

01 ECOWOOD logging operations in the Bluyeama Community Forest

BRIEFING | NOVEMBER 2013



Introduction

Since the 2012 moratorium on Private Use Permits (PUPs) put a halt to the operations of a large number of illegal logging concessions in Liberia, there has been an alarming rise in the number of applications for Community Forestry Management Agreements (CFMAs) across the country. There are concerns that logging operators previously operating illegal PUPs are now pursuing CFMAs as an alternative to allow them to continue to harvest timber in Liberia. However, if the situation is not managed correctly, CFMAs could become the next PUP crisis, allowing vast quantities of valuable timber to be harvested and exported with few benefits reaching Liberian people. The case of the Bluyeama Community Forest outlines some of these concerns.

'The Community Forest Management Body has failed us, no meeting at all, we are all hurt, and the land and forests our Great-Grandfather left with us is being lost. Something must be done'.

Community member, Bluyeama.

Community Forest Management Agreements:

CFMAs are a direct agreement between Affected Communities and logging companies, designed to allow communities to benefit from commercial logging activities in Community Forests that have been previously approved by the Forestry Development Authority (FDA). CFMAs are governed by the Community Rights Law (CRL), which recognises that local communities own all forest resources on Community Forest Lands. Community Forests can range from 5,001 – 49,999 hectares in size and the communities are granted the right to fully manage their Community Forest.¹ The CRL states that Affected Communities must receive at least 55% of all revenues generated from large-scale commercial operations within their community forests.²

footnotes

- 1 Community Rights Law with respect to Forest Lands (2009), Section 3.1 (e).
- 2 Community Rights Law with respect to Forest Lands (2009), Section 3.1 (d).
- 3 Special Independent Investigating Body report on the issuance of Private Use Permits (PUPs). December 2012.
- 4 CFMAs 1 and 2 on 42,424 and 43,794 hectares respectively being operated by Liberian Hardwood in Grand Gedeh. SGS Update, August 2013.

The Bluyeama Community Forest

In June 2013 the Sustainable Development Institute (SDI), along with the Civil Society-Independent Forest Monitors (CS-IFM) visited the Bluyeama Community Forest in Lofa County, following information that ECOWOOD was operating there under a CFMA permit. ECOWOOD was also one of the companies operating a PUP concession in Lofa before the moratorium on PUPs was issued by the Government of Liberia due to widespread misuse,³ so there was particular concern over their operations in the Bluyeama community forest. SGS confirmed that logs from the Bluyeama CFMA and two other CFMAs⁴ have already been enrolled into the Chain of Custody (CoC) system, despite a moratorium on CFMA timber being in place.

SDI held two meetings with Affected Communities in Bluyeama in June and August 2013 to obtain and share information on the ECOWOOD operations in the area. Approximately one hundred participants attended each meeting. Participants expressed their appreciation for the additional information, such as receipts and contract documents they were able to obtain regarding the ECOWOOD logging operations. The meetings, along with findings from visits to the FDA and the EPA have highlighted a number of issues that raise serious questions about the legitimacy of ECOWOOD's operations in the Bluyeama Community Forest. The Community was extremely concerned about ECOWOOD's logging operations, particularly as they had very little information regarding the company's activities. During the meetings issues such as over-harvesting, logging outside the boundary, poor working conditions and a lack of respect for workers rights were identified as the main concerns. The communities had approached ECOWOOD on these issues but they were referred to the chairman of the Community Forest Management Body (CFMB). Although the CFMB are the official body representing Affected Communities and managing the everyday matters of the Community Forest operations, no members of the CFMB were currently residing in the community.

Our investigations highlighted the following issues with the ECOWOOD logging operations in the Bluyeama Community Forest:



ECOWOOD
logging trucks
outside the
community
forest.
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Community meeting in Bluyeama.
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ECOWOOD are over-harvesting, logging outside the boundary and operating without an Environmental Permit.

The Bluyeama community reported that ECOWOOD are over harvesting and logging outside the boundary of their Community Forest. After a formal request to the Environmental Protection Agency for the ECOWOOD Environmental Social Impact Assessment (ESIA) and the ECOWOOD Environmental Permit, in August 2013 the EPA responded to SDI and the CS-IFM with a copy of the ESIA, but failed to deliver a copy of the Environmental Permit. This indicates that ECOWOOD are operating without an Environmental Permit, rendering their activities illegal. Despite this, ECOWOOD have so far exported 802.3 cubic meters of timber from the Bluyeama community forest, which has been enrolled in the Chain of Custody system by SGS.⁵

There are many irregularities regarding the CFMA contract documents, casting major doubts over their validity.

There were no copies of either the FDA-Bluyeama CFMA or the ECOWOOD-Bluyeama CFMA available in the community prior to SDI and the CS-IFM's visit. This indicates that due processes were not followed in the negotiation of the ECOWOOD-Bluyeama CFMA, as the community, represented by the CFMB should have directly negotiated the contract with ECOWOOD. It is therefore extremely surprising that the community members we spoke to were unaware of the documents. The community were only in possession of a draft CFMA negotiated between the Bluyeama community and ECOWOOD, providing further evidence that there was a distinct lack of community involvement in contract negotiations, in contravention to the Community Rights Law.⁶

There is also a very short timeframe between the FDA-Bluyeama Community CFMA, which was signed on the 10th January 2012, and the ECOWOOD-Bluyeama Community CFMA which was signed two days later on the 12th January 2012. Since it is not possible for Affected Communities, comprising of 12 remote towns and villages to finalize a Community Forest Management Agreement within the two days following the approval of their Community Forest by the FDA, it is clear that the correct negotiation processes were not followed, hence why only the draft agreement was found in the community. It is therefore highly likely that commercial logging interests drove the Bluyeama CFMA, rather than there being a genuine desire on the part of the community to engage in Community Forestry.

An amendment to the ECOWOOD-Bluyeama CFMA was also obtained from the FDA. This Amendment was signed on March 15, 2013 - a National holiday commemorating the birthday of Joseph. J. Roberts, Liberia's first President, raising serious questions over its legitimacy.

There are also irregularities in the Forest Management Plan and Annual Operational Plan.

The Bluyeama Community Forest Management Plan shows no evidence that the community were involved in its preparation, as there are no signatures from any members of the Bluyeama Community Forest Executive Committee. The FDA had not approved the Forest Management Plan,⁷ and no copy of the plan was available in the communities despite it being the responsibility of the community to prepare the Forest Management Plan.⁸

A copy of the Annual Operational Plan was also obtained from the FDA, despite the requirement that the company are supposed to prepare this on behalf of the community. It was dated November 2012, predating the amended CFMA between the Bluyeama Clan and ECOWOOD, and shows no evidence that it was approved by the FDA.⁹

Key members of the CFMB are not living in the community.

No members of the Community Forest Management Board, including the CFMB chairman currently reside in the community. This has meant that there have been no channels for the community to air any of their grievances with the logging operations. Regular meetings have not been being held due to the lack of CFMB presence in Bluyeama, resulting in a distinct lack of awareness amongst the communities regarding ECOWOOD's activities, with one resident expressing that the community feel they 'are in complete darkness' about the situation. This directly contravenes Section 4.2 of the Community Rights Law, which states amongst other things that the CFMB must represent the Affected Community in all matters related to forest resources and make decisions on behalf of the Affected Community.¹⁰

footnotes

5 SGS CoC Financial Update, August 2013.

6 CRL (2009) Section 3: Community Rights and Responsibility.

7 Section 6.4 (d) of the CRL (2009) requires that the Forest Management Plan must be approved by the FDA before commercial operations begin.

8 CRL (2009) Section 3.1 (e) of the grants communities the right to the full management of their community forests, whilst section 3.2 (b) states that Communities have the responsibility to prepare a Forest Management Plan.

9 National Forestry Reform Law of (2006) Chapter 5 Section 5.3e (i).

10 Community Rights Law with respect to forest lands (2009): Section 4.2 (c).

'The formation of the Community Forest Management Body started in Monrovia and all members of the body are living in Monrovia. They cannot call meeting, no benefit from the company, they only build road into their concession, we are not satisfied with the company and they brought in their own workers' Elder, Bluyeama.



A youth leader who worked for ECOWOOD is still owed \$200 by the company.
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The benefit sharing arrangements are unclear, and the community are unsure what they should be receiving.

There is a lack of clarity in the Community Rights Law regarding the benefit sharing arrangements for Community Forests. Medium-scale commercial use contracts are defined as being between 5,001-49,999 hectares, and can be either export or domestic oriented.¹¹ The Bluyeama Community Forest is 49,444 hectares, almost the maximum size for a Community Forest commercial contract. Large-scale commercial use contracts must be bid upon and are export oriented. 55% of all revenues generated from Large-scale commercial use of community forests must be paid to Affected Communities via the CFMB.¹² While competitive bidding is not a requirement for medium-scale commercial use of community forest, the Bluyeama CFMA is still an entirely export oriented concession. The provision that the community must receive 55% of all revenues generated by the CFMA does not appear to apply to medium scale contracts in the CRL, and the Bluyeama community have so far received only 55% of the Land Rental Fees. Instead the contract provides that \$1.25 per cubic metre harvested will be paid to the affected community. In contrast, Liberian hardwood timber typically fetches a price on the international market of around \$300 per cubic metre highlighting the large discrepancy between the value of the timber and the payments that the community will receive.¹³ This lack of clarity means that ECOWOOD and the Government of Liberia are able to benefit at the expense of the Bluyeama community.

There is also a distinct lack of awareness amongst the community on what the benefit sharing arrangements are or how much they should be receiving from the company. During the meeting SDI and the CS-IFM presented the community with a copy of a receipt for the payment of Land Rental Fees to the Bluyeama Community, dated November 15th 2012. The payment was for \$33,992.75, correctly representing 55% of the Land Rental Fees paid by ECOWOOD to the Government of Liberia. Community members said they were surprised that SDI presented them with a copy of the receipt. An elder said 'we have only heard about the money, we don't know who signed it and our chairman only told us he received the money, but he did not know how much. That is not correct - the community should know how much money it receives and the money should go into a bank account according to the law'.

footnotes

11 CRL (2009). Chapter 1, Section 1.3: Definitions.

12 Community Rights Law with Respect to Forest Lands (2009) Section 3.1 (d).

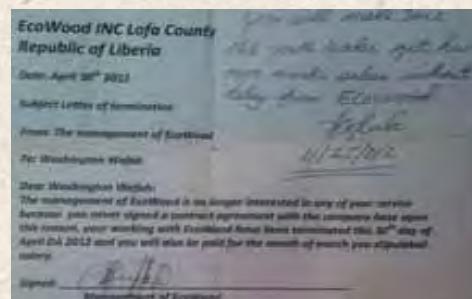
14 ITTO Tropical Timber Market Report, August 2013.

Community members are also unaware of the number of logs and the types of species that ECOWOOD has logged from their forest, and there was no evidence that any cubic metre fees had been paid by the company. The only tangible benefit the community had received so far were access roads leading to the concession.

Lack of employment and poor working conditions.

The community members asserted that the provisions of the contract with ECOWOOD relating to employment of community residents are not being respected. Currently less than 10 community residents from the 12 towns affected by the company's operations have been employed by ECOWOOD. Although there are qualified residents available to work, the company are allegedly bringing employees from the PUP it previously operated in Lofa.

Those who had been employed by ECOWOOD were dissatisfied with the poor working conditions. This had led to a demonstration being held by dissatisfied ECOWOOD workers, comprising of both local community members and outside employees. Some were unhappy because they had been dismissed at short notice and did not have a proper contract, whilst one worker who had badly damaged his knee whilst on duty was asked by ECOWOOD to treat himself, contravening Liberian labour law. Other workers were dissatisfied that they had not received their monthly food parcels for over two months. The Bluyeama Town Chief stated that as a result of the demonstration, seven workers were dismissed.



ECOWOOD Letter of termination.
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Conclusion

In light of the irregularities that were uncovered during our investigations, it is clear that ECOWOOD are illegally exporting timber from the Bluyeama Community Forest. This is taking place at the great expense of the Bluyeama community, who have received few benefits whilst suffering significant losses in terms of valuable natural resources. The FDA now has an urgent duty to investigate this matter further in order to prevent further losses for both the Bluyeama community and Liberia itself.

Conclusions

EPA has not issued ECOWOOD an Environmental permit prior to timber being harvested, suggesting that its operations, including all exports of timber are illegal.

Logging interests have influenced the Community Forest application by the Bluyeama Clan, rather than the community desire to engage in Community Forestry.

Irregularities were found in all the documents regarding the Bluyeama CFMA, including Contract documents, the Environmental Permit, the Forest Management Plan and the Annual Operational Plan.

Members of the CFMB are not residing in the Affected Communities, leading to a lack of information within the community about the activities of ECOWOOD and no channels through which the community can raise concerns.

The community have only received 55% of the land rental fees, and are to be paid just \$1.25 per cubic metre of timber, rather than 55% of all revenues. The benefit sharing arrangements are unclear in the CRL regarding community benefits in medium-scale commercial use contracts such as Bluyeama. This lack of clarity means that communities are losing out financially and is causing confusion amongst community members as to how much they are supposed to receive.

ECOWOOD is failing to meet the obligations of the contract in terms of providing jobs for community members and abiding by labour laws.

Recommendations

The FDA and the EPA must together institute the required penalties for illegally operating a Community Forest, in order to secure the interest and benefits of communities and so as not to replicate the PUP crisis documented by the SIIB report of December 2012.

The FDA must review the Bluyeama CFMA with ECOWOOD in light of the level of community participation in the process. The role of the Community Forest Management Body and feedback mechanism to the 12 communities making up the Bluyeama Community forest needs to be clarified. Currently little information exists that confirms that the Community Forest will provide overall benefits to the 12 communities.

The FDA and the EPA must launch a full investigation into these claims, and ensure that the necessary actions are taken. The FDA must also fulfil its obligation to ensure that technical support and guidance are provided to each targeted community. This will enable Communities to fully participate in the negotiation and preparation of appropriate documents that must be completed before the FDA approves a Community Forest or attests to a contract between the Affected Community and a concessionaire wishing to operate a community forest.

The Bluyeama Community Forest Executive Committee must critically review this situation and ensure that representatives of the CFMB are residing in the affected communities and available to hold regular discussions. The CFMB should immediately hold a mass meeting in the community with representatives of the 12 towns to provide updates on the ECOWOOD operations. This information should be related to the management plan, the number and types of logs harvested, land rental fees, the ECOWOOD Environmental permit for operating the concession and the breakdown of the community share of revenues stipulated in the contract document.

The FDA should ensure that CFMA contracts provide that Affected Communities must receive 55% of all revenues from export oriented medium-scale logging operations in Community Forests. The Bluyeama contract with ECOWOOD must be updated to specifically include that the 55% share of stumpage and export fees must be paid to the community.

There is a need for the FDA to investigate the community claim that less than 10 community residents have been employed in the skilled or unskilled category. The contract Article VIII (provisions 19 & 20) specifically requires the company to provide 'first preference for employment for skilled and unskilled' community residents and ignoring such provision constitutes a violation of the contract.

Bluyeama
community
members.
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