

**Aide Memoire of the Third Negotiation Session Between
the Republic of Liberia and the European Union
12th – 14th July, 2010**

INTRODUCTION

1. The third Liberia-European Union negotiation session on a Forest Law Enforcement, Governance, and Trade Voluntary Partnership Agreement (FLEGT VPA) was held from 12th – 14th July 2010 in Monrovia, Liberia.
2. The session was co-chaired by the leader of the Liberian delegation, the Honorable James Logan, Deputy Minister of Agriculture and the leader of the European Union (EU) delegation, Luis Riera, Director of the Directorate General Development of the European Commission. A list of delegates is presented in Annex 1.
3. This Aide Memoire captures the key points discussed and action points agreed upon to support the completion of negotiations.

OPENING STATEMENTS BY THE EU AND LIBERIA

4. Minister Logan welcomed the EU delegation and gave a brief summary of the progress that the Government of Liberia (GoL) has made since the last round of negotiations and reaffirmed the government's commitment to the process. He encouraged the parties to engage in frank discussions and address any existing gaps in order to move the process forward.
5. Director Riera expressed his great satisfaction at the progress made. He underlined the importance of broad stakeholder support within the VPA structures and processes. He provided an update indicating that Parliament had overwhelmingly passed a new regulation which will require timber traders to demonstrate due diligence to ensure the legality of timber and timber products entering the EU market.

SUMMARY OF DEVELOPMENTS OF VPA

LEGALITY DEFINITION

6. Liberia presented the draft Legality Definition (LD) and reminded the parties that the LD is based on existing domestic legislation and predicated on eleven (11) principles. These include: legal existence of the logging operators; forest allocation; forest management, operations & harvesting; social obligations; environmental obligations; timber transport & traceability; transformation of timber/processing; workers' rights, safety & welfare; taxes and fees; export/trade requirements; and transparency. The draft has been informed by in-depth consultations with stakeholders and has been endorsed by the Steering Committee and Negotiating Team.
7. The EU provided general feedback on the draft and noted that Liberian legislation in process, including the planned chain saw regulation and the Community Rights Law regulations, need not be finalized before the completion of VPA

negotiations. The EU noted that some indicators and verifiers were quite general and encouraged Liberia to further elaborate these and better define the links between the legality definition and the chain of custody system.

8. The EU agreed to provide detailed formal comments to inform the development of the second draft of the Legality Definition and Liberia will further develop the second draft based on stakeholder inputs. The parties agreed to participate in a Technical Video Conference to discuss a second draft between 30-31st August 2010.

LEGALITY ASSURANCE SYSTEM (LAS)

INDEPENDENT AUDIT

9. Following a presentation of the Terms of Reference for Independent Audit and Independent Monitoring of Implementation of the VPA, Liberia highlighted the effectiveness of the LEITI process to strengthen governance and transparency in the natural resources sector and endorsed a similar type of audit for the VPA.
10. The Independent Auditor will check that the entire system is functioning by conducting sample audits to ensure that companies are complying with the legality definition.
11. It was agreed that greater emphasis should be placed on a systems-based audit. It was also noted that expertise in management systems audit was an important qualification.
12. Liberia underlined its interest in promoting a long-term independent auditing capacity in Liberia and the need to reflect this in the terms of reference.
13. The Parties noted that the Independent Audit could look not only at the LAS in Liberia but also the procedures to process FLEGT licenses in the EU. The parties agreed reference to avoiding conflict of interest should apply to the independent auditor itself, as well as its personnel. The parties agreed that the auditor's report would be submitted to the Joint Implementation Committee (JIC), and published following endorsement by that body.
14. The Parties agreed that further thought and discussion should be given on the principle of Independent Monitoring by civil society as proposed by Liberia.

CHAIN OF CUSTODY SYSTEM GENERAL PROCEDURES

15. SGS, on behalf of Liberia, presented a set of general operating procedures detailing how the Chain of Custody System for timber and wood products derived from Timber Sales Contracts (TSCs), Forest Management Contracts (FMCs), and Private Use Permits (PUPs) will be conducted as part of the VPA. SGS noted that the general procedures have not yet been developed for processing, wood imports, and community rights contracts and these procedures will be developed in the near future. SGS also intends to work out individual conversion ratios for each processing plant. They also informed the meeting that the system would be ready for ISO 9001 certification by December 2010.
16. The Parties agreed:

- The Chain of Custody description to be annexed to the VPA should be expanded so that it is a self-standing document; where necessary including cross references to the standard operating procedures.
- Issuance of export licenses be included in the Legality Definition and that the chain of custody description needs to include data conciliation and data management.
- Working groups will fully harmonize the different descriptions of the chain of custody system and the legality assurance system.

VERIFICATION PROCEDURES

17. The Technical Secretariat presented Terms of Reference to hire a legal consultant to assist the Government of Liberia prepare procedures for verifying compliance with the Legality Definition. The Technical Secretariat informed the parties that the consultant will be hired in July and should complete the work in August 2010.
18. The parties agreed on the need to hire forest monitoring expertise in addition to legal expertise.

PUBLIC INFORMATION and TRANSPARENCY

19. The Technical Secretariat presented Terms of Reference for the Public Information Annex and indicated that a consultant will be hired for this in the next few weeks. The EU noted that the Forest Development Authority (FDA) had already developed a document outlining reporting requirements specific to the forest sector which could be used as an important source of information for the consultant.
20. The parties agreed that the consultant meet with stakeholders to capture the type of pertinent information they would like to see made public and the consultant should submit recommendations to the Steering Committee to inform further development of the Annex. Further suggestions were provided by the EU on how information should be made public and the Parties accepted the ToR.

EU PROCEDURES

21. The EU presented a proposed Annex on EU procedures relating to conditions governing the release of timber products from Liberia into the EU. The EU explained that Liberia may lodge the FLEGT license ahead of arrival of a consignment to expedite the customs clearance process. Industry noted its concern that importers may refuse to pay for a consignment FOB but will agree to pay CIF if there are any discrepancies found with the license resulting in delay in payment to industry. The EU suggested a port visit during the next round of negotiations in Brussels to better understand EU customs procedures. On questions raised whether the EU would impose administrative fees associated with the FLEGT license the EU noted that this may vary between member states.

UPDATE ON FOREST SECTOR LEGISLATION

22. Liberia provided an update on the development of a chain saw regulation and Community Rights regulations to accompany the Community Rights Law. FDA has hired a consultant to complete a first draft of the chain saw regulation and vet the draft with stakeholders by August 2010. The regulation is set to be finalized by the end of 2010. The EU asked how chainsaw logging will be included in the chain of custody system. Liberia explained that it was included in principle and the additional costs, if any, would be subject to the ongoing negotiations with extending the contract with SGS. The EU also asked how chain saw operations fit within the National Forest Management Strategy and Liberia explained that chain saw logging would be integrated into the zone for commercial or community forest areas.
23. Liberia explained that the FDA has hired a consultant to draft regulations to accompany the Community Rights Law and hopes to finalize these by the end of 2010. The EU asked whether the new regulations address previous stakeholder concerns raised during the development of the Law. Liberia responded that the draft will address these concerns.
24. The parties agreed that Liberian stakeholders would discuss which principles from the draft chain saw regulation and community rights law regulations could be included in the legality definition prior to the finalization of national legislation.

COMMUNICATION STRATEGY

25. The parties agreed to develop a communication strategy to be included in the VPA. To inform the development of this strategy, a framework paper identifying messages as well as national and international audiences will be prepared. The parties agreed to further discuss the communication strategy at the next round of negotiations in Brussels.

ADDITIONAL MEASURES FOR VPA IMPLEMENTATION

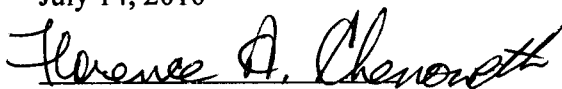
26. Liberia presented a draft proposal highlighting what could be included in a needs assessment for VPA implementation. The EU noted the importance of completing such an assessment by October 2010 in order to inform a planned EU feasibility study. The Swedish representative welcomed priorities from the Ministry of Agriculture and informed that SIDA will conduct a study to look into possible support connected to trade, private sector development, forestry, and agriculture in accordance with Sweden's development cooperation objectives and Liberian priorities.

NEXT STEPS

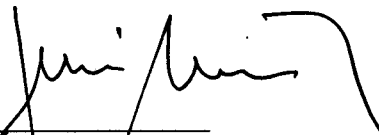
27. The parties agreed to the attached modified roadmap which identifies actions to be taken and highlights the agreed milestones to enable the parties to reach a conclusion before March 2011.

28. It was agreed that the parties will meet via video conference on the 31st of August and again at the end of September with a negotiation session in October in Brussels (date to be confirmed).

July 14, 2010



Florence A. Chenoweth
Minister of Agriculture
Republic of Liberia



Luis Riera
Director, DG Development
European Commission

**List of Participants
Annex I**

EU Delegation

Luis Riera	Director, Directorate General Development, European Commission, Brussels
Julia Falconer	Sustainable Development of Natural Resources, Directorate General Development, European Commission, Brussels
Carlos Battaglini	Rural Development, Food Security, and Environment, European Commission Delegation, Monrovia
Hugh Speechly	Forest Governance and Trade Programme, DFID, London
Anna Nilsson	Swedish International Development Cooperation Agency (SIDA)
Melissa Othman	EU FLEGT Facility, European Forest Institute, Finland
Jussi Lounasvuori	EU FLEGT Facility, European Forest Institute, Finland
Lena Yadlapalli	EU FLEGT Facility, European Forest Institute, Finland

Liberia Delegation

Florence Chenoweth	Minister of Agriculture
James Logan	Deputy Minister of Agriculture
Moses Wogbeh	Managing Director, Forest Development Authority
Sam Russ	Deputy Minister of Justice
Elfrieda Tamba	Deputy Minister of Finance
Vaanii Baker	National Investment Commission
Drayton Hinneh	Ministry of Finance, Bureau of Concessions
Samuel Liberty	Ministry of Commerce
Rudolph Merab	Industry Representative
Isaac Manneh	Industry Representative
Kula L. Jackson	Civil Society Representative
Lawrence Satia	Ministry of Finance, Bureau of Concessions
Abraham Fahnbulleh	Ministry of Justice
Victoria Cole	Forest Development Authority
Edward Kamara	Forest Development Authority
Shauna Leven	Legal Advisor, Ministry of Agriculture
Amos T. Kofa	Coordinator, Technical Secretariat
Charles K. Miller	Deputy Coordinator, Technical Secretariat
F. Dadeh Harper	Technical Secretariat
Queeta RJ Hessou	Technical Secretariat
Rose Johnson Blidi	IDL
Stephanie Altman	FLEGT Envoy