community it was too late, and we only had limited time." – CFDC member, TSC A3.



(Left to right) pictures 1 and 2: Conducting interviews in Cape Mount, 2012. © CS-IFM
Abandoned logs in Rivercess, 2012. © CS-IFM

TSC- A7: Bargor & Bargor

Contract Information⁵⁴

Company	Contract	Contract Area (Hectares)	County	Contract start date/ duration	Activity	Began exporting	Quantity exported to date (m ³) ⁵⁵
Bargor & Bargor	TSC-A7	5,000	Gbarpolu	27 th June 2008 3 years	Exporting	2010	4,717

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ⁵⁶
<p>Were the community consulted by the FDA prior to logging operations starting?⁵⁷</p> <p>Yes, but no documentation was available</p>	<p>Community were consulted/community were not consulted</p>  <p>Satisfied/dissatisfied with the company's operations</p> 
<p>Was a Social Agreement signed between the community and the logging company?⁵⁸</p> <p>Yes, but the document could be accessed</p>	<p>Community signed/did not sign a Social Agreement with the company</p>  <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> 

Five members of the CFDC and the District Commissioner were interviewed in this concession. This CFDC was legally incorporated in 2008, and has its headquarters in Gbankay, Gbarpolu county. It has been assessed by DEN-L, as well as receiving support from SDI. Five of the six respondents said that the FDA had consulted the community, prior to logging operations beginning. Now that the logging operations had started not one of those interviewed was happy that the company was operating in their area. Although there was certainly a consultation, due process was not followed to ensure that the community were fully aware exactly what they were agreeing to. Two of the six interviewees that knew about the consultation were not even aware that the FDA had been present at all, only that the company had come to seek their consent. One respondent conveyed his concerns that the community were unable to have their demands met by the company. He said that they had voiced their dissatisfaction on one issue, but no further action was taken to address the complaint.

With regards to the signing of the Social Agreement, again five of the respondents were aware that it had been negotiated and signed. However not one CFDC member was satisfied with the Social Agreement or the negotiation process. Interviewees expressed their dissatisfaction that the Social Agreement was not being adhered to, as none of the community benefits that were promised had materialised so far.

footnotes

54 Information obtained from the TSC A9 contract between FDA and Bargor and Bargor, dated 27th June 2008.
 55 Based on SGS financial update January 2013.
 56 Based on community interviews.
 57 Ibid.
 58 Social Agreement, date not available.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ⁵⁹	Yes	Knowledge/no knowledge of contract start date or duration 
Map of concession area available to the CFDC? ⁶⁰	Yes	Have seen map/ have not seen map 
Boundary information available? ⁶¹	Yes	Knowledge/no knowledge of concession boundary 
Any Agricultural activities by the company? ⁶²	No	Knowledge/no knowledge of agricultural activities in the concession 
ESIA completed? ⁶³	Yes, but no date available	Knowledge/no knowledge of ESIA 
Annual Operational Plan has been completed? ⁶⁴	Yes, but no date available	Knowledge/no knowledge of Annual Operational Plan 
Forest Management Plan completed?	Not applicable to TSCs	Knowledge/no knowledge of Forest Management Plan 
Does the Forest Management Plan identify no-go-zones? ⁶⁵	Not applicable to TSCs	Knowledge/no knowledge of no-go zones in the Forest Management Plan 
Is the logging company now operating? ⁶⁶	Yes	Knowledge/no knowledge of logging company identities 

Most of those interviewed knew the start date and duration of the contract, and all were aware of the logging company identity. Yet on other aspects of the planning processes there was less awareness in this CFDC than in many of the other CFDC's assessed in this Social Audit. No one in the community had any knowledge that an ESIA and Annual Operational Plan should be completed before felling operations begin. Only one respondent had seen the map of the concession area, but half of those interviewed said they were aware where the concession boundary lay. Three interviewees said that they knew that culturally significant sites had been outlined, and that the company was not supposed to enter these areas.

Overall, this community do not have the knowledge and understanding of forest management processes that they require to hold logging companies to account, and demand that all laws and regulations are followed. It is clear that the FDA has not been upholding its responsibility to educate and provide information to the community on forest management processes⁶⁷, leaving this community vulnerable to the potentially negative consequences of company mal-practises.

footnotes

⁵⁹ Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.

⁶⁰ Ibid.

⁶¹ Concession boundary and concession map contained in the TSC A7 contract, dated 27th June 2008.

⁶² Based on information from community interviews.

⁶³ ESIA not available.

⁶⁴ Annual Operational plan not available.

⁶⁵ Forest Management Plan not required for TSCs.

⁶⁶ Based on SGS financial update January 2013.

⁶⁷ NFRL (2006) Section 10.1 b (iv).

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

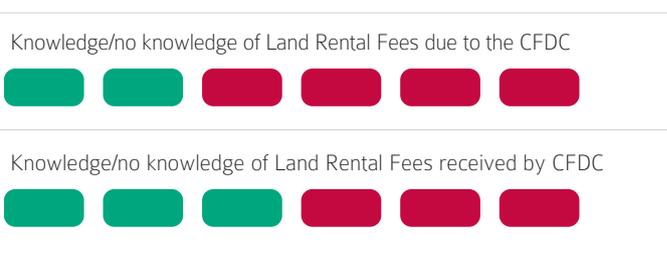
Fees payable to Government of Liberia⁶⁸

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1,000	-	1,000	5	5,000	4,000	-	100%
Annual Area Fee	1.25	5,000	6,250		25,000	28,250	6,250	80%
Annual Land Rental bid ⁶⁹	1.91		9,550		19,050	50,000	28,700	40%
Total	-		16,800		49,050	82,250	34,950	58%

Community share of land rental payments

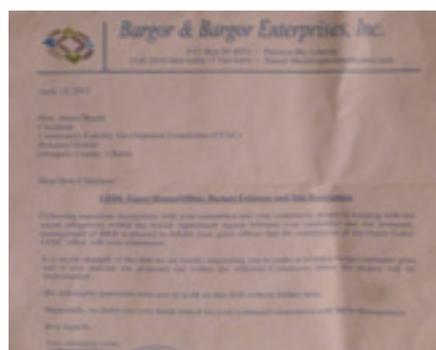
	Percentage due to CFDCs (%) ⁷⁰	Amount due to CFDC (US\$) ⁷¹	Amount received by GOL (US\$) ⁷²	Amount received by CFDC (US\$) ⁷³
Area Fee	30%	9,375	7,500	0
Land rental bid	30%	14,325	5,730	0
Total	-	23,700	13,746	0

Community perception



Bargor and Bargor has been operating for five years, and has so far paid \$49,050 in Land Rental Fees. They are still in arrears by \$34,950, having paid 58% of the total land rental that they owe for the period in which they have been operating. This means that approximately \$23,700 is due to be paid to this CFDC. \$13,746 of this sum should be available from the Ministry of Finance as SGS financial updates confirm that they have already received this money.

However, only two of the interviewees knew that there were any Land Rental Payments due to be paid the the community, further illustrating the lack of understanding and awareness in this community. Furthermore the contract had been renewed without the communities consent after it ended in 2011. This illustrates the lack of clarity within this community on the forestry benefit sharing arrangements, and indicates that the CFDC must ensure that all its members are well informed.



Communication from Bargor & Bargor, 2012. © CS-IFM

footnotes

- 68 Based on information in the SGS CoC Financial Update January 2013.
- 69 Area Fee and land rental bid in the TSC A7 contract, dated 27th June, 2008.
- 70 Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).
- 71 SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update January 2013.
- 72 Calculation of community share received by Government of Liberia, based on SGS CoC Financial Update January 2013.
- 73 No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception	
Volume harvested (m³)⁷⁴	Cubic meter fee (US\$/m³)⁷⁵	Amount due (US\$)	Amount paid (US\$)⁷⁶	Amount owing (US\$)	Aware/ not aware of cubic meter payment received by the community	
4,717	1.00	4,717	~ 6,000	0		
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far	
No						
					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested	
Community development benefits				Community perception		
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due		
	Completed	Partially completed	Not started			
	-	Road	Bridges CFDC building School Clinic	Knowledge/ no knowledge of community benefits being delivered		

SGS financial updates show that Bargar and Bargar have so far exported 4,717 cubic meters of timber from their TSC A7 concession, and are therefore owing the affected community \$4,717 in cubic meter payments. Only two of those interviewed were aware that any payment had been made, with one CFDC member believing that \$6,000 had been received. Unfortunately there is no way for the community to confirm if they have received the correct amount of cubic meter payments, as they had not been provided with official harvesting information by Bargar and Bargar or the FDA. Only one CFDC member was aware how much timber had already been harvested, after he requested the information from a logging company official and was informed that 6,000 cubic meters had been harvested in 2011. He was still awaiting the updated information from 2012 at the time of interview. Three of the six interviewees were aware that the community would be receiving more cubic meter payments in the future as logs continued to be harvested.

It seems that B&B have so far not completed any of community development benefits agreed to in the Social Agreement. Again, there are no specific benefits outlined in the Social Agreement, just 'community benefits' but it seems that some work has begun on building roads and a clinic. There was a high level of awareness in this community about the community development benefits due, with only one person having no knowledge of them, although the community were expecting there to be many more benefits than had actually been outlined in the Social Agreement. This mismatch of community expectation and actual Social Agreement provisions meant that there was a great deal of dissatisfaction with Bargar and Bargar, with not one of those interviewed being satisfied with the company.

footnotes

74 SGS CoC financial update January 2013.

75 Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).

76 Based on community interviews.

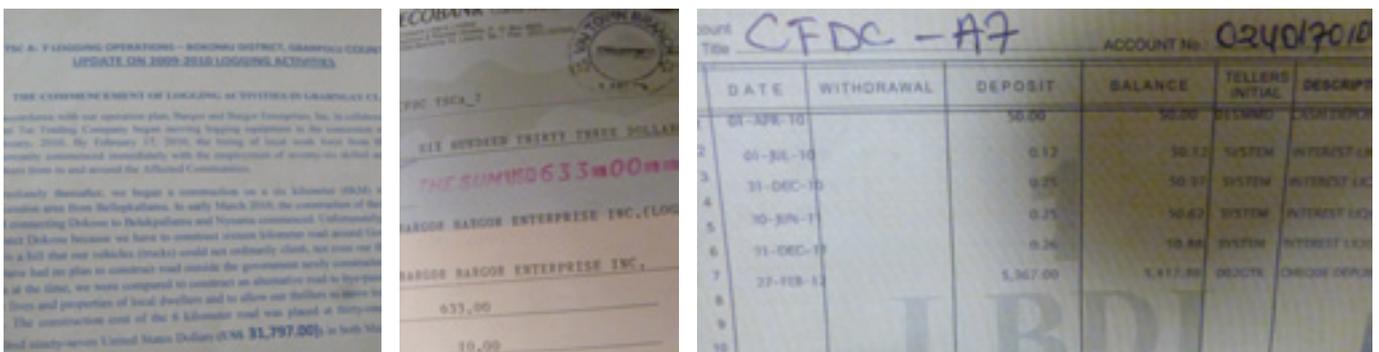
4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
		
Money spent	What were the main things the money was spent on?	Money not spent
		
Yes	Do the CFDC and community leaders report on how the money is used?	No
		
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
		
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No
		

This community have received between \$4,000-6,000 in cubic meter payments, but it seems that so far there has been no decision made on how to spend the money. There has so far been no reporting on how the money is being managed, but one CFDC member said that there are structures in place for reporting that will be used once the money is being spent. Only two of the six interviewees knew about meetings being held on how to spend community revenues, highlighting that more must be done to involve more people in meetings and decision-making, such as providing transportation to meetings. Although there appears to have been no spending yet, this CFDC has gained the trust of the community, with all interviewees saying that they were satisfied with how the CFDC was being managed. The chairman of the CFDC also appears to have gained a great deal of trust over a long time period of serving the community. There are also policies such as regular community briefings and having an external signatory on the CFDC account that were regarded positively by the interviewees, highlighting the importance of transparent and accountable practises.

“During the negotiation process of the Social Agreement, I remember the manager of the logging company told the FDA and SDI that they were starting the process. The Social Agreement was made in Monrovia. Who in the community can influence that signing? It’s the Chiefs.” – CFDC member, TSC A7.



(Left to right) Communication from Bargar & Bargar, 2012. © CS-IFM
Photos 2 and 3: CFDC bank statements, 2012. © CS-IFM

TSC – A9: B & V Timber Company

Contract Information⁷⁷

Company	Contract	Contract Area (Hectares)	County	Contract start date/ duration	Activity	Began exporting	Quantity exported to date (m ³) ⁷⁸
B & V Timber Company	TSC-A9	5,000	Cape Mount	27 th June 2008 3 years	Exporting	2010	1,288

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ⁷⁹
<p>Were the community consulted by the FDA prior to logging operations starting?⁸⁰</p> <p>Yes, but no documentation available</p>	<p>Community were consulted/community were not consulted</p>  <p>Satisfied/dissatisfied with the company's operations</p> 
<p>Was a Social Agreement signed between the community and the logging company?⁸¹</p> <p>Yes, dated 29th March 2009</p>	<p>Community signed/did not sign a Social Agreement with the company</p>  <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> 

In this community five CFDC members, the Paramount Chief and the District Commissioner were all interviewed for their views and knowledge on the concession operations. Formed in 2009, this CFDC has been legally incorporated and is based in Benduma, Grand Cape Mount. It has received support from SDI and has also been assessed by DEN-L. All of those interviewed except one said that there had been consultation with the community before logging operations commenced in the area. However, the CFDC member who believed that consultation had not taken place said that the FDA had come to the community, but had only informed them that the company had won the bid and would be commencing operations rather than actually consulting them in any meaningful way. Other CFDC members were angry that the contract had been renewed for a further two years without community consultation.

Now that the B & V Timber Company had begun its operations, no one was satisfied as there had so far been no benefits for the community. All of those interviewed said that a Social Agreement had been signed; yet no one felt satisfied with the process of negotiating the Social Agreement, or its implementation. Some interviewees said that the community were not given enough time to understand the Social Agreement. The Paramount Chief expressed a sentiment that the company had insisted on an illiterate person to be the chair of the CFDC, who then signed the Social Agreement without being aware of what he was signing, or its implications.

footnotes

⁷⁷ Information obtained from the contract between FDA and Burglar Vincent Timber Company, dated 27th June 2008.

⁷⁸ Based on SGS Export data summary, 2009-2012, December 2012.

⁷⁹ Based on community interviews.

⁸⁰ Ibid.

⁸¹ Social Agreement, dated 29th March 2009.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ⁸²	Yes	Knowledge/no knowledge of contract start date or duration 
Map of concession area available to the CFDC? ⁸³	Yes	Have seen map/have not seen map 
Boundary information available? ⁸⁴	Yes	Knowledge/no knowledge of concession boundary 
Any Agricultural activities by the company? ⁸⁵	No	Knowledge/no knowledge of agricultural activities in the concession 
ESIA completed? ⁸⁶	Yes, but no date available	Knowledge/no knowledge of ESIA 
Annual Operational Plan has been completed? ⁸⁷	Yes, but no date available	Knowledge/no knowledge of Annual Operational Plan 
Forest Management Plan completed?	Not applicable to TSCs	Knowledge/no knowledge of Forest Management Plan 
Does the Forest Management Plan identify no-go-zones? ⁸⁸	Not applicable to TSCs	Knowledge/no knowledge of no-go zones in the Forest Management Plan 
Is the logging company now operating? ⁸⁹	Yes	Knowledge/no knowledge of logging company identities 

All respondents knew the basic contract information such as the start date and the duration, and all except one were aware of the company's identity. Following the trend in other communities, there was a low level of knowledge of other pre-felling requirements such as the Forest Management Plan and the Annual Operational Plan. However, the majority of the community were aware of the ESIA, with four of the seven being aware that it had been completed. There was also fairly good knowledge of the concession boundary in this CFDC, as some members had participated in the block cutting exercise. However, overall this community did not have a thorough understanding of the processes that must be completed by the logging company before logging operations may begin. This puts the community at a higher risk that the correct processes may not be followed, as they are not able to effectively monitor whether all the requirements have been fulfilled. The FDA must ensure that it improves this community's access to information, and provides training on relevant aspects of the law. The CFDC leaders must also ensure that they request this information and share it with all CFDC members.

footnotes

⁸² Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.

⁸³ Ibid.

⁸⁴ Concession boundary and concession map contained in the TSC A9 contract, dated 27th June 2008.

⁸⁵ Based on information from community interviews.

⁸⁶ ESIA not available.

⁸⁷ Annual Operational plan not available.

⁸⁸ Forest Management Plan not required for TSCs.

⁸⁹ Based on SGS financial update January 2013.

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

Fees payable to Government of Liberia⁹⁰

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1,000	-	1,000	5	5,000	5,000	0	100%
Annual Area Fee	1.25	5,000	6,250		31,250	31,250	0	100%
Annual Land Rental bid ⁹¹	20.00		100,000		500,000	105,000	395,000	21%
Total	-		107,250		536,250	141,250	395,000	26%

Community share of land rental payments

	Percentage due to CFDCs (%) ⁹²	Amount due to CFDC (US\$) ⁹³	Amount received by GOL (US\$) ⁹⁴	Amount received by CFDC (US\$) ⁹⁵	Community perception
Area Fee	30%	9,375	9,375	0	Knowledge/no knowledge of Land Rental Fees due to the CFDC 
Land rental bid	30%	150,000	31,500	0	Knowledge/no knowledge of Land Rental Fees received by CFDC 
Total	-	159,375	40,875	0	

B & V has a particularly bad profile in terms of its payments to the Government of Liberia, owing a total of US\$ 395,000 in land rental bid payments. It has so far paid just 26% of the total amount that it owes, making it one of the worst performing concessions reviewed in the Social Audit. Despite this, the Government has not stopped B & V from exporting, although this level of arrears is in contravention to the NFRL (2006) and the Government would be within its rights to entirely cancel the contract. So far the Ministry of Finance has received \$141,250 in land rental payments from B & V, but this has not yet been transferred to the NBSTB for redistribution to CFDCs. The CFDC is currently owed \$159,375 from the operations of this company, of which \$40,875 should be available through the NBSTB, but so far the community have received no land rental payments at all.

Five of the seven respondents were aware that the Community was entitled to receive revenues from land rental payments, but correctly believed that none had been received yet. As such a key component of the benefit sharing mechanism, there is disappointment that the land rental payments have not been received.

footnotes

⁹⁰ Based on information in the SGS CoC Financial Update January 2013.

⁹¹ Area Fee and land rental bid in TSC A9 contract, dated 27th June 2008.

⁹² Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).

⁹³ SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update January 2013.

⁹⁴ Calculation of community share received by Government of Liberia, based on SGS CoC Financial Update January 2013.

⁹⁵ No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.



Log truck leaving concession in Grand Bassa, 2012. © CS-IFM

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception	
Volume harvested (m³)⁹⁶	Cubic meter fee (US\$/m³)⁹⁷	Amount due (US\$)	Amount paid (US\$)⁹⁸	Amount owing (US\$)	Aware/ not aware of cubic meter payment received by the community	
1,288	1.00	1,288	~	-		
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far	
No						
					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested	
Community development benefits				Community perception		
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due		
	Completed	Partially completed	Not started			
	-	Log bridges Transportation to meetings	Clinic School Roads, Town hall, Bridge	Knowledge/ no knowledge of community benefits being delivered		

No harvesting updates had been provided to this community by either the logging company or the FDA, so most respondents were not aware of the volume of logs that had been harvested in the concession. One CFDC member believed that 900 cubic meters had been harvested so far, but without official harvesting information he was unable to verify that this information was correct. The SGS exporting information however confirmed that indeed just over 1,000 cubic meters had been exported, but no one in the community was aware that any money had been received yet in cubic meter payments. Only two of those interviewed were aware that the CFDC would continue to receive cubic meter payments as long as logs continued to be harvested, again underlining the need for more education to be provided by the FDA and civil society on the benefit sharing arrangements.

So far the company has not yet completed any of the community development benefits it agreed to, but work has begun on log bridges and there has been some transportation to meetings provided by the company. All members of the community except one were under the impression that the company had agreed to build other facilities, and were disappointed that these had not yet been provided. Interviewees spoke of there being a poor relationship between B & V and the community. There was also disappointment that there had so far been no community development provided by the company, with one CFDC member saying that there had been a ‘massive failure of promises made by the company’.

footnotes

⁹⁶ SGS CoC financial update January 2013.
⁹⁷ Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).
⁹⁸ Based on community interviews.

4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
		
Money spent	What were the main things the money was spent on?	Money not spent
		
Yes	Do the CFDC and community leaders report on how the money is used?	No
		
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
		
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No
		

This community has not received any money yet, and as such there has not been any spending by the CFDC. For this reason, all the respondents said they could not give an answer to the questions on spending and reporting on spending. However, it appears that there are systems in place that will be beneficial once there is money to be managed. Some respondents also mentioned that the plan was to have monthly meeting between the community and the CFDC, and spoke of the need for capacity building to learn how to manage their projects. Another positive element mentioned was that the concerns of the community were discussed and brought to the attention of logging companies by the CFDC chairman. However, it appears that the community has lost confidence in the CFDC to correctly manage projects and finances. Two of those interviewed did not trust the CFDC chairman or ‘any local leader’ due to past issues of mismanagement, and only two of the seven respondents were satisfied with the way that the CFDC was being managed. This highlights the need to build capacity within this CFDC to enable them to manage finances transparently and ensure participatory decision-making.

“Is the community benefitting? How many communities are actually benefitting? The company are harvesting, SGS and the FDA have confirmed that, but many CFDCs have not received a dime in cubic meter payments. That’s why the community cannot really get their benefits.” – CFDC member, TSC A9.



(Left to right) Community member in Rivercess, 2012. © CS-IFM
Upper Guinean forest in Nimba, 2013. © Louise Riley
DEN-L assessment meeting in Gbarbolu, 2012. © CS-IFM

TSC – A16: Sun Yeun

Contract Information⁹⁹

Company	Contract	Contract Area (Hectares)	County	Contract start date/ duration	Activity	Began exporting	Quantity exported to date (m ³) ¹⁰⁰
Sun Yeun	TSC-A16	5,000	Cape Mount	July 21 st 2010	Exporting	2012	1,068

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ¹⁰¹
<p>Were the community consulted by the FDA prior to logging operations starting?¹⁰²</p> <p>Yes, but no documentation was available</p>	<p>Community were consulted/community were not consulted</p>  <p>Satisfied/dissatisfied with the company's operations</p> 
<p>Was a Social Agreement signed between the community and the logging company?¹⁰³</p> <p>Yes, but the document was not available</p>	<p>Community signed/did not sign a Social Agreement with the company</p>  <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> 

In this concession five members of the CFDC were available for interview, along with two District Commissioners. We were not able to obtain much information on this CFDC, such as the date it was established and its legal status. All interviewees said that they were consulted, but only two of the seven interviewed were satisfied with the company now that it had begun operating, mainly because of the lack of benefits being provided to the community.

All of those interviewed were aware that a Social Agreement had been signed, but none of the respondents were satisfied with the process of negotiating the Social Agreement. One CFDC said that the Social Agreement had been developed without any participation on the part of the community, and that the FDA had been very persuasive in getting the community to sign the document. Interviewees were resentful of the fact that the promises in the Social Agreement were not being lived up to, and that there had not been employment of community members as promised. Two people said they were satisfied, but still mentioned that the promises made in the Social Agreement were not being adhered to.

footnotes

⁹⁹ Information obtained from the TSC A16 contract, dated 21st July 2010.

¹⁰⁰ Based on SGS financial update January 2013.

¹⁰¹ Based on community interviews.

¹⁰² Ibid.

¹⁰³ Social Agreement, no date available.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ¹⁰⁴	Yes	Knowledge/no knowledge of contract start date or duration 
Map of concession area available to the CFDC? ¹⁰⁵	Yes	Have seen map/have not seen map 
Boundary information available? ¹⁰⁶	Yes	Knowledge/no knowledge of concession boundary 
Any Agricultural activities by the company? ¹⁰⁷	No	Knowledge/no knowledge of agricultural activities in the concession 
ESIA completed? ¹⁰⁸	Yes, but no date available	Knowledge/no knowledge of ESIA 
Annual Operational Plan has been completed? ¹⁰⁹	Yes, but no date available	Knowledge/no knowledge of Annual Operational Plan 
Forest Management Plan completed?	Not applicable to TSCs	Knowledge/no knowledge of Forest Management Plan 
Does the Forest Management Plan identify no-go-zones? ¹¹⁰	Not applicable to TSCs	Knowledge/no knowledge of no-go zones in the Forest Management Plan 
Is the logging company now operating? ¹¹¹	Yes	Knowledge/no knowledge of logging company identities 

This community had slightly more awareness of the pre-felling processes than some of the other communities, with the majority of respondents having knowledge of both the concession boundary and of the ESIA in addition to the main contract details and the company's identity. However, there was no knowledge of the Annual Operational Plan, and only one of the seven respondents had seen a map. This shows that more must be done, both by the FDA and by the CFDC members themselves to ensure that there is an adequate level of understanding of the processes that must be followed by logging companies prior to felling taking place. The CFDC will then be in a much stronger position to ensure that Sun Yeun is following the correct procedures in operating the concession, and can report any malpractise to the FDA and civil society.

footnotes

⁸² Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.

⁸³ Ibid.

⁸⁴ Concession boundary and concession map contained in the FDA-company contract, dated July 21st 2010.

⁸⁵ Based on information from community interviews.

⁸⁶ ESIA not available.

⁸⁷ Annual Operational plan not available.

⁸⁸ Forest Management Plan not required for TSCs.

⁸⁹ Based on SGS financial update January 2013.

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

Fees payable to Government of Liberia¹¹²

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1,000	-	1,000	3	3,000	3,000	0	100%
Annual Area Fee	1.25	5,000	6,250		18,750	18,750	0	100%
Annual Land Rental bid ¹¹³	16.00		80,000		240,000	80,000	160,000	33.3%
Total	-		87,250		263,750	101,750	160,000	39%

Community share of land rental payments

Community perception

	Percentage due to CFDCs (%) ¹¹⁴	Amount due to CFDC (US\$) ¹¹⁵	Amount received by GOL (US\$) ¹¹⁶	Amount received by CFDC (US\$) ¹¹⁷	Knowledge/no knowledge of Land Rental Fees due to the CFDC
Area Fee	30%	6,250	6,250	0	
Land rental bid	30%	80,000	26,400	0	
Total	-	86,250	32,650	0	

Sun Yeun currently have paid a total of 39% of their Land Rental Fees, and currently owe the Government of Liberia \$160,000. Our calculations show that \$86,250 of this revenue is due to be paid to the CFDC. As with the other concessions, Sun Yeun is still being allowed to export even though this level of arrears is illegal under Liberian forestry law. However the MoF have received \$100,000 from Sun Yeun. \$32,650 is due to be paid to this CFDC, but again they have not received any money due to problems at the Ministry of Finance.

Only two interviewees were aware that the community should get 30% of the Land Rental Fee, whilst all other five respondents were not aware that the community were entitled to receive a share of land rental payments. This illustrates that there has been inadequate dissemination of information by both the FDA and CFDC leaders, and highlights that more must be done to ensure that communities are in a strong position to demand the revenues they are entitled to.



XXX. © xxx

footnotes

- 112 Based on information in the SGS CoC Financial Update January 2013.
- 113 Area Fee and land rental bid in the TSC A16 contract, dated 21st July 2010.
- 114 Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).
- 115 SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update January 2013.
- 116 Calculation of community share received by Government of Liberia, based on SGS CoC Financial Update January 2013.
- 117 No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception
Volume harvested (m³)¹¹⁸	Cubic meter fee (US\$/m³)¹¹⁹	Amount due (US\$)	Amount paid (US\$)¹²⁰	Amount owing (US\$)	Aware/ not aware of cubic meter payment received by the community
1,068	1.00	1,068	~n/a	-n/a	
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far
No					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested
Community development benefits				Community perception	
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due 	
	Completed	Partially completed	Not started		Knowledge/ no knowledge of community benefits being delivered
	-	Road rehabilitation	Clinic, School, Hand pump, Town hall, Bridge, Latrine		

None of the respondents were aware of the volume of logs that had been harvested by Sun Yeun, and no community member had been given access to any official harvesting information. One respondent thought that the community had received some cubic meter payments, believing that \$31,000 had been paid to the community, but was not aware how this calculation was made. Since the company had only exported 1,068 cubic meters at the time, this figure seems unlikely to be true and further illustrates the CFDC's lack of awareness of the logging company's activities. Only one of the respondents was aware that the community should receive more cubic meter payments in the future as logs continue to be harvested.

There had been no community benefits provided by the company, only some road paving carried out by the company on roads leading to the felling site. Again, this lack of community benefits was a cause for great disappointment amongst the community members, as they could see no benefits for them in allowing the logging company to operate. Specific community benefits and a timeline for implementation are not outlined in the Social Agreements, often resulting in a big difference between the community's expectations and what is actually delivered.

footnotes

¹¹⁸ SGS CoC financial update January 2013.

¹¹⁹ Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).

¹²⁰ Based on community interviews.

4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
Money spent	What were the main things the money was spent on?	Money not spent
Yes	Do the CFDC and community leaders report on how the money is used?	No
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No

There has been no spending yet by this community, so the majority of those interviewed were not aware that regular meetings were being held to decide on how the money should be spent. None of the respondents were aware that CFDC leaders should report on how the money is spent. However, all except one of those interviewed were involved in regular meetings to discuss other relevant issues, which is positive and will enable this CFDC to build upon this once they have received some money to spend. Neither the Chairman or the District Commissioner were happy with the CFDC, questioning why more information was not being passed onto the community, and why many people did not attend when meetings were called. Another respondent also mentioned that the CFDC did not do enough to relate to the community.



(Left to right) Community meeting in Cape Mount, 2012. © CS-IFM
 Logging concession in Rivercess, 2012. © CS-IFM
 Forest dependent community in Nimba, 2012. © CS-IFM

FMC B: EJ & J

Contract Information¹²¹

Company	Contract	Contract Area (Hectares)	County	Contract start date/duration	Activity	Began exporting	Quantity exported to date (m ³) ¹²²
EJ & J	FMC B	57,262	River Cess	21 st July 2009 25 years	Exporting	2010	33,227

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ¹²³
<p>Were the community consulted by the FDA prior to logging operations starting?¹²⁴</p> <p>Yes, but no documentation was available</p>	<p>Community were consulted/community were not consulted</p>  <p>Satisfied/dissatisfied with the company's operations</p> 
<p>Was a Social Agreement signed between the community and the logging company?¹²⁵</p> <p>Yes, dated 16th December 2008</p>	<p>Community signed/did not sign a Social Agreement with the company</p>  <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> 

This CFDC is located in Neezuin in Rivercess county, and has received support from SDI in getting fully established. It was legally incorporated in 2008 and has also been assessed by DEN-L. In this concession only two CFDC members were available for interview. The Paramount Chief, the Acting Commissioner, the Community Chair, two Chiefs and an influential community member were also interviewed. All eight respondents said they were consulted by the FDA prior to logging operations starting, but seven of the eight were dissatisfied with EJ & J's activities now that logging operations had actually begun. There was a general feeling that the community is not benefitting from having the company in their area, whilst it is also difficult for the community to register concerns with EJ & J as the office is not located close to the community. It was reported that the logging operations have contaminated streams and drinking water, and that nothing has so far been done to rectify the situation. There was no community involvement in the demarcation of the concession area, and there were further grievances that the community is not able to collect wood or to farm in areas of forest that they previously used, and must pay compensation to the company if they do so.

Every respondent knew that a Social Agreement had been signed, but all were dissatisfied with the negotiation process. There was frustration that there had not been enough time given for everybody to understand the full implications of the Social Agreement before signing it; once the community realized that it may not have been in their best interests to sign it, it was already too late. Other respondents were concerned that it had been prepared without community input, and that both the Representative and Senator had been very persuasive in getting the community to sign the agreement. Implementation of the Social Agreement was also poor; EJ&J have so far failed to build the schools, roads and bridges that the community believed were promised.

footnotes

¹²¹ Information obtained from the FMC B contract, dated 21st July 2009.
¹²² Based on SGS financial update January 2013.

¹²³ Based on community interviews.

¹²⁴ Ibid.

¹²⁵ Social Agreement, dated 16th December 2008.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ¹²⁶	Yes	Knowledge/no knowledge of contract start date or duration 
Map of concession area available to the CFDC? ¹²⁷	Yes	Have seen map/have not seen map 
Boundary information available? ¹²⁸	Yes	Knowledge/no knowledge of concession boundary 
Any Agricultural activities by the company? ¹²⁹	No	Knowledge/no knowledge of agricultural activities in the concession 
ESIA completed? ¹³⁰	Yes, August 2009	Knowledge/no knowledge of ESIA 
Annual Operational Plan has been completed? ¹³¹	Yes, but no date available	Knowledge/no knowledge of Annual Operational Plan 
Forest Management Plan completed?	Yes, but no date available	Knowledge/no knowledge of Forest Management Plan 
Does the Forest Management Plan identify no-go-zones? ¹³²	Yes	Knowledge/no knowledge of no-go zones in the Forest Management Plan 
Is the logging company now operating? ¹³³	Yes	Knowledge/no knowledge of logging company identities 

The majority of the interviewees knew the basic contract information such as start date, duration and the company identity. Four of the eight interviewees had seen a map, and seven respondents knew the boundary line of the concession, all except the Paramount Chief. Only one person knew about the ESIA, whilst nobody had any awareness of the Annual Operational Plan or the Forest Management Plan. None of the respondents were aware that no-go zones should have been outlined in the Forest Management Plan, and that these must be respected by the company. The lack of knowledge of the ESIA, the Annual Operational Plan and the Forest Management Plan shows that not enough has been done by the FDA to ensure that this community has access to all the concession documents it needs. The FDA has an obligation to make these documents available, and currently this CFDC is lacking the depth of knowledge it needs to hold the logging company to account if correct practises are not followed. The CFDC also has a responsibility to make efforts to obtain these documents to ensure that all members have access to the information they need.

footnotes

- * Paramount Chief.
- ¹²⁶ Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.
- ¹²⁷ Ibid.
- ¹²⁸ Concession boundary and concession map contained in the FMC B contract, dated 21st July 2009.
- ¹²⁹ Based on information from community interviews.
- ¹³⁰ ESIA, dated August 2009, obtained from the EPA.
- ¹³¹ Annual Operational plan not available.
- ¹³² Forest Management Plan not available.
- ¹³³ Based on SGS financial update January 2013.

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

Fees payable to Government of Liberia¹³⁴

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1,000	-	1,000	4	4,000	4,000	0	100%
Annual Area Fee	2.50	57,262	143,155		572,620	478,465	94,155	84%
Annual Land Rental bid ¹³⁵	5.06		289,745		1,158,980	672,244	486,736	58%
Total	-		433,900		1,735,600	1,154,709	580,891	67%

Community share of land rental payments²⁴

	Percentage due to CFDCs (%) ¹³⁶	Amount due to CFDC (US\$) ¹³⁷	Amount received by GOL (US\$) ¹³⁸	Amount received by CFDC (US\$) ¹³⁹	Community perception
Area Fee	30%	171,786	144,300	0	Knowledge/no knowledge of Land Rental Fees due to the CFDC 
Land rental bid	30%	347,694	201,662	0	Knowledge/no knowledge of Land Rental Fees received by CFDC 
Total	-	519,480	348,051	0	

EJ&J have paid the Government of Liberia 67% of the Land Rental Fees they owe, but remain in arrears of \$580,891 on their FMC B concession. Of this total sum, the affected community are entitled to receive \$519,480, but have not received anything so far despite the Ministry of Finance having already received \$348,051 of the community share. This is again due to the problems with the establishment of the NBSTB, as well as delays at the Ministry of Finance that have so far prevented the funds from being released.

Only one of the seven respondents knew the amount they were supposed to receive in Land Rental Fees, but others were aware that the community were supposed to receive Land Rental Payments, just not of the exact amount. One member of the CFDC was concerned with the situation with regards to land rental payments, saying that it was difficult to access the information, as there was no clear process by which to access it. This highlights the need for awareness raising to be done by the FDA and civil society, even in communities where there is a greater level of knowledge of the benefit sharing mechanism.



Forest dependent community in Nimba, 2013. © Louise Riley

footnotes

¹³⁴ Based on information in the SGS CoC Financial Update January 2013.

¹³⁵ Area Fee and land rental bid in FMC B contract, dated 21st July 2009.

¹³⁶ Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).

¹³⁷ SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update January 2013.

¹³⁸ Calculation of community share received by Government of Liberia, based on SGS CoC Financial Update January 2013.

¹³⁹ No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception	
Volume harvested (m³)¹⁴⁰	Cubic meter fee (US\$/m³)¹⁴¹	Amount due (US\$)	Amount paid (US\$)¹⁴²	Amount owing (US\$)	Aware/ not aware of cubic meter payment received by the community	
33,227	1.00	33,227	~19,000	-		
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far	
No						
					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested	
Community development benefits				Community perception		
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due		
	Completed	Partially completed	Not started			
	-	-	Clinic School, Roads, Hand pump, Transport	Knowledge/ no knowledge of community benefits being delivered		

This CFDC had received some money in cubic meter fees from the company after raising the issue with them, with one CFDC member estimating they had received \$19,000 so far. In fact SGS updates show that the company had so far exported over 33,000 cubic meters and therefore owed the CFDC another \$14,000 in cubic meter payments. Only two respondents were aware that any money had been received with all others unaware that the company had paid any money. No harvesting updates had been provided to the CFDC, so they had no way to independently confirm that they had received the correct amount.

In terms of community development benefits, EJ&J had not performed well so far to the great disappointment of the community. No facilities had yet been completed or even partially completed, with the construction of a clinic, school, hand-pumps and road paving still outstanding. Again, the Social Agreement did not outline what exactly the company must provide and when it should be provided, whereas the community were under the impression that they would be receiving a clinic, a school, road paving and hand-pumps as part of the Social Agreement.

footnotes

* Paramount Chief.
 140 SGS CoC financial update January 2013.
 141 Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).
 142 Based on community interviews.

4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
Money spent	What were the main things the money was spent on?	Money not spent
Yes	Do the CFDC and community leaders report on how the money is used?	No
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No

In this community, five of the eight interviewed were attending meetings where financial decisions were made which was positive, although ideally these meetings should include all CFDC members and other community leaders. The Paramount Chief was often not involved in any community meetings, and as a result was poorly informed of the situation in the area as well as being the only respondent who was not satisfied with the way the CFDC was managing the finances. This is worrying and could potentially mean that the Paramount Chief is being actively excluded from CFDC activities. However, all other respondents were happy with the management of the CFDC. They listed regular reporting, regular meetings, a participatory approach to decision-making and access to financial statements as contributing to their satisfaction. One CFDC member said ‘they do not hide anything from us’, whilst another was happy because he felt the CFDC were good at sharing information and communicating developments with the rest of the community. Although it is likely the CFDC had already received \$19,000, the respondents reported that no money had yet been spent, but were confident that the money was in the bank as the CFDC had showed them the receipts.

“Our Social Agreement was forcibly signed, our law-makers brought the Social Agreement and we signed the agreement. After we viewed the Social Agreement there were certain things that went against the community peoples. For example there is no specific price for each species that is harvested, just one price for all. We are not satisfied with that.” – CFDC member, FMC B.



(Left to right) Forest monitoring in Rivercess, 2012. © CS-IFM
Logging concession in Grand Bassa, 2012. © CS-IFM
Logging camp in Gbarpolu, 2012. © CS-IFM

FMC C: Liberia Tree and Trading Corporation (LTTC)

Contract Information¹⁴³

Company	Contract	Contract Area (Hectares)	County	Contract start date/ duration	Activity	Began exporting	Quantity exported to date (m ³) ¹⁴⁴
LTTC	FMC C	59,374	River Cess	21 st July 2009 25 years	Exporting	2011	89,817

1. Legal requirement for community consultation

Table 1 Were the legal requirements fulfilled?

Status of legal obligations	Community perception of the process ¹⁴⁵
<p>Were the community consulted by the FDA prior to logging operations starting?¹⁴⁶</p> <p>Yes, but no documentation was available</p>	<p>Community were consulted/community were not consulted</p>  <p>Satisfied/dissatisfied with the company's operations</p> 
<p>Was a Social Agreement signed between the community and the logging company?¹⁴⁷</p> <p>Yes, dated 25th October 2008</p>	<p>Community signed/did not sign a Social Agreement with the company</p>  <p>Satisfied/dissatisfied with the process of negotiating the Social Agreement</p> 

In this community three members of the CFDC were interviewed, along with the Paramount Chief, the Chief and the Traditional Speaker. The CFDC headquarters are in Kpageeyah, Rivercess and it was legally incorporated in 2008. It has received support from SDI, as well as being assessed by DEN-L. Two of those interviewed said they were not consulted, whilst the other four had been consulted prior to LTTC beginning logging operations in their area. This was the only community in this Social Audit where the majority of the respondents were happy with the company operating in their area. Respondents were pleased that LTTC had built a road, hand-pumps, latrines and a football field, in addition to paying \$88,000 directly to the community in cubic meter fees.

However, unfortunately the response was not so positive with regards to the negotiation of the Social Agreement. Five of the six respondents were aware that the Social Agreement had been signed, but all five were dissatisfied with the process of its negotiation. This was due to there not being adequate consultation by the FDA, nor enough community involvement in developing the Social Agreement, which some felt had been intentional on the part of the FDA and LTTC. One respondent also said they were not satisfied due to promises in the Social Agreement not being adequately fulfilled, again highlighting the fact that what the Social Agreement actually provides for and what the community report as having been promised to them are often two very different things.

footnotes

¹⁴³ Information obtained from the FMC C contract, dated 21st July 2009.
¹⁴⁴ Based on SGS financial update January 2013.
¹⁴⁵ Based on community interviews.
¹⁴⁶ Ibid.
¹⁴⁷ Social Agreement, dated 25th October 2008.

2. Access to contract information and planning processes

Table 2 Community access to contract information and planning processes

Have the pre-felling requirements been met by the company?		Community perception and level of awareness
Contract available to the CFDC? ¹⁴⁸	Yes	Knowledge/no knowledge of contract start date or duration
Map of concession area available to the CFDC? ¹⁴⁹	Yes	Have seen map/have not seen map
Boundary information available? ¹⁵⁰	Yes	Knowledge/no knowledge of concession boundary
Any Agricultural activities by the company? ¹⁵¹	No	Knowledge/no knowledge of agricultural activities in the concession
ESIA completed? ¹⁵²	Yes, January 2008	Knowledge/no knowledge of ESIA
Annual Operational Plan has been completed? ¹⁵³	Yes, but no date available	Knowledge/no knowledge of Annual Operational Plan
Forest Management Plan completed?	Yes, but no date available	Knowledge/no knowledge of Forest Management Plan
Does the Forest Management Plan identify no-go-zones? ¹⁵⁴	Yes	Knowledge/no knowledge of no-go zones in the Forest Management Plan
Is the logging company now operating? ¹⁵⁵	Yes	Knowledge/no knowledge of logging company identities

The interviewees in this community demonstrated a much more in-depth knowledge of forest management processes than all those interviewed for the other concessions. The majority of those interviewed were aware of the basic contract details with four people having their own copy of the contract, obtained from either SDI or the FDA. Five of the six respondents had seen the map, and two had their own copy. There was also a high level of awareness of the concession boundary, although some respondents mentioned that the process of demarcating the boundary had not involved the community enough. The majority of the respondents were aware that the ESIA had been completed, and a small minority of respondents knew about the Forest Management Plan and the Annual Operational Plan. Only the Traditional Speaker was aware that no-go zones of cultural significance had been identified in the Forest Management Plan. This higher level of knowledge and awareness amongst the community, on both forest management practises and their rights to participation is extremely positive, and empowers the community to hold the company to account if correct processes are not followed.

footnotes

*** Traditional Speaker.

¹⁴⁸ Although this is not a pre-felling requirement, this question was included to assess whether information generated from the pre-felling requirements was available to the CFDC as well.

¹⁴⁹ Ibid.

¹⁵⁰ Concession boundary and concession map contained in the FDA-company contract, dated 21st July 2009.

¹⁵¹ Based on information from community interviews.

¹⁵² ESIA, dated January 2008 obtained from the EPA.

¹⁵³ Annual Operational plan not available.

¹⁵⁴ Forest Management Plan not available.

¹⁵⁵ Based on SGS financial update January 2013.

3. Receipt of community benefits

Table 3a Receipt of community benefits - Land Rental Payments

Fees payable to Government of Liberia¹⁵⁶

	Amount (US\$)	Concession area (Hectares)	Amount due annually (US\$)	Number of years in operation	Total due to GOL (US\$)	Total paid to GOL (US\$)	Total owing to GOL (US\$)	Percentage paid to date (%)
Annual contract admin fee	1,000	-	1,000	4	4,000	4,000	0	100%
Annual Area Fee	2.50	59,374	148,435		593,740	464,285	129,455	78%
Annual Land Rental bid ¹⁵⁷	9.60		569,990		2,279,960	1,336,400	943,560	59%
Total	-		719,425		2,877,700	1,804,685	1,073,015	63%

Community share of land rental payments

	Percentage due to CFDCs (%) ¹⁵⁸	Amount due to CFDC (US\$) ¹⁵⁹	Amount received by GOL (US\$) ¹⁶⁰	Amount received by CFDC (US\$) ¹⁶¹	Knowledge/no knowledge of Land Rental Fees due to the CFDC
Area Fee	30%	178,122	138,935	0	
Land rental bid	30%	683,988	403,552	0	
Total	-	862,110	542,487	0	

LTTC has a better track record in terms of paying its Land Rental Fees than all the other logging companies surveyed in the Social Audit. They have so far paid the Government of Liberia \$1,804,685 - 63% of what they owe. However, over \$1 million in Land Rental Payments remains outstanding. Our calculations show that the total community share of the amount LTTC owes in Land Rental Payments is \$862,110. Although the Ministry of Finance has received 63% of this sum - \$542,487 - the community has so far received nothing, due to the internal problems at the Ministry of Finance. This community was fairly well informed about the Land Rental Fees they are due to receive, and one respondent knew that the exact figure is \$178,122. This in fact corresponds to the Area fees that they are owed, but does not include the Land Rental Bid Premium that communities are also entitled to receive.



Logging concession in Rivercess, 2012. © CS-IFM

footnotes

¹⁵⁶ Based on information in the SGS CoC Financial Update, January 2013.

¹⁵⁷ Area Fee and land rental bid in FMC C contract, dated 21st July 2009.

¹⁵⁸ Provided for in Section 14.2 e (ii) of the National Forestry Reform Law (2006).

¹⁵⁹ SDI calculation based on NFRL (2006) provision and SGS CoC Financial Update, January 2013.

¹⁶⁰ Calculation of community share received by Government of Liberia, based on SGS CoC Financial Update January 2013.

¹⁶¹ No money has been received by any CFDC so far, as the Ministry of Finance has not yet transferred any funds into the NBST account.

Table 3b Receipt of community benefits outlined in the Social Agreement

Cubic Meter Payments					Community perception
Volume harvested (m³)¹⁶²	Cubic meter fee (US\$/m³)¹⁶³	Amount due (US\$)	Amount paid (US\$)¹⁶⁴	Amount owing (US\$)	Aware/ not aware of cubic meter payment received by the community 
89,817	1.00	89,817	~90,000	-	
Official harvesting information available to the CFDC?					Aware/not aware of volume of logs harvested so far 
No					Aware/not aware that the community will be due more cubic meter payments in the future, as logs continue to be harvested 
Community development benefits				Community perception	
Provision in the Social Agreement	Benefits expected by the community			Knowledge/no knowledge of community development benefits due 	
	Completed	Partially completed	Not started		Knowledge/ no knowledge of community benefits being delivered 
	-	Latrine, Road reconstruction, Hand-pump, Football field	Clinic, School buildings		

The picture was also very different from the other communities reviewed in the Social Audit in terms of the Cubic Meter Payments. All of those interviewed were aware that the community had received some money, and gave the figure as being US\$88,880. This had certainly contributed towards the overall satisfaction of this community. Unfortunately no official harvesting information had been provided to the community, making it impossible for the community to validate that they had been receiving the correct payments from the company. The CFDC had however received some unofficial harvesting information after requesting it, and the data we obtained from SGS did indeed show that approximately 90,000 cubic meters of timber had been exported, correlating to the payments that had been received by the CFDC. Unfortunately there was a lack of knowledge in this community that Cubic Meter Payments are linked to the volume of timber harvested, highlighting that more education must be provided to the community by the CFDC. Most interviewees knew about the community development benefits that were due to the community, but there were differing opinions as to whether these had been delivered or not. It appeared that a latrine, a hand-pump, a football field and some road rehabilitation had been partially completed, further contributing to the relatively high level of satisfaction found within this community.

footnotes

¹⁶² SGS CoC financial update, January 2013.

¹⁶³ Minimum cubic metre fee as specified in Regulation 105-07, Section 34 of the Ten Core Regulations (2007).

¹⁶⁴ Based on community interviews.

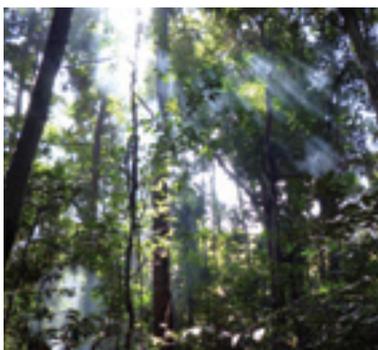
4. Internal governance of community shares

Table 4 Internal governance of community shares

Yes	Do you meet as a community to decide how to spend any money received?	No
Money spent	What were the main things the money was spent on?	Money not spent
Yes	Do the CFDC and community leaders report on how the money is used?	No
Yes	Do you think the CFDC are managing the money in a satisfactory manner?	No
Yes	Do you meet as a community to discuss other matters related to forestry and agriculture?	No

This was one of the few communities where some revenues had already been spent. One respondent said that money had been spent on a CFDC office, computer, generator, motorbike and a camera, amounting to \$6,000. Four of the six respondents believed that all spending was being reported by the CFDC, and it is intended that there will continue to be reporting by the CFDC on their finances. Only a small proportion of money that has been received has so far been spent, so it will be interesting to find out if this positive trend of CFDC reporting continues. There was also a high level of satisfaction in this community that the CFDC were managing the money properly on behalf of the community, who were producing written financial reports. The interviewees reported that there were no signs that the money had been used without the community’s awareness, which may be due to the regular meetings being held. However, the divide in those who were and were not attending meetings provided evidence that this CFDC could be doing more to encourage a larger proportion of the community to attend these meetings and participate in the decision-making processes. The large scale of the FMC C concession suggests that the Affected Communities are very spread out, meaning that adequate transportation may be a barrier for many community members wishing to attend meetings.

“The Social Agreement was signed by the CFDC, but the signing was influenced by the Legislative Caucus of Rivercess County. They said to us ‘you’re not signing the agreement, you need to sign it’ and then the elders said if you don’t sign it then they will take you into the Devil’s bush, so the community agreed to sign the Social Agreement.” – CFDC member, FMC C.



(Left to right) Nature Reserve in Nimba, 2012. © CS-IFM
 Children in Grand Bassa, 2013. © CS-IFM
 Logging Concession in Grand Bassa, 2012. © CS-IFM

3.

Discussion



DISCUSSION

Legal requirement for community consultation

Before a logging company can begin operating, the FDA must obtain written consent from the CFDC representing all Affected Communities of the proposed concession.¹⁶⁵ But, before a CFDC can even be formed the FDA must approach all Affected Communities to conduct an FPIC process on the potential logging concession, which if the community agrees will culminate in their written consent that the forest will be used for logging. Unfortunately, the FDA did not carry out this FPIC process sufficiently before the forestry concessions were allocated. This meant that the CFDCs were not fully established when the concessions were being allocated during 2008 and 2009, and were thus unable to adequately represent their communities in the negotiations.¹⁶⁶ CFDCs have an important role to play in ensuring that forest concessions are allocated with the full consent and support of the affected community, and are key in preventing powerful community members from manipulating the process for their own personal gain. By providing an effective channel through which all community members can voice their opinions, well-functioning CFDCs could become the foundation for participatory and democratic forest governance in Liberia.



Community in Rivercess. © xxx
Community meeting in Cape Mount. © xxx

Indeed many of those interviewed were unhappy with the consultation process. One CFDC member said that he was unhappy that ‘the FDA always takes a pro-company stance during the consultation process’, whilst others spoke of pressure from the FDA and local government officials to agree to the logging operations. In many communities not all respondents were aware that a consultation had been carried out by the FDA, demonstrating that in future the FDA must ensure that all CFDC members are able to participate in consultations.

A thorough consultation process, where adequate time is given for communities to fully understand the implications of their decision, is fundamental in ensuring that communities fully consent to logging operations in their area. The decision to allow logging operations in their forests must include the whole community, as without their genuine consent and ownership of the decision conflicts may arise once the logging operations are under way. The lack of a genuine consultation process was a cause for the community to distrust the intentions of both the company and the FDA, which was further compounded by the fact that many logging companies had failed to provide tangible benefits to the communities in which they were operating.

Social Agreements

In all the community’s surveyed, a majority of the respondents were unhappy with the Social Agreements. There was dissatisfaction with the provisions in the Social Agreement, the process of negotiation and its implementation. Currently Social Agreements are negotiated between logging operators and local communities, leaving communities vulnerable to exploitation and manipulation due to unequal bargaining power. Rural communities have undoubtedly have had much less experience in negotiating contracts than logging companies, making it harder for them to negotiate a favourable agreement. In addition, the responses from the communities interviewed indicates that not enough time was allowed for the process of negotiating the Social Agreements, with the result that communities did

footnotes

¹⁶⁵ Ten core regulations (2007) Regulation 104-107 section 22.

¹⁶⁶ Making the Forest Sector Transparent: Liberia, Indicators. Updated December 2012. Available at: <http://www.foresttransparency.info/liberia/2012/themes/17/117/>

not fully understand what they were agreeing to. Legally, CFDCs are able to seek advice from third parties such as lawyers or civil society to assist them in negotiating a fair agreement.¹⁶⁷ In practise the lack of time, combined with pressure from the FDA, local leaders and in some cases legislators made it difficult for CFDCs to obtain the level of support they needed to negotiate fair agreements. This indicates that there is a need for legal assistance to be officially provided to communities during the process of negotiating Social Agreements, in order to reduce the risk that Social Agreements could be signed under duress, and also to ensure that Social Agreements are not disproportionately favorable to logging companies. As it currently stands, communities receive revenues that are disproportionate to the losses that they incur, partly due to their limited power when it comes to negotiating an equitable Social Agreement. In 2010 the FDA published the Social Agreement Handbook, outlining the minimum requirements that must be contained in Social Agreements.¹⁶⁸ However, most of the current Social Agreements were negotiated in 2009 and 2010 before these guidelines had been produced. As many of these Social Agreements are now due for review, it is important that the FDA update these guidelines through a participatory process so that they can be used to guide the negotiations and drafting processes, as well as creating the space for CFDCs to seek civil society and legal support if they so choose.

It is also concerning that some of the communities surveyed were under the illusion that it would be in their best interests to sign the agreement, and then to renegotiate some of its terms once it was signed. This is clearly not the case. In practise it will be more difficult for communities to obtain changes in the provisions of the Social Agreements after logging operations have started, as the company is already operating within the terms and conditions of its contract and therefore has no incentive to provide any additional benefits to affected communities.

Cubic meter payments were another area where the community were not happy with the current arrangement, as the cubic meter payment is very low in comparison with the international market price of the timber. In all the Social Agreements we looked at, the cubic meter payment was \$1.00 per meter. In contrast, a typical price for West African timber on the international market is \$330 per cubic meter.¹⁶⁹ Community members also raised the point that the cubic meter payments should reflect the difference in price between species, rather than one price being paid for all timber species.

However, it was the community development aspect of the Social Agreements that seemed to be causing the most problems. In this aspect the Social Agreements are very vague, and there was a big gap between what the communities were expecting in terms of development benefits, and what was actually specified in the Social Agreement itself. For example, there is a provision that logging companies must 'participate in community development programs' yet no specific requirements for exactly what facilities or benefits must be provided were found in any Social Agreement. This makes the provision virtually impossible to enforce, and means that whilst certain facilities may be verbally promised to communities, on paper the company has no legal obligation to provide these facilities. In many cases this results in these benefits never materialising, even by the end of the contract period. This lack of congruence between community expectations and the company's legal obligations inevitably leads to disappointment, and may be largely responsible for the high level of dissatisfaction found in the majority of the communities surveyed. There is therefore a clear need to renegotiate the Social Agreements in a way that addresses these issues, and for specific community development benefits to be outlined, along with a realistic timeline for implementation.

However, it may be more sensible for the benefit sharing mechanism to be steered away from service delivery arrangements, towards a payment-based system of benefit sharing that allows communities to design and implement their own projects. Once this system is fully operational it could serve to empower communities, and would reduce their direct dependency on logging companies to provide essential services such as health and education facilities.

The Social Agreements outline the FDA's responsibility to distribute copies of the Social Agreement and the concession contract to the CFDC. It must also ensure that all terms and conditions of the TSC or FMC license are met, including ensuring that the operations of the holder are in compliance with their contract, and that the conditions of the Social Agreement are being adhered to. However the FDA is clearly not upholding these responsibilities, and there were many breaches of the Social Agreement notable in the community responses, such as the failure to provide CFDCs with up to date harvesting information. The FDA must ensure that this information is provided to CFDCs, either by the logging company or by providing this information themselves.

footnotes

¹⁶⁷ Ten Core Regulations (2007) Regulation 105-07, Section 32 (i).

¹⁶⁸ FDA (2010). Social Agreement Handbook.

¹⁶⁹ ITTO Tropical Timber Market report, August 2013.

Access to contract information and forest management planning processes

It was clear from the findings of the social audit that there was a low level of understanding of forest management processes within the communities surveyed. Knowledge of the contract information was slightly better, with most interviewees aware of the contract duration and the logging company identity, but in general it was clear that much more must be done in terms of raising community understanding of the processes by which their forests are managed. Legally, the FDA has a responsibility to facilitate public access to information. The Social Agreements also outline the responsibility of the FDA to distribute copies of the Social Agreement and concession contracts to the CFDCs in affected communities. In the case of rural communities this means that the FDA should facilitate community access to documents through their local offices. Unfortunately in the communities we interviewed it was clear that the FDA was not honouring this responsibility, and in many cases the offices that have been set up to provide communities with this access remain empty.

A thorough understanding of forest management is crucial in enabling communities to hold logging companies and the FDA to account, and to ensure that the forests are managed sustainably. It is important that communities are aware of the concession boundary to ensure that it is being respected and that logging activities are not encroaching into surrounding areas. There is also a need for communities to understand the legal requirements for sustainable forest management, in order to ensure that logging operations will not impact future forest regeneration. It is therefore important that communities have access to documents such as the concession contract, the Annual Operational Plan, and in the case of the FMCs to the forest management plan so that they are able to verify that these documents are being followed.

Many of those interviewed were not aware that documents such as the Annual Operational Plan and the ESIA existed at all, or what the purpose of these documents was. This was worrying, especially as those selected for interview were mostly CFDC members and other community leaders who are likely to have a deeper understanding of these processes than ordinary members of the community. If these community members, elected to represent the community in dealings with the FDA and logging companies, do not have access to this information there is little hope that these communities will be able to hold logging companies to account. Logging companies also have a responsibility to hold an annual meeting with the CFDC on the Annual Operational Plan, but the low level of awareness indicated that these meetings had not been taking place.

The nature of logging operations means they are largely carried out in remote areas, where monitoring the company's activities is logistically difficult. This makes it all the more important that the surrounding communities have a sound knowledge of the requirements for operating a concession, and are able to report any misconduct to the relevant authorities and CSOs.

The CFDC of the FMC C concession had a much greater understanding than the other CFDCs in the Social Audit. Although this may have been due to a number of factors, it is interesting to note that this community had also received much higher revenues from cubic meter payments and that the company had also paid a larger proportion of its Land Rental Fees to the Government of Liberia than many other of the concession operators. It is difficult to say if there is any link between these payments and the level of knowledge within this CFDC, but it will be interesting to see if this pattern is apparent in next years social audit.



Interviews in Cape Mount, 2012. © CS-IFM

Receipt of Community benefits

Land Rental Payments

FMC and TSC concession holders currently owe a total of US\$ 43.3 million to the Government of Liberia in Land Rental Payments.¹⁷⁰ Thirty percent of this figure - approximately US\$ 13 million- is due to be paid directly to CFDCs through the NBSTB. Unfortunately the Government of Liberia has so far only allocated \$772,000 to be paid to the NBSTB, despite having received over US\$ 17 million in land rental fees from the logging sector since 2008. This \$772,000 represents the community share of the Area Fee that has so far been paid to the Government, but does not include the Land Rental Bid Premium which makes up the largest component of the Land Rental Payments.

If we look at the FMCs and TSCs included in this Social Audit, we can see that these concessions owe approximately US\$ 2 million to the Government of Liberia. These seven concessions have paid \$3 million in Land Rental Payments so far – 60% of what they should have paid since they were allocated in 2008 and 2009. The Government has the right to withdraw any contracts where payments are not kept up to date.¹⁷¹ But although there has been such large-scale infringement, the Government has not yet cancelled any of the contracts on this basis despite IMF recommendations to do so.¹⁷² Urgent action is required, as there are currently logging companies in arrears of up to \$10 million in Land Rental Payments that are still being allowed to operate.

At the time of printing no CFDC had received any payments in Land Rental Fees, nor had the NBSTB received any payments from the Ministry of Finance for redistribution. Although initial problems with getting the NBSTB fully established delayed the transfer of these funds, it appears that there are now problems internally in the Ministry of Finance, who proclaim to be unaware that 30% of the revenues from the Land Rental Bid Premium should be allocated to the NBSTB.¹⁷³ These unresolved issues have so far prevented any funds from being released to the NBSTB for redistribution to Affected Communities. Land Rental Payments form the largest component of the community benefit sharing mechanism, and communities are currently losing out on substantial revenues that could have a lasting positive impact on their development. Although concession agreements require Holders to pay fees and taxes on time, it is also essential that the Ministry of Finance and the FDA ensure that all companies are keeping up to date with their payment schedule and penalize those companies who consistently fail to pay. Poorly performing companies must also be prevented from exporting timber until payments are received in order to incentivize timely payments.

Cubic meter fees

Of the seven CFDCs included in the social audit, six had received some cubic meter payments from the logging company operating. Amounts varied from \$5,000 - \$88,000 but we were unable to obtain receipts from the CFDCs to verify that these were the correct amounts. In most cases the amounts corresponded to the export data provided by SGS, but in one case the amount the CFDC member said had been received was much higher than the export amount.

Unfortunately none of the CFDCs we spoke to had received any regular harvesting updates, which are supposed to be provided to each local CFDC by the company operating. The FDA has a responsibility to ensure that this happens, but it was clear that this obligation was not being respected. In some cases, CFDC members had been able to obtain harvesting information from the company after requesting it. Without official harvesting information, communities are unable to verify if they are receiving the correct level of cubic meter payments from the company, leaving them open to exploitation by unscrupulous companies. However, this information is easily obtainable from SGS for dissemination to communities. It would be beneficial for the CFDC union and civil society to ensure that this harvesting information is provided to CFDCs on a quarterly basis, for example via printed statements. It is also important that CFDCs retain receipts for cubic meter payments, and report to the CFDC union and civil society when payments are made so that third parties can verify that logging companies are respecting the benefit sharing mechanism.

footnotes

170 SGS COC Financial Update, January 2013.

171 NFRL 2006, section 6.1, Termination of Forest Resource Licenses. Pp24.

172 Baunsgaard et al, 2011 in LFD pp36; <http://www.foresttransparency.info/liberia/2012/lessons-learned/analysis/>

173 4th Extractive Industries Transparency report of Liberia, May 2013. p43.

Cubic Meter Payments are a levy that is applied to each cubic meter of timber harvested. The law specifies that the minimum Cubic Meter Payment that a company must pay to the Affected Community is \$1.00 per cubic meter. Communities are entitled to negotiate for a higher payment when they negotiate the Social Agreement, but in all the Social Agreements we looked at the payment remained at a flat rate of \$1.00 per cubic meter. This payment is not differentiated depending on the species being harvested, although the market price for different timber species varies widely. CFDC members expressed their dissatisfaction with this arrangement during a stakeholder meeting, and upheld that the cubic meter payment should be dependent on the species being harvested to reflect the value of the species.

Due to the nature of timber harvesting, these payments are more unpredictable and irregular than payments from Land Rental Fees, as they are dependent on the volume of timber that is harvested during any given period, which could fluctuate for a number of reasons. This makes it even more difficult for the community to verify if they are receiving the correct payments, as the amount will vary over time, indicating that there is a need for the CFDC to formally employ a member of the community to verify harvest volumes. This individual can then be trained to verify the volume of timber that is being harvested, and ensure that the community receives the correct Cubic Meter Payments from the logging company.

There was also a low awareness amongst the majority of those interviewed on the benefit sharing mechanism for cubic meter payments, with most lacking the knowledge that the community would continue to receive revenues as long as timber continued to be harvested. This also increases the likelihood that communities may not receive their rightful share of benefits, as the first step in ensuring they are receiving the correct amount is to know what that amount is. This finding adds weight to the argument that more must be done to increase community understanding of the benefit sharing system.

Community development

The confusion about what community benefits logging companies were supposed to provide was a huge source of frustration in almost every community in the Social Audit. The problem appears to be stemming from the poor communication of what is actually contained within the Social Agreement. Whilst all the Social Agreements we looked at stated that concession holders must provide 'community development', there was no mention of what must be specifically provided by the company. In contrast, the CFDC and other community members were expecting specific deliverables such as schools, clinics or paved roads, and were extremely disappointed that these benefits were not being provided. Community development benefits are a large part of the motivation for communities to consent to logging, as often these essential services such as healthcare and education are absent in such rural areas. When these benefits are not provided, it is no surprise that there is a great deal of resentment towards the company.

Unfortunately these communities currently have little other choice but to allow logging companies to operate, if they wish to ensure that these services are available to them. The fact that communities depend on logging companies to provide these essential community services is disempowering; they would do better to be more in control of their own future. One way to achieve this would be for communities to receive a more equitable share of timber value, instead of dividing the benefits between companies providing social services and paying Cubic Meter Fees to communities. Another option would be for communities to pursue Community Forestry options as an alternative to commercial forestry operations.



(Left and right) Family on their farm, Nimba, 2013. © Louise Riley
Upper Guinean forest in Nimba, 2012. © Louise Riley
Putting a new roof on in Gbarpolu, 2012. © Louise Riley

Internal governance of community revenues

This objective was somewhat difficult to assess, as the majority of CFDCs had not spent any substantial amounts of money. Some communities had spent a small amount on things such as office equipment or building a community meeting place, but the majority of interviewees answered that no money had yet been spent. It was therefore difficult to assess how well the money was being managed, and whether adequate systems for reporting and accountability had been set up. Reporting structures had been set up in four of the seven CFDCs, although only two appeared to have spent any money. It was clear from the responses that a greater effort must be made to ensure that CFDCs develop the skills they need to effectively manage community revenues. These funds are likely to be substantial once the benefit sharing mechanism is fully operational, so it is essential that CFDCs have the capacity to manage the revenues for the benefit of the whole community. Skills such as accounting and project management will be essential in the successful management of these finances.

In all the CFDCs it was clear that not all CFDC members were attending regular meetings, and that more needs to be done to improve the level of participation. In many cases, transport is an issue due to the distances community members must travel to attend these meetings, combined with the lack of access to transportation. In order to address this, funds must be allocated to cover transportation costs by the CFDC to ensure that everyone is able to attend. Meetings must also be announced with adequate notice, and the entire CFDC and other participating community members must be informed. Regular and participatory meetings are essential to maintain good communication, provide information on any forestry-related developments, and to ensure that communities are able to make their voices heard in decision-making processes.

In four of the seven CFDCs interviewed a majority of those interviewed said that they were satisfied with the way the CFDC was managing its finances, and held the CFDC in high esteem. Reasons varied from having a trustworthy CFDC chairman who had proved himself over time to there being good reporting and communication structures in place. There was also a link between meeting attendance and overall satisfaction with the way the CFDC was being managed, highlighting the positive effect of participatory decision-making processes on levels of trust. It is important that the CFDCs have an adequate understanding of good-governance principles, and incorporate these practices into their management activities. CFDCs must also be accountable to the wider community, and ensure that all community members have regular opportunities to make their voices heard.

Observations on the methodology

Sample size: Originally it was intended to visit all the FMCs and TSCs operating at the time. However, only seven of these concessions had functioning CFDCs at the time and it was decided that it would be best to only interview those communities as more information could be gathered on level of knowledge and internal CFDC governance. Unfortunately this led to a relatively small sample size within each community, and could mean that the responses were not necessarily representative of the community as a whole. However, the consistency of the answers to the interview questions underlines many key problems that face communities affected by concessions, and although the sample size is small, the assessment has highlighted a number of issues that must be addressed.

Access to information: Unfortunately it was not possible to access all of the documents required for the Social Audit. It was not possible to access Social Agreements, ESIA's or Annual Operational Plans for every concession, as this information was not provided in a timely manner by the responsible agencies. This highlights the problems that can be faced in gaining access to information. Besides the contract information provided in the various agreements and the SGS financial updates, the institutions responsible for providing information to the public provide little information regarding the operations of these concession companies. For example, the FDA has not published data on the volume of timber harvested, processed or exported each year, nor has it updated the number of contracts in operations in a systematic manner since 2008. In addition, the Ministry of Agriculture does not publish the contracts allocated to various companies in the sector, and does not provide any details of the social development funds these companies are required to pay.

Validating data: The data was validated with the CFDCs from all the concessions surveyed except TSC A16, during a stakeholder meeting held at SDI in July 2013. Although all the logging companies were invited to attend the meeting, it was only LTTTC of FMC C who accepted the invitation and attended the meeting.



4.

Conclusions & recommendations



Conclusions and recommendations

Conclusions	Recommendations
Legal requirement for consultation	
At the time when the TSC and FMC concessions were being allocated during 2008 and 2009, CFDCs had not yet been fully established, preventing the correct legal processes from being followed. As a result, the majority of respondents were dissatisfied with the consultation process that took place before concessions were allocated.	Free, Prior and Informed Consent must be obtained before logging concessions are allocated. The process must involve fully established CFDCs in a participatory process of consultation.
The Social Agreement	
Social Agreements are currently negotiated directly between CFDCs and logging companies, leaving communities at risk of unequal bargaining power. Not enough time was allowed for communities to fully understand the Social Agreements before signing.	Update the Ten Core Regulations to include a provision for legal assistance to be provided to communities during the entire negotiation process. This will assist CFDCs to negotiate more favourable contracts. As many of the Social Agreements are now due for review, the FDA must encourage CFDCs to renegotiate Social Agreements, with support from civil society and legal experts if they wish.
Access to contract information and forest management planning processes	
CFDCs did not have sufficient access to documents such as Annual Operational Plans and ESIA's. CFDCs did not have sufficient knowledge of forest management planning processes to enable them to hold logging companies and the FDA accountable where correct procedures were not followed. There was a low level of knowledge of the Annual Operational Plan in all of the CFDCs surveyed, indicating that logging companies were not respecting their obligation to hold annual meetings with CFDCs.	The FDA must facilitate community access to documents through their local offices, ensuring that these offices are adequately staffed to meet community needs. The FDA must ensure that education on forest management planning is provided to affected communities and CFDCs. CFDC leaders must ensure that their communities are familiar with forest management planning processes by holding monthly meetings on issues related to forest governance. Logging companies must ensure that they hold annual meetings with affected communities on the Annual Operational Plan.



Log truck leaving concession in Grand Bassa, 2012. © CS-IFM
 Log field in Rivercess, 2013. © CS-IFM
 Affected community in Rlvercess, 2013. © CS-IFM

Conclusions**Recommendations****Receipt of community benefits****Land Rental Fees**

The majority of logging companies owe significant Land Rental Fees to the Government.

Logging companies are continuing to export timber, despite the substantial revenues that they owe.

The community share of Land Rental Fees has not been paid to the NBSTB account by the Ministry of Finance, with the result that no CFDC has received any land rental payments.

The Ministry of Finance must ensure that any outstanding land rental payments are deposited in the Central Bank as a matter of urgency.

The Government of Liberia must prevent companies that consistently fail to pay land rental payments from exporting timber until these fees have been paid.

The Ministry of Finance must ensure that 30% of land rental payments received from concession holders is now transferred to the NBSTB for allocation to CFDCs.

Cubic meter payments

CFDCs are not being provided with official harvesting updates by logging companies or the FDA, leaving them unable to verify that correct payments have been received.

The cubic meter payment was \$1.00 per cubic meter in every concession audited, regardless of the value of the species being harvested.

A majority of interviewees were not aware that cubic meter payments are linked to the volume of timber harvested.

CFDCs should formally employ a member of the affected community to act as a community verifier of timber harvest volumes. Harvesting volumes can then be verified with data provided by logging companies and the FDA, and any inconsistencies can be reported. Civil society should also provide SGS harvesting updates to CFDCs via SMS. CFDCs must then report to civil society when payments are received, to allow third party verification.

The cubic meter fee should depend on the value of the species being harvested.

The FDA, civil society and CFDC leaders must further raise awareness of the benefit sharing system amongst communities.

Community development

There is a mismatch between what communities are expecting in terms of community development, and what is actually provided for in the Social Agreement.

The FDA must ensure that Social Agreements specify what community developments are to be provided by the company, and include an implementation timeline.

Internal governance of community revenues

Although in many cases little or no money had been spent by the CFDCs, it was clear that accountability and reporting mechanisms needed to be strengthened.

In all the CFDCs it was clear that not all CFDC members were attending regular meetings, and therefore were not able to participate in decision-making processes.

CFDCs must ensure that there is a high level of transparency in their financial management, through accurate accounting and regular reporting to the community on spending and other CFDC activities. Civil society and the FDA must provide relevant trainings to build the financial and project management capacity of CFDCs.

CFDCs must ensure that all members of the community, including women, children and other marginalised sections have a means to make their voices heard and fully participate in community decision making. CFDCs must ensure that all community members are given adequate notice prior to meetings taking place, and provide transport arrangements if necessary to ensure wide participation.

5.

Annexes

Annex I: Historical summary of the Liberian Forestry Sector

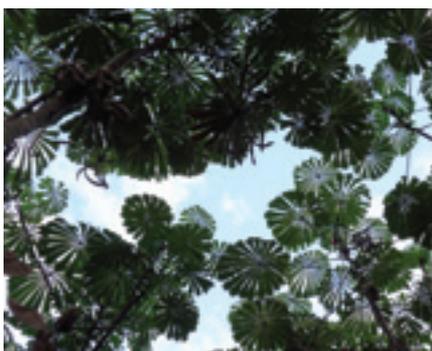
Forests play an important role in the social, cultural and economic lives of many Liberians. A significant percentage of the population relies on forest resources for their livelihoods. For example, many rely on bush meat for protein, timber for construction, and trade in timber and non-timber forest products for income. Cultural practices such as the bush schools for men and women are almost always conducted in forest areas. These cultural practices play an important part in the socio-political life of the country, and remain a powerful element of local and national politics.

But forests have also been associated with destruction and conflict, and there is extensive literature on the role timber and forests played in the Liberian conflict. Since 2001 various United Nation Panel of Expert reports on Liberia (UNPOE) have focused extensively on the developments in the forestry sector, concentrating primarily on logging. The central theme of these reports has been the historic misuse of Liberia's forest resources to fuel corruption and conflict within Liberia, effectively funding instability in the West Africa region.

In 2003 calls for reform of the Liberian forestry sector from local and international civil-society organizations attracted international attention. A comprehensive review of logging concessions from 2004 to 2005 produced a damning report about the logging industry, and revealed the scale of the governance failures in the sector. In 2006, many Liberians were delighted when all existing logging concession agreements were cancelled, and a new forestry reform program rolled out, culminating in the enactment of the National Forestry Reform Law in 2006.

By 2008 a National Forest Policy and Implementation Strategy, a National Forestry Management Strategy, and the FDA's Ten Core Regulations had been developed. The Liberian government's Poverty Reduction Strategy noted that these reforms were "necessary to ensure equity in the sharing of benefits derived from forests amongst stakeholders, while ensuring environmental regulations and sustainability of the resource". A key objective of the government was to 'develop commercial forestry, including by encouraging value-added forestry products, to be a significant source of revenue generation and growth for local people, medium and small-medium enterprises, and the nation at large'.

The NFRL 2006 also provides for community participation, and in Section 10.1 states that in order 'to manage natural resources based on principles of conservation, community and commercial forestry, and to ensure that communities are fully engaged in the sustainable management of the forests of Liberia, the authority shall by regulation grant to local communities user and management rights, transfer to them control of forest use, and build their capacity for sustainable forest management'. It goes on to say that the regulations must 'specify rights and responsibilities of communities with respect to ownership and uses of forest resources', 'establish mechanisms to promote informed community participation in forest-related decisions', 'create a framework that allows communities fair access to forest related resources' and 'establish social, economic and technical procedures for capacity building to ensure that communities can participate in and equitably benefit from the sustainable management of the forests'. Furthermore, the Government also included forestry in the implementation of the Liberia Extractive Industry Transparency Initiative, a first for any country. These developments paved the way for the reopening of the logging industry.



2013. © Louise Riley

footnotes

- 174 Reports of the Panel of Experts on Liberia established by the United Nations Security Council available at: <http://www.un.org/sc/committees/1521/liberiaPOE.shtml>
- 175 Report of the Forest Concession Review, Committee Forest Concession Review - Phase 3, 31 May 2005.
- 176 Executive Order No.1, Government of Liberia Forest Sector Reform, Government of Liberia.
- 177 Government Of Liberia, 2006. An Act Adopting The National Forestry Reform Law Of 2006. September 2006.
- 178 Forestry Development Authority, 2006. National forestry policy and implementation strategy: Forestry for communities commerce and conservation.
- 179 Forestry Development Authority, 2007. Ten Core Regulations.
- 180 Government of Liberia. 2008. Liberia Poverty Reduction Strategy.
- 181 Government of Liberia. 2008. Liberia Poverty Reduction Strategy, p64.
- 182 National Forestry Reform Law 2006, Section 10.1.

Annex II. Relevant Laws and Regulations

Legal Requirement for Consultation

FDA Ten Core Regulation 104-107, Section 22: The FDA must obtain free, prior and informed consent in writing from CFDCs representing all affected communities, to negotiate in good faith a Social Agreement with the winning bidder.

FDA Ten core Regulation 105-07, Part three: Social Agreement: Section 35: Public Meeting with Affected Communities and Execution of Social Agreement.

In negotiating a Social Agreement with Community Forestry Development Committees the Holder shall afford each Community Forestry Development Committee and the Affected Communities that it represents the opportunity to participate in at least one public meeting, facilitate and attended by the Authority, to ask questions about, and express views on community rights and benefits under the Forest Resource License.

Access to contract information and forest management planning processes

National Forestry Reform Law (2006) Section 10.1, Community Empowerment:

- (a) To manage natural resources based on principles of Conservation, Community, and Commercial Forestry, and to ensure that local communities are fully engaged in the sustainable management of the forests of Liberia, the Authority shall by Regulation grant to local communities user and management rights, transfer to them control of forest use, and build their capacity for sustainable forest management.
- (b) The regulations promulgated under this chapter, must at a minimum:
 - ii. Establish mechanisms to promote informed community participation in forest-related decisions.
 - iv. Establish 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.

National Forestry Reform Law (2006) Section 18.15: Public Access to Information:

- (a). The Authority shall grant and facilitate free public access to read and to copy all documents and other information in its possession, including all audits, all Forest Resources License fee invoices and fee payment information, business and forest management plans, strategies, resolutions from the Board of Directors, public comments, reports, inventories, regulations, manuals, databases, contract maps, and contracts ..[....].

National Forestry Reform Law (2006) Section 5.3: Forest Management Contracts:

- (b) iv. The contract must require the Holder to prepare all environmental impact assessments required under the laws governing environmental protection.
- (d). No Holder shall fell trees unless the Holder possesses a valid Annual Harvesting Certificate.
- (e). The Authority shall issue to a Holder an Annual Harvesting Certificate only after all of the following conditions have been met for the year:
 - (i) The Holder has an approved Annual Operational Plan.
 - (ii) The Holder has an approved forest management plan that covers the specific area to be harvested.
 - (iii) The Holder has met the previous logging season annual audit requirements.

National Forestry Reform Law (2006) Section 5.4: Timber Sale Contracts:

- (e). No Holder shall fell trees unless the Holder possesses a valid Annual Harvesting Certificate.
- (f). The Authority shall issue to a Holder an Annual Harvesting Certificate only after the Authority has approved the Holder's Annual Operational Plan.

Receipt of Community benefits:

a) Land Rental Fees

National Forestry Reform Law: Section 14.2 Forestry Fees

(e) The Government shall allocate and distribute fees collected annually pursuant to this Section as follows:

(e) ii. Thirty percent of Land Rental Fees to communities entitled to benefit sharing under Forest Resources Licenses; thirty percent of Land Rental Fees to Counties; and forty percent of Land Rental Fees to the Ministry of Finance to hold as part of the general revenues of the Republic in accordance with Section 7 of the Reform Tax Code.

(g). The Ministry and the Central Bank shall provide the Authority with access to timely and correct information concerning all payments made pursuant to this Section.

(h). The Authority shall make a current and complete list of its fees collected and distributed under this Section available to the public through the Internet, and the Authority shall provide Persons with a printed copy of the list on request.

Section 32: d) the government shall withhold the signing of a FMC or TSC until presented proof by the holder that the initial contract administration fee, Area Fee (section 33 (f)) has been paid.

National Forestry Reform Law (2006), Section 6.1: Termination of Forest Resource Licenses

The Authority may terminate Forest Resource Licenses on any of the following grounds: (d) failure to satisfy, consistent with the terms of a forest resource license, any financial obligations to the Government (including payments of taxes, rents and fees) or to local communities, except when such failure is due to Force Majeure’.

b) Cubic meter payments

FDA Ten core Regulation 105-07, Part three: Social Agreement: Section 34: Minimum Financial Benefit under Social Agreements

The total annual financial benefit provided by the Holder for the benefit of all Affected communities with respect to logging under the Forest Resource License, under one or more Social Agreements must equal or exceed US \$1.00 per cubic meters of logs harvested annually under the Forest Resource License, based on verifiable information contained in the chain of custody system.



(Left to right) Logging field in Rivercess, 2012. © CS-IFM
Logging concession in Cape Mount, 2012. © CS-IFM
Community in Grand Bassa, 2012. © CS-IFM

Annex III: Evaluation of the Social Agreements

Regulation 105-07 of the FDA Ten Core regulations requires that the Holder must negotiate a Social Agreement with the affected community before any logging operations take place. This Regulation also states that the company must give the affected community 15 days notice of any meeting held to negotiate a Social Agreement, through local and national radio announcements and written notice to any Persons on a forest management stakeholder.¹⁸³

According to the NFRL of 2006, the forest in Liberia belongs to the people, and is held in trust by the state for the benefit of all. The law provides for various benefits to communities including 30% of the Land Rental Fees, and royalties on every cubic meter of timber extracted in their areas. The law also provides for community involvement in forest governance and Regulation 101-07 establishes systems and procedures for ensuring public participation. Regulation 102-07 on Forest Land Use Planning specifically requires the Forestry Development Authority (FDA) to consult with communities in areas identified for logging, and secure their written consent through their CFDCs before allocating such a concession.¹⁸⁴ Regulation 102-107 also provides that the company must also negotiate and sign a Social Agreement with the affected community before the first annual operating season.¹⁸⁵

A typical Social Agreement contains the following:

- A statement of mutual benefit and interest where the company and the CFDC communities 'strive to engage in a mutually beneficial relationship by agreeing to the terms of this agreement'.

Purpose and objective of the Social Agreement

- Social Agreements are to establish a code of conduct regarding rights and responsibilities of the company and affected.
- They are to establish the financial benefits for all affected communities. Section 34 of FDA regulation no. 105-107 on major pre-felling operations under forest resource licenses states that 'the total annual financial benefit provided by the holder for the benefit of affected communities must equal or exceed US\$1.00 per cubic meter, based on verifiable information recorded in the chain of custody system'.
- They are to be negotiated directly between local communities and companies, then signed by the CFDC chairman and the company representative.

Although the FDA plays no part in their negotiation, it must regulate and ensure the proper implementation of the Social Agreements.

Responsibilities of the Holder

The regulations regarding the Social Agreements states that the contract holder must 'Minimize effects on traditional practises such as sacred sites, NTFP sites, taboo animals and plant sites, hunting grounds and medicinal plant sites to the extent that they respect traditional laws, practises and regulations'.¹⁸⁶ They also typically provide that the holder must:

- Provide schools for employees children
- Give first preference for locals when looking for employees
- Build the camp near the affected community
- Hold quarterly meetings with the affected community
- Ensure payment of benefit sharing fees
- Minimize effects on traditional practises such as sacred sites, NTFP sites, taboo animals and plant sites, hunting grounds and medicinal plant sites to the extent that they respect traditional laws, practises and regulations.
- Protect water collection points
- Timber operations must not affect subsistence agriculture
- Participate in community development programs

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¹⁸³ Ten Core Regulations, Section 32.

¹⁸⁴ Regulation 102-07 on Forest Land Use Planning, Section 61(c)(3).

¹⁸⁵ Ten Core Regulations 102-107, Section 22.

¹⁸⁶ Social Agreements, Section 3: Responsibilities of the Holder.

Responsibilities of Affected communities

Social Agreements provide that all CFDC members must be freely and fairly elected by residents of the community, and that the CFDC must provide a means for all residents that it represents, including women and youth, to have their views heard and considered.

In terms of providing harvesting information to communities, the Social Agreements state that 'periodic updates must be made by the company to the CFDC chairman on the implementation of the SA, and specifically on the volume of logs harvested' and also that a CFDC representative should also verify production. The logging company must also hold an annual meeting with the CFDC representatives on the Annual Operational Plan.

Observations on the Methodology

Regulation 108-07 on Establishing a Chain of Custody for the Forestry Sector clearly provides for CSO, community and other independent third party monitoring of the Liberian forestry sector. In part 7 it is stated that: 'the authority in coordination with civil society organizations [...] shall develop guidelines on the monitoring of areas subject to Forest Resource Licenses [...]. It also states that 'except otherwise allowed by law, no person shall interfere with representatives of civil society organizations, forest-dependent communities, and other communities affected by operations, or other third parties seeking to (1) obtain information with respect to any aspect of the chain of custody system; (2) Verify the accuracy of information provided by the Authority, the Holder of a Forest Resource License, or any other person, with respect to any aspect of the chain of custody system, or (3) personally inspect any forest area, forestry facility, or shipment of Logs, Timber, Wood Product that is the subject of a Forest Resources License'.¹⁸⁷

Annex IV: Template of questionnaire

Question 1: Legal requirement for stakeholder consultation

- 1.1: Did the FDA ask if your community wanted logging in your area?
- 1.2 Are you satisfied with the company in your area?
- 1.3 Did your community sign a Social Agreement with the company?
- 1.4 Are you satisfied with the Social Agreement?

Question 2: Access to contract information and forest management planning processes

- 2.1 Do you have a copy of the contract affecting your area?
- 2.2 Do you have a map of the contract area?
- 2.3 Do you know the boundary between you and the concession?
- 2.4 Do you know when the contract started and how long the contract will last?
- 2.5 Are you aware of the logging companies operating in your area?
- 2.6 Is the company in your area carrying out logging operations or clearance for agriculture?
- 2.7 Do you know if the company had done an ESIA for their operation in your area?
- 2.8 Do you know if the ESIA is finished?
- 2.9 Do you know if the company has done their Annual Operational or Forest Management Plan?
- 2.10 Does the plan identify areas where you don't want them to go for cultural reasons?
- 2.11 Do you believe that they will not go into these areas?

Question 3: Receipt of community benefits and shares of revenues.

- 3.1 Do you know how much your community is supposed to get in Land Rental Fees?
- 3.2 Do you know how much have you received?
- 3.3 Do you know if your community is entitled to any other money from the company?
- 3.4 Do you know how much your community has got so far in cubic meter fees?

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- 3.5 Do you have official information about logs harvested in your area?
- 3.6 Do you know if you should be receiving more cubic meter fees in future?
- 3.7 Do you know of any other benefits due to your community under the Social Agreement?
- 3.8 Have these benefits been delivered to your community?

Question 4: Internal community governance of community shares

- 4.1 Have you received any money from the company operating in your area?
- 4.2 Have you received any money in the last year?
- 4.3 If you have received money in the last year, what are the main things it was spent on?
- 4.4 Do you meet as a community to decide on how to spend the money?
- 4.5 Does the CFDC or community leaders report on how they spend the money?
- 4.6 Do you meet as a community to discuss other matters related to forestry and agriculture?
- 4.7 Do you think the CFDC or community leaders are managing the community money properly?

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