

October 2022

# Commercial Use Contracts Legal Guide

Negotiating and implementing the CUC in  
Liberia



NOT FOR SALE

**ClientEarth** 

**HPA**  
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This Guide has been co-developed by the National Union of Community Forest Management Bodies (NUCFMB), Heritage Partners & Associates (HPA) and ClientEarth.

A draft version of this Guide was presented and discussed during Legal Working Group meetings held with the NUCFMB in Liberia. Legal Working Groups bring together community and civil society representatives. We particularly thank Saye Thompson, Isaac Saylay and Bonathan Walaka, as well as the other participants for their inputs and feedback which helped finalize this Guide.



This publication has been funded with UK Aid from the UK Government. The information contained in this document is the sole responsibility of its authors and does not necessarily reflect the UK Government's official policies.

## **Get in touch!**

This Guide has been developed to help representatives from Authorized Forest Communities (AFCs) and other stakeholder groups in Liberia support/take part in the negotiation and implementation of Commercial Use Contracts (CUC). Any AFC planning to enter such negotiations can contact us for additional legal support in their preparation. You can also get in touch with us if you have specific legal questions during the negotiations or to review the final draft of the CUC before it is signed.

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## Acronym list

AFC	Authorized Forest Community
CA	Community Assembly
CFDC	Community Forestry Development Committee
CFMA	Community Forest Management Agreement
CFMB	Community Forest Management Body
CFR	Community Forest Resources
CRL	Community Rights Law with Respect to Forest Lands (2009)
CUC	Commercial Use Contract
EC	Executive Community of an AFC
FDA	Forestry Development Authority
FMC	Forest Management Contract
MS CUC	Medium-scale Commercial Use Contract
NFRL	National Forestry Reform Law (2006)
NTFP	Non-timber forest products
NUCFMB	National Union of Community Forest Management Bodies
SS CUC	Small-scale Commercial Use Contract

TSC Timber Sale Contract

VPA Voluntary Partnership Agreement between Liberia and the European Union

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## Introduction

Communities play an important role in the management of Liberia's forest resources. The *Community Rights Law* and its implementing Regulation define the rights and responsibilities of communities to own, manage, use and benefit from forest resources on Community Forest Lands<sup>1</sup>, and establishes their duty to do so in a sustainable way.<sup>2</sup> Based on these laws, communities can be authorized by the Forest Development Authority (FDA) to manage their Community Forest.<sup>3</sup> This includes the option for Authorized Forest Communities (AFCs)<sup>4</sup> to enter into agreements with timber companies to allow them to commercially use and develop forest resources on their land in a way that supports the community and its goals<sup>5</sup>. Such agreements are called Commercial Use Contracts (CUCs).

Incomplete legal knowledge on contracting and its legal requirements can be a serious disadvantage to AFCs when negotiating CUCs. When CUCs do not comply with the law, they could be unenforceable, and could affect the legality of timber produced thereunder.

This Guide aims to help AFC representatives and supporting Non-Governmental Organizations (NGOs) to gain knowledge and understanding of both (i) the legal requirements for negotiating and

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<sup>1</sup> CRL, section 2.1 and Chapter 3 (p. 146 and p. 158 respectively of this Guide).

<sup>2</sup> CRL, section 3.2(a) (p. 148 of this Guide).

<sup>3</sup> CRL Regulation, Appendix (p. 187 of this Guide).

<sup>4</sup> Defined in CRL Regulation, section 1.2(c) (p. 159 of this Guide)

<sup>5</sup> CRL, Chapter 6 (p. 153 of this Guide)

implementing CUCs, and (ii) practical negotiation guidance/tips to get a good deal from a CUC or any other contracts.

The legal requirements and negotiation tips contained in this Guide focus on two (2) types of CUCs:

1. Small-scale CUCs (SS CUCs) – contracts for small-scale commercial enterprises for timber, or contracts for chainsaw milling activities on Community Forest lands up to 5,000 hectares<sup>6</sup>; and
2. Medium-scale CUCs (MS CUCs) - contracts for medium-scale commercial enterprises for timber and/or NTFPs on Community Forest lands between 5,001 to 49,999 hectares<sup>7</sup>.

This Guide includes annotated templates for both the MS CUC and the SS CUCs at Parts 5 and 6 of this Guide respectively. The templates contain important information about the legal requirements of CUCs as outlined in forest laws. Finally, Part 7 of the Guide contains some key legal texts that make up the legal framework for CUCs.

The overriding goal of this Guide is that awareness and use of its content will contribute to better CUCs between timber companies, chainsaw millers and communities, which in turn will contribute to better forest governance in Liberia.

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<sup>6</sup> CRL, section 6.1 (p. 153 of this Guide).

<sup>7</sup> CRL, section 6.2 (p. 153 of this Guide).



**DISCLAIMER:** Although this Guide includes tips and suggestions on how to negotiate CUCs, it is ultimately the responsibility of the CFMB to negotiate these contracts on behalf of the relevant AFC they represent. This Guide can help - but cannot replace - the participatory preparation and negotiation process which ought to be observed by and on behalf of an AFC. Additionally, this Guide is intended to provide general information on legal topics and principles of good contract negotiation, but does not constitute, nor should be relied upon as, legal advice.

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## PART 1: PRINCIPLES AND TIPS FOR CONTRACT NEGOTIATION

Contract negotiation is an important process that, like any other serious business, cannot be undertaken lightly or unadvisedly. Thankfully, many years of contract negotiations by many persons in many settings have led to near-universal consensus on key requirements for successful contract negotiation that may be referred to as principles and/or tips of contract negotiations.

Some key principles of contract negotiations are:

1. Recognize that every contract is a bargain, and that such bargains entail some kind of compromise or (each party giving to the other something of value) so that everyone wins;
2. Good-faith engagement with the other party- this entails mutual respect, dealing with the other party fairly, and prioritizing negotiating positions so as to be willing to concede some points/positions;
3. Necessity of adequate preparation (including research) before and during contract negotiations; and
4. Clear statement of intent and agreement - undisclosed intent cannot be binding on another party, and unclear contract provisions are a big source of trouble.

These principles of contract negotiations, including the ‘tips and tricks’, are based on experience and will help every AFC in preparing and negotiating CUCs. Effective negotiation and drafting of CUCs can ensure that companies share their profits with the communities

that depend on and preserve the forest, thus ensuring that AFCs also prosper and benefit from their natural resources.

Where the contract negotiating principles and tips contained in this Guide are also requirements of Liberian law, it is clearly indicated. An AFC is required to follow those principles and tips that are also legal obligations. The foregoing aside, there is no obligation to follow these tips, but knowing and applying them before and during contract negotiations may help overcome hurdles or disagreements, and will hopefully result in better CUCs that meet the needs of your community.

## 1.1 Before negotiations start

The following are ten (10) useful tips that every AFC should consider before starting CUC negotiations:

**Prepare as a community:** Make sure the whole community, or all communities that are part of the AFC, are aware of and involved in the preparations to negotiate a CUC. CFMBs have a legal obligation to represent the whole community – including the views of women and youth - in negotiations related to their Community Forest Resources (CFR).<sup>8</sup> CFR are broadly defined in the CRL to include *‘anything practical, commercial, social, religious, recreational, educational, scientific, subsistence or other potential uses to humans that exists in a community forest, including but not limited to flora, fauna and micro-organisms.’* All preparations and negotiations of a CUC have to be inclusive and gender-sensitive, and should involve the whole group through awareness raising and preparatory meetings with the Community Assembly (CA) and Executive

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<sup>8</sup> CRL Regulation, section 4.7(e) (p. 172 of this Guide).

Committee (EC) to reach an agreement on the communities' priorities.

**Get Details of the Contract Area and Timber Species:** It is normal that every party to a negotiation has reasonable information of its property that is the subject of a negotiation. Hence, a community is expected to know (and provide, when requested) the location and size of its community forest that is the subject of a CUC negotiation, and also the general number and type of the timber species in the proposed contract area.

**Don't rush the 10<sup>th</sup> step:** For communities to be authorized to manage their forest, they need to complete 11 steps, which includes the signature of a Community Forest Management Agreement (CFMA) with the FDA<sup>9</sup>. The 10<sup>th</sup> step requires the AFC to develop a Community Forest Management Plan (CFMP) before it is considered authorized to negotiate a CUC. The CFMP needs to mention that the community wants to negotiate a CUC<sup>10</sup>. This means that spending more time to develop the CFMP (as opposed to rushing with its preparation) will make negotiating and implementing a CUC easier and faster.

**Set aside some money and time:** During the preparation phase, meetings of the CFMB, EC and CA need to be organized and held with good attendance and engagement of members. This will require setting aside some time and money. It is very important that during this phase, no company should be paying (nor should the community receive money from any company) for any of these meetings yet, as doing so will undermine the community's preparation and negotiating position. If the community does not have the funds needed to

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<sup>9</sup> CRL Regulation, Appendix (p. 187 of this Guide).

<sup>10</sup> CRL, section 6.4 (p. 154 of this Guide).

organize any of the preparatory meetings, you can ask for assistance from the NUCFMB and NGOs.

**Research your rights and obligations:** Preparation includes knowing the rights and responsibilities of the community in negotiating and implementing CUCs. Such knowledge may be obtained by thoroughly examining the following laws and documents:

- a) the relevant legal texts (like the ones included in Part 7 of this Guide);
- b) the CFMA; and
- c) the CFMP.

These texts set out the rights and obligations of the community and timber companies. These rights and obligations cannot be reduced or waived as part of the negotiation. Hence, knowing them well will ensure they are incorporated into the CUC and will avoid discussion or debate on points that are non-negotiable.

**Learn from others:** A growing number of communities have already signed and are implementing CUCs. Reach out to them ahead of negotiations to learn from their experiences, including their mistakes and successes. Examples of what did or did not work in other communities can be strong arguments to support your negotiation. You may also wish to practice negotiating with people who have already gone through this process. The NUCFMB and NGOs can also provide lessons to help prepare. For example, you can ask the NUCFMB for CUCs that have recently been negotiated by other communities.

**Ask for 3 or more offers:** Before entering into negotiations the CFMB should ask at least three parties to submit an offer covering the payments they propose and other benefits they are willing to

provide. The CA, EC and CFMB should select the best offer before the CFMB can invite that company for negotiations.

**Know the other party:** To learn more about the other negotiating party or parties, one can read about them, their activities and core work or ask others who have already negotiated contracts with them. You can also contact the NUCFMB to see if it is aware of the company's operating practices and reputation. You can use this knowledge to make stronger arguments, and to imagine what the negotiating position of the timber company will be and prepare some counter arguments. You can also ask the company in advance for project documents that outline their plans so that you can understand how their operations may affect your community. You may also wish to request documents that demonstrate the company's eligibility under the law to conduct forestry operations<sup>11</sup>.

**Agree on your negotiating position:** Before entering negotiations of a CUC, it is important for the community to discuss and agree on its wants and needs, and clearly indicate their key priorities. The easiest way to do this is for the CFMB to go through the relevant template contract (see Parts 5 and 6 of this Guide) and make a proposal on what the community wants and needs for each part, which can then be approved by the EC and CA. The difference between what you *need* vs what you *want* will define the limits that you do not want to cross in the negotiation. Making decisions on the community's position before the negotiations start will make your position stronger at the negotiating table. Invest some time into brainstorming strategies to stay united as a community during negotiations on your agreed needs and wants.

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<sup>11</sup> For example, section 4 of the Chainsaw Milling Regulation (CSM Regulation) sets out the people who are eligible to obtain a Chainsaw Milling Permit (CSM Permit) (p. 195 of this Guide).

**Consider the costs:** Have a general understanding of the costs of specific items that will be covered by the CUC, as these figures will need to be specified in the contract. Accurate pricing of these items will ensure you are properly compensated, that there is enough money to build community infrastructure, and so you know whether you have received correct payments from the company. It is important to know how much these items cost beforehand so that you can negotiate a fair price to be included in the CUC.

## 1.2 During negotiations:

The following points are eight (8) useful tips that every AFC should consider observing during any negotiation of a CUC:

**Agree who pays for the community meetings:** It is possible for the community to agree with the company that they will need to provide funds for the community meetings during the negotiation phase. If you do so, be sure this is agreed clearly and in writing with the company at the very start. Remember, there is no obligation to reach an agreement with that company simply because they have paid for the community meetings. However, the negotiating position of the community will be stronger if funding is provided by the community itself or with the help of the NUCFMB and/or NGOs

**Set aside time for meetings and community consultation:** Negotiating a CUC will take time. It is important to understand this in order not to make any hasty decisions. As talks move ahead, negotiation positions may change. Therefore, it is important to keep a written record of all meetings (especially noting any agreed points), and for the CFMB to go back and consult regularly with the CA and EC to ensure continued support for the negotiating position and/or approval of any changed position.

**Ask for support and advice:** Communities and their CFMBs should ask for advice and assistance from the NUCFMB and NGOs. Legal counsel should also be present to clarify points of law where needed. The NUCFMB and counsel can also review draft versions of the agreement before it is signed to ensure that it complies with forest laws and is equitable. It is important to ask for advice and assistance because you will negotiate with timber companies that are likely to be experienced negotiators and also have help from experts.

**Attitude matters:** Be professional, calm and focused. Make an effort to listen and understand, as well as speaking up and be understood. You may need to reframe the same point differently a few times to communicate it effectively to the other party. Be prepared to reach a compromise on some issues. Good communication will increase the chances of finding win-win solutions. On the other hand, if you are rushed, lose patience or respect in negotiations, you lose power at the same time.

**Don't be intimidated or enticed:** Do not be afraid or feel intimidated. Consider yourself equal to the other parties. The needs of the community are valid and deserve to be heard in negotiations. No matter who sits at the other side of the negotiation, what their title may be, who they are represented by or surrounded with, do not be afraid to negotiate your points. Equally, don't be enticed. In negotiations the other side may try to offer enticements hoping to seduce you to stray from defending the communities' best interests. Be careful if any such enticements are offered. Accepting them may be illegal, will not be in the interest of the community and will not serve you in the long run. Remember, your community can say "no" to a company if negotiations are not respectful of community needs or national laws.



**Choose your words, be clear and precise:** The more clear, detailed and precise a contract is, the easier it will be understood, implemented and enforced. For example, when a contract only mentions that ‘The Company will build a bridge’, you will not be able to complain if only a log bridge was built. Avoid vague words or phrases. Note that words like “may” or “endeavor” do not create legally binding obligations, but only a possibility of what could be done. Words like “must” and “shall” tend to create a legal obligation to perform a specified action. A CUC drafted using simple words, and precise sentences with clear meanings will improve the likelihood of it being effectively implemented and complied with by both the community and the company.

**Put everything on paper:** Before signing the CUC, review it carefully to ensure that all points agreed on during the negotiation are included. You may wish to compare this against your notes from the negotiations to make sure that the proposed CUC draft is consistent with what was agreed. It is also important to ensure that you fully understand the community’s obligations under the CUC. Repeat this every time you are presented with a new draft to ensure that all that was agreed is included and no new things that were not discussed have been added. Remember, what you sign is the agreement you will be held to; not what was said during the negotiations!

**No logging without a signed (and approved) agreement:** It is important to insist on finalizing negotiations, signing the CUC and having a signed original copy of the agreement before any logging or related preparatory activity (such as clearing forest to create roads) begins. In the case of chainsaw milling activities under a SS CUC, the logger will need to hold a valid Chainsaw Milling Permit before such activities can commence, even if a SS CUC has already been signed. Once logging has started, the logging company may have *less* interest to come to an agreement.

### 1.3 Before and upon signing

The following are useful tips that every AFC should consider upon concluding CUC negotiations, but before and upon signing it:

1. Undertake a final review of the text of the execution version of the CUC to ensure it reflects the agreed points that were negotiated;
2. Obtain FDA approval of the CUC before signing. The FDA have 15 working days to review the CUC. The FDA can request that the CUC be amended if the agreement does not conform to best industry practices, or does not offer fair market prices for the community's forest resources. If the FDA advises that the CUC should be amended, the CFMB and EC must confirm that they have received and integrated the FDA's suggestions. If you do not receive a response from the FDA within 15 working days of sending the CUC, then you can either contact them to follow up, or consider that this requirement for FDA review and approval of the proposed CUC has been satisfied.<sup>12</sup>
3. Control the printing of the execution version of the CUC to ensure that the correct version is printed;
4. Print sufficient copies of the CUC for signing: make sure the number of copies printed and signed is such that each party can retain one original signed copy, while at least three original sets are sent to the FDA for its attestation;
5. 3-Day Waiting Period before FDA's Attestation: Ensure that both Parties agree not to send the FDA until the following has occurred:
  - i. Three days have passed following the signing of the CUC by both parties; and

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<sup>12</sup> CRL Regulation, section 10.5 (p. 185 of this Guide).

- ii. No notice is received during the three-day waiting period that an error or problem is observed with the signed CUC. Though the CUC should be checked for errors before signing, it is recommended that you use this three-day waiting period to triple check the CUC to ensure that there are no errors which need to be rectified before the CUC is sent to the FDA.

## 1.4 Helpful negotiation phrases

Words matter, especially in contract negotiations. Negative words or phrases showing disrespect to the other party may break what would have been a great deal for all sides. Hence, it is important to be mindful of words used in contract negotiations.

Your negotiations may be assisted by using some of these phrases. Try practicing these with your colleagues ahead of negotiations.

<b>Instead of:</b>	<b>Try saying:</b>
'You're wrong'	<ul style="list-style-type: none"> <li>• 'Unfortunately, our position is different from yours'</li> <li>• 'Let's set that aside for now and come back to it later.'</li> <li>• 'I understand where you're coming from, however...'</li> <li>• 'Based on my research/experience...'</li> </ul>
'That's not fair'	<ul style="list-style-type: none"> <li>• 'I'm afraid we have some reservations on that point...'</li> <li>• 'We might be able to work on..., if you could...'</li> <li>• 'This issue is important to us because...'</li> <li>• 'What kind of flexibility do you have here?'</li> </ul>

'I don't understand'	<ul style="list-style-type: none"> <li>• 'I just want to make sure I have understood you correctly. Could you explain again?'</li> <li>• 'What exactly do you mean by...?'</li> </ul>
'I don't like what you're saying'	<ul style="list-style-type: none"> <li>• 'I'm afraid we can't agree on that. I'd like to make an alternative offer. I propose that...'</li> <li>• 'With all due respect, I must kindly decline your offer'</li> <li>• 'What I might be willing to consider is...'</li> </ul>
'We think that...'	<ul style="list-style-type: none"> <li>• 'We'd like to propose that...'</li> <li>• 'Our main priority is...'</li> <li>• 'The most important issue for us is...'</li> </ul>
'You're right'	<ul style="list-style-type: none"> <li>• 'That's a fair suggestion'</li> <li>• 'This agreement is acceptable to us'</li> <li>• 'I think we have reached an agreement here'</li> </ul>

## Preparation checklist

### Before negotiations start

Yes    No

- |   |  |  |
|---|--|--|
| 1. Is the whole community, or all communities that are part of the AFC, aware and involved? Are women, youth, migrants and other groups in the community represented? |  |  |
| 2. Do you have a clear and complete CFMP ready to guide the negotiations?   |  |  |
| 3. Have you set aside time and do you have some funds to pay for community meetings to prepare for the negotiations?  |  |  |
| 4. Have you researched your rights and obligations in the laws, CFMA and CFMP?  |  |  |
| 5. Do you know how other communities that have negotiated CUCs? Have you reached out to NGOs so they can share lessons?   |  |  |

6. Have you received at least 3 offers from different companies and selected the best one?
7. Have you researched the company you selected for negotiations beforehand?
8. Has the community agreed on its position (its needs and wants) before the start of the negotiations?
9. Do you know approximately how much key items covered by the CUC will cost?

### **During negotiations**

1. Did you agree how community meetings during the negotiation will be funded?
2. Are you taking the time to regularly consult with the community, especially when the negotiation position changes?
3. Are the NUCFMB and NGOs involved to support you during the negotiation? Is independent legal counsel present to help clarify points of law, if needed?
4. Are you aiming for good communication to find win-win solutions?
5. Are you representing the community without fear or favour?
6. Are you clear, detailed and precise when agreeing what should be included in the CUC?
7. Are you ensuring that the views of women and youth are represented in negotiations?

### **Before and upon signing**

1. Is everything you agreed included in the contract? Has nothing else been added or removed?
2. Have you sent a copy of the proposed CUC to the FDA for review and approval?

<ol style="list-style-type: none"><li>3. Has the CUC been finalized and signed and do you have a signed copy before any logging starts?</li><li>4. Has a set of the signed contract been retained by the Community?</li><li>5. Have the parties agreed a waiting period before sending the signed contract to the FDA for its attestation?</li><li>6. During the three-day waiting period, has the CFMB compared, carefully reviewed the signed CUC and concluded that there is no error or any unauthorized added/excluded language?</li></ol>		
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## PART 2: LEGAL REQUIREMENTS FOR CUCs

This Second Part of the Guide presents what the laws in Liberia say about CUCs. You will see that this part contains a lot of footnotes. In those footnotes, legal references are provided which can be used to find that particular point in the laws and regulations. You can use these references to strengthen your position during negotiations.

We have included the full texts of some of the most important laws and regulations in Part 7 of this Guide. Additionally, where a footnote refers to any of them, the page number reference is mentioned so you can find it more easily. We recommend familiarizing yourself with these laws well in advance of any discussions with the community and negotiations.

### 2.1 When are CUCs required?

A contract defines the legal rights and obligations for the parties to that contract. If an AFC wants to allow a company or a natural person (each, a “Third Party”) to engage in commercial activities on the community forest land, the AFC is required by law to conclude a CUC.<sup>13</sup> The law defines “commercial use” as *‘any use of forest products or forest resources, other than direct use for personal purposes or household infrastructure development’*.<sup>14</sup> As you can see, this a very broad definition and covers the use of both timber and non-timber forest products.

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<sup>13</sup> CRL, Chapter 6 (p. 153 of this Guide).

<sup>14</sup> CRL, section 1.3 (p. 143 of this Guide).

Depending on the size of the area that the CUC will cover, the law requires a different type of CUC:<sup>15</sup>

- Small scale CUCs can allow commercial use (including chainsaw milling) for areas up to 5,000 ha;
- Medium scale CUCs are for areas ranging from 5,000 ha up to 49,999 ha; and
- Large scale CUCs for areas of 50,000 ha or more.

The AFC will need to decide how much of its community forest it wishes to be subject to a CUC (or in the case of chainsaw milling operations, how many trees), depending on a range of factors, including the size of the community forest, existing land uses of the area and the best interests (both current and future) of the community.

It is important to distinguish CUCs from social agreements. A social agreement covers a benefit sharing arrangement between a timber company (selected by the Government and which has either a FMC or TSC) and affected communities, whereas CUCs are contracts between a Third Party (selected by the community) and an AFC allowing the third party to develop economic activities in their community forest.<sup>16</sup> <sup>17</sup> In summary, a company signing a Social Agreement is **selected by the government** and has either an FMC or TSC with the Government, while a company signing a CUC is *selected solely by the community*.

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<sup>15</sup> CRL, Chapter 6 (p. 153 of this Guide); see also CRL Regulation, Chapter 10 (p. 182 of this Guide).

<sup>16</sup> More information on Social Agreements and their negotiation can be found on <https://www.clientearth.org/latest/documents/liberia-law-database/> .

<sup>17</sup> More information on Social Agreements and their negotiation can be found on [www.ClientEarth.org/liberia](http://www.ClientEarth.org/liberia) .



## 2.2 What are the legal conditions before negotiating CUCs?

The law clearly states that any decision, agreement or activity affecting the use of CFR requires **prior, free and informed consent** of the community.<sup>18</sup> This means that communities have the right to take time to consider an agreement, be fully informed of the company's proposed activities and impact on the community, and that if consent is given, it is free from coercion, corruption or intimidation. It also means that communities can seek legal advice before signing a CUC, and not be bullied into rushing CUC negotiations.

Before a CUC can be negotiated, a number of specific **preconditions** have to be met:

1. The community needs to organize its CA, which in turn has to appoint the CFMB.
2. The CFMB then needs to develop a CFMP that:
  - includes the envisaged commercial activities;
  - is approved by the EC, CA and FDA; and
  - is implemented.<sup>19</sup>

The CRL Regulation usefully summarizes the process of establishing an AFC in 11 steps and clarifies that the **negotiation of a CUC is part of step 11**. The first 9 steps lead to the recognition of the community as an AFC and the signature of a CFMA with the FDA. Once this agreement between the AFC and FDA is in place, the community needs to prepare a CFMP (step 10). Any CUCs that the community plans to negotiate need to be included in the CFMP. The actual negotiation of a CUC can only take place once the CFMP has been

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<sup>18</sup> CRL, section 2.2(c) (p. 146 of this Guide).

<sup>19</sup> CRL, section 6.4 (p. 154 of this Guide) and CRL Regulation, section 10.1 (p. 182 of this Guide).

approved by the EC, CA and FDA and is being implemented (step 11).<sup>20</sup>

### 2.3 Who can negotiate, sign and approve CUCs?

**Only the CFMB can negotiate for the community:** The law says that CFMBs have the legal obligation to represent the community in negotiations related to their forest resources.<sup>21</sup> This means that only the CFMB is authorized to negotiate the terms of a CUC. However, the CFMB has to do so under the strategic direction of the EC<sup>22</sup> and they have to report to the CA,<sup>23</sup> which is the highest decision-making body in the community and therefore has the final decision.<sup>24</sup> It is important for the CFMB to represent the community in an inclusive and gender-sensitive way. Further details and procedures, including who should sign the CUC, should be included in the by-laws and constitution of the AFC.

**Only Third Parties (persons or companies) authorized by Liberian law to conduct commercial forest operations can negotiate and sign CUCs:** Some persons or companies cannot be permitted to conduct commercial forest operations. These include persons convicted of a felony, law makers, super-intendants, employees of the FDA, bankrupt or insolvent companies, among others.<sup>25</sup>

There are also restrictions on who can enter into a chainsaw milling contract, where only cooperatives or associations wholly owned by

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<sup>20</sup> CRL Regulation, Appendix (p. 187 of this Guide).

<sup>21</sup> CRL Regulation, section 4.7(e) (p. 171 of this Guide).

<sup>22</sup> CRL Regulation, section 3.13(a) (p. 169 of this Guide).

<sup>23</sup> CRL Regulation, section 3.2(e) (p. 167 of this Guide).

<sup>24</sup> CRL Regulation, section 3.1 (p. 166 of this Guide).

<sup>25</sup> NFRL, section 5.2 (b). Section 4 of the CSM Regulation specifies which persons are eligible to hold a Chainsaw Milling Permit (p. 195 of this guide).

Liberians are eligible to enter such agreements<sup>26</sup>. The FDA can establish additional standard qualifications for persons of companies wishing to obtain permission to engage in commercial forest operations.<sup>27</sup>

**FDA must review and approve:** Before a commercial agreement between the AFC and a Third Party can be signed, the FDA shall first review and approve it.<sup>28</sup>

**Special case: Large scale CUCs:** Because large-scale CUCs cover more than one AFC, they are treated differently by the law (large-scale CUCs can cover areas exceeding 50,000 ha, which is bigger than the maximum area of most community forests<sup>29</sup>). Large-scale CUCs have to be concluded by more than one CFMB, a timber company and the FDA jointly. As such, the FDA is part of the negotiation rather than only responsible for approval. Large-scale CUCs also need to comply with some additional standards for sustainable forest management. Because the government is one of the parties to a large-scale CUC, the company needs to be selected using the competitive bidding procedure from the Public Procurement and Concessions Commission Act. The resulting CUC has to be approved by the President and ratified by the Legislature. In addition, operations under large-scale CUCs have to comply with regulations on commercial logging.<sup>30</sup> It is advisable to obtain legal advice before an agreement of this nature is considered.

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<sup>26</sup> CSM Regulation, section 9(b)(1) and section 4 (pp. 201 and 195 respectively of this Guide).

<sup>27</sup> NFRL, section 5.2(a).

<sup>28</sup> CRL Regulation, section 10.5 (p. 185 of this Guide).

<sup>29</sup> CRL, section 2.3(a) (p. 147 of this Guide).

<sup>30</sup> CRL, section 6.3 (p. 153 of this Guide).

## 2.4 What should be included in CUCs?

Aside from clarifying when CUCs are required and possible and who can negotiate them (see above), the law also sets out what needs to be included in each CUC. These legal requirements are contained in the MS- and SS-CUC Templates to ensure that CUCs have all the legally necessary components included. This means that although communities and companies can agree on the content of the CUC, a number of things have to be included by law. The following are key legality criteria to be included while negotiating a CUC:

**Payment of land rental fees:** All CUCs must provide for the payment of land rental fees. The law provides that the rate of USD \$1.25/ha applicable to timber sales contracts also applies for small and medium-scale CUCs. For large-scale CUCs, a rate of USD \$2.5/ha applies.<sup>31</sup> 55% of those land rental fees shall be paid directly to the community.<sup>32</sup> Payments are due upon the signature of the contract and on every subsequent anniversary date.<sup>33</sup>

**Payment of taxes:** The company has to pay all taxes, fees and levies related to the commercial timber exploitation activities by the company

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<sup>31</sup> CRL, section 6.5 (p. 154 of this Guide); See also CRL Regulation, sections 11.2, 11.3 and 11.4 (p. 185-6 of this Guide), in conjunction with Regulation 107-07, Section 33 (a) and (b).

<sup>32</sup> CRL, section 6.5 (p. 154 of this Guide); See also CRL Regulation, section 11.3 (p. 186 of this Guide); and Regulation 107-07, section 33(b).

<sup>33</sup> See CRL, section 6.5 (p. 154 of this Guide) and CRL Regulation, section 11.3 on the obligation to pay land rental fees (p. 186 of this Guide). These provisions refer to FDA Regulation 107-07 where section 33(c) provides for land rental fees to be paid upon the signature of the contract and on every subsequent anniversary date. This is also the case for chainsaw milling under SS CUCs: CSM Regulation, section 20(b) (p. 207 of this Guide).

covered under the CUC, including stumpage and the part of land rental fees due to government.<sup>34</sup>

**Protection of environment and culture:** The CUC has to contain specific provisions to protect non-timber forest products, water collection points and cultural norms and practices such as sacred sites and animal sanctuaries identified in the community forest management plan.<sup>35</sup> Any CUC will in addition need to reflect obligations of sustainable forest management imposed on communities and companies:

- AFCs are obliged by law to manage their forest sustainably.<sup>36</sup> CFMBs are obliged to ensure that community forest resources are managed in a sustainable manner, including conserving and protecting wildlife within the community forest.<sup>37</sup> If a Third Party is allowed commercial use of community forest resources, that Third Party will become responsible for implementing these sustainability requirements in the area covered by the CUC.<sup>38</sup>
- Reduced impact logging is obligatory and there is an upper limit on how many cubic meters of timber can be harvested per hectare. This upper limit can be either 30m<sup>3</sup>/ha or 20m<sup>3</sup>/ha.<sup>39</sup>

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<sup>34</sup> See NFRL, section 14.2 (b); CRL, section 6.5 (p.154 of this Guide) and CRL Regulation, Chapter 11 (p. 185 of this Guide).

<sup>35</sup> CRL, section 6.6 (p. 154 of this Guide) and NFRL, Chapter 8.

<sup>36</sup> CRL, section 3.2 (a) (p. 148 of this Guide).

<sup>37</sup> CRL, section 4.2 (c) (p. 151 of this Guide) and CRL Regulation, section 4.7(m) (p. 172 of this Guide).

<sup>38</sup> CRL Regulation, section 8.3 clarifies that the company assumes responsibility to implement the CFMP and for management of the forest resources under a CUC (p. 180 of this Guide). CRL Regulation, section 10.3 further states that medium scale commercial activities shall be governed by the CFMP and comply with NFRL, the core regulations as well as the Code of Forest Harvesting Practices and Forest Management Guidelines (p. 183 of this Guide).

<sup>39</sup> The current Guidelines for Forest Management Planning (July 2009), Section 2, harvesting procedures (p. 39) require that no more than 30m<sup>3</sup> be harvested per

- Once an area is logged, further logging can only be allowed after 25 years.<sup>40</sup>

**Planning requirements:** To develop economic activities in community forests the company will have to draw up a strategic forest management plan, 5-year operational plans and annual operational plans.<sup>41</sup>

Other important provisions to be negotiated in the CUC include:

**Where operations will take place:** Clearly and accurately define which area is covered by the CUC, having regard to existing land use, community needs (both present and for the duration of the CUC), environmental factors and any other considerations relevant to the community.

**Community development:** Under the CUC, the company can be required to provide equitable opportunities of employment, training, and to develop roads, medical clinics, schools, or other infrastructure to benefit the community. Negotiating these into the CUC is an opportunity for community goals to be met.

**Specific community needs:** If there are specific community needs or requirements that are important but are not in the CUC template, make sure these are added to your CUC so that this is legally protected. This

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hectare. Section 4.8.3(d) of the proposed CFMP Guidelines reduces this upper limit to 20m<sup>3</sup>/ha.

<sup>40</sup> Section 2.2 of FDA Code of Harvesting Practices requires a 25-year rotation plan and CRL Regulations, 1.4 & 10.3 (p. 164 and p. 186 respectively of this Guide) require that CUCs are subject to FDA Code of Forest Harvesting Practices.

<sup>41</sup> Section 2.2 of the Code of Harvesting Practices and Section 4.8.3(c) of the proposed CFMP guidelines.

may include, for example, protecting NTFPs which women are reliant on for an income. The different ways in which all community members utilize their forest should be reflected in the CUC.

**Dispute resolution:** The CUC template outlines a dispute resolution process that is designed to resolve disputes as fairly and quickly as possible. Weakening the dispute resolution process can weaken the whole CUC as it may be more difficult to enforce, so it is important that any changes to this section are very carefully considered. You may wish to seek legal advice if such changes are proposed by the company.

## 2.5 Legal requirements for Small-scale CUCs

In addition to the elements above, there are some additional aspects that should be considered when using the SS CUC Template. The SS-CUC Template can be used to develop two types of contracts: it can be used to draft an agreement for **either small-scale operations, or chainsaw milling activities. These are two different activities** and each have different legal requirements that you should be aware of.

As such, the first step of using the SS CUC Template is to determine what type of agreement you are drafting:

- a) Contract for **small scale operations** – small scale operations are where a timber company conducts timber harvesting activities in an area less than 5,000ha. Subject to sustainability requirements and the CFMP, they can harvest all the trees in the contract area, and do not need a chainsaw milling permit; or
- b) Contract for **chainsaw milling operations** – only cooperatives or associations wholly owned by Liberians can conduct chainsaw milling activities to harvest trees in an area less than 5,000ha. The

trees to be felled by the chainsaw milling operations must be specifically identified in an annual operations plan and their chainsaw milling permit.

Depending on the type of agreement you are drafting, some of the terms of the SS-CUC Template may be irrelevant, as they are tailored to either small scale operations, or chainsaw milling. As such, if you are using the SS-CUC Template to draft for **small scale operations**, then you will need to remove the following clauses: 3.6; 4.2 and 4.3(ii).

### Key considerations for **chainsaw milling CUCs**:

**Eligible Parties:** Only cooperatives or associations wholly owned or formed by Liberians who also meet the requirements in Section 4 of the CSM Regulation can carry out chainsaw milling operations and sign a CUC<sup>42</sup>. This means that an individual alone cannot sign a chainsaw milling CUC with a community, as individuals are not authorized under the CSM Regulation to obtain chainsaw milling permits.

**Chainsaw Milling Permits:** Chainsaw milling operations can only be commenced once the third party holds a valid Chainsaw Milling Permit granted by the FDA covering the area specified in the SS-CUC. The contracting and permit process follows these steps:

1. A SS-CUC is signed between the community and the chainsaw miller.
2. The chainsaw miller will then apply for a Chainsaw Milling Permit.

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<sup>42</sup> CSM Regulation, section 9(b)(1) and Chapter 4 (pp. 201 and 195 respectively of this Guide).



3. The Chainsaw Milling Permit is granted. It is only once the chainsaw miller holds the Chainsaw Milling Permit that harvesting operations under the signed SS-CUC can commence.

Clauses 3.5 and 4.2 of the SS-CUC Template therefore provide that any chainsaw milling rights granted to the Third Party under the contract can only be exercised while the Third Party holds a valid Chainsaw Milling Permit. Should the Chainsaw Milling Permit expire during the life of the SS-CUC, any chainsaw milling operations must cease until a new permit is obtained by the Third Party.

It is also important to note that a Chainsaw Milling Permit cannot be used to authorize felling trees in more than one CFMA area. The Permit only covers trees located in one specified CFMA area. Further, the AFC and the chainsaw miller are jointly responsible for complying with the terms of the Chainsaw Milling Permit, so it is important that the CFMB and EC are aware of the specifics of each Chainsaw Milling Permit operational within that AFC.<sup>43</sup>

**Contract term:** Despite Chainsaw Milling Permits only lasting a maximum of one year, a SS-CUC for chainsaw milling operations can have a Contract Term of several years. This means that a chainsaw miller can apply for a new Chainsaw Milling Permit once the existing one expires, while still under the same SS-CUC. It is important to note Clause 4.2 prohibits any chainsaw milling activities until the chainsaw miller has obtained a new permit, should the original permit expire.

**Contract area:** SS CUCs for small scale operations can cover a single contiguous area up to 5,000ha in an AFC<sup>44</sup>. While the SS-CUC Template may specify the Contract Area, the Chainsaw Milling Permit

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<sup>43</sup> CSM Regulation, section 8(c) (p. 199 of this Guide).

<sup>44</sup> CRL Regulation, section 10.2 (p. 183 of this Guide); CSM Regulation, section 6(d) (p. 198 of this Guide).

authorizes milling of a specific number of trees in an area<sup>45</sup>. As such, the Contract Area in a SS-CUC for chainsaw milling operations may, for example, cover an area of 5,000 ha, but this will not entitle the Third Party to harvest all the trees in that area. Instead, the Third Party can only harvest the specified number of trees stated in the Chainsaw Milling Permit within that 5,000ha area covered by the SS-CUC, not all the trees in that area.

**Land Rental Fees:** Land rental fees are payable on the entirety of the Contract Area stated in the SS-CUC<sup>46</sup>. In the case of chainsaw milling operations, the Third Party will still need to pay land rental fees for the whole Contract Area, even if it is only harvesting trees from sections within it.

**Community Infrastructure:** Chainsaw Milling Permits are issued for a maximum of one year. When considering what community infrastructure you will include in your SS-CUC for chainsaw milling, you may wish to consider what is practically achievable within the shorter timeframe of the chainsaw miller's operations. Alternatively, you may consider requesting an agreed amount to be paid to the community instead of requiring the chainsaw miller – who may, relative to larger timber companies, have less resources available - to install infrastructure for the community.

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<sup>45</sup> CSM Regulation, section 3(a) (p. 194 of this Guide).

<sup>46</sup> CSM Regulation, section 20(a) (p. 207 of this Guide).

## Contract Review checklist

### Before signing the contract, check:

Yes No

Clause		Yes	No
3.	<p>Are the full names of the parties listed correctly?</p> <p>Does this Agreement reflect what was concluded in negotiations?</p> <p>Does the Community understand its own and the company's legal obligations and responsibilities under the contract?</p>		
3.	<p>Does the description and map in Clause 3 correctly identify the Project Area of Community Forest that this CUC applies to?</p> <p>See also corresponding Clause 1 of Annex A.</p>		
5.	<p>Are the necessary fees specified in the contract? Is it clear when they are to be paid?</p> <p>See also corresponding Clause 2 of Annex A.</p>		
6.	<p>Does this clause provide equal opportunities for women?</p> <p>See also corresponding Clause 3 of Annex A.</p>		
7.	<p>Does this clause specify what type of infrastructure will be built, by when and by whom?</p> <p>See also corresponding Clause 4 of Annex A.</p>		
8.	<p>Is this clause compliant with legal requirements of sustainable yield and minimum diameters?</p> <p>See also corresponding Clause 5 of Annex A.</p>		
12.	<p>We recommend not making changes to this clause to restrict subcontracting to limited circumstances only.</p> <p>See also corresponding Clause 9 of Annex A.</p>		

14.	Does this clause adequately compensate for any losses or damage that may be incurred? See also corresponding Clause 10 of Annex A.
15.	We recommend not making changes to the dispute resolution clause. Any changes should not compromise the community's ability to promptly resolve a dispute. See also corresponding Clause 11 of Annex A.

## PART 3: CUC IMPLEMENTATION

### 3.1 General principles for contract implementation

Signing the CUC marks the beginning of a contractual relationship between the community and the Third Party. From then on, both parties must work on the proper implementation of the agreement. This means that the community and Third Party have to put what is in the agreement into action. Lawyers say that a contract should be seen as ‘law for the contracting parties’.

It is important that everyone in the community knows about the CUC and the obligations and rights for the community that are included in it. The CFMB represents the community when it comes to the CUC and should know these best. The CFMB should communicate the contract terms, including the community’s responsibilities, to all members of the community, so that no one inadvertently breaches the terms of the CUC. Community members should also know their rights, and the obligations of the company as this can assist with implementation and enforcement of the CUC. This can be done through community meetings, radio shows, town crier, posters, etc. and may need to be repeated regularly. It is good practice to regularly revisit a CUC to ensure that all parties are complying with its terms. A contract is a living document that relies on parties reviewing it regularly so that its terms can be put into action.

### 3.2 Raising issues

If either party to the agreement does not respect the terms of the CUC, you should address it as soon as possible. Such issues can be difficult to raise but they do not solve themselves. The earlier they are raised the easier it will be to address them. You have the

right to stand behind the contract terms as well as behind the law. Remember that it may be a genuine mistake or oversight, so be polite but firm.

The best way for issues to be raised is for the CFMB to describe the concern in a signed and dated letter to the company. The concern should be clear and specific, so it is good to mention what exactly is the concern, where, when and how long has this been an issue, and who is involved. It is also good for the letter to invite the company to respond before a certain date and propose how and when they will resolve the situation. Keep a written record of any correspondence the community has with the company.

The CFMB should then closely monitor and keep written records of whether the issue is resolved correctly and in time. If there is no resolution, and depending on the gravity of the issue, the CFMB can then start the dispute resolution process that is included in the CUC and described below.

Remember that the CUC templates also include a provision for renegotiating all or part of the agreement: Clauses 4.2 and 4.3 of the MS-CUC Template include renegotiation as part of the five year periodic review. Clauses 4.3 and 4.4 of the SS-CUC Template permit renegotiation of the contract during the periodic review, which occurs either during the life of the contract, or prior to renewal of the Logger's Chainsaw Milling Permit, whichever occurs first.

### 3.3 Developing an Implementation and Monitoring Plan

The Implementation and Monitoring Plan does not change the CUC. It aims at ensuring that the individuals responsible to undertake certain actions - within the community and within the company -

know their roles and have the adequate resources to undertake these responsibilities.

The Implementation and Monitoring Plan may include additional details on any roads or community infrastructure, which are not already captured in the contract. It may also include the anticipated employment and training opportunities that will be available to community members in the coming year, and an agreed process for application. It may also include tentative dates for the quarterly and annual meetings, so that everyone is able to plan ahead to attend. In the case of SS-CUCs, it could identify which trees can be harvested via chainsaw milling operations. Any Implementation and Monitoring Plan agreed to between the community and the Third Party should be signed by representatives of the CFMB and the Third Party management. Remember, an Implementation and Monitoring Plan is not legally binding in the same way that the CUC is. It should only be used to clarify each party's obligations as set out in the CUC, so avoid adding any obligations or requirements that are not already in the contract, as these will not be legally enforceable.

The best time to develop the Implementation and Monitoring Plan is at the quarterly and annual meetings between the company and CFMB.

Within the community, the CFMB should inform and give an opportunity for the EC and CA to provide inputs to the Community Implementation and Monitoring Plan as it will affect members of the community use of the forest. Preparation should therefore be inclusive, gender-sensitive and youth-sensitive. Remember that the Implementation and Monitoring Plan may have to be revised if the

CUC is renegotiated or renewed to ensure it reflects the most recent version of the CUC.

### 3.4 Implementation and Monitoring Plan outline

#### 1. Details of the contact persons for both parties

Function	Name	Contact details
Members of the CFMB		
Members of the EC of the CA		
Community Monitoring Officer		
Company representative		
Company deputy representative		

#### 2. Responsibilities' summary

- a. Parties' respective contractual responsibilities
- b. Responsible person and deputy for each responsibility
- c. Process to carry out the different responsibilities (i.e. what methods should be used, what timeframes are important),
- d. Required resources



- e. Conditions and procedure to decide on the revision of the Implementation and Monitoring Plan

### 3. Anticipated employment and training opportunities

- a. Types of employment opportunities
- b. Awareness raising strategy about the employment opportunities being opened for women
- c. Details on application processes

### 4. Infrastructure building timeline

### 5. Community's monitoring plan

- a. Objectives of the checks
- b. Scope of the checks
- c. Operating mode

### 6. Dispute resolution mechanism (see 5.5)

### 7. Payment and meeting schedule (see 5.4)

	DATE	PERSON RESPONSIBLE	MILESTONES
QUARTER FIRST, SECOND AND THIRD	----- --	CFMB & Company	<ul style="list-style-type: none"> <li>• Signature of the CUC</li> </ul>
	(within two weeks after the signature of the CUC)	CBFM	<ul style="list-style-type: none"> <li>• The CFMB provides in writing the details of the community bank account to the Company (Annex A, cl 2.4)</li> </ul>
	----- --	Company	<ul style="list-style-type: none"> <li>• Annual payment of 'land rental fees'</li> </ul>

	<p>(any time before the inception meeting)</p>		<ul style="list-style-type: none"> <li>• Quarterly payment of ‘monitoring &amp; protection payments’</li> <li>• Submission to the CBFM of:             <ul style="list-style-type: none"> <li>- The operational plan (cl. 11, Annex A, cl. 8.2)</li> <li>- Annual implementation plan (cl. 11, Annex A, cl. 8.3)</li> </ul> </li> </ul>
	<p>----- --</p> <p>(no later than one month after the Signature of the CUC)</p>	<p>Company</p>	<ul style="list-style-type: none"> <li>• Convene an inception meeting (cl. 11.3; Annex A, cl. 8.7)</li> <li>• Provide the CFMB with:             <ul style="list-style-type: none"> <li>- A proof of transfer of first payment of land rental fees (Annex A, cl.8.10)</li> <li>- A proof of transfer of first payment for monitoring and protection (Annex A, cl.8.10)</li> <li>- The first 5-year operational plan (Annex A, cl.8.10)</li> <li>- The first annual operational plan (Annex A, cl.8.10)</li> </ul> </li> </ul>
	<p>----- --</p>	<p>CFMB</p>	<ul style="list-style-type: none"> <li>• draft a meeting report and shares it with the company, the community executive committee, the FDA and the NUCFMB (Annex A, cl.8.12)</li> </ul>

	----- -- (before any commercial felling)	Company	<ul style="list-style-type: none"> <li>EIA conducted with the participation of the FDA and the community (cl 9)</li> </ul>
		CFMB	<ul style="list-style-type: none"> <li>Employ a community liaison and monitoring officer (cl 11.2)</li> </ul>
	----- -- (at the end of the 1 <sup>st</sup> month of logging)	Community monitoring officer	<ul style="list-style-type: none"> <li>The community monitoring officer to reviews co-signs the record of production</li> </ul>
		Company	<ul style="list-style-type: none"> <li>The company hand over a copy of the record of production co-signed by the community monitoring officer to the CFMB</li> </ul>
	----- -- (at the end of the 2 <sup>nd</sup> month)	Community monitoring officer	<ul style="list-style-type: none"> <li>The community monitoring officer to reviews co-signs the record of production</li> </ul>
		Company	<ul style="list-style-type: none"> <li>The company hand over a copy of the record of production co-signed by the community monitoring officer to the CFMB</li> </ul>
	----- -- (before or on the last Friday of the quarter)	Company	<ul style="list-style-type: none"> <li>Quarterly payment of cubic meter fee (Annex A, cl 2.2)</li> <li>Quarterly payment of monitoring and protection payments (Annex A, cl 2.3)</li> <li>List of all Community members employed or contracted by the Company made</li> </ul>

			available to the CFMB (cl 10.1)
	----- --  (on the last Friday of the quarter)	Company	<ul style="list-style-type: none"> <li>• Convene a quarterly meeting</li> <li>• Provide the CFMB with (Annex A, cl.8.10): <ul style="list-style-type: none"> <li>- Proof of transfer of cubic meter fees</li> <li>- Proof of transfer of monitoring and protection payments</li> <li>- a list of all community members employed or contracted by the company (Annex A, cl 3.3)</li> <li>- Progress reports on road building and infrastructure</li> </ul> </li> </ul>
	----- -- (no later than 7 days after each quarterly meeting)	CFMB  Company	<ul style="list-style-type: none"> <li>• CFMB drafts a meeting report (Annex A, cl 8.12)</li> <li>• Provide evidence of payment to the CFMB (Annex A, cl 2.5)</li> </ul>
<b>FOURTH QUARTER</b>		Community monitoring officer	<ul style="list-style-type: none"> <li>• The community monitoring officer to reviews co-signs the record of production</li> </ul>
	----- --  (at the end of the 1 <sup>st</sup> month)	Company	<ul style="list-style-type: none"> <li>• The company hand over a copy of the record of production co-signed by the community monitoring officer to the CFMB</li> </ul>
	----- --	Community monitoring officer	<ul style="list-style-type: none"> <li>• The community monitoring officer to</li> </ul>

	(at the end of the 2 <sup>nd</sup> month)		reviews co-signs the record of production
		Company	<ul style="list-style-type: none"> <li>The company hand over a copy of the record of production co-signed by the community monitoring officer to the CFMB</li> </ul>
	----- --  (ahead of the annual meeting)	Company	<ul style="list-style-type: none"> <li>Submission of the of the annual implementation plan for the following year (cl. 11; Annex A, cl. 8.3)</li> </ul>
	----- --  (before or on the last Friday of the fourth quarter)	Company	<ul style="list-style-type: none"> <li>Annual payment of land rental fees (Annex A, cl 8.10)</li> <li>Quarterly payment of cubic meter fee (Annex A, cl 8.10)</li> <li>Quarterly payment of monitoring and protection payments (Annex A, cl 8.10)</li> <li>Preparation &amp; submission of the first version of the strategic forest management plan (cl. 9; Annex A, cl 8.1)</li> <li>Performance Bond posted (cl 10.2; Annex A, cl. 7.1)</li> </ul>
	----- --	Company	<ul style="list-style-type: none"> <li>Convene the annual meeting</li> </ul>

	<p>(on the last Friday of the fourth quarter)</p>		<ul style="list-style-type: none"> <li>• Provide the following to the CFMB (Annex A, cl.8.10):  Transfer of land rental fees;  Proof of payments of cubic meter fees and monitoring and protection payments;  Proof of transfer of the two semesters human resource development and training payments;  Up-to-date list of all Community members employed or contracted  Progress reports on establishment and operation of tree nursery and replanting  Progress reports on road building and infrastructure</li> </ul>
	<p>-----  --</p>	<p>CFMB</p>	<ul style="list-style-type: none"> <li>• The CFMB drafts a meeting report and shares it with the company, the community executive committee, the FDA and the NUCFMB.</li> </ul>
	<p>-----  --</p>	<p>Company</p>	<ul style="list-style-type: none"> <li>• Submission of the final version of the strategic forest management plan (Annex A, cl 8.1)</li> </ul>

	(at least 30 days before the fourth annual meeting)		
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<b>ADDITIONAL - FIFTH YEAR AND EVERY FIVE YEARS</b>	<p>----- -----</p> <p>(ahead of the fifth year anniversary)</p>	<p>Company</p>	<ul style="list-style-type: none"> <li>• Submission of the subsequent operational plan (cl. 11; Annex A, cl. 8.2)</li> </ul>
	<p>----- -----</p> <p>(after the fifth year anniversary)</p>	<p>CFMB &amp; Company</p>	<ul style="list-style-type: none"> <li>• Periodic review of the CUC agreement (cl. 4.2)</li> </ul>

## PART 4: DISPUTE RESOLUTION

While everyone hopes that all parties will do their best to implement the contract effectively and in good faith, non-compliance can occur due to oversight or intentionally. Non-compliance could also be due to differing interpretations of provisions. Even the clearest contract can result in disagreements over interpretation. The CUC templates include provisions on dispute resolution procedures and periodic review of the contract.

The table below offers a timeframe for dispute resolution under the MS-CUC Template, so that CFMBs can know exactly when each step in the process should happen.

#	Activity	Timeline	Responsible party
1	Meeting between Company and CFMB (cl 15.1) (EC of the Community, the NUCFMB and the FDA will be invited to attend this meeting)	Up to two weeks after the meeting is requested	Any aggrieved party
2	If agreement reached at the meeting - Resolution written and signed by the CFMB and the Company (cl 15.1)	At the end of this meeting	Both parties
3	If agreement not reached - Written reports (prepared by Community & Company) detailing the grievances and proposed solutions. (cl 15.1 (b))	10 days after end of the meeting	Aggrieved parties
4	CFMB reviews the written reports and consults with community representatives, the FDA, the NUCFMB and any other relevant	Immediately	CFMB



	resource persons or organizations (cl 15(c))		
<b>4</b>	FDA provides inputs and suggestions, based on proposed solution shared by CFMB (cl 15(c))	7 days after receiving proposal	FDA and CFMB
<b>5</b>	CFMB updates written proposed solution based on the suggestions and input of the FDA (cl 15(c))	Immediate	CFMB
<b>6</b>	CFMB formally circulates the written proposed solution to the Company, FDA and NUCFMB (cl 15(c))	No more than 7 days after receiving FDA's inputs	CFMB
<b>7</b>	The Company confirms acceptance or rejection of the proposed solution (cl 15.1 (c))	Up to seven days after receipt of CFMB proposal	Company
<b>8</b>	Request for Arbitration (when disputes cannot be amicably resolved) (cl 15.2)	Immediate	Aggrieved party
<b>9</b>	Reply to Request for Arbitration (cl 15.2 (a))	Within 7 days	The responding party
<b>10</b>	Formation of Arbitration Panel (Annex A - 11.2 (b))	No later than 7 calendar days after the response notice	Community, Company & FDA
<b>11</b>	Decision of Arbitration Panel (Annex A - 11.2 (d))	Within 2 months of the written notice initiating the arbitration process	Arbitration Panel

The table below offers a timeframe for dispute resolution under the SS-CUC Template:

<b>#</b>	<b>Activity</b>	<b>Timeline</b>	<b>Responsible party</b>
<b>1</b>	Meeting between Logger and community	Up to two weeks after the meeting is requested	Any aggrieved party
<b>2</b>	If agreement reached at the meeting - Resolution written and signed by the CFMB and the Company	At the end of this meeting	Both parties
<b>3</b>	If agreement not reached - Meeting between Logger and community with the aid of third-party mediators, including at least two members of local authority. (Clause 13.2)	10 days after end of the meeting (suggested timeline)	Aggrieved parties
<b>4</b>	Arbitration – a party shall give written notice to the other (Clause 13.3(b)).	Response to the dispute and appointment of arbitrator within 10 days of receiving the written notice.	Both parties
<b>4</b>	Arbitral panel shall reach a decision within one month of the written notice issued under clause 13.3(b) (Clause 13.4).	1 month	Arbitral panel (Clause 13.3(a))

## Relevant clauses for commonly encountered issues

This table sets out commonly encountered challenges with companies and CUCs. These clauses from the MS- and SS-CUC Templates can be a good starting point to understand both your rights and the obligations of the company. You will still need to read the whole agreement, and may need to seek further legal advice to help solve your problem. In addition to consulting the dispute resolution process in **Clause 15 and Clause 11 of Annex A**, you may also wish to refer to these provisions too.

<u>Grievance</u>	<u>MS CUC Template clause:</u>	<u>SS CUC Template clause:</u>
The Company has not been making regular payments as required	<ul style="list-style-type: none"> <li>• CI 5</li> <li>• CI 18</li> <li>• CI 2 of Annex A</li> <li>• CI 10.1(b) of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 5</li> <li>• CI 9</li> <li>• CI 10.2(b)</li> <li>• CI 12</li> </ul>
A community member's crops have been damaged by the Company	<ul style="list-style-type: none"> <li>• CI 10.2(c) and (d)</li> <li>• CI 14</li> <li>• CI 7.1(c) and (d) of Annex A</li> <li>• CI 10.1(e) of Annex A</li> <li>• CI 11.2(d) of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 3</li> <li>• CI 10.1(b)</li> <li>• CI 10.2(b)-(d)</li> </ul>
The community infrastructure is not being built as specified in the contract	<ul style="list-style-type: none"> <li>• CI 7</li> <li>• CI 4 of Annex A</li> <li>• CI 10.1(c) and (d) of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 7</li> </ul>

The Company has not provided job opportunities outlined in the contract	<ul style="list-style-type: none"> <li>• CI 6</li> <li>• CI 3 of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 6</li> </ul>
The Company has sub-contracted to another company that is not complying with the CUC	<ul style="list-style-type: none"> <li>• CI 12</li> <li>• CI 25</li> <li>• CI 9 of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 11</li> </ul>
The Company is taking logs from areas outside of the CUC area	<ul style="list-style-type: none"> <li>• CI 3</li> <li>• CI 10.2(e)</li> <li>• CI 14</li> <li>• CI 1 of Annex A</li> <li>• CI 5 of Annex A</li> <li>• CI 7.1(e) of Annex A</li> <li>• Map in Annex B</li> </ul>	<ul style="list-style-type: none"> <li>• CI 3</li> <li>• CI 4</li> </ul>
A Company employee has been hunting bushmeat without authorisation	<ul style="list-style-type: none"> <li>• CI 8.2</li> <li>• CI 10.2(e)</li> <li>• CI 5.2 of Annex A</li> <li>• CI 7.1(e) of Annex A</li> <li>• CI 11.2(d) of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 8</li> <li>• CI 10.2(e)</li> </ul>
A Company employee has been violent, abusive, or an incident of sexual misconduct by company staff, against a community member	<ul style="list-style-type: none"> <li>• CI. 10.1(d)</li> <li>• CI. 16</li> <li>• CI. 11.2(d) of Annex A</li> </ul>	<ul style="list-style-type: none"> <li>• CI 10.1(c)</li> </ul>

# PART 5: ANNOTATED TEMPLATE CONTRACT FOR MEDIUM SCALE CUC

## REPUBLIC OF LIBERIA

\_\_\_\_\_ COUNTY

### VALIDATED ANNOTATED PROPOSAL TEMPLATE COMMERCIAL USE CONTRACT<sup>47</sup>

This Medium Scale Commercial Use Contract (the “Agreement”) is made and entered into by and between:

- 1) The People of \_\_\_\_\_ Authorised Forest Community, \_\_\_\_\_ Clan, \_\_\_\_\_ Statutory District(s), \_\_\_\_\_ County (herein referred to as the “Community”), represented by its Community Forest Management Body (herein referred to as the “CFMB”) by and through \_\_\_\_\_(Names/Position);

AND

- 2) \_\_\_\_\_, a third party legal person, (herein referred to as the “Company”) duly registered and operating under the laws of the Republic of Liberia, whose principal place of business is \_\_\_\_\_, \_\_\_\_\_ County, Republic of Liberia, represented by its \_\_\_\_\_ (function) \_\_\_\_\_ (Name)

<sup>47</sup> This template is for a medium scale Commercial Use Contract (CUC). CUCs are contracts between a third party or company and the community for commercial activities on community forest land as defined by the Community Rights Law of 2009, Section 6.1. This CUC template is based on existing contracts downloaded from the FDA website (accessed November 2017) and provided in hard copy by the FDA.

## WITNESSETH

### WHEREAS:

#### 1. CONTEXT

- 1.1. The people of \_\_\_\_ -\_\_\_\_ -\_\_\_\_ (fill in names of locations) Authorised Forest Community are the owners of \_\_\_\_\_ Community Forest and have the right to access, manage, use and benefit from that Community Forest<sup>48</sup> in \_\_\_\_\_, Clan \_\_\_\_\_, Statutory District \_\_\_\_\_, County \_\_\_\_\_.The Community Forest Management Agreement (“CFMA”) concluded by the Community with the Government of Liberia, by and through the Forestry Development Authority (FDA) provides for the sustainable management and use of the Community Forest resources in line with the Forestry Laws and in order to meet the needs of the present community members without compromising the ability of future generations to meet their own needs;
- 1.2. The CFMB, as the body authorized to negotiate and sign commercial use contracts<sup>49</sup>, having duly selected the company with which this contract is to be executed in accordance with its constitution and by-laws, and after having duly consulted and been granted authorization by the Community Assembly and Executive Committee of the

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<sup>48</sup> The Community Rights Law, 2009 Section 3.1 (a) provides rights to community to access, manage, use and benefit from community forest. NB: CUC can only be negotiated after the CFMA is concluded (see CRL regulation, Appendix steps 9-11).

<sup>49</sup> The Community Rights Law, 2009 Section 4.2 (c) authorizes the CFMB to negotiate terms for commercial forest resource use.

Community, is willing to enter into a commercial use contract with the Company.<sup>50</sup>

- 1.3. The Company has affirmed to the CFMB through documentation and other communications that it has the required qualifications to engage in forestry operations as promulgated by the FDA consistent with section 5.2 of the National Forestry Reform Law (“NFRL”) and is authorized to engage in commercial logging in Liberia;<sup>51</sup> and
- 1.4. Considering the potential for local economic benefits, development and employment to be derived by the Community from sustainable commercial logging in its forest, the CFMB has agreed to execute this Agreement with the Company under the terms and conditions as set forth below and subject to the review and approval of the FDA<sup>52</sup> and consistent with the (2017) amended Regulation to the Community Rights Law with respect to Forest Lands (“CRL”).

**NOW THEREFORE**, in consideration of the covenants, agreements and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are

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<sup>50</sup> Also see Section 5.1 of the proposed Guidelines for Community Forest Management Planning (May 2019 version – “proposed CFMP guidelines”) for further details the process for negotiating and signing CUCs. **Note that we have used proposed CFMP guidelines throughout this template given that the guideline remains unapproved by FDA, and there is still uncertainty as to FDA approval of this guideline.**

<sup>51</sup> Qualifications and conditions for persons seeking conduct commercial forest operations are included in the National Forestry Reform Law, 2006 Section 5.2. The proposed CFMP guidelines, Section 5.1. d) in addition, provide that criteria for pre-qualification under Regulation 103-07 must be met by any third party invited to negotiate a CUC.

<sup>52</sup> Section 10.5 of the CRL Regulations requires FDA approval before a CUC is signed between the community and a third party.

hereby acknowledged, the Parties do hereby covenant, contract and agree as follows:

## **2. INTERPRETATION AND ADDITIONAL DETAIL IN ANNEX A**

- 2.1. This Agreement shall be interpreted in line with the CRL (2009), the NFRL (2006) and their implementing regulations as well as other relevant laws and regulations.
- 2.2. Provisions included in this Agreement are completed by detailed terms and conditions included in Annex A hereof and which form an integral part of this Agreement.<sup>53</sup>
- 2.3. Where the FDA fixes additional or stricter conditions in the Guidelines for Community Forest Management Planning or in other regulatory documents, those will apply in addition to or instead of any provision in this Agreement.<sup>54</sup>

## **3. RIGHT TO EXTRACT/SELL LOGS:**

- 3.1. That in consideration of the payments, benefits and other stipulations and covenants hereinafter to be paid, performed and kept by the Company, the Community, represented by the CFMB, hereby grants the Company the right to enter into, harvest, extract, and sell wood products from merchantable species of trees in \_\_\_\_\_ ha (fill in size of area to be covered by this Agreement: minimum

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<sup>53</sup> Details contained in Annex A have been included based on experience to avoid disagreement and possible conflict in the interpretation of this Agreement. The inclusion of detailed terms in an annex aims to allow easy reading and use of the main Agreement while additional details have been included in Annex A.

<sup>54</sup> This Provision was included to clarify the relationship between provisions in this contract and future stricter rules passed by the FDA, especially in view of the adoption of the proposed CFMP guidelines and other regulatory documents currently under development.



10,000 Ha, maximum 34,999 Ha<sup>55</sup>) of the \_\_\_\_\_ (fill in name of Community Forest) Community Forest.

- 3.2. A map depicting the metes and bounds of the agreed area of Community Forest set aside for commercial timber harvesting under this Agreement is incorporated at Annex B to form a part of this Agreement.<sup>56</sup>

#### 4. TERM CERTAIN

- 4.1. The term of this Agreement, that is the period within which the Company shall have the right to enter into, harvest, extract and sell logs from the Community Forest shall cover the remaining period of the CFMA;<sup>57</sup> \_\_\_\_ years, commencing from the \_\_\_ day of \_\_\_\_\_, A.D., \_\_\_\_\_, up to and including the \_\_\_ day of \_\_\_\_\_, A.D., \_\_\_\_\_.

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<sup>55</sup> This template has been developed for Authorised Community Forests covering between 15,000 and 49,999 ha. The current proposed CFMP guidelines state that a minimum of 10,000 Ha is required for timber harvesting in community forests under a CUC (proposed CFMP guidelines, Section 4.8.1). The draft guidelines also indicate that zoning is required in case of commercial activities (proposed CFMP guidelines, Section 4.1.1.) and that at least 30% of community forest lands need to be set aside for conservation as part of this zoning process (proposed CFMP guidelines, Section 4.1.2.).

<sup>56</sup> The MAP annexed to the CUC should be the same as the zoning map developed as part of the CFMP process (draft/proposed CFMP guidelines annex 1, section 5.1).

<sup>57</sup> Considering the obligatory 25-year management cycle, this CUC template has been developed for long term forest management by a third party (Section 2.2 of FDA Code of Harvesting Practices and proposed CFMP guidelines 4.8.2.). However, CUCs cannot cover a period exceeding the CFMA, therefore, the proposed term is equal to remainder of the term under the CFMA and the remaining period to complete a 25-year cycle has been provided for under 4.4 regarding the renewal of this contract.

- 4.2. It is mutually agreed that this Agreement shall be subject to periodic review by the Parties hereto during the life of the Agreement. Reviews are scheduled every five years.<sup>58</sup>
- 4.3. As part of the review process, the Parties can renegotiate the terms of this Agreement. If no renegotiated agreement is reached, operations under this Agreement shall be suspended and either Party can initiate the dispute resolution mechanism referenced in clause 15 of the Agreement.<sup>59</sup>
- 4.4. In the year preceding the expiration of the Term Certain granted in section 4.1 above, and after a review of the implementation of this Agreement, the Parties may renew this Agreement upon agreed terms and conditions, for an additional period allowing to complete the 25 year harvesting cycle prescribed by the Code of Forest Harvesting Practices; this period will therefore cover \_\_\_ years.<sup>60</sup>

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<sup>58</sup> Long term agreements without provisions for a review period are more likely to lead to disagreement or conflict. A review every 5 years has been included to allow reviewing and updating the terms of the CUC aligned with revision of Community Forest Management Plan under CRL Regulation Section 8.2, the planning requirements in Code of Forest Harvesting Practices 2.2 and the proposed CFMP guidelines Section 4.8.3(c).

<sup>59</sup> Experience has shown that it was not clear at which point the operations of the Company should stop in case of disagreement on the review and update of the CUC. This provision aims to clarify said point of contention and link it to the dispute resolution mechanism.

<sup>60</sup> Section 2.2 of FDA Code of Harvesting Practices requires a 25-year rotation plan (and CRL Regulations 1.4 & 10.3 require that CUCs are subject to FDA Code of Forest Harvesting Practices). The 25-year management period is also required for CUCs under the proposed CFMP guidelines, section 4.8.2.

- 4.5. If no renewal is negotiated before the end of this Agreement, operations will stop at the latest on the last day of the Term Certain.<sup>61</sup>
- 4.6. No renewal can be negotiated if the renewal period is not covered by a valid CFMA.<sup>62</sup> The renewal will be again subject to the approval of the FDA.<sup>63</sup>

## 5. PAYMENTS AND PAYMENT TERMS

- 5.1. **Land Rental fees:** The Company shall pay 55% of the total USD \$1.25/ha land rental fee, amounting to a total of USD \$\_\_\_\_\_ per year for the entire area directly to the Community.<sup>64</sup>
- 5.2. **Cubic meter fees:** The Company shall, on a quarterly basis, pay USD \$\_\_\_\_\_per cubic meter of logs harvested as reflected in the tree data forms and the production record, regardless of whether or not the logs are subsequently transported and sold. For the payment of the cubic meter fees, the amount of cubic meter per log will be determined using the formula included in Annex C to this Agreement.<sup>65</sup>

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<sup>61</sup> If no renewal is negotiated, the CUC, including the right of the Company to conduct commercial operations, ends. This follows from General Contract law.

<sup>62</sup> CFMAs are a precondition for CUCs (CRL regulation Appendix, Step 9-11)

<sup>63</sup> Section 10.5 of the CRL Regulations requires FDA approval before a CUC is signed between the Community and a third party

<sup>64</sup> The CRL, 2009 Section 6.5 requires the payment of land rental fees as specified in regulation 107-07, Section 33 a) and b) and the payment of the bid premium to the Community as specified in section 33 e) of that same regulation. The CRL regulation section 11.3 further clarifies that the rate of USD \$1.25/ha applicable to timber sales contracts is also applies for medium scale CUCs. The regulation further provides that 55% of land rental fees shall be paid directly to the Community.

<sup>65</sup> The proposed CFMP guidelines, Section 5.1 (G) provides for third parties to submit an offer to the Community regarding royalties it will pay to the Community,

- 5.3. **Monitoring and protection payments:** The Company will transfer USD \$\_\_\_\_\_per quarter to the Community to enable the employment of community Forest Guards in support of the implementation of this Agreement. The CFMB shall be responsible for the recruitment and employment of these community Forest Guards.<sup>66</sup>
- 5.4. **Human resource training and development:** The Company agrees to transfer USD \$ \_\_\_\_\_ to support education of school and college students from the Community on a yearly basis on \_\_\_\_\_ day of \_\_\_\_\_ (month).<sup>67</sup>

## 6. LOCAL EMPLOYMENT AND TRAINING

- 6.1. The company agrees to give first preference for employment in skilled and unskilled job opportunities and a representation in middle management to residents of the Community.<sup>68</sup>

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per cubic meter harvested. Therefore, a provision on cubic meter fees has been included in this template. The payment terms for these cubic meter fees are modeled after similar provisions for the payment of stumpage fees to the government (FDA Reg. 107-07, Section 22 (b) &(d) require stumpage fees to be paid before any part of the tree is exported) and the payment of cubic meter fees under Social Agreements (requiring quarterly payments of negotiated financial benefits. See FDA Regulation 105-07, Sections 33(a)(3) & 34)

<sup>66</sup> Proposed CFMP guidelines Annex 1, 4.3. provide for community forest guards. Similarly, the employment of a community monitoring and liaison officer proved to be best practice for the CFDC in Lofa County.

<sup>67</sup> Payments for human resources development and scholarships have been a recurring provision in past CUCs and Social Agreements. Therefore, this provision has been included to clarify the quantity and terms of payment. The exact dates for payment will be decided during the negotiation of the CUC.

<sup>68</sup> Local employment usually is a key ask of communities and the lack thereof often a source of frustration and even conflict. Therefore, this provision aims to clarify these expectations as well as the duties of both parties to the contract. Similar obligations exist for forest management contracts and timber sales contracts (FDA regulation 104-07, Section 75(d)).

- 6.2. The company shall afford equal opportunities for employment to women.
- 6.3. The Company shall respect the rights of its employees consistent with the Decent Work Act (2015) and other labour laws of Liberia, especially in relation to minimum wage, workers’ health and safety and paid leave. Employees who suffer occupational illness, injuries or disability shall receive adequate compensation as defined in the Decent Work Act.
- 6.4. The Company shall respect the health and safety requirements included in the Code of Harvesting Practices.
- 6.5. The Company agrees to provide, on a continuing basis, adequate training in order to qualify members of the Community for skilled, technical, administrative and managerial positions.<sup>69</sup>

## 7. ROADS AND COMMUNITY INFRASTRUCTURE

7.1. The company will build the following roads and bridges:<sup>70</sup>

	<b>Location:</b>	<b>Starting date*:</b>	<b>Completion date*:</b>
1	Road from _____ to _____		

<sup>69</sup> This provision is linked to section 6.1 of the Agreement.

<sup>70</sup> Analysis of existing and past agreements has shown that building of roads and bridges is a key part of CUCs. This provision aims to allow clarifying which infrastructure is to be built as well as fixing timelines and other criteria.

2	Road from _____ to _____		
3	Road from _____ to _____		
4	Bridge over _____ River on road from _____ to _____		
5	Bridge over _____ River on road from _____ to _____		

*\*starting and completion dates can be defined in terms of year or season – quality and other details included in Annex A section 4.5<sup>71</sup>*

7.2. The Company agrees to maintain all roads in the area covered by this Agreement and to allow the community to use, free of charge, any roads constructed and/or maintained by it. The Company shall make sure that roads remain in passable condition for other vehicles to be able to safely use.<sup>72</sup>

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<sup>71</sup> Code of Forest Harvesting Practices Chapter 5 fixes standards for roads and bridges

<sup>72</sup> Road maintenance is required by the Code of Forest Harvesting Practices section 5.3. Based on community experiences, impassible roads are often a

7.3. The Company agrees to build the following community infrastructure:<sup>73</sup>

	<b>Location:</b>	<b>Starting date*:</b>	<b>Completion date*:</b>	<b>Estimated total cost</b>
<b>Hand pumps</b>				
1	Hand pump in _____			USD \$_____
2	Hand pump in _____			USD \$_____
3	Hand pump in _____			USD \$_____
<i>Add lines if necessary</i>				
<b>Latrines</b>				
1	Latrine in _____			USD \$_____
2	Latrine in _____			USD \$_____
3	Latrine in _____			USD \$_____
<i>Add lines if necessary</i>				
<b>Schools</b>				

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source of conflict, especially when damaged due to heavy logging machinery and trucks using the road.

<sup>73</sup> Similar as for section 7.1 of the contract, community infrastructure is a key part of CUCs.

1	School in _____			USD \$_____
<i>Add lines if necessary</i>				
<b>Clinic</b>				
1	Clinic in _____			USD \$_____
<i>Add lines if necessary</i>				
<i>Add other types of infrastructure if necessary</i>				

7.4. The Community shall allocate the required land to build the above-mentioned community infrastructure. The Company shall be responsible for furnishing the above-mentioned community infrastructure. The Company in collaboration with the CFMB is responsible for the maintenance and staffing of all community infrastructure it builds for the duration of this Agreement and for as far as the Government of Liberia does not provide staffing and/or maintenance. Specifically, the Parties have agreed to collaborate and contribute to community infrastructure as follow:<sup>74</sup>

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<sup>74</sup> Where possible, the Government of Liberia could take responsibility for staffing and maintenance of community schools and clinics after their construction. Experience has however shown that staffing doesn't always follow construction of these structures, which leads to frustration of purpose and community dissatisfaction. Therefore, this provision clarifies responsibilities for maintenance and staffing. Better to negotiate one school that is furnished, staffed and well operated than to negotiate two schools which are not operational due to lack of staffing.



<b>Responsible Party</b>	Company responsibilities for staffing and maintenance	Community responsibilities for staffing and maintenance
<b>Hand pumps</b>		
<b>Latrines</b>		
<b>Schools</b>		
<b>Clinics</b>		
<i>Add additional lines for community infrastructure projects if necessary</i>		
<b>Note: the project referred to in 7.4 are the projects covered in 7.3</b>		

7.5. Where needed, additional roads and bridges as well as community infrastructure to be built will be agreed upon as part of the 5 year review and planning process. All infrastructure referenced under this clause is additional to the payments provided for under clause 5. Land rental fees, cubic meter fees and other payments as provided for in this Agreement cannot be used by the Company to finance infrastructure provided for under this clause 7.<sup>75</sup>

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<sup>75</sup> Whether or not fees can be used to pay for infrastructure work has been an area of confusion and disagreement under other contracts. Therefore this provision clarifies that infrastructure is additional to these payments. The column with the estimated value for infrastructure allows communities and companies to

## 8. SUSTAINABILITY<sup>76</sup>

- 8.1. By entering into this Agreement with the CFMB, the Company will assume the responsibility to sustainably manage the areas of the Community Forest subject to this Agreement and in accordance with the Community Forest Management Plan, Code of Harvesting Practices and relevant laws and regulations.<sup>77</sup>
- 8.2. No hunting is allowed by any of the Company's employees who are not members of the Community. The Company will also forbid all its employees (whether or not member of the Community) from hunting protected animals and shall equally forbid hunting in river buffer zones.<sup>78</sup>
- 8.3. The Company agrees to establish and maintain a tree nursery of indigenous and commercially valuable tree species to replace the species that were felled. The company will employ \_\_\_\_\_ Community members to

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have a clear idea of the total cost of obligations under the CUC (e.g. it would be clear that a bridge of the River St. Paul could be too costly).

<sup>76</sup> See Section 3.2 (a), and 4.2(c) of the CRL; Sections 1.1 and 4.7(m) of the CRL Regulations; and Chapter 8 of the NFRL for sustainability requirements

<sup>77</sup> The CRL regulation Section 8.3 clarifies that the company assumes responsibility to implement the CFMP and for management of the forest resources under a CUC. CRL Regulation Section 10.3 further states that medium scale commercial activities shall be governed by the CFMP and comply with NFRL, the core regulations as well as the Code of Forest Harvesting Practices and Forest Management Guidelines. The proposed CFMP guidelines Section 4.8.3 confirm that the third party under a CUC assumes responsibility and liability.

<sup>78</sup> Additional detail on the protection of plant and animal species are included in the Code of Forest Harvesting Practices Section 2.5.3. Also see requirements in relation to sustainable hunting are included under Section 4.6 of the proposed CFMP guidelines. Also see section 4.8.3. e) on prohibited activities for company staff

operate the tree nursery and to replant and maintain produced trees.<sup>79</sup>

## 9. REQUIREMENTS BEFORE COMMERCIAL FELLING<sup>80</sup>

Before commercial harvesting takes place, the Company shall make sure that the following requirements are met:

- a) The Company has transferred the first payment of land rental fees and monitoring and protection payments as provided under clause 5 of this Agreement;<sup>81</sup>
- b) The Company has prepared and submitted the strategic forest management plan, the first 5-year operational plan and the first annual operational plan as provided for in clause 11 of this Agreement;<sup>82</sup>
- c) The Company has organised and held an inception meeting as provided for in clause 11 of this Agreement;<sup>83</sup>
- d) The Company, with the participation of FDA and the Community, has conducted an Environmental Impact Assessment (EIA);<sup>84</sup> and

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<sup>79</sup> NFRL Section 8.3 encourages the authority to promote i) planting of indigenous species and ii) forest enrichment planting.

<sup>80</sup> This chapter includes legal as well as contractual obligations and clarifies how they interrelate. For the legal obligations, see Section 2.2 of FDA Code of Harvesting Practices captioned *Planning Requirements*.

<sup>81</sup> See CRL, 2009 Section 6.5 and CRL Regulation section 11.3 on the obligation to pay land rental fees. These provisions refer to FDA Regulation 107-07 where Section 33, c) provides for land rental fees to be paid upon the signature of the contract and on every subsequent anniversary date.

<sup>82</sup> See Section 2.2 of the FDA Code of Harvesting Practices; See also Section 4.8.3 of the proposed CFMP guidelines, captioned Management requirements for Timber Harvesting in Community Forests by third parties under commercial use contracts.

<sup>83</sup> See footnotes under clause 11 of this CUC below.

<sup>84</sup> See Section 24(a).2. And 41 of FDA Regulation 105-07, on the requirement of EIA for forest resource license holders.

- e) The Company obtained a written notice to proceed from the FDA confirming that harvesting of timber for commercial purposes is permitted.<sup>85</sup>

## **10. OTHER OBLIGATIONS OF THE PARTIES:**

10.1. Community's obligations: The Community and its representative CFMB:

- a) shall fulfil all legally-required pre-conditions to concluding this Agreement, as per the CRL and all other relevant laws and regulations;<sup>86</sup>
- b) shall provide a list of CFMB members to the Company. The Executive Committee, upon the instructions from the Community Assembly, will communicate any change of membership of the CFMB in writing to the Company;<sup>87</sup>
- c) agree not to engage in the felling or damaging of marketable tree species and agree not to clear land for farming in areas designated for commercial timber exploitation under this Agreement;
- d) agree to provide a peaceful working relationship between the Community and the Company and will not use violence nor cause damage to interrupt the lawful operation of the Company;

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<sup>85</sup> See Section 5.1(a) of the NFRL.

<sup>86</sup> Specific responsibilities for the CFMB are included in CRL Section 4.2 and CRL Regulation section 4.7.

<sup>87</sup> The CRL section 4.1(c) clarifies that the Community Assembly is responsible for appointing the members of the CFMB. CRL section 4.1(f) clarifies that between sittings of the Community Assembly the Executive Committee shall supervise the work of the CFMB and is therefore best placed to communicate any changes in CFMB membership made by the Community Assembly to the Company.

- e) agree to inform the Company of all relevant cultural norms and practices currently practiced by the Community to ensure compliance;<sup>88</sup>
- f) shall represent and warrant that the CFMB has the legal authority to execute this Agreement, on the Community's behalf; and
- g) shall represent and warrant that there is no pending administrative or civil litigation involving the Community, nor any demands or claims that would materially and adversely affect the Company's rights under this Agreement.

## 10.2. Company's Obligations: The Company:

- a) shall be responsible for complying with Chain of Custody and Legality Assurance System requirements under the Voluntary Partnership Agreement between Liberia and the European Union, when and where applicable;<sup>89</sup>

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<sup>88</sup> The CRL provides in Section 6.6 that CUCs shall include provisions to protect non-timber forest products, water collection points and cultural norms and practices consistent with Chapter 8 of the NFRL.

<sup>89</sup> Section 22 of FDA Regulation 108-07 requires all commercially harvested timber to enter the Chain of Custody system. Currently, timber from community forests is not yet recognized as a source of legal timber by the VPA legality definition and matrix, but efforts are being made to include community forest timber therein. Once community forest timber is recognized under the VPA, the Company shall be responsible to fully comply with the same. Also see CRL regulation Section 8.3 (company assumes responsibility to implement the CFMP and for forest management under CUC). CRL regulation Section 10.3 (medium scale commercial activities shall be governed by the CFMP and comply with NFRL, the core regulations as well as the Code of Forest Harvesting Practices and Forest Management Guidelines). The proposed CFMP guidelines Section 4.8.3 confirm that the third party under a CUC assumes responsibility and liability.

- b) shall post an annual performance bond totalling the cost of one year of all payments provided for in this Agreement;<sup>90</sup>
- c) will take reasonable and proper care in carrying out its activities and shall avoid deliberately or negligently causing damage;<sup>91</sup>
- d) shall ensure that timber operations will be timed and organised to minimize disruption to subsistence agriculture and cash/food crop production;
- e) shall preserve and protect non-timber forest products, wildlife, water collection points and respect cultural norms and practices;<sup>92</sup>
- f) shall share and co-sign a copy of the record of production mentioning the total amount of logs harvested, their average diameter, length and their volume (calculated according to the formula included in Annex C) and Chain of Custody tracking number at the end of each month. Details provided in the production record shall be consistent with data recorded in the tree data forms;<sup>93</sup>

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<sup>90</sup> The requirement of a performance bond has been included to assure the payment of the amounts due to the community and to assure the implementation of this Agreement. This obligation has been modelled on the equivalent obligation of holders of forest management contracts and timber sales contracts to post annual performance bonds. (Section 61 of FDA Regulation 104-07, captioned Performance bond and the Definition of Pre-felling operation under Section 1.3 of the NFRL).

<sup>91</sup> Additional details on minimizing adverse environmental impacts are included in the proposed CFMP guidelines section 4.8.3.f. Section 2.3 of the Code of Forest Harvesting Practices also includes requirements on camp hygiene, hazardous chemicals, waste management, etc.

<sup>92</sup> The CRL provides in Section 6.6 that CUCs shall include provisions to protect non-timber forest products, water collection points and cultural norms and practices consistent with Chapter 8 of the NFRL.

<sup>93</sup> Lack of (agreed upon) information on the number of cubic meters of harvested timber has been a recurring source of disagreement and conflict. This provision aims to prevent this.

- g) agrees to provide transportation to the Communities during emergency situations, including but not limited to medical emergencies and natural disasters. Where possible the Company shall endeavour to also provide rescue shelters.<sup>94</sup>

## **11. PLANNING, MONITORING AND IMPLEMENTATION**

11.1. The Company shall develop and submit the following planning documents:<sup>95</sup>

- a) A strategic forest management plan
- b) 5-year operational plan
- c) Annual operational plan

11.2. The CFMB shall employ community Forest Guards to monitor all field activities of the Company and to raise awareness and report any illegal pit/chain sawing, fires or other activities causing damage to timber trees. At the end of each month the community Forest Guards, and the Company will co-sign the production record mentioned in 10.2(f) above.<sup>96</sup>

11.3. The Company shall convene and finance an inception meeting no later than one month after the signature of this Agreement.<sup>97</sup>

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<sup>94</sup> The obligation for companies to provide emergency assistance is a recurring obligation under existing CUCs and is in line with best practice of corporate social responsibility. Provision of rescue shelters is not included as an absolute responsibility, but reasonable efforts from the company are expected.

<sup>95</sup> See obligations for these levels of planning under section 2.2 of the Code of Harvesting Practices and Section 4.8.3 (c) of the proposed CFMP guidelines.

<sup>96</sup> See footnotes to Section 5.3 of this Agreement included above.

<sup>97</sup> Experience has shown it is not always clear when and how such a meeting should be organized. This provision aims to prevent disagreement on the matter (with important additional details included in the detailed terms under annex A).

11.4. The Company shall convene and finance quarterly and annual meetings to discuss progress in and planning for the implementation of this Agreement.<sup>98</sup>

## 12. ASSIGNMENT AND TRANSFER OF CONTRACT

12.1. With the exception of obligations mentioned under 9.2 of the detailed terms to this Agreement, the Company shall not subcontract timber operations, or any other of its rights or obligations under this Agreement to any of its affiliate companies, fourth parties or operators, except as provided in section 12.2 and 12.3 below.<sup>99</sup>

12.2. Where the Company wants to subcontract minor parts of its operations, this is subject to prior written consent of the CFMB and the FDA and the Company shall remain liable for the fulfilment of all obligations under this Agreement.<sup>100</sup>

12.3. The Company can transfer its rights and obligations under this Agreement to another party only in its entirety and after written authorisation by the FDA and by the CFMB. The transfer of contract will be executed through signature of a new Agreement between that new Company and the CFMB.<sup>101</sup>

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<sup>98</sup> See footnotes in 11.3 above.

<sup>99</sup> Assignment of rights have been one of the key causes of disagreement and conflicts between timber companies and communities, especially when it was not clear what the responsibilities of the assignor and the assignee are respectively. This provision therefore limits the possibilities of assignment while maintaining the possibility of a transfer of the full contract.

<sup>100</sup> In line with Section 6.2 of the NFRL and Section 71 of FDA Regulation 104-7 assignment is subject to prior written approval by FDA. In line with CRL Section 2.2(c) prior written and informed consent by the community is required.

<sup>101</sup> This section has been included based on inputs from the FDA. Also see Section 5.1 of the proposed CFMP guidelines for further details the process for negotiating and signing CUCs.



### **13. USE OF LIBERIAN GOODS AND SERVICES:**

The Parties mutually agree that the Company, to the maximum extent possible, shall give preference to material and goods manufactured in Liberia when purchasing such materials and goods; and engage Liberian citizens or Liberian Corporations in the provision of services.<sup>102</sup>

### **14. DAMAGES**

14.1. The Company and CFMB agree that damages for delays in implementing this Agreement by the Company are equivalent to the amounts mentioned in Annex A.<sup>103</sup>

14.2. By entering into this Agreement, the Company assumes liability for any damage caused as a result of its operations or negligence.<sup>104</sup>

### **15. ENFORCEMENT OF RULES AND DISPUTE RESOLUTION**

15.1. Any dispute connected with the formation, performance, interpretation, nullification, termination or invalidation of this Agreement or arising from, or related to this Agreement in any manner whatsoever, which cannot be resolved through the direct consultations and negotiations by and between

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<sup>102</sup> This is in line with Pillar I of the Pro-poor Agenda for Prosperity and Development, captioned “*Power to the people*”, and Pillar II, captioned “*The Economy and Jobs*”. In particular, Pillar II provides the basis of empowerment of the people by making procurement more assessable to Liberian businesses.

<sup>103</sup> It is a General Contract Law principle that damages are due in case of delay or breach of contract. To avoid disagreement and prolonged legal proceeding to establish the amount of damage in such cases amounts have been fixed in the detailed terms under Annex A.

<sup>104</sup> These obligations arise out of General Contracts and Torts Laws. Also see the proposed CFMP guidelines where Section 4.8.3 confirms that the third party under a CUC assumes responsibility and liability.

the Parties shall be referred to arbitration by the affected Party.

15.2. The rights and duties of the Community and Company with respect to addressing violations and the procedure for direct consultations and negotiations are detailed in Annex A.<sup>105</sup>

15.3. The Parties agree to submit disputes arising out of this Agreement, which cannot be solved amicably, to arbitration:<sup>106</sup>

- a) Arbitration shall be conducted by an arbitral panel of three (3) persons. Each Party to this Agreement shall name one (1) arbitrator. The third arbitrator, who shall act as chairman of the arbitral panel, shall be the Managing Director of the FDA or his/her designated representative.
- b) The arbitration shall be conducted in keeping with arbitral rules under Liberian laws. Each Party shall be responsible for and shall pay the fees and expenses of its appointed/designated arbitrator. The fees and expenses of the third arbitrator shall be shared on an equal basis by the Parties, while the remaining costs and expenses of the arbitration proceeding shall be assigned by the arbitral panel as it sees fit and shall be paid by the party adjudged liable to the other or in default of Agreement.

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<sup>105</sup> In line with Chapter 8 if the CRL (possibility to resolve disputes through customary mechanisms or arbitration) and section 6.2(f) and 6.3 of the CRL regulation (duties and sanction powers of FDA), this provision is based on existing CUCs; the detailed terms clarify detail how consultation and negotiation should work between the parties. Based on FDA inputs the detailed terms also more clearly define rights and obligations of parties in relation to enforcement of community forestry rules.

<sup>106</sup> See Chapter 8 of the CRL and 6.2 of the CRL Regulations. This provision has been developed based on existing CUC contracts.

- c) A decision by the majority of the arbitral panel shall be binding on the Parties and enforceable in a court of law without delving into the merit of the dispute or the award.
- d) To invoke arbitration, a Party to this Agreement shall give written notice to the other Party, stating the nature of the dispute and appointing its arbitrator. The other Party must appoint its arbitrator and provide its responses to the dispute as stated by the Party giving the notice of arbitration within ten (10) days. After notice to the Chairman, the arbitral panel shall commence its work and shall work every day until a decision is arrived at and rendered.

## **16. TERMINATION**

16.1. It is mutually understood by the Parties that this Agreement may be terminated under the following conditions:<sup>107</sup>

- a) The Parties jointly can at any time terminate this Agreement by an agreement in writing duly stating the terms of termination;
- b) The CFMB can terminate this Agreement by giving formal notice in the event the Company becomes insolvent or is the subject of a voluntary or involuntary bankruptcy petition;
- c) The Company can terminate the Agreement without cause provided that:
  - it pays all obligations due to the Community represented by the CFMB;
  - it gives a written notice of not less than six (6) months specifying the date of termination;

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<sup>107</sup> General principles of contract law allow that contracts can be terminated based on agreement or after insolvency.

- the Community represented by the CFMB is not required to refund any payments or benefits already received in advance.
  
- d) Either Party can terminate this Agreement if the arbitration procedure fails to result in decision within four (4) months of being initiated, provided the failure of the arbitration process is not manifestly the responsibility of the Party wishing to terminate the Agreement;<sup>108</sup>

Any Party deciding to terminate the Agreement shall inform the FDA through a written detailed communication of the purpose and details for terminating the Agreement.

#### 16.2. Upon termination of the Agreement

- a) any rights of the Parties which may have accrued, and any debts which were due before the end date shall not be affected;
- b) any future rights to the Community Forest for the Company will be relinquished;
- c) the CFMB will have the right to engage other interested party(ies) for commercial activities in the Community Forest.

### 17. FORCE MAJEURE

It is agreed that this Agreement may be suspended in the event of Force Majeure. Upon the cessation of the force majeure event, the performance of this Agreement shall

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<sup>108</sup> This section anticipates the need to have an end point of arbitration while guaranteeing that arbitration procedures are not abused.

resume, and the period of suspension shall be added to the term of this Agreement.<sup>109</sup>

## **18. TAXES**

The Company shall be responsible for paying all taxes, fees and levies related to the commercial timber exploitation activities by the Company on the Community Forest lands covered under this Agreement, including stumpage and land rental fees.<sup>110</sup>

## **19. GOVERNING LAW**

This Agreement is governed by the laws of the Republic of Liberia.

## **20. NOTICES**

Notices shall be sent to the following addresses:

For Company:

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For CFMB:

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## **21. WAIVER:**

The failure of either Party to insist upon a strict performance of any of the terms, covenants and conditions herein, or the waiver by either Party of any breach of any provision of this Agreement, shall not be deemed a waiver of any rights or

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<sup>109</sup> This provision, including the detailed provisions included under Annex A, is based on existing CUCs.

<sup>110</sup> See NFRL Section 14.2(b), CRL Section 6.5 and Chapter 11 of the CRL Regulations.

remedies of either Party and shall not be deemed a waiver of any other breach of any terms, conditions, covenants and provision or any similar or other provision or condition of this Agreement.

## **22. AMENDMENT/MODIFICATION:**

No amendment, modification or variation of this Agreement shall be valid unless evidenced by an agreement in writing duly signed by both Parties, and then only to the extent provided in such mutually signed written agreement.

## **23. SEVERABILITY:**

The invalidity, illegality or unenforceability of any provisions of this Agreement shall not affect the continuation, force and or validity of the remainder of this Agreement.

## **24. INTEGRATION:**

This Agreement, including all Annexes, constitutes all the negotiations, discussions and agreements between the Parties. All other prior oral and written discussions and agreements are superseded by this Agreement.

## **25. BINDING EFFECT:**

This Agreement shall remain binding on the P thereto, their successors-in-business, their heirs, assigns, attorneys-in-fact and/or agents, as though they participated in the negotiation of this Agreement.

## 26. SIGNATURES

26.1. In witness whereof, we the Parties hereto, here unto affix our signatures and seals on this \_\_\_\_\_ day of \_\_\_\_\_ A. D. \_\_\_\_\_. (Adjust signatures according to community's bylaws and constitution)<sup>111</sup>

### For the CFMB

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

### Chairman/Chief officer CFMB

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

### Secretary CFMB

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

### Treasurer CFMB

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<sup>111</sup> The CRL Section 4.2(c) and CRL Regulation Section 4.7(e) provide for the responsibility of the CFMB to negotiate and sign contracts. They exercise this responsibility according to their internal rules, and hence decide those who are to sign their contracts on their behalf. Signatures will be subject to the bylaws and constitutions of the Community and will therefore be adjusted to meet the requirements set forth in the bylaws.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Member of CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Member of CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Chairman Executive Committee**

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**For the Company**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

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Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

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**In the presence of:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name:  
\_\_\_\_\_

Name:  
\_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name:  
\_\_\_\_\_

Name: \_\_\_\_\_

**National Union of the  
Community Forest  
Management Bodies**

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**APPROVED BY FORESTRY DEVELOPMENT AUTHORITY**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Managing Director**

## **ANNEX A: DETAILED TERMS AND CONDITIONS**

### **1. DETAILED TERMS FOR CLAUSE 3: RIGHT TO EXTRACT/SELL LOGS:**

- 1.1. The right to extract and sell logs referred to under clause 3 of the Agreement shall be limited to a surface area mentioned under Section 3.1 of the Agreement, shall be confined to the commercial zones identified within the Community Forest Management Plan and shall be subject to all conditions mentioned in that plan, this Agreement, its annexes and relevant laws and regulations. Timber operations shall in addition be subject to the planning documents referenced in clause 11 of this Agreement.<sup>112</sup>
- 1.2. The right to extract and sell logs does not include the right to extract and sell non-timber forest products. Any off-cuts and waste wood shall be made available to the community for local uses and charcoal production as the community decides.

### **2. DETAILED TERMS FOR CLAUSE 5: PAYMENTS AND PAYMENT TERMS**

- 2.1. As mentioned in clause 5.1 of this Agreement, the company shall pay 55% of the land rental fees for the total contract area directly to the Community and the Company shall remit a copy of the payment receipt to FDA for its records. The remaining 45% of the land rental fee shall be paid to the national government. Payment of land rental fees shall be

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<sup>112</sup> Updated to align with proposed CFMP guidelines. The current proposed CFMP guidelines state that a minimum of 10,000 Ha is required for timber harvesting in community forests under a CUC (proposed CFMP guidelines, Section 4.8.1). The proposed CFMP guidelines also indicate that zoning is required in case of commercial activities (proposed CFMP guidelines, Section 4.1.1.) and that at least 30% of community forest lands need to be set aside for conservation as part of this zoning process (proposed CFMP guidelines, Section 4.1.2.).

made annually in advance. The first payment shall be made after the signing of this Agreement and before the inception meeting, at the latest within 1 month from the date of signing this Agreement. Subsequent payments shall be made before the annual meeting and at the latest on or before the last day of the month in which the Agreement was signed.

- 2.2. The cubic meter fees mentioned in 5.2 of the Agreement shall be paid on a quarterly basis on or before the last Friday of the quarter (before the quarterly meeting). The cubic metre fees will be calculated using the formula included in Annex C and based on tree information forms and the record of production which is co-signed by the Company and the community Forest Guard on a monthly basis (as per clause 10.2 of the Agreement and clause 8.2 of this Annex). All logs harvested for commercial purposes or for use by the Company, and whether or not harvesting was part of forest clearance for road building, shall give rise to corresponding payments of cubic meter fees.
- 2.3. Monitoring and protection payments mentioned in 5.3 of this Agreement shall be made in advance on a quarterly basis on or before the last Friday of the quarter (before quarterly meeting). The first payment shall be made before the inception meeting, at the latest within 1 month of the date of signature of this Agreement.
- 2.4. All payments shall be made by the Company into the account of the Community overseen by the CFMB. The details of this account shall be provided in writing by the CFMB within two weeks as of the signature of this Agreement. Payments in cash are not allowed.
- 2.5. Evidence of payment, that is the deposit slip or information on wire transfer, shall be provided to the CFMB for each payment within seven (7) days of the payment or at the

following inception, quarterly or annual meeting if any of those take place earlier.

- 2.6. The Company shall also provide copies of records based on which the determination of the payment due the Community was made.

### **3. DETAILED TERMS FOR CLAUSE 6: LOCAL EMPLOYMENT AND TRAINING**

- 3.1. To realise and monitor preference for local employment mentioned in 6.1 and equal employment mentioned in 6.2 of the Agreement, hiring shall be done in collaboration with the CFMB. The Company shall inform the CFMB of planned hiring processes three (3) weeks ahead of any hiring taking place. The CFMB shall share employment opportunity information within the Community.
- 3.2. To encourage women to join the workforce, the Company and the CFMB shall raise awareness in the Community about employment opportunities being open to female candidates.
- 3.3. A list of all Community members employed or contracted by the Company which identifies their names, gender, position, number of completed months of service and type of employment contract shall be made available to the CFMB on a quarterly basis on or before the last Friday of the quarter (before quarterly meeting).
- 3.4. Adequate compensation for employees who suffer occupational illness, injuries or disability is defined in Schedule A of Section 30.3 of the Decent Work Act of 2015.
- 3.5. The Company shall not employ community members on short term contracts for periods exceeding three (3) months.

#### **4. DETAILED TERMS FOR CLAUSE 7: ROADS AND COMMUNITY INFRASTRUCTURE**

- 4.1. Road construction and rehabilitation mentioned under 7.1 and 7.2 of the Agreement shall start with primary roads first. Where primary roads are (insufficiently) identified in the Community Forest Management Plan their identification will be included in the Company's 5-year operational plan. Road building shall be subject to quality and other standards applicable under the Code of Forest Harvesting Practices.
- 4.2. The bridges the Company agrees to build under 7.1 of the Agreement or in the 5 year operational plan shall be built in concrete and steel where these bridges are part of primary roads. Bridges shall, in addition, be subject to quality and other standards applicable under the Code of Forest Harvesting Practices.
- 4.3. Where the commercial operations require the construction of additional roads and/or bridges these will be planned for and agreed on as part of the 5 year and annual operational plans. The Company shall allow the Community to use any transport roads constructed and/or maintained by it free of charge. This does however not apply to skidding trails, which are not considered as roads and are not available for use by community members (except for collection of off-cuts and waste wood for firewood and charcoal production). Skidding trails and temporary bridges that do not connect with a town on the other side of the river shall be decommissioned and closed after operations.
- 4.4. The Company obligation included in clause 7.2 to ensure that roads (especially those used by logging trucks) remain in passable condition for other vehicles to be able to pass means that when the condition of the road makes it impossible for a standard vehicle to pass, repairs and

maintenance shall be done within three (3) working days. Any delay beyond three (3) working days shall subsequently be explained by the Company in a letter to the CFMB and can result in damage charges. Planning for road maintenance shall be included in the yearly operational plan.

4.5. If provided for under subsection 7.3 of the Agreement

- the construction of hand pumps shall be done in accordance with the national WATSAN policy;
- the construction of schools shall be done according to Ministry of Education standards and will include the cost of furnishing these schools and the payment of qualified teaching staff for the duration of this Agreement.
- The construction of clinics shall be done according to Ministry of Health standards and will include the cost of furnishing these clinics and the payment of qualified health workers for the duration of this Agreement.

4.6. The Company and Community can agree in the annual operational plan that community infrastructure be paid for by the Company but be built, staffed and maintained by the CFMB.

## **5. DETAILED TERMS FOR CLAUSE 8: SUSTAINABILITY**

5.1. Company responsibility for sustainable management of the Community Forest areas subject to this Agreement as mentioned in clause 8 of the Agreement means that:

- a) Timber operations must at all times be in accordance with the Code of Forest Harvesting Practices, the Guidelines for Forest Management Planning (once approved) and the Community Forest Management

Plan and cannot take place in areas zoned for multiple use (by the Community) or protection;

- b) The Company will practice reduced impact logging and limit harvesting to no more than 20m<sup>3</sup> per hectare.<sup>113</sup> Data included in the tree data forms and production record shall be used to assess when this maximum has been reached;
- c) The Company shall provide for silvicultural measures including the protection of mother trees;
- d) Any logging shall be planned and implemented based on a 25-year rotation cycle. The Company shall limit commercial operations to a total area of no more than 4% of the total area per year;
- e) No trees can be harvested under the minimum diameters included in Annex D to this Agreement;
- f) The Company is responsible for meeting all relevant environmental standards and requirements relating to timber harvesting consistent with the Liberia Code of Forest Harvesting Practices, all FDA rules and all other International Conventions to which Liberia is a party.

5.2. Animals protected by Liberian law as referenced in clause 8.2 of the Agreement shall include animals such as chimpanzees (“baboon”), hippos and crocodiles and any other species of plants or animals included in the National Wildlife Conservation and Protected Area Management Act of 2016. The prohibition of hunting further includes:

- a) the prohibition to use Company vehicles to transport bush meat or Company infrastructure to store or sell bush meat;
- b) the prohibition for all Company employees to carry firearms, ammunition, snares, nets or other hunting equipment;

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<sup>113</sup> Updated to align with proposed CFMP guidelines Section 4.8.3.d)

- c) The prohibition to include bush meat in food provided by the Company to staff and workers.

5.3. The tree nursery mentioned under 8.3 of the Agreement shall produce commercial and indigenous timber species for replanting in degraded areas. The number of trees produced for replanting shall be equal to or more than four times the number of logs harvested on a yearly basis. The species and locations for replanting shall be determined in the annual operational plan. The Company shall be responsible for staffing, maintaining and all other costs related to the tree nursery and replanting.

## **6. DETAILED TERMS FOR CLAUSE 9: REQUIREMENTS BEFORE COMMERCIAL FELLING**

6.1. Where the Company is required to conduct an Environmental Impact Assessment (EIA), this assessment shall be compliant with Section 24 (2) and Section 41 of Regulation 105-07.

## **7. DETAILED TERMS FOR CLAUSE 10: OTHER OBLIGATIONS OF THE PARTIES:**

7.1. The other obligations of the Company included under clause 10 of the Agreement are further detailed as follows:

- a) In execution of its responsibility for complying with Chain of Custody and legality assurance system requirements, the Company shall provide all required data for Liberia's Chain of Custody system ('LiberTrace') to the FDA, with a copy to the CFMB;
- b) The Performance Bond posted by the Company shall be procured from a reputable bank, valid until one hundred and twenty (120) days after the end of this Agreement and shall total the cost of one year of all payments provided for in this Agreement. The failure



of the Company to uphold the payments or comply with its obligations as contained herein will result in the CFMB having grounds to seek indemnification from the bank where the performance bond has been posted;

- c) The Company obligation to take reasonable and proper care in carrying out its activities includes the obligation to take immediate action to cure or remedy any adverse impact its operations have on the Community and/or the environment. This also includes the obligation to use machines with rubber tires whenever possible;
- d) The Company obligation to minimize disruption to subsistence agriculture and cash/food crop production includes a prohibition to harvest palm trees and other types of non-timber trees of economic or cultural importance for any reason including processing, bridge construction or export. If operations affect existing agriculture, the farmer or any CFMB member can inform the Company who will stop operations until additional measures are taken to protect these agricultural activities. Where timber operations will necessarily damage crops or farms the Company shall agree with the farmer on fair compensation before the Company starts working in that area. During these negotiations, the farmer can be supported by the CFMB, NGOs and experts. Where any unexpected damage to food or cash crops occurs, the Company shall compensate the farmer according to the current market value of the crops which have been destroyed. In addition, if the crops which have been destroyed were expected to yield produce on multiple occasions over a longer period of time the compensation to be paid shall be the market value of the expected yield covering the time needed to re-grow those crops;

- e) The Company's obligation to preserve and protect non-timber forest products, water collection points and to respect cultural norms and practices includes a prohibition to conduct logging activities outside of the commercial area covered by this Agreement. It also includes an obligation to preserve and protect non-timber forest products, wildlife, water collection points and cultural norms and practices within the Community Forest, as identified in the Community Forestry Management Plan, the EIA and the annual operational plan. If any member of the Community becomes aware during the operations that any important site is negatively affected, the Community, through the CFMB, can inform the Company who will stop operations until sites to avoid are fully identified and additional measures are taken to ensure protection;
- f) The copy of the record of production shared by the Company at the end of each month shall be co-signed by the Company (e.g. data clerk) and the community Forest Guard and will be handed over to the CFMB. The record of production shall be developed based on the tree data forms and clearly mention the total amount of logs harvested, their average diameter, length, volume in cubic meter, the species, time and place of harvest as well as the Chain of Custody tracking number. The record of production shall serve as the official source to determine the actual volume felled and calculate the cubic meter fee. The Company shall share copies of the tree data forms within one week of receiving a request of the CFMB to do so. The Company hereby also grants permission to the CFMB and NUCFMB to request any production-related data from the FDA, SGS or any other relevant institution;
- g) When the Company provides transportation to the communities during emergency situations the

Company will not be responsible for any damage, injury or any other subsequent events that may occur during the provision of this service. Requests for emergency transport can be made by any community member in distress or any CFMB member. The Company can only refuse emergency transport when it would put their staff or property at risk in a disproportionate way. Should such a refusal occur the Company will subsequently provide explanation in a letter to the CFMB.

## **8. DETAILED TERMS FOR CLAUSE 11: PLANNING, MONITORING AND IMPLEMENTATION**

8.1. As provided in clause 11 of the Agreement the Company shall prepare and submit the first version of the strategic forest management plan ahead of the first annual meeting. A final strategic forest management plan shall be submitted ahead of the fourth annual meeting.

- a) The first and final version of the strategic forest management plan shall be based on the Community Forest Management Plan and shall comply with section 2 of the Guidelines for Strategic Forest Management Planning.
- b) The strategic forest management plan shall cover both the full term of this Agreement and the possible renewal to comply with the 25-year rotation cycle required for sustainable forest management under the Code of Forest Harvesting Practices.
- c) The first strategic forest management plan shall clearly identify:
  - the areas for commercial use covered by this Agreement as part of the description of the managed forest and its environment

- off-limit areas including protection, multiple use and agricultural areas
- the first of five (5) forest compartments for production covering no more than 20% of the total area for commercial activities.

- d) The Company shall allow the community Forest Guard or other persons designated by the CFMB to take part in the multi-resource inventory required for the final strategic forest management plan under 6.3 of Section 2 of the Guidelines for Forest Management Planning.
- e) Copies of the first and final strategic forest management plan shall be submitted to the CFMB thirty (30) days ahead of the first and fourth annual meetings respectively, to allow for inputs from the Community ahead of submission for approval by the FDA.

8.2. As provided in clause 11 of the Agreement the Company shall prepare and submit a first 5-year operational plan ahead of the inception meeting and before any logging can take place. Subsequent 5-year operational plans shall be submitted ahead of the annual meetings that take place every five (5) years of this Agreement. All 5-year operational plans shall be drafted in accordance with the Section 3 of the Guidelines for Forest Management Planning and shall

- a) identify five (5) equal annual coupes not exceeding 4% of the total contract area each;
- b) identify existing and planned main roads including those agreed on in clause 7 of this Agreement

8.3. As provided in clause 11 of the Agreement the Company shall prepare and submit the first annual operational plan ahead of the inception meeting and before any logging can

take place. Subsequent annual operational plans shall be submitted at least one week ahead of every annual meeting.

- a) The annual operational plan shall cover the annual coupe and shall be based on a pre-felling survey conducted by the Company or a surveyor contracted by the Company. The pre-felling survey will be submitted to the FDA and a copy shall be shared with the CFMB. All annual operational plans shall be drafted in accordance with Section 4 of the Guidelines for Forest Management Planning and shall include information on:
- the total number and sizes of harvestable species in the area covered by this Agreement;
  - a planning of work including logging activities, secondary roads and bridges, tree planting and environmental protection
  - number of positions to be recruited and staff employed
  - the identification of non-timber forest products, water collection points and cultural norms and practices, such as sacred sites, medicinal plant sites and animal sanctuaries, cemeteries, shrines, sacred forests, special trees and forest collection areas (e.g. for special medicines) within blocks scheduled for harvesting
  - protection areas in accordance with the Code of Forest Harvesting Practices in the blocks scheduled for harvesting including:
    - o soil protection areas
    - o riparian buffer protection areas
    - o ecosystem protection areas
    - o water supply protection areas
    - o plant and protection areas
    - o protected area buffer protection areas

- local use areas
  - cultural site protection areas
- 8.4. Copies of the abovementioned 5-year and annual operational planning documents shall be submitted to the CFMB ahead of the annual meeting of the year in which they are due, to allow community inputs into the planning documents. After the annual meeting, the Company shall submit the updated plans to the FDA for approval. The Company shall send final copies approved by the FDA to the CFMB and NUCFMB. The plans shall in addition be made available by the CFMB and the Company to any person or organisation on request no later than seven (7) days after the request was made. The requesting Party can be asked to cover reasonable costs for reproduction.
- 8.5. If the CFMB and the Company fail to agree on any of the planning documents either Party can initiate the dispute resolution mechanism referenced in clause 15 of the Agreement
- 8.6. The Company shall at all times guarantee access to any area of timber operations to the community Forest Guards. The Company shall provide any documents or information requested by the Forest Guard or CFMB in performing their responsibilities.
- 8.7. As provided under 11.3 of the Agreement the Company will convene and finance an inception meeting between the Company, the CFMB, the Community Executive Committee and the Community Assembly no later than one (1) month after the signature of this Agreement. The FDA and the NUCFMB shall attend this inception meeting and external persons and organisations will be allowed to attend as observers.

8.8. As provided in 11.4 of the Agreement, the Company shall convene and finance quarterly and annual meetings to discuss progress of the implementation of the Agreement. The FDA and the NUCFMB shall attend and external persons and organisations will be allowed to attend as observers.

- Quarterly meetings will be held between the Company, the CFMB and Community Executive Committee on the last Friday of each quarter except for those quarters in which an annual meeting is scheduled.
- Annual meetings will be held between the Company, the CFMB, the Community Executive Committee and the Community Assembly no later than the date of the anniversary of the signature of this Agreement.

8.9. Meeting costs are understood to include costs for transportation and food for Community and Company representatives and where needed the costs of attendance for representatives from local authorities and the FDA.

8.10. The Company shall provide the following documents at each of the meetings:

a) Inception meeting:

- Proof of transfer of first payment of land rental fees as provided in 5.1 of the Agreement;
- Proof of transfer of first payment for monitoring and protection as provided in 5.3 of the Agreement;
- The first 5-year operational plan
- The first annual operational plan

b) Quarterly meetings

- Proof of transfer of cubic meter fees as provided in 5.2 of the Agreement;
- Proof of transfer of monitoring and protection payments as provided in 5.3 of the Agreement;
- An up-to-date list signed by the Company of all Community members employed or contracted by the Company as provided in clause 3.3 of this annex;
- Progress reports on road building and infrastructure

c) Annual meetings

- Proof of transfer of land rental fees as provided in 5.1 of the Agreement;
- Proof of payments of cubic meter fees and monitoring and protection payments as provided in 5.2 and 5.3 of the Agreement;
- Proof of transfer of the two semesters' human resource development and training payments as provided in 5.4 of the Agreement;
- An up-to-date list signed by the Company of all Community members employed or contracted by the Company as provided in clause 3.3 of this Annex;
- Progress reports on establishment and operation of tree nursery and replanting;
- Progress reports on road building and infrastructure;
- Where applicable, the 5-year operational plan;
- The annual operational plan

8.11. Where needed, the Executive Committee upon instruction of the Community Assembly shall report any changes regarding CFMB membership. The CFMB shall report observations of the community Forest Guards on any violations of forest rules, including pit-sawing activities and



concerns related to infrastructure works during the quarterly and annual meetings.

- 8.12. After each meeting the CFMB shall draft a meeting report which shall be shared with the Company, the Community Executive Committee, the FDA and the NUCFMB.
- 8.13. All of the abovementioned meeting documents shall be made available to the any other person or organisation on request no later than 7 days after the request was made.
- 8.14. As part of the annual meetings, Parties to this Agreement shall review performance and compliance. Where the CFMB or Company raise issues of non-performance or non-compliance with this Agreement, this will be reflected in the meeting report. Unless agreed differently, the non-performing and/or non-compliant Party will be given fourteen (14) days to rectify the situation. Where the non-performance or non-compliance is not rectified within this period, operations under this Agreement will be suspended and either Party can initiate the dispute resolution mechanism referenced in clause 15 of the Agreement.

## **9. DETAILED TERMS FOR CLAUSE 12: ASSIGNMENT AND TRANSFER OF CONTRACT**

- 9.1. As provided in clause 12 of the Agreement the Company shall not subcontract timber harvesting operations nor substantial parts of its rights and obligations to any subcontractors or its affiliate company. This means that the Company will at all times remain entirely responsible for the full, timely and correct implementation of this Agreement.
- 9.2. The Company is allowed to subcontract only specific parts of its obligations related to the pre-felling survey or related to building community infrastructure (like building of hand pumps, clinics, schools etc.). Any such subcontracting for

the building of community infrastructure is subject to the prior written consent of the CFMB and will not reduce the Company's responsibility for the full implementation of this Agreement. Nevertheless, the community should not unreasonably withhold consent. The Company will be liable for any breach of contract, delay or damage caused by its subcontractor.

- 9.3. The authorisation of the CFMB to transfer this Agreement to a new agreement with a new company shall be in accordance with its constitution and by-laws, and after having duly consulted and been granted authorization by the Community Assembly and Executive Committee of the Community. If the Company transfers its rights under this Agreement to a another Company, this new Company will sign a new Commercial Use Contract with the CFMB in which all rights and duties are transferred as a whole.

## **10. DETAILED TERMS FOR CLAUSE 14: DAMAGES**

10.1. Delays in implementing the Agreement are agreed to correspond to the following damages:

- a) Delays in the start of timber operations exceeding six (6) months are agreed to correspond to damages of US \$1,000 per additional week of delay.
- b) Delay in transferring any of the payments mentioned in clause 5 of the Agreement is agreed to correspond in damages of six percent (6%) of the amount owed on a monthly basis;
- c) Delay in road or bridge building mentioned in clause 7.1 is agreed to correspond to damages of US \$500 per week of delay beyond the agreed completion date;
- d) Delay in completing community infrastructure mentioned in clause 7.3 is agreed to correspond to

damages of US \$300 per week of delay beyond the agreed completion date;

- e) Delay in compensating damage to subsistence, food or cash crops is agreed to correspond to damages of US \$300 per ten (10) days of delay in paying compensation (counting starts from day operations start/continue after damage has been caused) to be paid directly to the affected farmer.

10.2. Damage caused by continued timber harvesting in spite of timber operations having been suspended are agreed to correspond to US \$1000 per day.

10.3. Where insufficient documentation is available to determine the exact volume of timber harvested in order to calculate the amount of cubic meter fees to be paid by the Company, it is presumed that the Company has harvested 30m<sup>3</sup> per hectare. The number of hectares shall be presumed to be a part of the annual coupe proportionate to the time for which cubic meter fees are claimed.

10.4. Liability for damages assumed by the Company under clause 14.2 of the Agreement shall include liability for environmental, property and any other types of damage as well as criminal and civil liability for any other violations of law.

## **11. DETAILED TERMS FOR CLAUSE 15: ENFORCEMENT OF RULES AND DISPUTE RESOLUTION**

11.1. The Community, through its Community Assembly, shall ensure the necessary By-laws are in place to define the authority of the community Forest Guards, including their authority to instruct any person, including Company staff or contractors, to stop any activities that are prohibited or contrary to the Community Forest Management Plan or

forest rules.<sup>114</sup> Similarly, the Company shall ensure that the authority of the community Forest Guards is recognized in its internal rules and policies and is known by all relevant staff and contractors. Prohibited activities shall include pit sawing, illegal hunting, pollution of waterways or land, endangering or damaging forest resources, farming inside the commercial zone, environmental damage, timber harvesting below the minimum diameter.

11.2. In case the Company, community Forest Guards or any other community member detect any of the violations mentioned under 11.1 above, these shall be reported to the CFMB and the Company.<sup>115</sup> Upon receiving such reports, the CFMB shall send the community Forest Guard to instruct the person(s) accused of the violations to stop.<sup>116</sup> The CFMB shall inform local authorities, the nearest office of the FDA and the NUCFMB of the reported violations.<sup>117</sup>

- a) Where any of the violations mentioned under 11.1 above were committed by the Company, its employees or its contractors, the Company shall conduct an internal investigation to resolve the matter amicably first. Where the violations were committed by community members, the CFMB shall conduct an internal investigation to resolve the matter amicably first. In absence of a resolution within two (2) weeks of the CFMB and Company being informed, either Party can decide to initiate the dispute resolution procedure of this Agreement or request for the case to be transferred to local authorities and the FDA. The CFMB and the Company will share any useful information and

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<sup>114</sup> CRL Section 4.1 j) and CRL regulation Section 3.11

<sup>115</sup> CRL Section 7.1

<sup>116</sup> CRL Regulation Section 4.7(f)

<sup>117</sup> CRL Section 7.1 and CRL Regulation Section 4.7

provide support to any interventions by the local authorities and/or the FDA.

- b) Where any violations mentioned under 11.1 were committed by persons or companies not under the control of the CFMB or the Company, either Party may transfer the case to local authorities and the FDA to take forward. The Community Forestry Working Group shall also be notified by the CFMB, which may provide support and/or intervention. The CFMB and the Company will share any useful information and provide support to any interventions by the local authorities and or the FDA.
- c) Where there are reasonable beliefs, presumptions and/or allegations that a member of the CFMB is engaged in any of the violations mentioned under 11.1 above, the community Executive Committee, with the technical support of the FDA, shall conduct an investigation and prepare a comprehensive report.<sup>118</sup> This report shall clearly identify actions to be taken by the CFMB to rectify any problems identified.<sup>119</sup> If not resolved within ninety (90) days of the Executive Committee being informed, the Executive Committee shall ask the FDA to take over the management of the community forest.
- d) Where a violation or the breach of contract is so serious that it results in a breach of trust, either Party can suspend this Agreement with immediate effect by sending a written notice of suspension and initiating the arbitration procedure of this Agreement.

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<sup>118</sup> CRL section 7.2 and CRL Regulation Section 4.7.

<sup>119</sup> CRL section 7.3 and CRL Regulation section 6.3.

Serious violations and breaches of contract are the following:<sup>120</sup>

- Violent or abusive behaviour towards Community members/Company employees, whether or not this has resulted in injury
- Sexual misconduct by Company staff, including any sexual act or relationship with under-aged or vulnerable members of the Community
- Serious damage to Community/Company property or equipment
- Serious damage to agricultural land or crops, unauthorized hunting and environmental damage or pollution
- Cutting significant numbers of trees below minimum diameter
- Under-declaring harvested timber volumes
- Harvesting significant numbers of trees outside the contract area
- Theft, bribing or any other serious crime

A serious breach shall be deemed to have occurred where any of breaches mentioned above has occurred more than twice, or the person culpable for such breach is a senior management employee of the Company/ member of the CFMB, or that the Company/Community have failed to take punitive action(s) within thirty (30) days from the date the complaint was registered.

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<sup>120</sup> In previous drafts these serious violations were included as grounds for immediate termination of the Agreement. Based on FDA inputs they have now been included as a ground for suspension and initiation of arbitration.

11.3. The Parties to this Agreement commit to trying to resolve any dispute through direct consultations and negotiations first:

- a) In case of any disagreement, dispute or failure to comply with any provision in the Agreement, a Party shall request a meeting between the Company and the CFMB to take place within two (2) weeks of the request, to discuss and seek resolution of the disagreement or non-compliance. The FDA, local authorities and NUCFMB will be invited to attend this meeting as informal mediators, with the aim of assisting the Parties to the dispute to achieve amicable resolution. The Company shall reimburse the transportation and food costs of this meeting no later than two (2) weeks after receiving the request for reimbursement from the CFMB. If Parties resolve the issue during this meeting the resolution will be written and signed by the CFMB and the Company at the end of this meeting.
- b) If no resolution is found during the meeting provided for in Clause (a) above, each Party shall prepare a written memorandum or statement of (i) its grievances and (ii) its proposed solution(s) to the disagreement/dispute. Each Party shall send this memorandum to the NUCFMB no later than 10 calendar days after the meeting.
- c) The NUCFMB shall review the memoranda, consult with Community representatives, the FDA, the Company and thereupon share a written proposed solution with the FDA who will be given seven (7) days to provide inputs and suggestions. After having taken into account the suggestions and inputs from the FDA or after the seven (7) day timeframe has lapsed, the NUCFMB shall circulate the written proposed solution to the Company, FDA and CFMB. The Company and the CFMB shall confirm within

seven (7) days whether they agree with the proposed solution. The costs associated with the consultations by the NUCFMB shall be covered by the NUCFMB.

- d) If either Party does not implement the agreement reached at the meeting or does not agree or implement the solution proposed formally in writing by the NUCFMB, logging operations under this Agreement shall be suspended and either Party can submit the case to arbitration.<sup>121</sup>

11.4. The Parties agree to submit disputes arising out of this Agreement which cannot be solved amicably to arbitration:

- a) A Party requesting arbitration shall give notice to the other Party in writing, setting out the material particulars of the dispute, annexing any relevant documentation and requesting arbitration. The other Party shall reply to the request for arbitration within ten (10) days of receipt and respond to the material particulars alleged in the requesting Party's notice.
- b) Each Party shall appoint one Arbitrator no later than ten (10) calendar days after the notice. The Managing Director of the FDA or his/her designated representative shall be the Chairperson of the panel. Arbitrators are not expected to represent the Party that has appointed them, rather they shall be neutral and apply the provisions of this Agreement and the relevant laws when assessing the issues presented to them.
- c) The arbitral panel shall review the documents submitted to them and shall hear both Parties. The arbitral panel can request that either Party provide additional information, can hear witnesses, experts

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<sup>121</sup> Experience has shown that a particular point of contention was to be able to determine at which point the operations of the company should stop in case of disagreement or conflict. This provision aims to clarify said point of contention while providing for a way forward.



and any other resource person deemed useful. The arbitral panel shall decide by majority of at least two of the arbitrators. Decisions of the arbitral panel shall be in writing, signed and shall provide explanation for decision reached. The decision shall be binding and enforceable.

- d) Decisions by the arbitral panel shall be reached within two (2) months of the date of the written notice initiating the arbitration process, unless the arbitral panel decides to prolong this delay, such decision to extend the delay shall be taken by consensus;
- e) Each Party shall be responsible for and shall pay the fees and expenses of its appointed / designated arbitrator. Where needed, the fees and expenses of the third arbitrator shall be shared on an equal basis by the Parties. The costs and expenses of the proceedings itself shall be paid as directed in the decision of the arbitral panel.

11.5. Any party can appeal the decision of the arbitral panel in the appropriate court.

11.6. The above-mentioned procedures for dispute resolution do not cover any criminal conduct or actions of violence as Liberian law does not permit their compromise or resolution by private persons. Therefore, where the dispute between Parties is of a criminal nature the case will be submitted to the relevant government law enforcement agency.

## **12. DETAILED TERMS FOR CLAUSE 16: TERMINATION**

12.1. Upon termination of the Agreement

- f) any rights of the Parties which may have accrued before the end date shall not be affected
- g) any future rights to the Community Forest for the Company will be relinquished

- h) the CFMB will have the right to engage other interested Party(ies) for the harvest of the Community Forest.

12.2. Upon termination by either Party, any rights of the Parties which may have accrued before the end date shall not be affected and each Party shall have the right to seek enforcement of or compensation for their rights. The Parties agree that termination of this Agreement shall not affect any rights that may have accrued to the Parties and which is not in dispute prior to the termination and a Party to whom any right had accrued prior to termination may seek specific performance of the obligations or other legal remedies in the appropriate court of Liberia.

12.3. Should the Company be the Defaulting Party, and the Agreement is terminated because the Company fails to cure the defect, the Company relinquishes any right to the Community Forest, and authorizes the Community to proceed and engage other interested Party(ies) for the harvest of the Community Forest.

### **13. DETAILED TERMS FOR CLAUSE 17: FORCE MAJEURE:**

It is agreed that this Agreement may be suspended in the event of Force Majeure or supervening impossibility, either due to acts of God such as flood, fire from lightening or other natural causes, earthquake, volcano, landslide, epidemic such as Ebola Virus Disease, and any such natural cause, or acts of man such as military coup, armed civil conflict affecting the operational area, nationwide workers strike, terrorist war, or war between Liberia and another state, which makes it practically impossible to perform the obligations of this Agreement. However, the Company shall make payment for the logs already harvested and intentionally abandoned. Upon

the cessation of the force majeure event, the performance of this Agreement shall resume, and the period of suspension shall be added to the remaining period of the Agreement.

#### **14.DETAILED TERMS FOR CLAUSE 21: WAIVER:**

The failure of either Party to insist upon a strict performance of any of the terms, covenants and conditions herein, or the waiver by either Party of any breach of any provision of this Agreement, shall not be deemed a waiver of any rights or remedies of either Party and shall not be deemed a waiver of any other breach of any terms, conditions, covenants and provision or any similar or other provision or condition of this Agreement.

**ANNEX B: CUC CONTRACT AREA MAP**

Map of contract area to be included here.

**ANNEX C: CALCULATION FORMULA M<sup>3</sup>/LOG**

Included below is the formula that will be used to calculate the amount of cubic meters for each log harvested in accordance with clause 5.2 of the Agreement and the detailed terms to that clause included in annex A .

$$V = \frac{D^2 \times L \times \pi}{4}$$

V = volume expressed in m<sup>3</sup>

D = Average diameter calculated by taking two measurements of diameter at each of the ends of the log. The sum of those four measurements is divided by four to calculate the average diameter.

L = The length is the shortest distance between the two ends of the log, measured without passing over any defects in the log that could influence the total distance

	55.0	56.0	57.0	58.0	59.0	60.0	61.0	62.0	63.0	64.0	65.0
1.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
1.6	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5
1.7	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6
1.8	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
1.9	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
2.0	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7
2.1	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
2.2	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
2.3	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8
2.4	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8
2.5	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
2.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9
2.7	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9
2.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9
2.9	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0
3.0	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0
3.1	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0
3.2	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1
3.3	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1
3.4	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1
3.5	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2
3.6	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2
3.7	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2
3.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3
3.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
4.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3
4.1	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3	1.4
4.2	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4
4.3	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3	1.3	1.4	1.4
4.4	1.0	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.5
4.5	1.1	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5
4.6	1.1	1.1	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.5
4.7	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6
4.8	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6
4.9	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6
5.0	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7

## ANNEX D: DBH cutting limits

Included below is the Diameter at Breast Height (DBH) cutting limits applicable to timber harvesting operations in the community forest areas subject to this Agreement

DIAMETER AT BREAST HEIGHT CUTTING LIMITS			
Species (Trade Name)	Minimum Diameter Limit (cm)	Species (Trade Name)	Minimum Diameter Limit (cm)
Afzelia spp. (Doussie, Apa)	70	Alstonia boonei (Emien)	70
Aningeria robusta (Aningerie)	80	Antiaris africana (Ako)	60
Chlorophora excelsa (Iroko, Odoum)	80	Bombax spp. (Kapokier)	70
Entandrophragma angolense (Tiama, Edinam)	90	Brachystegia leonensis (Naga)	90
Entandrophragma candollei (Kosipo)	90	Canarium schweinfurthii (Aiele)	80
Entandrophragma cylindricum (Sapeli)	90	Ceiba pentandra (Fromager)	90
Entandrophragma utile (Utile, Sipo)	100	Daniellia spp. (Fara)	70
Guarea cedrata (Bosse)	80	Didelotia spp. (Broutou, Zing, Bondu)	60
Guibourtia ehie (Amazakoue)	60	Distemonanthus benthamianus (Movingui)	80
Khaya spp. (Khaya, Acajou)	70	Erythrophleum spp. (Tali, Sassawood)	80
Lovoa trichilioides (Lovoa, Dibetou)	70	Gilbertiodendron spp. (Limbali)	60
Mansonia altissima (Bete)	60	Lophira alata (Azobe, Ekki)	80
Mitragyna ciliata (Abura, Bahia)	80	Mammea africana (Oboto, Kaikumba)	60
Nesogordonia papaverifera (Kotibe)	60	Nauclea diderrichii. (Kusia, Bilinga)	80
<i>Pycnanthus angolensis (Ilomba)</i>	70	Piptadeniastrum africanum (Dahoma, Mbeli)	80
Tarrietia utilis (Niangon)	60	Pterygota macrocarpa (Koto, Ake)	60
Terminalia ivorensis (Framire)	70	Sacoglottis gabonensis (Ozouga, Akouapo)	70
Terminalia superba (Limba, frase, Afara)	70	For all other species, not listed above	60
Tetraberlinia tubmaniana (Sikon)	60		
Tieghemella heckelii (Makore, Douka)	100		
Triplochiton scleroxylon (Wawa, Samba, Obeche)	90		
Turreanthus africanus (Avodire)	80		

Where the FDA fixes stricter DBH cutting limits, those will apply instead of the limits referenced in this table.

## PART 6: SMALL-SCALE CUC TEMPLATE

### REPUBLIC OF LIBERIA

\_\_\_\_\_ COUNTY

### TEMPLATE FOR SMALL SCALE COMMERCIAL USE CONTRACT<sup>122</sup>

This Small-Scale Commercial Use Contract (the “Contract”) is made and entered into by and between:

- 1) The People of \_\_\_\_\_, \_\_\_\_\_ Clan, \_\_\_\_\_ Statutory District(s), \_\_\_\_\_ County (herein referred to as the “Community”), represented by its Community Forest Management Body (herein referred to as the “CFMB”) by and through \_\_\_\_\_(Names/Position);

AND

- 2) \_\_\_\_\_, a third party (legal person or natural person) (herein referred to as the “Logger”) duly registered and operating under the laws of the Republic of Liberia, whose principal place of business is \_\_\_\_\_, \_\_\_\_\_ County, Republic of Liberia, represented by its \_\_\_\_\_(position) \_\_\_\_\_(Name)

### WITNESSETH

\_\_\_\_\_

<sup>122</sup> This template is for a Small-scale Commercial Use Contract (CUC). CUCs are contracts between a third party (that may be an individual or company) and the community for commercial activities on community forest land as defined by the Community Rights Law of 2009, Section 6.1.

**WHEREAS:****1. CONTEXT**

- 1.1. The people of \_\_\_\_\_ (fill in names of locations) are the owners of \_\_\_\_\_ Community Forest (the “Community Forest”) and have concluded a Community Forest Management Agreement (“CFMA”) with the Forest Development Authority (“FDA”) which, along with applicable Liberian law, grants the Community the right to access, manage, use and benefit from that Community Forest<sup>123</sup> in \_\_\_\_\_, Clan \_\_\_\_\_, Statutory District \_\_\_\_\_, County;
- 1.2. The CFMA concluded by and existing between the Community and FDA (i) recognizes the CFMB of the Community as the authorized body of the Community for managing the subject Community Forestry and fulfilling the Community’s obligations under the CFMA; and (ii) also obliges the CFMB to ensure sustainable management and use of Community Forest resources in line with the Forestry Laws in order to meet the needs of the present members of the Community without compromising the ability of future generations to meet their own needs;
- 1.3. The CFMB, as the body authorized to negotiate and sign CUCs on behalf of the Community<sup>124</sup>, duly selected the

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<sup>123</sup> Section 3.1(a) of the Community Rights Law, 2009 provides rights to community to access, manage, use and benefit from community forest. However, a CUC can only be negotiated after the CFMA is concluded (see CRL Regulation, Appendix steps 9-11).

<sup>124</sup> The Community Rights Law, 2009, particularly Section 4.2 (c) thereof, authorizes the CFMB to negotiate terms for commercial forest resource use.



Logger for the award of a SS-CUC in accordance with the Community's constitution and by-laws;

- 1.4. Having duly consulted and been granted authorization by the Community Assembly and Executive Committee of the Community, the CFMB is willing to enter into a Commercial Use Contract with the Logger with the aim of achieving local economic benefits, development and employment for members of the Community;<sup>125</sup>
- 1.5. The Logger has affirmed to the CFMB through documentation and other communications that it is able, qualified, authorized and/or permitted to engage in forestry operations and chainsaw milling, and is compliant, and shall remain compliant, with all requirements and conditions precedent for engaging in logging and/or chainsaw milling activities in keeping with section 5.2 of the National Forestry Reform Law of 2006 ("NFRL") and Sections 5(f) and 9 of the Regulation on Chainsaw Milling in Liberia (the "CSM Regulation")<sup>126</sup> and other applicable laws;

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<sup>125</sup> Also see Section 5.1 of the proposed Guidelines for Community Forest Management Planning (May 2019 version – "proposed CFMP guidelines") for further details of the process for negotiating and signing CUCs. **Note that we have used proposed CFMP guideline throughout this template given that there is still uncertainty as to FDA approval of this guideline.**

<sup>126</sup> Qualifications and conditions for persons seeking to conduct commercial forest operations are included in the National Forestry Reform Law, 2006 Section 5.2. The proposed CFMP guidelines, Section 5.1 (d) in addition, provides that criteria for pre-qualification under Regulation 103-07 must be met by any third party invited to negotiate a CUC. Sections 4 and 9 of the CSM Regulation set out the eligibility requirements to hold a chainsaw milling permit. Specifically, Section 9 states the documents that the eligible third party must provide when applying for a Chainsaw Milling Permit. This includes an annual operational plan, a copy of

1.6. Following mutual negotiations and based on other specific representations made by the Logger, the CFMB has agreed to enter into this Contract with the Logger in accordance with the terms and conditions as set forth below and subject to the review and approval of the FDA<sup>127</sup>.

**NOW THEREFORE**, in consideration of the covenants, conditions and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby covenant, contract and agree as follows:

## **2. INTERPRETATION**

2.1 This Contract shall be interpreted in line with, and in order to comply with, the applicable provisions of the following laws in the order listed:

- a. The Land Rights Act of 2018 (LRA);
- b. The National Forestry Reform Law of 2006 (NFRL);
- c. The Community Rights Law of 2009 (CRL); and
- d. The Chainsaw Milling Regulation of 2022 (CSM Regulation).

2.2 The interpretation of this Contract, including determination of any inconsistency with applicable laws shall be based on the

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the small-scale CUC Contract, proof of Liberian ownership of the business and a written undertaking, among others.

<sup>127</sup> Section 10.5 of the CRL Regulations requires FDA approval before a CUC is signed between the community and a third party.

manifest intent and spirit of each provision and law, and not on solely the letter or literal language of the Contract or law.

- 2.3 Where an amendment of any of the above-listed governing law fixes, establishes or imposes additional or stricter conditions, those additional, stricter conditions will apply in addition to or instead of any provision in this Contract and where such additional, stricter condition would require amending the Contract in order to be legally compliant, such amendment shall be mutually agreed, failing which this Contract shall be terminated at the instance of either party.

### **3. RIGHT TO EXTRACT/HARVEST LOGS:**

- 3.1 That in consideration of the payments, benefits and other stipulations and covenants hereinafter to be paid, performed and kept by the Logger, the Community hereby grants the Logger the right to enter the Community Forest as described herein above to harvest, extract, and sell timber products from merchantable species of trees in the Contract Area stipulated in clause 3.3<sup>128</sup> and subject to the maximum hectares of Contract Area also prescribed in Subsection (3.2).

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<sup>128</sup> Section 3(a) of the CSM Regulation provides that applications for a Chainsaw Milling Permit are assessed and evaluated based on the number of trees the Permit authorizes to be milled or processed, rather than the land area where the trees are located. Identifying the area where chainsaw milling operations occur is important so that both parties know where it will take place, however this will not entitle the third party to take all of the trees in that area. The community must define in this contract how many trees - and if possible for the sake of clarity, which ones - can be harvested under this agreement.

- 3.2 The Logger's right to harvest and extract timber from the Community Forest shall be in and limited to the following geographical area ("Contract Area"):
- 3.3 The area commencing from\_\_\_\_\_ and ending and extending to\_\_\_, which is fully marked the following GPS coordinates, and measuring \_\_\_\_\_ha (fill in size of area to be covered by this Contract ensuring that the area is not more than 5,000 ha).
- 3.4 The right to extract and sell logs does not include the right to extract and sell non-timber forest products. Any off-cuts and waste wood shall be made available to the community for local uses and charcoal production as the community decides.
- 3.5 The Parties agree and specifically undertake to comply with the requirements of law providing that a Small-scale Commercial Use Contract for logging may cover up to 5,000 ha<sup>129</sup>.
- 3.6 A map depicting the metes and bounds of the Contract Area of Community Forest set aside for commercial timber harvesting under this Contract is incorporated at Annex B to form a part of this Contract (where applicable).

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<sup>129</sup> The CRL Regulations, As Amended restricts SS-CUC to maximum 5,000 and less (Section 10.2, Regulation on Community Rights Law, 2017). Please note that section 10.2 also provides that only one single contiguous area may be designated for small scale commercial activities in any one Authorized Forest Community. Section 6(d) of the CSM Regulation also provides that Chainsaw Milling Permits may only cover trees located within an area of 5,000ha.

- 3.7 The rights conferred to the Logger in this Clause 3 shall be exercisable by the logger desiring to engage in chainsaw milling activities only if the Logger holds a valid Chainsaw Milling Permit issued by the FDA covering specified number of merchantable species of trees within the Contract Area. Where the Logger's Chainsaw Milling Permit expires or is terminated during the Contract Term, the rights in this Clause 3 will be suspended until a valid Chainsaw Milling Permit covering specified number of merchantable species of trees within the Contract Area is issued or reissued to the Logger.

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#### 4. CONTRACT TERM

- 4.1 The Term of this Contract ("Contract Term"), that is the period within which the Logger shall have the right to enter into, harvest, extract and sell logs from the Community Forest, shall be for year(s), commencing from the \_\_\_ day of \_\_\_\_\_, A.D., \_\_\_\_\_, up to and including the \_\_\_\_\_ day of \_\_\_\_\_, A.D., \_\_\_\_\_.
- 4.2 Notwithstanding Clause 4.1 above, chainsaw milling activities shall only be conducted by a Logger during:
- a) the period within which the Logger holds a valid Chainsaw Milling Permit covering specified number of merchantable species of trees within the Contract Area and which

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<sup>130</sup> It is important to note that chainsaw milling activities can only be commenced by the Logger once they hold a Chainsaw Milling Permit. It is not enough for a SS-CUC to be signed – a Chainsaw Milling Permit must be granted by the FDA covering the same area specified in this SS-CUC in order for the Logger to be allowed to carry out chainsaw milling operations. If a Chainsaw Milling Permit expires, this right to harvest logs will be suspended until the Logger holds a new, valid Chainsaw Milling Permit.

- permits the Logger to enter into the Community Forest and engage in chainsaw milling; and
- b) within the term of this Agreement.

In no event may chainsaw milling activities be carried out by a Logger upon (i) expiration of this Agreement, or (ii) expiration of the Chainsaw Milling Permit, whichever first occurs.<sup>131</sup> Where the chainsaw milling activity is suspended upon the expiration of the Chainsaw Milling Permit as provided in Clause 3.6 above, such suspension shall not affect the Contract Term.

- 4.3 It is mutually agreed that this Contract shall be subject to periodic review by the Parties hereto (i) during the life of the contract, or (ii) prior to renewal of the Logger's Chainsaw Milling Permit, whichever first occurs. In the event where this Contract has a duration of more than one year, reviews shall be scheduled held annually. For contracts having a duration of one year, reviews shall be scheduled every six months.
- 4.4 As part of the review process, the Parties can renegotiate the terms of this Contract. If no renegotiated Contract is reached, operations under this Contract shall be suspended and either Party can initiate the dispute resolution mechanism referenced in Clause 13 of the Contract.
- 4.5 In the year preceding the expiration of the Contract Term granted in Clause 4.1 above, and after a review of the implementation of this Contract, the Parties may renew this

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<sup>131</sup> Section 5 (d) of the CSM Regulation provides that a CSM Permit shall be issued for a renewable period of one year.

Contract upon agreed terms and conditions, for an additional period to be determined by the Parties.

- 4.6 If no renewal is negotiated before the end of this Contract, operations will stop at the latest on the last day of the Contract Term or as otherwise required under the CSM Term.

## 5. LAND RENTAL AND OTHER CONSIDERATIONS; PAYMENT TERMS

- 5.1 **Land Rental fees:** The Logger shall pay and has accepted to pay land rental fees in the amount of USD \$1.25/ha of the Contract Area, payable annually in advance and in keeping with the procedures set forth herein below.
- 5.2 **Payment of Land Rental Fee:** **55%** of the land rental fee stipulated herein shall be paid by the Logger directly to the Community through the CFMB while the remaining 45% of the total land rental fee owed under this Contract shall be paid to the Government of Liberia. <sup>132</sup>
- 5.3 **Stumpage fees:** In addition to Land Rental Fee, the Logger shall pay Stumpage Fees to the Community, based on the amount of cubic meter per log harvested, which shall be determined using formula provided by the FDA as reflected in the tree data forms and the production record.
- 5.4 **Payment of Stumpage Fees:** The Logger shall, on a [quarterly] basis, pay stumpage fee representing 30% of the total amount as determined consistent with Clause 5.3,

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<sup>132</sup> Section 20(b) of the CSM Regulation requires the Logger to pay 55% of land rental fees directly to the Community and 45% to the Government. This is also contained in Section 11.2 of the CRL Regulation.

regardless of whether or not the logs are subsequently transported and sold.

- 5.5 Monitoring and protection payments:** The Logger will transfer USD \$ \_\_\_\_\_ per quarter to the Community to enable the employment of Community Forest Guards in support of the implementation of this Contract. The CFMB shall be responsible for the recruitment and employment of these Community Forest Guards.<sup>133</sup>
- 5.6 Human resource training and development:** The Logger agrees to transfer USD \$ \_\_\_\_\_ to support education of school and college students from the Community on an annual basis on \_\_\_\_\_ day of \_\_\_\_\_ (month).<sup>134</sup>

## **6. LOCAL EMPLOYMENT AND TRAINING**

- 6.1** The Logger agrees to give first preference for employment in skilled and unskilled job opportunities to residents of the Community.<sup>135</sup>

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<sup>133</sup> Proposed CFMP guidelines (version from May 13, 2019) Annex 1, 4.3. provide for community forest guards. Similarly, the employment of a community monitoring and liaison officer proved to be best practice for the CFDC in Lofa County.

<sup>134</sup>. Payments for human resources development and scholarships have been a recurring provision in past CUCs and Social Agreements. Therefore, this provision has been included to clarify the quantity and terms of payment. The exact dates for payment will be decided during the negotiation of the CUC.

<sup>135</sup>. Local employment usually is a key ask of communities and the lack thereof often a source of frustration and even conflict. Therefore, this provision aims to clarify these expectations as well as the duties of both parties to the contract. Similar obligations exist for forest management contracts and timber sales contracts (FDA regulation 104-07, Section 75 d)).

<sup>136</sup>. This provision is linked to section 6.1 of the agreement.



- 6.2 The Logger shall afford equal opportunities for employment to women.
- 6.3 The Logger shall respect the rights of its employees consistent with the Decent Work Act (2015) and other labour laws of Liberia, especially in relation to minimum wage, workers' health and safety and paid leave.
- 6.4 The Logger shall respect the health and safety requirements included in the Code of Harvesting Practices.
- 6.5 The Logger agrees to provide, on a continuing basis, adequate training in order to qualify members of the Community for skilled, technical, administrative and managerial positions.<sup>136</sup>

## 7. COMMUNITY INFRASTRUCTURE/BENEFITS<sup>137</sup>

- 7.1 The Logger agrees to build the following community infrastructure:<sup>138</sup>

	<b>Location:</b>	<b>Starting date*:</b>	<b>Completion date*:</b>	<b>Estimated total cost</b>
<b>Hand pumps</b>				
1	Hand pump in _____			USD \$_____

<sup>137</sup> Depending on the size/tenure and activities covered by this CUC, the provision for infrastructure may be demanding. Therefore, we have included an option to secure benefits (fiscal) instead of the infrastructure.

<sup>138</sup> Similar as for section 8.1 of the contract, community infrastructure is a key part of CUC

	<b>Location:</b>	<b>Starting date*:</b>	<b>Completion date*:</b>	<b>Estimated total cost</b>
2	Hand pump in _____			USD \$____
3	Hand pump in _____			USD \$____
<i>Add lines if necessary</i>				
<b>Latrines</b>				
1	Latrine in _____			USD \$____
2	Latrine in _____			USD \$____
3	Latrine in _____			USD \$____
<i>Add lines if necessary</i>				
<b>Schools</b>				
1	School in _____			USD \$____
<i>Add lines if necessary</i>				
<b>Clinic</b>				
1	Clinic in _____			USD \$____

	<b>Location:</b>	<b>Starting date*:</b>	<b>Completion date*:</b>	<b>Estimated total cost</b>
	<i>Add lines if necessary</i>			
<i>[Add other types of infrastructure if necessary]</i>				

- 7.2 The Community shall provide the land required to build the above-mentioned community infrastructure. The Logger shall be responsible for furnishing the above-mentioned community infrastructure. The Logger in collaboration with the CFMB shall be responsible for the maintenance and staffing of all community infrastructure it builds for the duration of this Contract, and for as long as the Government of Liberia does not provide staffing and/or maintenance. Specifically, the Parties have agreed to collaborate and contribute to community infrastructure as follow:<sup>139</sup>

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<sup>139</sup> Where possible, the Government of Liberia could take responsibility for staffing and maintenance of community schools and clinics after their construction. Experience has however shown that staffing doesn't always follow construction of these structures, which leads to frustration of purpose and community dissatisfaction. Therefore, this provision clarifies responsibilities for maintenance and staffing. Better to negotiate one school that is furnished, staffed and well operated than to negotiate two schools which are not operational due to lack of staffing. Also be sure to include timeframes for these responsibilities so it is clear who is responsible for what, and for how long.

<b>Responsible Party</b>	<b>Logger responsibilities for staffing and maintenance</b>	<b>Community responsibilities for staffing and maintenance</b>
<b>Hand pumps</b>		
<b>Latrines</b>		
<b>Schools</b>		
<b>Clinics</b>		
<i>Add additional lines for community infrastructure projects if necessary</i>		

7.3 Where needed, additional community infrastructure or projects to be built or undertaken will be agreed upon as part of the contract review and planning process. All infrastructure referenced under this clause is additional to the payments provided for under clause 5. Land rental fees and other payments as provided for in this Contract cannot be used by the Logger to finance infrastructure provided for under this clause 7.

## **8. SUSTAINABILITY<sup>140</sup>**

8.1 By entering into this Contract with the CFMB, the Logger assumes the responsibility to sustainably manage the areas of

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<sup>140</sup> See Section 3.2 (a), and 4.2(c) of the CRL; Sections 1.1 and 4.7(m) of the CRL Regulations; Chapter 8 of the NFRL; and sections 13 and 14 of the CSM Regulation for sustainability requirements.

the Community Forest subject to this Contract and in accordance with the Community Forest Management Plan, the Code of Forest Harvesting Practices, the CSM Regulation and relevant laws and regulations.<sup>141</sup>

- 8.2 No hunting is allowed by any of the Logger's employees who are not members of the Community, and any permitted hunting shall be in accordance with the National Wildlife Law and accompanying regulations<sup>142</sup>. The Logger will also forbid all its employees (whether or not member of the Community) from hunting protected animals and shall equally forbid hunting in river buffer zones.<sup>143</sup>

## **9. REQUIREMENTS FOR COMMENCEMENT OF COMMERCIAL FELLING**

- 9.1 Before commercial harvesting takes place, the Logger shall make sure that the following requirements are met:

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<sup>141</sup> The CRL regulation Section 8.3 clarifies that the company assumes responsibility to implement the CFMP and for management of the forest resources under a CUC. CRL regulation Section 10.2 further states that small-scale commercial activities shall be governed by the CFMP and comply with NFRL, the CSM Regulations, the ten core regulations as well as the Code of Forest Harvesting Practices and Forest Management Guidelines. The proposed CFMP guidelines Section 4.8.3 confirm that the third party under a CUC assumes responsibility and liability.

<sup>142</sup> Chapter 5 of the National Wildlife Law provides for wildlife management.

<sup>143</sup> Additional detail on the protection of plant and animal species are included in the Code of Forest Harvesting Practices Section 2.5.3. Also see requirements in relation to sustainable hunting are included under Section 4.6 of the proposed CFMP guidelines. Also see section 4.8.3. e) on prohibited activities for company staff.

- a. The Logger has transferred the first payment of land rental fees and monitoring and protection payments as provided under clause 5 of this Contract;<sup>144</sup>
- b. The Logger, with the participation of FDA and the Community, has conducted an Environmental Impact Assessment (EIA);<sup>145</sup> and
- c. The Logger obtained a written notice to proceed from the FDA confirming that harvesting of timber for commercial purposes is permitted.<sup>146</sup>

## **10. OTHER OBLIGATIONS OF THE PARTIES:**

### 10.1 Community's obligations: The Community and its representative CFMB:

- a. shall fulfil all legally-required pre-conditions to concluding this Contract, as per the Chainsaw Milling Regulations, CRL and all other relevant laws and regulations;<sup>147</sup>
- b. agree not to engage in the felling or damaging of marketable tree species and agree not to clear land for farming in areas designated for commercial timber exploitation under this Contract;
- c. agree to provide a peaceful working relationship between the Community and the Logger and will not use violence nor cause damage to interrupt the lawful operation of the Logger;

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<sup>144</sup> See CRL, 2009 Section 6.5 and CRL Regulation section 11.3 on the obligation to pay land rental fees. These provisions refer to FDA Regulation 107-07 where Section 33, c) provides for land rental fees to be paid upon the signature of the contract and on every subsequent anniversary date.

<sup>145</sup> See Section 24 (a)(2) and 41 of FDA Regulation 105-07 on the requirement of EIA for forest resource license holders.

<sup>146</sup> See Section 5.1 (a) of the NFRL.

<sup>147</sup> Specific responsibilities for the CFMB are included in CRL Section 4.2 and CRL regulation section 4.7

- d. agree to inform the Logger of all relevant cultural norms and practices currently practiced by the Community to ensure compliance;<sup>148</sup>
- e. shall represent and warrant that the CFMB has the legal authority to execute this Contract, on the Community's behalf; and
- f. shall represent and warrant that there is no pending administrative or civil litigation involving the Community, nor any demands or claims that would materially and adversely affect the Logger's rights under this Contract.

## 10.2 Logger Obligations: The Logger:

- a. shall be responsible for complying with Chain of Custody and Legality Assurance System requirements under the Voluntary Partnership Agreement between Liberia and the European Union, when and where they are applicable and enforceable;<sup>149</sup>
- b. when undertaking commercial activities other than chainsaw milling, shall post a quarterly performance bond, procured

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<sup>148</sup> The CRL provides in Section 6.6 that CUCs shall include provisions to protect non-timber forest products, water collection points and cultural norms and practices consistent with Chapter 8 of the NFRL

<sup>149</sup> Section 22 of FDA Regulation 108-07 requires all commercially harvested timber to enter the Chain of Custody system. Currently, timber from community forests is not yet recognized as a source of legal timber by the VPA legality definition and matrix, but efforts are being made to include community forest timber therein. Once community forest timber is recognized under the VPA, the Company shall be responsible to fully comply with the same. Also see CRL regulation Section 8.3 (company assumes responsibility to implement the CFMP and for forest management under CUC); CRL regulation Section 10.2 (small scale commercial activities shall be governed by the CFMP and comply with NFRL, the core regulations as well as the Code of Forest Harvesting Practices and Forest Management Guidelines); CSM Regulation Section 5(f)(iii) (requires Loggers to ensure compliance with the Chain of Custody System prior to and during operations). The proposed CFMP guidelines Section 4.8.3 confirm that the third party under a CUC assumes responsibility and liability.

from a reputable bank which shall be valid until sixty (60) days after the end of this agreement. The performance bond shall total the cost of one quarter of all payments provided for in this Agreement. The failure of the Logger to uphold the payments or comply with its obligations as contained herein will result in the CFMB having grounds to seek indemnification from the bank where the performance bond has been posted;

- c. will take reasonable and proper care in carrying out its activities and shall avoid deliberately or negligently causing damage or delay;<sup>150</sup>
- d. shall ensure that timber and chainsaw milling operations will be timed and organised to minimize disruption to subsistence agriculture and cash/food crop production;
- e. shall preserve and protect non-timber forest products, wildlife, water collection points and respect cultural norms and practices;<sup>151</sup>
- f. shall share and co-sign a copy of the record of production mentioning the total amount of logs harvested, their average diameter, length and their volume and Chain of Custody tracking number at the end of each month. Details provided

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<sup>150</sup> Additional details on minimizing adverse environmental impacts are included in the proposed CFMP guidelines section 4.8.3.f. Section 2.3 of the Code of Forest Harvesting Practices also includes requirements on camp hygiene, hazardous chemicals, waste management, etc. Section 14 of the CSM Regulation also has additional harvesting practices for Loggers operating in degraded forests.

<sup>151</sup> The CRL provides in Section 6.6 that CUCs shall include provisions to protect non-timber forest products, water collection points and cultural norms and practices consistent with Chapter 8 of the NFRL.



in the production record shall be consistent with data recorded in the tree data forms; and<sup>152</sup>

- g. shall at all times guarantee access to any area of timber operations to the community Forest Guards. The Logger shall provide any documents or information requested by the Forest Guard or CFMB in performing their responsibilities.

## **11. ASSIGNMENT AND TRANSFER OF CONTRACT**

- 11.1 The Logger shall not novate or subcontract timber operations, or any other of its rights or obligations under this Contract to any of its affiliate companies, fourth parties or operators, except as provided in Clause 11.2 below. The Logger will at all times remain entirely responsible for the full, timely and correct implementation of this Contract.
- 11.2 Subject to clause 11.3, the Logger is allowed to subcontract only specific parts of its obligations related to the [pre-felling survey] (if applicable) or related to building community infrastructure (like building of hand pumps, clinics, schools etc.). Any such subcontracting for the building of community infrastructure is subject to the prior written consent of the CFMB and will not reduce the Contracting parties' responsibility for the full implementation of this Contract. Nevertheless, the Community should not unreasonably withhold consent. The Logger will be liable for any breach of contract, delay or damage caused by its subcontractor.
- 11.3 Where the commercial activity to be undertaken by the Logger involves Chainsaw Milling, the Logger shall not assign any

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<sup>152</sup> Lack of (agreed upon) information on the number of cubic meters of harvested timber has been a recurring source of disagreement and conflict. This provision aims to prevent this.

rights or obligations under this Contract to any of its affiliate companies, fourth parties or operators<sup>153</sup>.

11.4 The Logger can transfer its rights and obligations under this Contract to another party only in its entirety and after written authorisation by the FDA and by the CFMB. The transfer of contract will be executed through signature of a new Contract between that new Logger and the CFMB.<sup>154</sup>

## **12. DAMAGES**

12.1 The Logger and CFMB agree that damages for delay in transferring any of the payments mentioned in clause 5 of the Contract shall attract a penalty of six percent (6%) per annum for each delayed payment.

12.2 Delay in compensating damage to subsistence, food or cash crops is agreed to correspond to damages of US \$100 per fifteen (15) days of delay in paying compensation (counting starts from day operations start/continue after damage has been caused) to be paid directly to the affected farmer.

12.3 By entering into this Contract, the Logger assumes liability for any damage caused as a result of its operations or negligence.<sup>155</sup>

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<sup>153</sup> Note in Section 5(c) of the CSM Regulation – a CSM Permit cannot be assigned.

<sup>154</sup> Section 5.1 of the proposed CFMP guidelines for further details the process for negotiating and signing CUCs.

<sup>155</sup> These obligations arise out of General Contracts and Torts Laws. Also see the proposed CFMP guidelines where Section 4.8.3 confirms that the third party under a CUC assumes responsibility and liability.

### **13. ENFORCEMENT OF RULES AND DISPUTE RESOLUTION**

- 13.1 Any dispute connected with the formation, performance, interpretation, nullification, termination or invalidation of this Contract or arising from, or related to this Contract in any manner whatsoever, which cannot be resolved through the direct consultations and negotiations by and between the Parties shall be referred to arbitration by the affected Party.
- 13.2 The Parties to the Contract commit to resolving any dispute through consultations and negotiations with or without the aid of third-party mediators, including at least two members of local authority. Where direct consultation and negotiations facilitated by third party mediators fails, the Parties commit to submit their disputes to arbitration as per Clause 13.3.
- 13.3 The Parties agree to submit disputes arising out of this Contract, which cannot be solved amicably, to arbitration:
- a. Arbitration shall be conducted by an arbitral panel of three (3) persons. Each Party to this Contract shall name one (1) arbitrator. The third arbitrator, who shall act as chairman of the arbitral panel, shall be the Managing Director of the FDA or his/her designated representative.
  - b. To invoke arbitration, a Party to this Contract shall give written notice to the other Party, stating the nature of the dispute and appointing its arbitrator. The other Party must appoint its arbitrator and provide its responses to the dispute as stated by the Party giving the notice of arbitration within ten (10) days. After notice to the Chairman, the arbitral panel shall commence its work and shall work every day until a decision is arrived at and rendered.

13.4 Decisions by the arbitral panel shall be reached within one (1) month of the date of the written notice initiating the arbitration process, unless the arbitral panel decides to prolong this delay; such decision to extend the delay shall be taken by consensus.

## **14. TERMINATION**

14.1 It is mutually understood by the Parties that this Contract may be terminated under the following conditions:

- a. The Parties jointly can at any time terminate this Contract by a Contract in writing duly stating the terms of termination;
- b. The CFMB can terminate this Contract, where the Logger is a legal entity, by giving formal notice in the event the Logger becomes insolvent or is the subject of a voluntary or involuntary bankruptcy petition;
- c. The Logger can terminate the Contract without cause provided that:
  - o it has paid obligations due to the Community represented by the CFMB;
  - o it gives a written notice of not less than two (2) months specifying the date of termination; and
  - o the Community represented by the CFMB is not required to refund any payments or benefits already received in advance.
- d. Where a violation or the breach of contract is so serious that it results in a breach of trust, either Party can suspend this Agreement with immediate effect by sending a written notice of suspension and initiating the arbitration procedure of this Agreement. Serious violations and breaches of contract are the following:

- Violent or abusive behaviour towards Community members/Logger employees, whether or not this has resulted in injury
  - Sexual misconduct by Logger staff, including any sexual act or relationship with under-aged or vulnerable members of the Community
  - Serious damage to Community/Logger property or equipment
  - Serious damage to agricultural land or crops, unauthorized hunting and environmental damage or pollution
  - Cutting significant numbers of trees below minimum diameter
  - Under-declaring harvested timber volumes
  - Harvesting significant numbers of trees outside the contract area
  - Theft, bribing or any other serious crime
- e. Before the Community decides to terminate relying on paragraph 14.1(d) above, it shall deliver a written communication to the Logger within five (5) days of knowledge of the conduct and before a decision is reached, outlining the violation or breach on the part of the Logger for which the Community may decide to terminate.
- f. Either Party can terminate this Contract if the arbitration procedure fails to result in decision within four (4) months of being initiated, provided the failure of the arbitration process is not manifestly the responsibility of the Party wishing to terminate the Contract.
- g. In case of termination by the Community, the Logger should be notified within thirty (30) days before the date of termination.

- h. Any Party deciding to terminate the Contract shall inform the FDA through a written detailed communication of the purpose and details for terminating the Contract.

#### 14.2 Upon termination of the Contract

- a. any rights of the Parties which may have accrued, and any debts which were due before the end date shall not be affected;
- b. any future rights to the Community Forest for the Logger will be relinquished; and
- c. the CFMB will have the right to engage other interested party(ies) for commercial activities in the Community Forest.

### 15. FORCE MAJEURE

It is agreed that this Contract may be suspended in the event of Force Majeure. Upon the cessation of the force majeure event, the performance of this Contract shall resume, and the period of suspension shall be added to the term of this Contract.

### 16. TAXES

The Logger shall be responsible for paying all taxes, fees and levies related to the commercial timber exploitation activities by the Logger on the Community Forest lands covered under this Contract, including stumpage fees.

### 17. GOVERNING LAW

This Contract is governed by the laws of the Republic of Liberia.

## **18. NOTICES**

Notices shall be sent to the following addresses:

For Logger:

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For CFMB:

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## **19. WAIVER:**

The failure of either Party to insist upon a strict performance of any of the terms, covenants and conditions herein, or the waiver by either Party of any breach of any provision of this Contract, shall not be deemed a waiver of any rights or remedies of either Party and shall not be deemed a waiver of any other breach of any terms, conditions, covenants and provision or any similar or other provision or condition of this Contract.

## **20. AMENDMENT/MODIFICATION:**

No amendment, modification or variation of this Contract shall be valid unless evidenced by an agreement in writing duly signed by both Parties, and then only to the extent provided in such mutually signed written agreement.

## **21. SEVERABILITY:**

The invalidity, illegality or unenforceability of any provisions of this Contract shall not affect the continuation, force and or validity of the remainder of this Contract.

## **22. INTEGRATION:**

This Contract, including all Annexes, constitutes all the negotiations, discussions and Contracts between the Parties. All other prior oral and written discussions and Contracts are superseded by this Contract.

## **23. BINDING EFFECT:**

This Contract shall remain binding on the Parties thereto, their successors-in-business, their heirs, assigns, attorneys-in-fact and/or agents, as though they participated in the negotiation of this Contract.

## **24. SIGNATURES**

In witness whereof, we the Parties hereto, here unto affix our signatures and seals on this \_\_\_\_\_ day of \_\_\_\_\_ A. D. \_\_\_\_\_.  
[Adjust signatures according to community's bylaws and constitution]

### **For the CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

### **Chairman/Chief officer CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

### **Secretary CFMB**



Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Treasurer CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Member of CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Member of CFMB**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Chairman Executive Committee**

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**For the Logger**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

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Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

---

**In the presence of:**

Signature:  
\_\_\_\_\_

Name:  
\_\_\_\_\_

Signature:  
\_\_\_\_\_

Name:  
\_\_\_\_\_

Signature:  
\_\_\_\_\_

Name:  
\_\_\_\_\_

Signature:  
\_\_\_\_\_

Name:  
\_\_\_\_\_

**National Union of the  
Community Forest  
Management Bodies**

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**APPROVED BY FORESTRY DEVELOPMENT AUTHORITY**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**Managing Director**

DRAFT

## PART 7: SELECTED KEY REGULATIONS

In this last section of the Guide we have included the official texts of some of the most important regulations for CFMBs in general and negotiating CUCs in particular.

*The Community Rights Law with respect to Forests Lands, 2009* defines the rights and responsibilities of communities to sustainably own, manage, use and benefit from forest resources. It aims to establish mechanisms to promote informed and representative community participation..... (Starts from page 143)

*Regulation to the Community Rights Law of 2009 with respect to Forest Lands, as Amended 2017* expands on the CRL by adding further details on the kinds of commercial contracts that an Authorized Forest Community may negotiate, clarifying rights, roles and duties of the FDA and communities, and guidelines on benefits derived from community forests..... (Starts from page 159)

*FDA Regulation No. 102-22 on Chainsaw Milling* regulates chainsaw milling operations and establishes a permit framework to prevent illegal and unsustainable logging practices caused by unregulated chainsaw milling..... (Starts from page 193)



**AN ACT TO ESTABLISH THE COMMUNITY RIGHTS  
LAW OF 2009 WITH RESPECT TO FOREST LANDS**

**APPROVED OCTOBER 16, 2009**

**PUBLISHED BY AUTHORITY  
MINISTRY OF FOREIGN AFFAIRS  
MONROVIA, LIBERIA**

**PRINTED OCTOBER -20, 2009  
AN ACT TO ESTABLISH COMMUNITY RIGHTS LAW  
OF 2008 WITH RESPECT TO FOREST LANDS**

## Community Rights Law of 2008

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## **AN ACT TO ESTABLISH THE COMMUNITY RIGHTS LAW OF 2008 WITH RESPECT TO FOREST LANDS**

### **PREAMBLE:**

WHEREAS our forests are among our greatest natural resources, an endowment from nature to the people of Liberia, belonging not just to this generation but to future generations;

WHEREAS under Article 5 of the 1986 Constitution of Liberia, it is mandated that the "Legislature shall enact laws promoting national unification and the encouragement of all citizens to participate in government; preserve, protect and promote positive Liberian culture, ensuring that traditional values which are compatible with public policy and national progress are adopted and developed as an integral part of the growing needs of the Liberian society;"

WHEREAS under Article 7 it is also mandated that "The Republic shall, consistent with the principles of individual freedom and social justice enshrined in this Constitution, manage the national economy and the natural resources of Liberia in such manner as shall ensure the maximum feasible participation of Liberian citizens under conditions of equality as to advance the general welfare of the Liberian people and the economic development of Liberia;"

WHEREAS the National Forestry Reform Law of 2006 requires the Forestry Development Authority to, within one year of the effective date of the National Forestry Reform Law 2006, present to the Legislature for consideration and passage a comprehensive law governing community rights with respect to Forest Lands;

WHEREAS the purpose of the forest policy of Liberia is to conserve and sustainably manage all forest areas so that forests will continue to produce a complete range of goods and services for the benefit of all Liberians and contribute to poverty alleviation in the Nation;

WHEREAS the Government of the Republic of Liberia, consistent with the Constitution of Liberia and international conventions, protocols, and treaties, is committed to and upholding the rights of populations to control and make decisions concerning the development or use of their lands and resources;

**NOW THEREFORE;**

**It is enacted by the Senate and House of Representatives of the Republic of Liberia in Legislature assembled:**

**CHAPTER 1: GENERAL PROVISIONS**

**Section 1.1: Citations**

This Act constitutes, and shall be cited as, Part III of Title 23 of the Liberian Code of Laws revised.

**Section 1.2: Title**

This Act shall be referenced to as The Community Rights Law with respect to Forest Lands.

**Section 1.3: Definitions**

Words used in singular form in this law shall be deemed to import the plural, and vice versa, as the case may require. For the purpose of the Law, the following definitions shall apply:

**Authority:** The Forestry Development Authority (FDA), created by an Act of Legislature on November 1, 1976.

**Bid Premium:** The difference between the area fee and the land rental bid fee written in the submission of a successful bidder.

**By-Laws:** A set of regulations including internal rules, procedures and guidelines, prepared by a body recognized under this law for the purpose or administering said body and performing the functions for which it is created and established.

**Community:** A self-identified and publicly or widely-recognized coherent social group or groups, who share common customs and traditions, irrespective of administrative and social sub-divisions, residing in a particular area of land over which members exercise jurisdiction, communally by agreement, custom, or law. A community may thus be a single village or town, or a group of villages or towns, or chiefdom.

**Commercial use:** Any use of forest products or forest resources other than direct use for personal purposes or household infrastructure development. Commercial Use includes uses involving trade or any other disposition of forest products or forest resources for direct or indirect financial gains.

**Community Assembly:** The collectivity of resident adult members of a community aged 18 years and above, representative of gender and all social



grouping within the community, organized into a body that meets at least twice a year to consult and take decisions on community forestry matters,

**Community-based Forest Management:** Forest Management activities that are carried out by a community with respect to forest resources for which the community has customary tenure or other forms of proprietorship or guardianship.

**Community Forestry:** The governance and management of community forests by a community for commercial and non-commercial purposes to further the development of the community and enhance the livelihoods of community members.

**Community Forest Contract:** Contract co-entered into by a community and the Authority with another party or parties for large and small-scale commercial activities relative to community forest resources.

**Community Forest Fund:** A fund established by a Community Forest Management Body, with community knowledge and consent, to finance the management of community forest resources, or other agreed activities supporting community development.

**Community Forest Land:** Forested or partially-forested land traditionally owned or used by communities for socio-cultural economic and developmental purposes. This term is inter-changeable with the term "community forest"

**Community Forest Management Body:** A body appointed by the Community Assembly to manage community forest resources.

**Community Forest Resources:** Anything practical, commercial, social, religious, recreational, educational, scientific, subsistence or other potential uses to humans that exists in a community forest, including but not limited to flora, fauna, and micro-organisms.

**Community Land Area:** An area over which a community traditionally extends its proprietorship and jurisdiction, and is recognized as such by neighbouring communities.

**Concession:** For the purpose of this law, a contractual right granted by the Community and Authority to a private commercial enterprise, whether by negotiation, bidding or other legal means, to harvest and market forest resources for commercial gains. Concessions are ratified by the National Legislature or approve by the Community Forest Management body.

**Customary Land:** Land, including forest land, owned by individuals, groups, families, or communities through longstanding rules recognized by the

community. To be recognized as customary land, it is not necessary for the land to have been registered under statutory entitlements.

**Executive Committee of the Assembly:** Elected officials of the Assembly authorized to supervise the Community Forestry Management Body between sittings of the Assembly.

**Forest land:** A tract of land, including its flora and fauna, producing or capable of producing forest resources, or land set aside for the purpose of forestry, but not including land in permanent settlements and land that has been in long-term use for non-shifting cultivation of crops or raising livestock.

**Medium-scale commercial use:** Commercial activities of forest resources which may be export or domestic oriented in their market for the sale and delivery of forest products, and which generate total revenue in excess of that specified by regulation as determined by the Authority in consultation with communities.

**Large-scale commercial use:** Commercial activities of forest resources which are predominantly export oriented in their market for the sale and delivery of forest products, and which generate total revenue in excess of that specified by regulation as determined by the by the Authority in consultation with Community Assembly.

**Non-timber forest products:** Resources or products that may be extracted from forest lands and are utilized within the household or are marketed or have social, cultural or religious significance. These include plants and plant materials used for food, fuel, fiber, storage and fodder, medicine, bio-chemicals, as well as mammals, birds, reptiles, fishes and invertebrates.

**Person:** Any natural person, private entity, non-governmental organization, civil society organization, agency of the Government of Liberia, or any public body, including a community forest management body

**Small-scale commercial use:** Commercial activities of forest resources which are predominantly local in their market for the sale and delivery of forest products, and which generate not generate total revenue and/or occupy land area greater than that specified by regulation as determined by the by the Authority in consultation with Community Assembly.

**Timber:** Industrial round wood and derived sawn timber, wood chips, wood based panels and pulp for household use or commercial purposes

## **CHAPTER 2: OBJECTIVES AND GUIDING PRINCIPLES**

### **Section 2.1: Objectives**

In accordance with the mandate laid down in Chapter 10 of the National Forestry Reform Law of 2006, the intent of this Act is to empower communities to fully engage in the sustainable management of the forests of Liberia, by creating a legal framework that defines and supports community rights in the management and use of forest resources.

Specific Objectives are to;

- a) Define rights and responsibilities of communities to own, manage, use and benefit from forest resources whether by customary, statutory, or other tenure systems, hereafter referenced to as community forest resources;
- b) Establish mechanisms to promote informed and representative community participation in matters related to Community Forest Resources; and
- c) Define the roles and responsibilities of the Authority as the regulatory authority, promoter, and protector of community rights in respect to Community Forest Resources.

### **Section 2.2: Guiding Principles**

The implementation of this Act shall be guided by the following principles:

- a) All forest resources on community forest lands are owned by local communities.
- b) All forest resources in Liberia, regardless of land proprietorship, shall be regulated by the Authority for the benefit of the people, except forest resources located in community forests and forest resources that have been developed on private or deeded land through artificial regeneration.
- c) Any decision, agreement, or activity affecting the status or use of community forest resources shall not proceed without the prior, free, informed consent of the said community.
- d) Recognition of community land tenure rights shall apply to tenure systems recognized by the Constitution and laws of the Liberia.
- e) All matters related to land tenure and proprietorship shall be dealt with by the Land Commission in accordance with national land policies issued and legislations enacted.

- f) The Authority shall perform its duties in a fair and impartial manner to ensure that all communities equitably benefit from the Authority's technical assistance and support in the management of forest resources.
- g) All forest resources must be regulated, protected managed and developed so as to;
  - Sustain and optimize the potential yield of their economic, social and environmental benefits;
  - Ensure the fair and equitable distribution of their economic, social and environmental benefits to members of society;
  - Promote community-based forest management with the vision of granting communities the right to manage forest resources;
  - Develop the capacities and capabilities of communities to enable them equitably participate in and equally benefit from sustainable management of forests;
  - Conserve natural resources, biological diversity, ecosystems and habitats;
  - Encourage the active participation of all members of the society.
  - Promote aesthetic and cultural values of the Liberian Society.

### **Section 2.3: Community Forest Land Classification**

- a) Forest land areas ranging from 5,001 hectares to 49,999 hectares may be designated as Community Forest Land.
- b) Forest land holders with Aborigines Grant Deeds, Public Land Deeds, Public Land Sale Deeds, tribal Land Deed Certificate and Warranty Deeds shall be classified as Community Forest Land.
- c) All deeds mentioned in section 2.2 b that have already been authenticated and certificated by the Ministry of Lands, Mines and Energy or the Land Commission shall be classified as Community Forest Land.
- d) Forest land and customary land as are recognized under this law.

### **Section 2.4: Procedure for Acquisition of Community Forest**

The community forest land shall be identified, validated and recommended by the Forestry Development Authority for approval by the Community Forest Management body.

## **CHAPTER 3: COMMUNITY RIGHTS AND RESPONSIBILITIES**

### **Section 3.1: Community Rights**

- a) Communities have the right to control the use, protection, management, and development of community forest resources under regulations developed by the Authority in consultations with the connected Community Assembly
- b) Communities have the right to enter into small-Scale Commercial contracts with respect to the harvesting of timbers and non-timber forest products on community forest lands under regulations issued by the Authority,
- c) Communities have the right to negotiate and enter into social contracts with concessionaires licensed by the Authority to engage in forestry activities on community forest lands.
- d) Communities will have the rights to at least 55% of all revenues/income generated from large- scale commercial contracts between communities, the Authority and third parties for harvesting of timbers on community forest land.
- e) Communities have the right to full management of forest resources having met management and technical specifications based on regulations and guidelines issued by the Authority.

### **Section 3.2: Community Responsibilities**

- a) Communities have the responsibility for managing community forest resources in an environmentally sustainable manner under regulations and guidelines issued by the Authority.
- b) Communities have the responsibility of preparing Community Forest Plans in keeping with requirements and specifications contained in regulations and guidelines issued by the Authority.
- c) Communities have the responsibility of ensuring full (individual, segmental, collective) membership participation in the management of community forest resources.
- d) Communities have the responsibility of ensuring transparency and accountability in community forest resources management.
- e) Communities have the responsibility of reporting and accounting to the Authority and other relevant agencies through their appropriate organs,

on the effective and efficient management of community forest resources as prescribed by guidelines agreed to and issued by the Authority.

- f) Communities have the responsibility of ensuring that incomes and other benefits derived from the management of community forest resources contribute to the development of the communities as directed by their community Assemblies and the Executive Committee of the Assembly.

## **CHAPTER 4: COMMUNITY FOREST MANAGEMENT**

### **Section 4.1: Community Assembly**

- a) The Community Assembly shall be the highest decision-making body of the Community with respect to community forestry matters.
- b) The Community Assembly shall include members of the legislature from the county where the communities are located, a Chairman, Vice Chairman, Secretary, and Financial Officer, as well as other leaders it may deem necessary for the effective and efficient operations of the Assembly. The Community Assembly shall elect its officers none of whom shall be a sitting government official.
- c) The functions, responsibilities and powers of the Community Assembly are as follows:
- Convene meetings of the Assembly;
  - Elect officers of the Assembly;
  - Approve of annual budget;
  - Appoint members of the Community Forest Management Body;
  - Receive and review reports of the Executive committee;
  - Receive and review reports of the Community Forest Management Body:
  - Ensure sustainable management of community forest resources; and
  - Ensure that incomes from community forest resources contribute to the development of the community and well-being of community members according to the vision of the Community Assembly.
- d) The Community Assembly shall meet at least two times a year to consult and take decisions on the community forestry matters.

- e) The Executive Committee of the Assembly shall comprise members of the legislature from the county where the communities are located and the four elected officials, including Chairperson, Vice- Chairperson, Secretary and a Finance Officer.
- f) The Executive Committee of the Assembly shall supervise the work of the Community Forestry Management Body between sittings of the Assembly. The Executive Committee shall report to the full Community Assembly.
- g) The oversight responsibilities of the Executive Committee over the Community Forest Management Body shall be as follows:
- Make policies and provide strategic directions to the CFMB;
  - Approve forestry management plans and budgets of the CFMB;
  - Ensure transparency and accountability in the management of community forestry funds;
  - Ensure LEITI compliance;
  - Receive and review periodic operational reports of the CFMB;
  - Account to the Assembly on the performance of the CFMB; and
  - Uphold and protect community forestry rights.
  - All other things the Committee deem necessary
- h) The Executive Committee shall meet at least once every quarter and as frequently as official duty may demand.
- i) The Community Assembly may appoint other. Committees, permanent or temporary, or recognize the existence of existing Committees as it may deem fit. However in all such instances, the Assembly shall ensure that there are no duplication of functions, responsibilities and powers of Committees.
- j) The Community Assembly shall adopt a vision of community forest management and approve a set of Constitutions and By-laws to govern community forestry operations. The Constitution and By-laws shall prescribe the tenure, qualifications and a code of conduct for individual Assembly members & officers, Management Body members and the oversight role of the Executive Committee over the CFMB. These by-laws shall be consistent with the Constitution and laws of Liberia as well as regulations of the Authority.

**Section 4.2: Community Forestry Management Body**

- a) A five (5) member Community Forestry Management Body shall manage the day-to-day activities of community forest resources. At least one member of the Body shall be a woman. The body shall have a Chief Officer, a Secretary and a Treasurer.
- b) The Body and its officers shall be appointed by and report to the Community Assembly. In the absence of the sitting of the Assembly, the CFMB shall report to the Executive Committee of the Assembly.
- c) The functions, responsibilities and powers of the CFMB are as follows:
  - Implement policies of the Community Assembly and its Executive Committee;
  - Periodically report to the Executive Committee of the Assembly on the management of community forest resources;
  - Make decisions related to community forest resources on behalf of the community;
  - Represent the community in all matter related to community forest resources;
  - Develop and implement a community forest management plans under guidelines and specifications issued by the Authority;
  - Consider and render decisions on, and negotiate terms for, requests for non-commercial and commercial forest resource use, access, management or other actions related to community forest resources as guided by this Law and regulations issued by the Authority;
  - If deemed necessary by the Community Assembly, establish a community forest fund, to hold monies generated from the use of community forest resources and other related sources;
  - Administer the community forest fund with respect to the receipt and expenditure of monies according to sound financial management principles and practices, following the approval of the executive committee of the Assembly;
  - Ensure that community forest resources are managed in an environmentally friendly manner; and
  - Ensure good governance and accountability in community forest management.



- d) The CFMB shall adopt by-laws, subject to approval of the Executive Committee of the Assembly, to guide its activities. These by-laws shall be consistent with the Constitution and laws of Liberia and regulations of the Authority, as well as local and international best practices in community forest management

### **Section 4.3: Accountability for Community Forest Funds**

- a) Where necessary and approved by the Executive Committee, the CFMB shall establish a Community Forest Fund for the purpose of depositing and disbursing funds accrued from forestry related activities, including fees and fines.
- b) Incomes to the Community Forest Funds shall be partly sourced from funds generated from commercial uses of forest resources according to an equitable revenue sharing formula prescribed by the Government that takes into account the community, district, county, and the national government.
- c) The Community Forest Fund shall be kept in a commercial bank or, in the absence of a bank accessible to the community, with a reliable community or community based institution approved by the Executive Committee of the Assembly.
- d) Funds generated from community forest resources shall be shared between forestry management activities and community development activities as determined by the Community Assembly on an annual basis.
- e) The CFMB shall ensure, under regulations and guidelines issued by the Authority, that financial management of community forestry resources are transparent and accountable, including clear provisions for budgeting, expenditure approvals, and periodic external audits, in keeping with international best practices with respect to community forestry.

### **Chapter 5: Duties and Powers of the Forestry Development Authority**

The duties and powers of the Authority are as follows:

- Maintain a register of community forestry governance and management entities at levels of the Authority and serve as a repository of community forest management plans and other documents related to community forest resource governance and management entities;
- Provide and assist communities seek and access technical assistance and support for management of forest resources;

- Support building of the capacities of communities to sustainably manage their forest resources; and
- Undertake the following activities including, but not limited to:
  - Assist communities document community forest resources;
  - Facilitate the establishment of community forest management structures as provided for in Sections 4.1 - 4.3 of the National Forestry Reform Law of 2006.
  - Provide minimum standards for and assist in drafting model forest management plans, forest rules, forest agreements. and other technical documents for use by CFMBs;
  - Provide guidance to community forest land zoning and appropriate forest resources uses within zones;
  - Provide guidance to CFMBs in forest land restoration or reclamation, or other extractive or non-extractive forest land uses;
  - Provide guidance on setting and collecting community forest user fees; and
  - Undertake other actions designed to successfully implement this law and any applicable regulations.

## **Chapter 6: Commercial Activities on Community Forest Lands**

**Section 6.1:** A Community may enter Small-Scale Commercial use contracts with other parties to engage in Small-scale Commercial enterprises for timber and/or non-timber forest products on community forest lands. Said use contract shall not be allocated on competitive basis.

**Section 6.2:** A Community may enter Medium-Scale Commercial use contracts with other parties on Community Forest Lands ranging from 5,001 to 49,999.99 hectares on non competitive basis for harvesting of forest products on community forest lands

**Section 6.3:** The Community Forest Management Body in collaboration with the Authority, may enter into Large-Scale Commercial Use Contracts for timber products guided by the following sustainable Forest Management standards:

- a. The selection of company shall be on a competitive basis that is applying national and international competitive bidding for large scale commercial activities.
- b. Compliance with the Core Regulations for Commercial logging;
- c. Those contracts in Section 6.2 (a) shall be approved by the President of the Republic of Liberia and ratified by the Legislature;

- d. The Authority and the Community Forest Management Body shall formulate regulations for any other category of contracts not covered by this provision cited above.

**Section 6.4 No commercial activities shall occur on community forest lands until:**

- a. The community has organized its Community Assembly,
- b. The Community Assembly has appointed the Community Forest Management body;
- c. The Community Forest Management Body has developed a Community Forestry Management Plan that includes the envisaged commercial activities;
- d. A Community Forest Management Plan has been approved by the Executive Committee, the Community Assembly and the Authority; and
- e. The Community Forest Management Plan is being implemented

**Section 6.5:** Under the terms of these contracts, land rental as specified in Regulation 107-07 Section 33 (a) and (b) shall be paid according to that regulation. Bid premium as specified in Section 33 (e) shall be paid to the community.

**Section 6.6:** Commercial contracts shall contain provisions that protect non-timber forest products, water collection points and cultural norms and practices such as sacred sites, medicinal plants sites, and animal sanctuaries identified in the community forest management plan consistent with Chapter 8 of the National Forestry Reform Law of 2006 on environmental requirements.

**Section 6.7:** Other emerging or novel commercial activities, related to community forest resources, shall be regulated by the Authority in consultation with communities and other relevant agencies of government

**Chapter 7: Offences and Penalties**

**Section 7.1:** Any person or operator who violates forest rules or applicable by-laws established by a community forest management body shall be reported to the local authority and subjected to a penalty in keeping with the by-law and constitutions of said community.

**Section 7.2:** Where there are reasonable allegations that a Community Forest Management Body or any of its members is mismanaging community forest resources or has engaged in misconduct or misappropriation of the Community

Forest Funds, the Executive Committee, with the technical support of the Authority, shall conduct an investigation and prepare a comprehensive report.

**Section 7.3:** If the investigation concludes that there has been mismanagement of forest resources by a Community Forest Management body, the report shall include in a clear description of the actions that must be taken by the Community Forest Management Body to rectify or resolve the problems identified. If the Community Forest Management body fails to rectify the problems outlined in the report within 90 days of receiving the investigation report, the Executive Committee shall request the Authority to take over management of the community forest resources for up to six months. During the period it is exercising temporary management of the community's forest resources, the Authority must actively work with the community to restore the Community Forest Management body as soon as practicable.

**Section 7.4:** Other offences that are criminal in nature shall be referred to the appropriate judicial authority.

**Section 7.5:** Any person harmed by a violation of any provision of this law, may bring an action against any responsible Person in a court of competent jurisdiction.

## **Chapter 8: Dispute Resolutions**

Any dispute arising between two or more communities and Authority, communities and third parties, about the access to or management of community forest resources may be resolved through customary dispute resolution mechanisms or by the application of The Arbitration Laws of Liberia as found in Chapter 64 of the Civil Procedure Law.

## **Chapter 9: Miscellaneous Provisions**

### **Section 9.1: Conflicts between Laws**

Where there are conflicts of law existing between the National Forest Reform Law of 2006 and the Community Rights Law of 2008 with Respect to Forest lands, the Community Forestry Law takes precedence and becomes binding.

### **Section 9.2: Severability**

If a court finds any portion of this Law invalid, the court shall strike only the portion that is invalid and preserve the remainder.

**Section 9.3: Effective Date**

This Act shall take effect immediately upon publication in handbill.

ANY LAW TO THE CONTRARY NOT WITHSTANDING

# FORESTRY DEVELOPMENT AUTHORITY



## **REGULATION TO THE COMMUNITY RIGHTS LAW OF 2009 WITH RESPECT TO FOREST LANDS, AS AMENDED**

This document was developed with funding provided by the United States Agency for International Development, Contract No. AID-669-C-12-00004, People, Rules and Organizations Supporting the Protection of Ecosystem Resources (PROSPER) program.

**PREAMBLE**

**WHEREAS**, the National Forestry Reform Law of 2006 establishes a transparent framework for the use, management and protection of forest resources that integrates the commercial, community and conservation priorities of Liberia;

**WHEREAS**, the National Forest Policy and Strategy seeks to sustainably manage all forest lands so that forest resources can contribute to livelihoods and the economic development of the country, and in a way that ensures the availability of these resources for future generations;

**WHEREAS**, the Community Rights Law of 2009 with Respect to Forest Lands (“Community Rights Law”) provides a legal framework, which empowers communities located in or around forests to access, manage, use and benefit from forest resources, to sustain their livelihoods and pursue economic development;

**WHEREAS**, the first Regulation to the Community Rights Law, promulgated in 2011, did not accurately reflect what was established in the Community Rights Law;

**WHEREAS**, there is a need for the Forestry Development Authority (“the Authority”) to amend the Regulation to the Community Rights Law, to ensure that the spirit and letter of the Community Rights Law is accurately reflected in the regulatory regime;

**WHEREAS**, the Regulation to the Community Rights Law of 2009 with Respect to Forest Lands, as Amended, will determine the rules and procedures for the establishment of forest communities to access, manage, use and benefit from forest resources within the Republic of Liberia; and

**WHEREAS**, the Regulation to the Community Rights Law, as Amended, will also provide means for forest communities to participate in the reforestation, rehabilitation and conservation of forest resources and wildlife in Liberia;

**NOW, THEREFORE**, the Forestry Development Authority hereby issues the Regulation to the Community Rights Law of 2009 with Respect to Forest Lands, as Amended, to facilitate the effective and efficient implementation of the Community Rights Law, as follows:

## **CHAPTER 1: GENERAL PROVISIONS**

### **Section 1.1: Purpose**

The purpose of this Regulation is to establish rules and procedures for the establishment, management, access and use of community forests in Liberia. The objectives are as follows:

To facilitate implementation of the Community Rights Law;

To clarify the rights, roles and duties of the Authority;

To clarify the rights, roles and duties of communities engaged in the community forestry program;

To establish rules and procedures to enable communities to exercise ownership of community forests, and to access, manage, use and benefit from the forest resources therein; and

To ensure the sustainable management of forest resources within community forests throughout the country.

### **Section 1.2: Definitions**

In this Regulation, the following terms have the meaning indicated:

- a) **Adjacent Community:** A community that is neighboring, nearby, adjoining or bordering a community that has either applied to become or been approved as an Authorized Forest Community.
- b) **Authority:** The Forestry Development Authority, or any of its departments acting on behalf of and in the name of the institution.
- c) **Authorized Forest Community:** A community that has the right to access, manage, use and benefit from a specified area of forest resources, after it has met all regulatory requirements, including management and technical specifications, as established and verified by the Authority, and which has signed a Community Forest Management Agreement with the Authority.
- d) **Bylaws of the Authorized Forest Community:** The rules and processes governing the internal operations of the Authorized Forest Community.
- e) **Commercial Use:** Any use of forest products or forest resources, other than direct use for personal purposes or household infrastructure development. Commercial use includes trade or any other disposition of forest products, forest resources, or rights over such, for direct or indirect financial gains.
- f) **Community:** A self-identified and publicly or widely recognized coherent social group, or groups, that shares common customs and traditions,



irrespective of administrative and social sub-divisions, residing in a particular area of land over which members exercise jurisdiction, communally by agreement, custom or law. A community may thus be a single village or town, or a group of villages or towns or chiefdoms.

- g) Community Assembly: The collectivity of resident adult members of a community aged 18 years and above, representative of gender and all social groupings within the community, organized into a body that meets at least twice a year to consult and take decisions on community matters.
- h) Community Forest: A forested or partially forested area traditionally owned or used by a community for socio-cultural, economic and development purposes.
- i) Community Forest Management Agreement: The written agreement issued by the Authority, and signed between an Authorized Forest Community and the Authority, that establishes the terms under which the community accesses, uses, manages, protects and benefits from forest resources in a sustainable manner, on a specified area of forest resources.
- j) Community Forest Management Body: The five-member body appointed by the Community Assembly to manage the day-to-day affairs of the Authorized Forest Community.
- k) Community Forest Management Plan: The plan developed by the Community Forest Management Body, in collaboration with members of the Authorized Forest Community, establishing how a specified area of forest resources will be accessed, used, managed and protected, as approved by the Authority.
- l) Community Forest Rules: The specific rules and/or guidelines issued by the Community Forest Management Body concerning the sustainable management and use of forest resources in a community forest.
- m) Constitution of the Authorized Forest Community: The organic law adopted by the Authorized Forest Community through its Community Assembly, which sets out the broad purpose, objectives and principles of the community forestry program and the rights and obligations of community members relative to the program.
- n) Executive Committee of the Community Assembly: The elected officials of the Community Assembly, who are authorized to oversee the Community Forest Management Body between sittings of the Community Assembly.

- o) Forest Resources: Anything of practical, commercial, social, religious, spiritual, recreational, educational, scientific, subsistence, or other potential use to humans that exists in the forest environment, including but not limited to flora, fauna, and micro-organisms.
- p) Large-Scale Commercial Activities: Commercial activities undertaken in community forests that are 50,000 hectares or larger, involving the sale and delivery of forest products, which are produced predominantly for international export.
- q) Livelihood Activity: An activity through which community members secure the necessities of life.
- r) Medium-Scale Commercial Activities: Commercial activities undertaken in community forests that are between 5,001–49,999.99 hectares, for the purpose of supplying the domestic and/or international market with both timber and non- timber forest products.
- s) Primary Users: Individuals who are members of an Authorized Forest Community, which has signed a Community Forest Management Agreement with the Authority.
- t) Secondary Users: Individuals who are not members of an Authorized Forest Community, but who have been granted permission to access and use forest resources in a community forest by an Authorized Forest Community, consistent with the Community Forest Management Plan and community forest rules.
- u) Small-Scale Commercial Activities: Commercial activities undertaken in community forests that are 5,000 hectares or smaller, involving the sale and delivery of forest products, which are produced predominately for the local market.
- v) Socio-Economic Survey and Resource Reconnaissance: The survey of the socio-cultural environment and economic resources in an area of forest resources, which the community applying for Authorized Forest Community status claims as its community forest, for purposes of self-identification and management planning.
- w) Sustainable Forestry: The management and/or usage of forest resources in a form or manner that ensures that the resources continue to be in existence and available for use by future generations.
- x) Third-Party: A natural or legal person that is not party to a Community Forest Management Agreement, who wishes to sign an agreement with an

Authorized Forest Community for the use of the Authorized Forest Community's forest resources, for commercial or conservation purposes.

**Section 1.3: Compliance with statutes and international treaties**

All forestry programs managed by communities shall conform to the National Forestry Reform Law of 2006, the Community Rights Law, and other statutes of Liberia, as well as to all relevant international treaties and conventions, which have been ratified by the National Legislature.

**Section 1.4: Compliance with other standing regulations**

All forestry programs managed by communities shall conform to the Ten Core Regulations, the Code of Forest Harvesting Practices, the Forest Management Guidelines, and all other relevant regulations.

**Section 1.5: Land ownership issues**

The Land Authority shall address all land ownership issues. Accordingly, this Regulation addresses and relates only to issues of community ownership, control, access, management and use of forest resources.

**Section 1.6: Access to information**

All information and documents related to community forestry are public unless explicitly restricted by law or regulation.

**Section 1.7: Participation of civil society organizations**

In all of its activities, the Community Assembly, the Executive Committee of the Community Assembly and the Community Forest Management Body shall operate with openness, inclusiveness and accountability.

All residents aged 18 and above can participate in activities of the community forestry program, under policies issued by the Community Assembly and rules issued by the Community Forest Management Body.

All meetings of a Community Assembly shall be open to civil society organizations, as observers.

**Section 1.8: Offences and penalties**

Offences relating to the improper or illegal use of community forest resources, or funds derived from community forest resources, shall be addressed, and penalties imposed, in the manner prescribed in Chapter 7 of the Community Rights Law.

- a) Fines imposed on Authorized Forest Communities by the Authority for failure to comply with this regulation shall not exceed USD\$5,000;
- b) Fines imposed on individual members of Authorized Forest Communities by the Community Forest Management Body, or Community Assembly, for failure to comply with community forest rules shall not exceed USD\$2,000.

Offences that are established under Chapter 20 of the National Forestry Reform Law of 2006 shall be addressed in the manner prescribed therein, or under the appropriate regulations.

Offences that are criminal in nature shall be referred to the appropriate judicial authority, as per Chapter 7, Section 7.4 of the Community Rights Law.

Administrative orders shall be imposed in accordance with the Chapter 82 of the Executive Law, also known as the Administrative Procedure Act.

### **Section 1.9: Due process and right to judicial appeal**

The Authority or a Community Forest Management Body shall impose sanctions consistent with the due process of law, as enshrined in the Constitution of the Republic of Liberia and all applicable statutes and regulations. This shall include the right to appeal to a court of competent jurisdiction.

## **CHAPTER 2: ESTABLISHMENT OF AN AUTHORIZED FOREST COMMUNITY**

### **Section 2.1: Permission to operate as an Authorized Forest Community**

Pursuant to the Community Rights Law, communities have the right to access, manage, use and benefit from their forest resources, once the Authority has verified and attested that the community has met all regulatory requirements, including management and technical specifications, and the community and the Authority have formally signed a Community Forest Management Agreement.

### **Section 2.2: Application for Authorized Forest Community status**

A community applying for Authorized Forest Community status shall include in its application the location of the area of forest resources and information on the community's way of life, particularly as it relates to the usage, preservation and development of forest resources in the area.

### **Section 2.3: Criteria for designation of Authorized Forest Community**

For any community to be designated a Authorized Forest Community for the

purpose of managing a community forest, the following objectives shall be stated in its application:

- a) To manage and use forest resources in a sustainable manner, and maintain the forest as an ecosystem;
- b) To encourage and build upon existing community traditions, which promote the preservation of the forest and sustainable forest management practices;
- c) To promote environmental conservation and ensure biological diversity; and
- d) To work closely with the Authority to ensure the success of the community forestry program.

#### **Section 2.4: Payment of application fee**

A community applying for Authorized Forest Community status shall pay a non-refundable application fee of two-hundred-and-fifty United States dollars (USD\$250).

#### **Section 2.5: Socio-economic survey and resource reconnaissance**

With the consent and involvement of community members, the Authority shall undertake a socio-economic survey and resource reconnaissance covering the area of forest resources the community wants to use as its community forest. Representatives of adjacent communities shall also be invited to cooperate with the Authority in the socio- economic survey and resource reconnaissance.

The socio-economic survey and resource reconnaissance shall generally cover the area, forest resources in the area, and the people and their livelihoods, including their relationship to the area and forest resources. The report of the socio-economic survey and resource reconnaissance shall be shared with the community applying for Authorized Forest Community status, as well as adjacent communities.

#### **Section 2.6: Notice to communities for socio-economic survey and resource reconnaissance**

At least thirty (30) days notice shall be given to the community and adjacent communities before the socio-economic survey and resource reconnaissance is conducted. Notice shall be given in the form or forms in which communities usually receive public information. The Authority shall serve a copy of the notice to the recognized leaders of the community applying for Authorized

Forest Community status and recognized leaders of adjacent communities.

### **Section 2.7: Demarcation and mapping of specified area**

The Authority, in collaboration with the community and, where necessary, other relevant government ministries and agencies, shall demarcate the area of forest resources proposed as a community forest. From the data collected during the demarcation, a map depicting the exact area delimited, showing landmarks and adjacent areas, shall be produced, and physical markers indicating the boundaries of the community forest established.

### **Section 2.8: Notice to communities for demarcation and mapping**

At least thirty (30) days notice shall be given to the community and adjacent communities before the demarcation and mapping is conducted. Notice shall be given in the form or forms in which communities usually receive public information. The Authority shall serve a copy of the notice to the recognized leaders of the community applying for Authorized Forest Community status and recognized leaders of adjacent communities.

### **Section 2.9: Posting of preliminary results from socio-economic survey and resource reconnaissance, and demarcation and mapping**

For a period of at least thirty (30) days, the preliminary results from the socio-economic survey and resource reconnaissance, and the demarcation and mapping shall be posted in and around the area of forest resources being proposed as a community forest, for review by community members and members of adjacent communities.

### **Section 2.10: Objection by third parties and resolution of objections**

Third parties, including members of adjacent communities, may object to the designation of a specified area of forest resources as a community forest. All such objections shall be investigated and acted upon by the Authority within thirty (30) days of receipt, if they relate solely to forest resources.

Objections relating to issues that go beyond forest resources shall be investigated and acted upon within ninety (90) days by the Authority and other relevant government bodies, including, but not limited to, the Land Authority; the Ministry of Internal Affairs; the Ministry of Agriculture; and the Ministry of Justice.

### **Section 2.11: Provisional authority to organize as an Authorized Forest Community**

Following the identification, assessment and demarcation of the community forest, and the resolution of all associated disputes, the Authority shall give provisional permission to the community to organize itself into an Authorized Forest Community, for the purpose of managing the specified area of forest resources.

### **Section 2.12: Community Forest Management Agreement with Authority**

The Authorized Forest Community and Authority shall enter into a Community Forest Management Agreement, which shall elaborate the relationship between the two parties and establish the terms under which the forest resources in the specified area are to be managed and used by members of the Authorized Forest Community.

### **Section 2.13: Approval of Authorized Forest Community status**

For an applicant community to be approved by the Authority as an Authorized Forest Community, the following requirements must be satisfied:

- a) An application shall have been submitted to the Authority by the community;
- b) The required application fee shall have been paid;
- c) The community shall have cooperated with the Authority in the socio-economic survey and resource reconnaissance;
- d) The community shall have cooperated with the Authority in the demarcation and mapping of the area; and
- e) The community shall have signed a Community Forest Management Agreement with the Authority.

## **CHAPTER 3: COMMUNITY FOREST GOVERNANCE**

### **Section 3.1: Role of the Community Assembly**

The Community Assembly shall be the highest decision-making body of the Authorized Forest Community. It shall be comprised of representatives from all groups within the Authorized Forest Community, including men, women, youth and members of the various ethnicities.

### **Section 3.2: Duties and powers of the Community Assembly**

The functions, responsibilities and powers of the Community Assembly are as follows:

- a) Meet twice a year to discuss and take decisions on community forestry matters;
- b) Elect officers of the Community Assembly to the Executive Committee;
- c) Receive, review and adopt reports submitted by the Executive Committee of the Community Assembly and other subordinate committees;
- d) Appoint members to the Community Forest Management Body;
- e) Receive, review and adopt reports of the Community Forest Management Body;
- f) Approve Community Forest Management Plans and budgets drafted by the Community Forest Management Body;
- g) Ensure sustainable management of community forest resources; and
- h) Ensure that incomes from community forest resources contribute to the development of the community and the wellbeing of community members, according to the vision of the Community Assembly.

### **Section 3.3: Qualification for Community Assembly membership**

Representatives to the Community Assembly shall be Liberians, at least 18 years of age, residing within the Authorized Forest Community. The Community Assembly shall be comprised of representatives from all groups within the Authorized Forest Community, including men, women, youth and members of the various ethnicities.

In a multi-settlement community, all settlements within the community shall be represented in the Community Assembly. Each settlement in a community may establish additional criteria for membership to the Community Assembly for their own representatives.

### **Section 3.4: Election of Community Assembly members**

Members of the Authorized Forest Community shall elect representatives to the Community Assembly, from their respective settlements, by secret ballot. Election shall be by a simple majority of attendees of a properly publicized and scheduled general meeting of the community or settlement.

Two (2) members of the County Legislative Caucus shall be selected by



members of the caucus to represent it on the Community Assembly. One such member shall be the representative of the constituency in which the community applying for an Authorized Forest Community status is located.

**Section 3.5: Place of meeting for election of Community Assembly members**

A general meeting for purposes of electing representatives to the Community Assembly, and officers of the Executive Committee of the Community Assembly, shall be held in a suitable place such as a town hall, school building, church or mosque, or a palaver hut within the community.

**Section 3.6: Notice of general meeting to elect Community Assembly members**

A general community meeting for the purpose of electing representatives to the Community Assembly shall be organized. Notice about the general meeting shall be posted at least thirty (30) days prior to the meeting and given in the form or forms in which communities usually receive public information. Notice shall include the time, date, location and purpose of the meeting.

**Section 3.7: Executive Committee of the Community Assembly**

Each Community Assembly shall elect from its membership an Executive Committee to manage its affairs. The officers to be elected as part of the Executive Committee are Chairman, Vice Chairman, Secretary, and Finance Officer. The two (2) legislative members of the Community Assembly shall also be members of the Executive Committee. A simple majority shall elect the officers of the Executive Committee of the Community Assembly through secret ballot.

The Executive Committee shall oversee the functions of the Community Assembly when the Community Assembly is not in session. All decisions of the Executive Committee shall be subject to review by the Community Assembly.

**Section 3.8: Supervision of elections of Community Assembly members and officers of the Executive Committee**

The Authority shall supervise the election of representatives to the Community Assembly, and officers of the Executive Committee of the Community Assembly. Representatives of at least two (2) civil society organizations shall be invited to witness the elections and validate that they have been conducted in a free, fair and transparent manner.

### **Section 3.9: Tenure of Community Assembly members and officers of the Executive Committee**

Community Assembly members and officers of the Executive Committee of the Community Assembly shall serve five (5) year terms, for a maximum number of two (2) terms.

### **Section 3.10: Meetings of the Community Assembly**

The Community Assembly shall meet at least twice a year to discuss and take decisions on community forestry matters. All meetings shall be within the boundaries of the Authorized Forest Community, at a time convenient for the majority of Community Assembly members, taking into account the predominant livelihood activities of the community.

Notice about upcoming Community Assembly meetings shall be posted at least thirty days in advance, and shall be given in the form or forms in which the community usually receives public information.

### **Section 3.11: Adoption of Authorized Forest Community constitution and bylaws**

The Community Assembly shall adopt a constitution and set of bylaws to govern and direct the activities of the Community Assembly and members of the Authorized Forest Community. The constitution and bylaws shall, among other things, determine the internal rules of the Community Assembly on such issues as tenure, roles and responsibilities, the removal and replacement of officers, and sanctions that may be applied to Authorized Forest Community members for the violation of community forest rules.

### **Section 3.12: Appointment of Community Assembly committees**

The Community Assembly may appoint working committees, permanent or temporary, as it deems necessary.

### **Section 3.13: Duties and powers of the Executive Committee of the Community Assembly**

The main role of the Executive Committee shall be to oversee the activities of the Community Forest Management Body. This includes:

- a) Making policies and providing strategic direction to the Community Forest Management Body;
- b) Approving Community Forest Management Plans and budgets drafted

by the Community Forest Management Body;

- c) Ensuring that community forestry funds are managed transparently and accountably;
- d) Receive and review quarterly reports submitted by the Community Forest Management Body on the management of the community forest;
- e) Account to the Community Assembly on the performance of the Community Forest Management Body; and
- f) Undertake all other functions usually performed by Executive Committees of this nature.

### **Section 3.14: Meetings of the Executive Committee of the Community Assembly**

The Executive Committee shall meet at least once every quarter, and as frequently as official duty may require. Meetings shall be held within the community at a suitable time and place, as agreed upon by officers of the Executive Committee.

### **Section 3.15: Adoption of internal rules of the Executive Committee**

The Executive Committee shall adopt internal rules to govern its operations.

### **Section 3.16: Recognition of existing institutions**

In some communities, there already exists Community Forestry Development Committees. The Community Assembly shall take all steps necessary to incorporate Community Forestry Development Committees in to the new institutional arrangements.

## **CHAPTER 4: COMMUNITY FOREST MANAGEMENT BODY**

### **Section 4.1: Establishment of Community Forest Management Body**

The Community Assembly shall establish a five-member Community Forest Management Body to manage the day-to-day affairs of the Authorized Forest Community. The Community Forest Management Body shall include at least one woman. No member of the National Legislature shall be a member of a Community Forest Management Body.

### **Section 4.2: Qualification for Community Forest Management Body membership**

Each Community Assembly shall establish a set of criteria for selection and appointment to the Community Forest Management Body.

### **Section 4.3: Selection and appointment of Community Forest Management Body members**

The Community Assembly shall, based on predetermined criteria, select and appoint the five-member Community Forest Management Body. The selection and appointment of Community Forest Management Body members shall be transparent and fair.

### **Section 4.4: Leadership of the Community Forest Management Body**

From among the five members of the Community Forest Management Body, the Community Assembly shall determine through secret ballot, and by simple majority, the Chief Officer, the Secretary, and the Treasurer.

### **Section 4.5: Adoption of internal rules of the Community Forest Management Body**

The Community Forest Management Body shall adopt its own set of internal rules, once they have been reviewed and approved by the Executive Committee of the Community Assembly.

### **Section 4.6: Tenure of Community Forest Management Body members**

Members of the Community Forest Management Body shall serve five (5) year terms, for a maximum number of two (2) terms. However, to ensure continuity for the purpose of institutional knowledge, the terms of the first body shall be staggered as follows:

Chief Officer – 5 years Secretary – 4 years Treasurer – 3 years Other two – 2 years

### **Section 4.7: Duties and powers of the Community Forest Management Body**

The duties and powers of the Community Forest Management Body are as follows:

- a) Implement policies of the Community Assembly and its Executive Committee;
- b) With the involvement of community members and approval of the Executive Committee, prepare and implement the Community Forestry Management Plan;
- c) With the involvement of community members and approval of the Executive Committee, prepare and implement community forestry rules;
- d) Operate in accordance with the terms and conditions established in the

Community Forestry Management Agreement, Community Forest Management Plan, community forestry rules, and other relevant legislation and regulations;

- e) Represent the community in all matters related to the community forest program, including in negotiations related to the community forestry program and forest resources;
- f) Stop and immediately inform the nearest Authority Office about any forestry related offense occurring within the community forest;
- g) Report quarterly to the Executive Committee on the management of the community forest;
- h) Submit quarterly financial reports to the Executive Committee;
- i) Develop and implement Community Forest Management Plans under guidelines and specifications issued by the Authority;
- j) Establish a community forest fund, to hold and expend monies generated from the use of community forest resources and other related sources;
- k) Administer the community forest fund with respect to the receipt and expenditure of monies according to sound financial management principles and practices, following the approval of a budget by the Executive Committee;
- l) Develop annual budgets for approval by the Executive Committee, and manage the budgets;
- m) Ensure that community forest resources are managed in a sustainable manner, including conserving and protecting wildlife within the community forest; and
- n) Ensure good governance and accountability in community forest management, and perform other functions as are necessary and consistent with the functions of a Community Forest Management Body.

#### **Section 4.8: Compensation and benefits of Community Forest Management Body members**

The Executive Committee of the Community Assembly shall decide the compensation and benefits for Community Forest Management Body officers, subject to final approval by the Community Assembly.

#### **Section 4.9: Request for assistance by the Community Forest Management Body**

The Community Forest Management Body may request financial and technical

assistance from the Authority, relevant public institutions, or other sources to assist it in preparing Community Forest Management Plans, enhancing the knowledge and skills of Community Forest Management Body officers, and implementing community forestry programs.

#### **Section 4.10: Final approval of application for Authorized Forest Community status**

Following the establishment of the Community Assembly and the Community Forest Management Body, the Authority shall give final approval to the application of the community, with regard to Authorized Forest Community status.

#### **Section 4.11: Development and approval of community forest rules**

The Community Forest Management Body shall develop community forest rules, which shall govern how members of an Authorized Forest Community may use the forest resources. The community forest rules shall be submitted to and approved by both the Executive Committee of the Community Assembly and the Authority.

### **CHAPTER 5: PRIMARY AND SECONDARY USERS' RIGHTS AND RESPONSIBILITIES**

#### **Section 5.1: Membership rights**

Any Liberian citizen aged 18 years and above, of either sex, resident in a community, who wishes to participate in the community forest program shall be eligible to do so. An individual can participate in one Authorized Forest Community at a time.

#### **Section 5.2: Primary users' rights**

The rights of primary users of an Authorized Forest Community shall include the following:

- a) The right to harvest and utilize timber and non-timber forest products for subsistence and livelihood purposes for households;
- b) The right to harvest, process, transport and sell timber and non-timber forest products as provided by the Community Forest Management Plan;
- c) The right to practice agriculture, as provided by the Community Forest Management Plan;
- d) The right to participate in community forestry programs, including, but

not limited to, electing members of the Community Assembly;

- e) The right to share in benefits derived from the community forestry program, directly and indirectly; and
- f) The right to appeal decisions which impact these rights.

### **Section 5.3: Primary users' responsibilities**

The duties and responsibilities of Authorized Forest Community members are as follows:

- a) Comply with all relevant laws and regulations;
- b) Comply with rules and decisions issued by the Authority and the Community Forest Management Body;
- c) Contribute to the development of the Community Assembly constitution and bylaws, the community forest rules, and the Community Forest Management Plan;
- d) Ensure that community forest resources are managed in a sustainable manner;
- e) Ensure effective monitoring of the use of community forestry resources; and
- f) Assist in conserving, protecting and planting trees to ensure sustainability of forest resources and the environment for the benefit of future generations.

### **Section 5.4: Secondary users' rights and responsibilities**

All persons who are not members of an Authorized Forest Community may access, harvest and use timber and non-timber resources only as governed by the Authorized Forest Community's Community Forest Management Plan and community forest rules. All secondary users are equally responsible for following this Regulation, the Community Forest Management Plan and the community forest rules.

## **CHAPTER 6: DUTIES AND POWERS OF THE AUTHORITY**

### **Section 6.1: Jurisdiction of the Authority**

The Authority has jurisdiction over community forestry management and shall serve as the lead agency for community forestry. The Authority shall have the power to officially demarcate community forest boundaries, issue and sign Community Forest Management Agreements, grant Authorized Forest Community status, and coordinate with other government institutions and

relevant parties to implement community forestry programs.

### **Section 6.2: Duties and powers of the Authority**

The Authority shall have the following duties and powers:

- a) Establish standards to determine whether and how to accept or reject an application for Authorized Forest Community Status, issue and sign Community Forest Management Agreements, grant Authorized Forest Community Status, and/or take temporary control of an Authorized Forest Community;
- b) In collaboration with the community applying for Authorized Forest Community status, adjacent communities, and relevant government institutions, conduct socio-economic surveys and resource reconnaissance, and demarcate and map areas of forest resources proposed by communities as community forests;
- c) Establish standards to review and approve Community Forest Management Plans;
- d) Develop guidelines to govern community forestry management;
- e) Monitor and evaluate all community forestry programs;
- f) Facilitate the resolution of conflicts, upon request by an Authorized Forest Community;
- g) Establish and manage a Community Forest Central Registry, to include maps of community forests, constitutions and bylaws of Authorized Forest Communities, Community Forest Management Agreements, commercial agreements with third- parties, and other relevant documents;
- h) Assist in building the capacity of Authorized Forest Communities in sustainable community forest management; and
- i) Assist in securing financial and technical assistance for forest communities in support of their community forestry management programs.

### **Section 6.3: Sanction powers of the Authority**

In accordance with Chapter 7 of Community Rights Law, the Authority may take temporary control of an Authorized Forest Community, if, after investigation, it determines that the Community Forest Management Body is mismanaging community forest resources; has clearly set out the actions that must be taken to rectify or resolve the problem identified in a report; has



provided the Community Forestry Management Body with an opportunity to rectify or resolve the problem identified; and, at the end of a 90 day period, determines that the Community Forest Management Body has failed to rectify or resolve the problem.

After these conditions have been satisfied, the Executive Committee shall request that the Authority take over management of the community forest resources for up to six months. During the period it is exercising temporary management of the community forest resources, the Authority must actively work with the community to restore the Community Forest Management Body as soon as practicable.

This shall be in addition to the power of the Authority to impose penalties upon community members for committing offences under the National Forestry Reform Law of 2006, and to refer community members to the criminal justice system for prosecution.

## **CHAPTER 7: COMMUNITY FOREST MANAGEMENT AGREEMENT**

### **Section 7.1: Signature of Community Forest Management Agreement**

Once the community applying for Authorized Forest Community status has formed its Community Assembly, selected and appointed the Community Forest Management Body, and adopted a constitution, governing bylaws and community forest rules, the Authority shall issue a Community Forest Management Agreement for review and signature. In order to be approved for participation in the community forestry program, the Community Forest Management Body shall, following review by members of the applicant community, agree to and sign a Community Forest Management Agreement with the Authority.

### **Section 7.2: Attachments to Community Forest Management Agreement**

Attached to the Community Forest Management Agreement shall be the following:

- a) A copy of the summary of the socio-economic survey and resource reconnaissance;
- b) A map showing the area of forest resources which the community will have access to, manage and use, together with specific coordinates;
- c) A list of the officers of the Executive Committee of the Community Assembly;

- d) A list of the members of the Community Forest Management Body;
- e) The constitution and bylaws of the Authorized Forest Community; and
- f) Other relevant documents, as may be determined by the Authority.

### **Section 7.3: Community review of Community Forest Management Agreement**

The Community Forest Management Body shall present to the community the Community Forest Management Agreement for review at a mass meeting.

### **Section 7.4: Notice for review of Community Forest Management Agreement**

Notice for the mass meeting at which the Community Forest Management Agreement will be reviewed shall be announced and posted in public places, including at, but not

limited to, the offices of the Community Forest Management Body, school buildings, and local government offices. This notice shall be announced and posted at least fifteen (15) days prior to the date of the mass meeting.

### **Section 7.5: Acceptance of terms of Community Forest Management Agreement**

If the community accepts the terms of the Community Forest Management Agreement, the Community Forest Management Body shall formally request that the Authority schedule a date for the signing of the Community Forest Management Agreement.

### **Section 7.6: Duration of Community Forest Management Agreement**

A Community Forest Management Agreement shall be in effect for a period of fifteen (15) years, from the date it is signed between the Forestry Development Authority and the Community Forest Management Body. One year prior to the expiration of the Community Forest Management Agreement, the Community Forest Management Body shall submit a written request to the Authority to renew the Community Forest Management Agreement for an additional fifteen (15) years. The Community Forest Management Agreement can be renewed as many times as the Authorized Forest Community would like, as long as its members continue to meet all technical and legal requirements.

### **Section 7.7: Approval or rejection of renewal of Community Forest Management Agreement**

At least 60 days prior to the expiration date of the Community Forest Management Agreement, the Authority shall provide an answer to the Community Forest Management Body's request to renew the Community Forest Management Agreement. The Authority may reject the request for renewal by issuing a written finding, based on the monitoring and evaluation reports required under Chapter 8, Section 2, that the Authorized Forest Community and its component governance institutions have not complied with the Community Forest Management Agreement, Community Forest Management Plans, or relevant laws and regulations.

### **Section 7.8: Automatic renewal of Community Forest Management Agreement**

If the Authority fails to provide an answer to the Community Forest Management Body's request to renew the Community Forest Management Agreement at least 60 days prior to its expiration date, the Community Forest Management Agreement shall be automatically renewed for another period of fifteen (15) years.

### **Section 7.9: Termination of Community Forest Management Agreement**

The Community Forest Management Agreement may be terminated prior to the expiration date, based on one of the following conditions:

- a) Written agreement between the Community Forest Management Body, at least two-thirds of the Community Assembly members, and the Authority;
- b) The Government of Liberia decides to exercise its power of eminent domain over a community forest, or a part thereof. Where the Government of Liberia makes such a decision, it shall comply with the constitutionally established procedure for the expropriation of private property, which, at a minimum, shall require that reasons for the expropriation are given; that there is prompt payment of just compensation; that the community is able to challenge the Government's decision to expropriate the community forest, or part thereof, or the compensation offered; and that when the Government ceases to use the community forest, or decides not to use it for the purpose for which the community forest was expropriated, rights over the community forest shall be returned to the community.

## **CHAPTER 8: COMMUNITY FOREST MANAGEMENT PLAN**

### **Section 8.1: Preparation of the Community Forest Management Plan**

After the approval of the Community Forest Management Agreement, the Community Forest Management Body, with the participation of community members, shall prepare a Community Forest Management Plan.

The Authority shall issue guidelines to the Community Forest Management Body on the requisite content and standards of the Community Forest Management Plan, together with a proposed planning schedule.

The Community Forest Management Body may request technical assistance from the Authority, institutions, donors, or individuals with skills in community forest management or other relevant technical areas to develop the Community Forest Management Plan.

The Community Forestry Management Body shall first submit the Community Forest Management Plan to the Executive Committee and the Community Assembly for review and approval, before it is forwarded to the Authority for final review and approval.

### **Section 8.2: Duration and review of the Community Forest Management Plan**

A Community Forest Management Plan shall be in effect for the duration of the Community Forest Management Agreement.

The Community Forest Management Plan shall be reviewed every five (5) years, or earlier if necessary. At the end of each 5-year period the Community Forest Management Body shall review the Community Forest Management Plan and submit a report to the Authority, stating whether or not the Community Forest Management Plan accurately reflects how the Authorized Forest Community uses or plans to use its forest resources. If the Community Forest Management Body or the Authority determines that the Community Forest Management Plan does not accurately reflect how the Authorized Forest Community uses or plans to use its forest resources, the Community Forest Management Plan shall be revised, consistent with existing legal requirements.

### **Section 8.3: Monitoring and enforcement of the Community Forest Management Plan**

The Community Forest Management Body shall monitor and enforce the Community Forest Management Plan, with the assistance of community members and civil society organizations, unless an agreement for the use of the Authorized Forest Community's forest resources has been made with a third-party, in which case the third-party assumes responsibility for implementing the Community Forest Management Plan and managing the area of forest resources under the agreement signed with the Authorized Forest Community.

## **CHAPTER 9: MANAGEMENT OF COMMUNITY FOREST FUNDS**

### **Section 9.1: Establishment of financial accounts**

An Authorized Forest Community shall establish bank accounts for the purpose of receiving and disbursing funds for operations of the community forestry program, as well as for implementing community development projects and programs.

Accounts in the name of the community forest management program shall be opened at a bank, or banks, approved by the Executive Committee.

At least two separate bank accounts shall be opened: one for the operations of the community forestry management program, and the other for the implementation of community social development projects.

Other accounts may be opened if the Community Forest Management Body deems it necessary, subject to approval by the Executive Committee.

### **Section 9.2: Sources of funds**

The sources of funds for the financial accounts of the community, as may be applicable, shall be as follows:

- a) 55% of the one-time bid premium payment, when the Public Procurement and Concessions Act is used by an Authorized Forest Community to identify and contract with a third party;
- b) Royalties, fees, and charges, as established under Chapter 3 and Chapter 6 of the Community Rights Law;
- c) Fees and charges from community forest activities, as established by the Authorized Forest Community bylaws and community forest rules;
- d) Penalty fees paid by community members who breach the bylaws and

community forest rules; and

- e) Grants and other financial assistance sourced from donors and third parties.

### **Section 9.3: Fund governance**

The Executive Committee shall supervise the management of community funds. The Executive Committee shall approve budgets from which expenditures for community forestry operations and community social development are required. The Executive Committee shall report to the Community Assembly on community fund governance.

### **Section 9.4: Fund management**

The Community Forest Management Body shall be responsible for the financial management of the community forestry program. The Community Forest Management Body shall prepare an annual budget covering operations of the community forestry program, community social development projects and other activities, as well as obligations to the national government such as taxes. The budget shall be submitted to the Executive Committee for approval.

### **Section 9.5: Disbursement procedures**

All disbursements shall be made as provided by the approved budget. The Community Forest Management Body, through its Chief Officer and Treasurer, shall authorize specific expenditures.

The Executive Committee shall set further guidelines for disbursement, such as expenditure limits above which approval by the Executive Committee is required. The petty cash level shall be set by the Community Forest Management Body, and petty cash shall be disbursed only upon the authority of the Chief Officer or Treasurer.

There shall be three (3) authorized signatories for each of the community's bank account as follows: (i) the Chief Officer as the first authorized signatory; (ii) the Treasurer as the second authorized signatory; and (iii) another community member as the third authorized signatory. The Executive Committee shall approve the third signatory.

All withdrawals from an account of the community shall require at least two signatories, the first and either the second or third signatories. In the absence of the first signatory, the second and third principal signatories may make withdrawals.

### **Section 9.6: Financial accounting**

The Community Forest Management Body shall adopt a generally accepted accounting system that is compatible with the accounting system used by the Liberian Revenue Authority.

The Authority shall provide technical assistance to Authorized Forest Communities in developing and implementing appropriate accounting systems to be used by Community Forest Management Bodies.

The fiscal year to be adopted by an Authorized Forest Community shall be from July 1 to June 30.

### **Section 9.7: Financial reporting**

The Community Forest Management Body shall submit quarterly financial reports to the Executive Committee of the Community Assembly and the Authority. Reports shall explain sources and uses of funds within each given quarter, and shall present balances in the various community accounts.

Whenever the Community Assembly meets, the Community Forest Management Body shall report through the Executive Committee to the Assembly on the finances of the community forestry program.

### **Section 9.8: Financial audits**

The Executive Committee shall appoint either an accounting firm or a qualified accountant to audit the accounts of the community forestry program on an annual basis. The cost of the annual audit shall be included in the annual community forestry budget. The report of the audit shall be submitted to the Executive Committee for review and appropriate action.

## **CHAPTER 10: COMMERCIAL ACTIVITIES**

### **Section 10.1: Preconditions for commercial harvesting of forest resources**

In accordance with Chapter 6, Section 6.4 of the Community Rights Law, timber and non-timber forest products may not be harvested, processed, or transported for commercial purposes, by communities or third-parties, until the following conditions have been met:

- a) The community has organized its Community Assembly;
- b) The Community Assembly has appointed the Community Forest Management Body;
- c) The Community Forest Management Body has developed a Community

Forest Management Plan that includes the envisaged commercial activities;

- d) The Community Forest Management Plan has been approved by the Executive Committee, the Community Assembly and the Authority; and
- e) The Community Forest Management Plan is being implemented.

### **Section 10.2: Small-scale commercial activities**

Small-scale commercial activities shall cover community forests of 5,000 hectares or less, and involve the sale and delivery of forest products, produced predominantly for the local market. Small-scale commercial activities shall be limited to the sustainable harvesting of timber and/or non-timber forest products, and shall be governed by the Community Forest Management Plan, which shall in turn comply with all relevant provisions of the National Forestry Reform Law of 2006, the Ten Core Regulations, the regulation on chainsaw milling, the Code of Forest Harvesting Practices, the Forest Management Guidelines, and all other relevant laws and regulations.

Small-scale commercial activities can take place in community forests that are larger than 5,000 hectares, as long as the single contiguous area in which the small-scale commercial activities take place does not exceed 5,000 hectares. Only one single contiguous area may be designated for small-scale commercial activities in any one Authorized Forest Community.

As per Chapter 6, Section 6.1 of the Community Rights Law, communities may themselves undertake small-scale commercial activities, or they may contract with a third-party to do so on their behalf.

### **Section 10.3: Medium-scale commercial activities**

Medium-scale commercial activities shall cover community forests that are between 5,001 and 49,999.99 hectares, for the purpose of supplying the domestic and/or international market with both timber and non-timber forest products. Medium-scale commercial activities shall be limited to the sustainable harvesting of timber and/or non-timber forest products, and shall be governed by the Community Forest Management Plan, which shall in turn comply with all relevant provisions of the National Forestry Reform Law of 2006, the Ten Core Regulations, the regulation on chainsaw milling, the Code of Forest Harvesting Practices, the Forest Management Guidelines, and all other relevant laws and regulations.



Medium-scale commercial activities can take place in community forests that are larger than 49,999.99 hectares, as long as the single contiguous area in which the medium-scale commercial activities take place does not exceed 49,999.99 hectares. Only one single contiguous area may be designated for medium-scale commercial activities in any one Authorized Forest Community.

As per Chapter 6, Section 6.2 of the Community Rights Law, communities may themselves undertake medium-scale commercial activities, or they may contract with a third-party to do so on their behalf. A third-party business agent shall not be permitted to operate on more than 149,997 hectares at any time.

Although the Community Rights Law does not require that the competitive bidding process under the Public Procurement and Concessions Act be used, it does allow communities to use the process if they so wish.

#### **Section 10.4: Large-scale commercial activities**

Large-scale commercial activities shall cover community forests that are between 50,000 and 250,000 hectares, and involve the sale and delivery of forest products, produced predominantly for international export. Large-scale commercial activities shall be limited to the sustainable harvesting of timber and/or non-timber forest products, and shall be governed by the Community Forest Management Plan, which shall in turn comply with all relevant provisions of the National Forestry Reform Law of 2006, the Ten Core Regulations, the regulation on chainsaw milling, the Code of Forest Harvesting Practices, the Forest Management Guidelines, and all other relevant laws and regulations.

As per Chapter 6, Section 6.3 of the Community Rights Law, communities may themselves undertake large-scale commercial activities, or they may contract with a third-party to do so on their behalf. A third-party business agent shall not be permitted to operate on more than 250,000 hectares at any time.

As per Chapter 6, Section 6.3(a) of the Community Rights Law, all large-scale commercial use contracts shall be subject to competitive bidding under the Public Procurement and Concessions Act and, in accordance with Chapter 6, Section 6.3(c) of the Community Rights Law, shall be approved by the President of the Republic of Liberia and ratified by the Legislature.

### **Section 10.5: Advice and approval of the Authority**

Before a commercial agreement between an Authorized Forest Community and a third-party can be signed, the Authority shall first review and approve it.

If, following review, the Authority determines that the proposed commercial agreement does not conform to best industry practices, or does not offer fair market price for the community's forest resources, the Authority shall advise the community on how the commercial agreement needs to be amended before it can be approved. The Community Forest Management Body and Executive Committee of the Community Assembly shall hear the advice of the Authority, and attest that they have received and understood the advice provided.

The Authority shall review, determine whether or not to approve the proposed commercial agreement and, if appropriate, provide advice on how the commercial agreement needs to be amended within fifteen (15) working days of the commercial agreement being submitted. If the Authority fails to review, officially approve and, if appropriate, provide advice on how the proposed commercial agreement needs to be amended within fifteen (15) working days of submission, the community may either provide the Authority with more time to complete the review of the proposed commercial agreement, or it may consider the requirement for review and approval of the proposed commercial agreement satisfied.

## **CHAPTER 11: FISCAL PROVISIONS**

### **Section 11.1: Payment of land rental by third-parties**

When a community enters a commercial agreement with a third-party to undertake small-, medium- or large-scale commercial activities on its behalf, the third-party shall pay land rental, as established by Chapter 6, Section 6.5 of the Community Rights Law.

### **Section 11.2: Payment of land rental by third-parties under small-scale commercial use contracts**

Third-parties who enter into small-scale commercial use contracts with communities shall pay land rental fees at the same rate as is required under Timber Sales Contracts. Fifty-five percent (55%) of this land rental fee shall be paid directly to the community, while the remaining forty-five percent (45%) shall be paid to the national government.

**Section 11.3: Payment of land rental by third-parties under medium-scale commercial use contracts**

Third-parties who enter into medium-scale commercial use contracts with communities shall pay land rental fees at the same rate as is required under Timber Sales Contracts. Fifty-five percent (55%) of this land rental fee shall be paid directly to the community, while the remaining forty-five percent (45%) shall be paid to the national government.

**Section 11.4: Payment of land rental by third-parties under large-scale commercial use contracts**

Third-parties who enter large-scale commercial use contracts with communities shall pay land rental fees at the same rate as is required under Forest Management Contracts. As per Chapter 3, Section 3.1(d) of the Community Rights Law, at least 55% of the land rental fee for the area covered by the commercial agreement shall be paid directly to the community, while the remaining balance shall be paid to the national government.

**Section 11.5: Payment of taxes**

The commercial harvesting of forest resources in community forests, whether undertaken by the community or a third-party, be it small-, medium- or large-scale, shall be subject to all relevant taxes, as established by the National Forestry Reform Law of 2006, the Ten Core Regulations, and all other relevant laws and regulations.

**Section 11.6: Payment of stumpage and severance fees**

All timber harvested for commercial purposes shall be subject to stumpage and severance fees, and shall be paid in accordance with the National Forestry Reform Law of 2006 and the Ten Core Regulations. All non-timber forest products harvested for commercial purposes shall be subject to fees, as determined by the Liberian Revenue Authority in consultation with the Authority.

**Section 11.7: No fees to be collected by the Authority for customary user rights**

The Government of Liberia shall not collect fees from community members for the customary use, as defined by the Community Forest Management Plan and community forest rules, of timber and non-timber forest products. Customary use is here limited to the use of timber and non-timber forest products by

members of the Authorized Forest Community for non-commercial purposes. Members of Authorized Forest Communities may still be subject to fees for the use of timber and non-timber forest products, as determined by the community forest rules.

### **Section 11.8: Authority as tax agent of Liberian Revenue Authority**

The Government of Liberia may request the Authority to serve as an agent of the Liberian Revenue Authority. In this capacity the Authority shall ensure that all taxes, fees and charges levied on forestry operations and products under community forestry programs, as determined by law and relevant regulations, are duly and timely paid to the Liberian Revenue Authority by persons and entities concerned. The agency powers of the Authority, however, shall not include the levying of taxes, fees and other charges, or the re-scheduling of such taxes, fees and charges.

### **APPENDIX: STEPS IN ESTABLISHING AN AUTHORIZED FOREST COMMUNITY**

**Step 1.** The community submits to the Authority its application for Authorized Forest Community status, together with a USD\$250 non-refundable application fee. The application shall:

1. Describe the location and area of the forest resources being proposed as a community forest;
2. Provide information about the way in which the community uses its forest resources; and
3. State the following objectives:
  - i. To manage and use forest resources in a sustainable manner, and maintain the forest as an ecosystem;
  - ii. To encourage and build upon existing community traditions, which promote the preservation of the forest and sustainable forest management practices;
  - iii. To promote environmental conservation and ensure biological diversity; and
  - iv. To work closely with the Authority to ensure the success of the community forestry program.

**Step 2.** The Authority gives thirty (30) days notice to the community and adjacent communities that a socio-economic survey and resource

reconnaissance is to be conducted.

**Step 3.** At the end of the thirty (30) days notice period the Authority conducts the socio- economic survey and resource reconnaissance.

**Step 4.** The Authority gives thirty (30) days notice to the community and adjacent communities that the boundaries of the proposed community forest are to be demarcated and mapped.

**Step 5.** At the end of the thirty (30) days notice period the Authority demarcates and maps the area of forest resources that the community claims as its community forest, in collaboration with the community, adjacent communities, and relevant government agencies.

**Step 6.** The Authority posts in and around the community for a period of thirty (30) days the results of the socio-economic survey and resource reconnaissance, and the demarcation and mapping. The Authority invites members of adjacent communities to review the results.

**Step 7.** The Authority assists the community to resolve disputes, if any.

**Step 8.** Following the resolution of any disputes, the Authority gives permission to the community to organize itself into an Authorized Forest Community. The community proceeds to elect members of the Community Assembly, Executive Committee, and appoint members of the Community Forest Management Body.

**Step 9.** Members of the community then review the Community Forest Management Agreement, issued by the Authority. Once members of the community are satisfied, the Community Forest Management Body signs the Community Forest Management Agreement with the Authority. The following shall be attached to the Community Forest Management Agreement:

- a) A copy of the summary of the socio-economic survey and resource reconnaissance;
- b) A map showing the area of forest resources which the community will have access to, manage and use, together with specific coordinates;
- c) A list of the officers of the Executive Committee of the Community Assembly;
- d) A list of the members of the Community Forest Management Body;
- e) The constitution and bylaws of the Authorized Forest Community;

and

- f) Other relevant documents, as may be determined by the Authority.

The Community Forest Management Agreement is valid for a period of fifteen (15) years.

**Step 10.** After the Community Forest Management Body and Authority sign the Community Forest Management Agreement, the Community Forest Management Body may approach the Authority, and other government bodies for assistance in the preparation of the Community Forest Management Plan.

**Step 11.** Once the Authority reviews and approves the Community Forest Management Plan, the Community Forest Management Body proceeds to implement it. The Community Forest Management Body periodically reports on its activities and the community forest program to the Executive Committee of the Community Assembly, the Community Assembly, and the Authority.

## **Forestry Development Authority Regulation No. 102-22**

### **Regulation on Chainsaw Milling**

**WHEREAS**, Liberia is endowed with abundant forest constituting part of its national wealth that provides diverse resources for meeting the nutritional, health and economic needs of the country and its people;

**WHEREAS**, in order to promote proper management of the forest resources of the country, the Government and people of Liberia have agreed, enacted and are implementing a comprehensive forestry law called the National Forestry Reform Law of 2006 (NFRL) and Community Rights Law of 2009(CRL) and complementary legal framework, which establish a transparent framework for the sustainable use, management, and protection of forest resources.

**WHEREAS**, the NFRL further requires that no forest resource can or should be harvested unless pursuant to one of four (4) licenses enumerated in the NFRL or pursuant to a Community Forest Management Agreement as provided for under the CRL;

**WHEREAS**, most of Liberia's domestic timber supply is sourced from wood harvested and processed through chainsaw milling which is largely unregulated making current chainsaw milling activities unsustainable and largely noncompliant with the existing legal framework governing forestry, including traceability, environmental regulations, fiscal obligations, and benefit for forest communities;

**WHEREAS**, in 2011 the FDA, in consultation with stakeholders, promulgated FDA Regulations 115-11 to create a legal regime to govern chainsaw milling but the enforcement of the mentioned regulations remain challenged; and

**WHEREAS**, the challenged enforcement of FDA Regulations 115-11 has made it imperative to review and revise the mentioned regulation to enhance its enforcement and to promote local timber enterprises.

**NOW, THEREFORE**, the Authority does hereby rule and regulate as follows:

## **PART ONE: DEFINITIONS AND PURPOSE**

### **Section 1. Definitions**

**Authority:** Means Forestry Development Authority or the FDA.

**Authorized Forest Community:** Is a community that has the right to access, manage, use and benefit from a specified area of forest resources, after it has met all regulatory requirements, including management and technical specifications, as established and verified by the Authority, and which has signed a Community Forest Management Agreement with the Authority.

**Board:** means the Board of Directors of the Authority.

**Chainsaw Milling:** Means harvesting and on-site conversion of logs into boards/lumber using chainsaws.

**Chainsaw Milling Permit:** Means the authorization or permit issued to an Eligible Person to undertake Chainsaw Milling in respect of a defined number of trees, which location, diameters and other particulars had earlier been submitted to the Authority as part of the application for authorization to undertake Chainsaw Milling.

**Chainsaw:** Is any portable power saw or similar cutting device, rendered operative by an electric or internal combustion engine or similar means, that can be used for the felling of trees or the cutting of timber.

**Chainsaw Miller:** Refers to any person(s) engaged in Chainsaw Milling under a Chainsaw Milling Permit consistent with the forest governance requirement established by this regulation.

**Commercial Use Contract:** Means any commercial use agreement entered into by an Authorized Forest Community and any other natural or legal person in respect of use of forest products or forest resources, other than direct use for personal purposes or household infrastructures development. Commercial use includes trade or any other disposition of forest products, forest resources, or rights over such, for direct or indirect financial gains.



**Community Forest:** Is a forested or partially forested area traditionally owned or used by a community for socio-cultural, economic and development purposes.

**Community Forestry Management Agreement:** Is the written agreement issued by the Authority, and signed between an Authorized Forest Community and the Authority, that establishes the terms under which the community accesses, uses, manages, protects and benefits from forest resources in a sustainable manner, pertaining to a specified area of forest resources.

**Cooperative:** Is an enterprise or similarly situated entity that is jointly owned by its members, who share its benefits and responsibilities:

**Diameter at Breast Height (DBH):** Means the over-bark measurement of a standing tree at 1.3 meters above the floor in a relatively flat terrain or 1.3 meters on the uphill side of the standing tree on a sloping terrain.

**Eligible Forest Resource License:** means any Forest Resource License under which Chainsaw Permit may be granted.

**Eligible Person:** means any one of the persons named in Section 4 of this Regulation

**Forest Resource:** Is anything of practical, commercial, social, religious, spiritual, recreational, educational, and scientific, subsistence, or other potential use to humans that exists in the forest environment, including but not limited to flora, fauna and microorganisms.

**Forest Resource License:** Means any of licenses established by the Community Rights Law of 2009 (CRL) and the National Forestry Reform of 2006 (NFRL), including Forest Management Contract (FMC); Timber Sale Contract (TSC), Community Forest Management Agreement (CFMA), Forest Use Permit (FUP) and Private Use Permit (PUP).

**Holder:** Means a person who has obtained a Forest Resource License from the Authority or means an Authorized Forest Community which has concluded a Community Forest Management Agreement with the FDA.

**Person:** Means a human being or a legal entity.

**Private Land:** Refers to a land owned by private person(s) through a valid deed or title traceable to a public land sale by the Republic of Liberia.

**Proposed Protected Area(s):** Refers to area(s) that the Authority has identified as suitable for designation as a Protected Area under Chapter 4 of the National Forestry Reform Law of 2006.

**Public Land:** Refers to land that is neither Private Land nor owned by any other distinct person, but is owned by and/or held in trust by the Government for the people of Liberia.

**Stumpage Fees:** Are fees associated with the commercial harvesting of trees, including fees based on the species, class, type and number of trees harvested.

Other capitalized terms used in this Regulation have the meaning established in the National Forestry Reform Law of 2006, as amended, the Community Rights Law of 2009 with Respect to Forest lands (CRL) and applicable regulations.

## **Section 2: Purpose**

The purpose of this Regulation is to:

1. Establish a Chainsaw Milling permitting regime that is consistent with, within and under the ambit of TSC, CFMA, and PUP, and prohibiting same from being undertaken in areas or forest land suitable for or covered by FMCs and FUPs, and forest land designated as a Protected Area and Proposed Protected Area;
2. Provide for a well-defined regulatory framework to allow a transformation of informal Chainsaw Milling to a formal, legal, and responsible Chainsaw Milling in the forest sector of Liberia;
3. Ensure and assure the legality and effective traceability of timber supplied by Chainsaw Milling from forest by harnessing the Authority's Chain of Custody System;
4. Ensure that Chainsaw Milling is carried out by Liberian nationals, primarily through legally established Cooperatives or associations to maximize opportunities for local employment and value addition; and,

5. Establish a structured process by which Chainsaw Milling Permits are requested, granted and/or obtained prior to the commencement of any Chainsaw Milling operations by an Eligible Person on an eligible land.

## **PART TWO: TIMBER RESOURCES AND PERSONS ELIGIBLE FOR CHAINSAW OPERATIONS**

### **Section 3. Timber Resources Eligible for Chainsaw Milling Permit**

- a) Subject to the provisions of Subsections (b), (c) and (d) of this Section, the issuance of a Chainsaw Milling Permit shall be based on all or some of the quantity of timber covered by a TSC, CFMA or PUP that the Holder of such Forest Resource License has decided to process using Chainsaw Milling. Application for Chainsaw Milling Permit shall therefore be assessed and evaluated based on the number of trees the Permit authorizes to be milled or processed, and not on the land area where the trees are located; the relevance of the land being only in terms of its suitability for Chainsaw Milling and whether the wood comes from an authorized legal source.
- b) Timber harvested under a Chainsaw Milling Permit shall be used only on the domestic market, and are not eligible for export, except as provided in Section 17(c).
- c) A Chainsaw Milling Permit may be issued in respect of timber located on the following categories of land:
  - i. Government Land and Public Land: Any land suitable for TSC or which is already covered by a TSC pursuant to Section 5.4 of the NFRL;
  - ii. Community Forest Land: Community Forest Land suitable for CFMA or already covered under a duly executed CFMA; and
  - iii. Private Land: A Private Land in respect of which a Private Use Permit (PUP) has been issued; provided that the application for the Chainsaw Permit shall be by or with the consent of the PUP holder/landowner.
- d) Under no circumstance shall Chainsaw Milling Permit be issued for the milling of timber located on (i) FMC; (ii) FUP (iii) existing Protected Areas; and (iv) Proposed Protected Areas that are pending the Authority's conclusion of a feasibility study and necessary consultations for formal

designation and categorization as a Protected Area under Section 9.10 of the NFRL.

#### **Section 4. Persons Eligible for Chainsaw Milling Permit**

- (a) No person other than the persons specified in Subsection (b) of this Section shall carry on Chainsaw Milling and/or be issued a Chainsaw Milling Permit in Liberia.
- (b) A Chainsaw Milling Permit may be issued only to one or more of the following persons:
  - i. A Holder of a duly granted TSC or PUP;
  - ii. A Liberian citizen who is not barred from commercial forest operations under Section 5.2 (b) of the NFRL;
  - iii. A group of Liberians, operating and/or carrying on business as a Cooperative or an association duly established and registered in keeping with Liberian law;
  - iv. A Community Forest Management Body (CFMB), acting on behalf of an Authorized Forest Community; and
  - v. A Cooperative, an association or a business entity that demonstrates 100% ownership by Liberians or in which Liberians are entitled to 100% of the net profit.

### **PART THREE: REQUIREMENTS FOR CHAINSAW MILLING**

#### **Section 5. Conditions Applicable to All Chainsaw Milling Permits**

- a) No person shall undertake Chainsaw Milling unless in possession of a Chainsaw Milling Permit duly issued to him/her/it or his/her /its principal by the Authority in keeping with the provisions of this Regulation.
- b) Chainsaw Milling shall always be done in situ, and transportation thereafter done in full compliance with the Specialized Chain of Custody System. Transporting any trees or logs for chainsaw milling in contravention of the foregoing requirement is forbidden.

- c) A Chainsaw Milling Permit is not assignable, but may be granted or issued to a Holder of the underlying Forest Resource License or a third party who is an Eligible Person that has obtained the authorization and/or consent of the Holder. Where the Holder of the underlying Forest Resource License authorizes an Eligible Person to apply for a Chainsaw Milling Permit to carry on Chainsaw Milling in all or some portion of the areas covered by the Forest Resource License , the Holder and the authorized Eligible Person shall be jointly and severally responsible for (i) ensuring compliance with all legal requirements and (ii) compensating all persons damaged or injured by or in the course of carrying on the Chainsaw Milling operations.
- d) Chainsaw Milling Permits shall be issued for a renewable period of **one (1) year to** harvest up to the maximum quantity of trees authorized by and under the FDA-approved Operations Plan for the underlying Forest Resource License; except that a Chainsaw Milling Permit may be issued for a greater volume on a greater percentage of the total area covered by a TSC.
- e) Two or more Chainsaw Milling Permits may be issued simultaneously for trees under a single Eligible Forest Resource License or earmarked for clearing to undertake agriculture development, an infrastructure project or other concession; provided that no two Permits shall cover the same and exact earmarked trees within and Eligible Resource License.
- f) All applicants for Chainsaw Milling Permit, irrespective of the type of the underlying Eligible Forest Resource License, shall satisfy the following conditions and other condition other conditions specified in the Regulation, before issuance of the Chainsaw Milling Permit and, where applicable, throughout the period the Chainsaw Milling Permit remains valid:
  - i. The Chainsaw Milling Permits shall only be granted as part of the issuance of an annual harvesting certificate and based on the annual operational plan. Where Chainsaw Milling Permits are issued as part of sustainable harvesting operations they will in addition be subject to the applicable forest management plan(s) which the Forest Resource License holder is required to develop.
  - ii. ii)The applicant must prove that it has completed required pre-harvesting requirement for trees enumeration in keeping with the Chain of Custody System, and legal framework, and also that all

other requirements linked to the underlying forest resource license have been met;

- iii. The applicant shall ensure compliance with the Chain of Custody System, including having completed a training in the nature, operation and requirements of the Chain of Custody System;
- iv. The applicant shall provide a written undertaking to maintain compliance with all applicable laws as well as the terms and conditions of the Chainsaw Milling Permit; and
- v. The applicant, if different from the Holder of the underlying Forest Resource License, shall accept and undertake to be primarily responsible for compensating third parties for injuries caused in connection with Chainsaw Milling operations undertaken under the Permit.

## **PART FOUR: CHAINSAW MILLING PERMIT UNDER TSC**

### **Section 6. Principles for Chainsaw Milling Permit under TSC**

- a. A Chainsaw Milling Permit can be issued to harvest trees from areas covered under a TSC where the holder of that TSC, or a Chainsaw Miller having the authorization or consent of the TSC holder, demonstrates to the satisfaction of the Authority that he/she/it has the capacity to engaged in Chainsaw Milling as outline herein and other related forest laws.
- b. Further to Subsection (a) of this Section, a Chainsaw Milling Permit is NOT a Forest Resource License, but merely an authorization to engage in Chainsaw Milling. Any person seeking a Chainsaw Milling Permit must (i) do so based on the annual operational plan submitted by or with the permission of the Holder of the underlying TSC; (ii) submit to the Authority a formal application for a Chainsaw Milling Permit to harvest all or some of the timber covered by the TSC; and (iii) meet the eligibility requirements established by Section 4 of this Regulation.
- c. The procedures and requirements for obtaining a TSC and the obligations and rights of the TSC holder, as established by the NFRL and its implementing

regulations, remain applicable and are not affected by whether or not timber from the TSC areas are scheduled for Chainsaw Milling operations.

- d. Consistent with the provision of Section 5.4 (b)(iv) of the NFRL, which provides that a Timber Sale Contract may ONLY be awarded over a land area of up to 5,000 hectares, no Chainsaw Milling Permit for a TSC shall cover trees located on land exceeding 5,000 hectares.

## **Section 7. Conditions for Issuance of Chainsaw Milling Permit under TSC**

A Chainsaw Milling Permit may be issued in respect of trees located on a forested land covered by a duly executed and valid TSC in line with applicable laws, regulations, guidelines and Codes.

An application for a Chainsaw Milling Permit under a TSC shall be made as part of the request for the annual harvesting certificate and shall include:

### **I. where the applicant is not the TSC holder:**

- i. **Written agreement between the Chainsaw Miller and the TSC Holder**, allowing the named Chainsaw Miller or Eligible person to apply for and the Chainsaw Milling permit in respect of trees on the subject TSC;
- ii. **An addendum to the annual operations plan**, clearly enumerating the trees to be harvested and processed by the Chainsaw Miller, identifying the relevant TSC areas where the harvesting is to take place, and showing whether these areas meet the thresholds set out by the National Forest Definition;
- iii. **An addendum to the social agreement signed by the TSC holder, CFDC and the Chainsaw Miller, wherein and whereby** the Chainsaw Miller agrees to the Code of Conduct stipulated in the Social Agreement and which clearly enumerates the responsibilities and payments of the TSC Holder that shall be honored by the Chainsaw Miller;
- iv. **A written undertaking by the Applicant/Chainsaw Miller along with an appropriate operational procedure** developed by the said Applicant/Chainsaw Miller to avoid encroachment with contract areas of

other Holder(s) and ensure traceability of all trees harvested or to be harvested under the Chainsaw Milling Permit; and

- v. A written undertaking by the Applicant/Chainsaw Miller for the payment of the stumpage fees required by law for trees subject to the Chainsaw Milling Permit; and

## **II. Where the applicant is the TSC holder:**

- i. **an addendum to the annual operations plan**, clearly enumerating the trees to be harvested and processed by the Chainsaw Miller, identifying the relevant TSC areas where the harvesting is to take place, and showing that these areas meet the thresholds set out by the National Forest Definition.
- ii. **a written undertaking by the Applicant/Chainsaw Miller along with an appropriate operational procedure** developed by the said Applicant/Chainsaw Miller to avoid encroachment with contract areas of other Holder(s) and ensure traceability of all trees harvested or to be harvested under the Chainsaw Milling Permit; and

## **PART FIVE: CHAINSAW MILLING PERMIT IN COMMUNITY FORESTS**

### **Section 8. Principles for Chainsaw Milling Permit under CFMAs**

- a) A Chainsaw Milling Permits may be issued in respect of trees located on a forested land covered by a CFMA and managed by an Authorized Forest Community once the Authorized Forest Community has met all requirements under Section 10.1 of the implementing regulation of the CRL, as amended.
- b) No more than three (3) Chainsaw Milling Permits can be granted within the same year and under the same approved Annual Operations Plan to harvest and mill timber from community forestlands subject to a CFMA.
- c) The Authority shall not award a Chainsaw Milling Permit for trees located in more than one CFMA area. A Chainsaw Milling Permit shall be for (and cover) only trees located in one specified CFMA area and for which the



authorized forest community and a Chainsaw Miller duly granted a Chainsaw Milling Permit for Chainsaw Milling in the subject CFMA area shall be jointly and severally responsible for all issues of legal compliance and compensations for injuries caused in operating the permit.

### **Section 9. Conditions for Issuance of Chainsaw Milling Permit under CFMA**

- (a) Where the authorized forest community seeks authorization to directly undertake Chainsaw Milling through its CFMB or similar body, the following conditions shall apply:
1. the CFMB of that Authorized Forest Community shall deliver to the Authority a formal application supported by the following information and documents:
    - i. **A copy of the CFMA** signed by the CFMB and the Authority;
    - ii. **The list of members** of each of (i) the CFMB and (ii) the Community Assembly, together with the governing bylaws and constitution;
    - iii. **A copy of the Community Forest Management Plan** that includes the envisaged commercial harvesting of timber, which has been duly approved and signed by members of the Executive Committee, the Community Assembly and the Authority; and
    - iv. **An annual operations plan**, clearly enumerating the trees to be harvested and processed by the Chainsaw Miller, identifying relevant community forest areas where the trees are to be harvested and showing whether these areas meet the thresholds set out by the national Forest Definition.
  2. Upon receipt of the documents specified in subsection (b) of this Section and confirmation that the Authorized Forest Community has met all requirements established by Section 10.1 of the implementing regulations of the CRL, as amended, the Authority shall issue a Chainsaw Milling permit to the CFMB of the Authorized Forest Community to engage in Chainsaw Milling, as described in the Community Forest management Plan and annual operational plan. The Chainsaw Milling

Permit issued to a CFMB on behalf of an Authorized Forest Community shall specify the effective date, expiration date and renewability of the permit, but in no case shall the validity period of any such Chainsaw Milling permit be more than one (1) year.

- (b) Where the Authorized Forest Community seeks to authorize a third-party Eligible Person to carry on Chainsaw Milling Operations in its forest area, the following rules shall apply:
1. Only cooperatives or associations wholly owned/formed by Liberians and meeting the requirements of Section 4 of this Regulations shall be eligible to apply for a Chainsaw Milling Permit to undertake Chainsaw Milling in a community forest.
  2. An eligible cooperative or association desiring to apply for a Chainsaw Milling permit to undertake Chainsaw Milling operations in a community forest shall first enter into a small-scale Commercial Use Contract with the Authorized Forest Community through its CFMB. This small-scale commercial use contract shall include a code of conduct and a clear statement of responsibilities of the Chainsaw Miller along with an enumeration of payments that the said Chainsaw Miller shall make to the Authorized Forest Community.
  3. Based on the small-scale Commercial Use Contract, the cooperative or association of Liberian may apply for a Chainsaw Milling Permit as part of the relevant CFMB's request for an annual harvesting certificate. This application shall contain:
    - i. A copy of the small-scale Commercial Use Contract, allowing the named Chainsaw Miller or eligible person to apply for and execute chainsaw operations in the community forest;
    - ii. An addendum to the community forest management plan, identifying the areas earmarked for chainsaw milling operations and showing that these areas meet the thresholds set out by the National Forest Definition;

- iii. an annual operations plan, clearly enumerating the trees to be harvested and processed by the Chainsaw Miller or Eligible cooperative or association;
- iv. **a written undertaking by the Applicant/Chainsaw Miller along with an appropriate operational procedure** developed by the said Applicant/Chainsaw Miller to avoid encroachment with contract areas of other Holder(s) and ensure traceability of all trees harvested or to be harvested under the Chainsaw Milling Permit; and
- v. A written undertaking by the Applicant/Chainsaw Miller for the payment of the stumpage fees required by law for trees subject to the Chainsaw Milling Permit.

## **PART FIVE: CHAINSAW MILLING PERMIT ON PRIVATE LANDS**

### **Section 10. Principles for Chainsaw Milling Permit under PUP**

- (a) A Chainsaw Milling Permit can be issued to harvest trees from areas covered under a PUP where the holder of that PUP, or a Chainsaw Miller having the permission of the PUP holder, demonstrates to the satisfaction of the Authority that the timber to be harvested is located in forested areas suitable for Chainsaw Milling.
- (b) The procedures and requirements established by the NFRL for obtaining a PUP remain applicable and are not affected by whether or not timber from the PUP areas are scheduled for Chainsaw Milling Operations.
- (c) No more than three (3) Chainsaw Milling Permit can be granted to harvest and mill timber from forestlands subject to a PUP.
- (d) The Authority shall not award a Chainsaw Milling Permit for trees located in more than one PUP area. A Chainsaw Milling Permit shall be for (and cover) only trees located in one specified PUP area and for which the PUP holder shall be responsible in addition to any authorized Chainsaw Miller for all issues of legal compliance and compensations for injuries caused in operating the permit.

**Section 11. Conditions for Issuance of Chainsaw Milling Permit under a PUP**

A Chainsaw Milling Permit may be issued in respect of trees located on a forested land covered by a PUP only upon satisfaction of the following:

- (a) Prior to the application for a Chainsaw Milling Permit, the Holder of the underlying PUP has met all the necessary requirements to apply for and/or be issued an annual harvesting certificate consistent with applicable laws, regulations, guidelines and Codes.
- (b) Where the applicant for a Chainsaw Milling Permit seeks to undertake Chainsaw Milling operations on a land covered by a PUP, the application shall be supported by the following documents and/or information:
  - i. written authorization of the PUP holder, allowing the named Chainsaw Miller to apply for Chainsaw Milling permit in order to undertake Chainsaw Milling Operations on the area covered by the PUP;
  - ii. a report of the enumeration of trees to be harvested and processed by the Chainsaw Miller, identifying relevant PUP areas where the trees are to be harvested from and showing whether these areas meet the thresholds set out by the national Forest Definition.
  - iii. a written undertaking along with an appropriate operational procedure to avoid encroachment with contract areas of other Holder(s) and ensure traceability of all trees harvested or to be harvested under the Chainsaw Milling Permit; and
  - iv. An undertaking of the Chainsaw Miller for the payment of the stumpage fees required to be paid for trees harvested.
- (c) Where the application for a Chainsaw Milling permit to undertake Chainsaw Milling operations on area covered by a PUP is by the Holder of the subject PUP, the application shall be supported by the following documents and/or information:
  - i. a report of the enumeration of the trees to be harvested and processed by the Chainsaw Miller, identifying relevant PUP areas where the

trees are to be harvested from and showing whether these areas meet the thresholds set out by the national Forest Definition.

- ii. a written undertaking along with an appropriate operational procedure to avoid encroachment with contract areas of other Holder(s) and ensure traceability of all trees harvested or to be harvested under the Chainsaw Milling Permit; and [sic]

## **PART FOUR: CHAIN OF CUSTODY**

### **Section 12. Chain of Custody System Applicable to Chainsaw Milling**

- (a) All timber harvested under a Chainsaw Milling Permit and the Holders thereof, shall comply with a Specialized Chain of Custody System mandated by Section 13.5 of the NFRL and existing procedures for enrolling of timber in the Chain of Custody System currently implemented by the Authority except the barcoding of tree with tag in TSC and PUP.
- (b) Effective upon the publication of this Regulation, every timber harvested for commercial use under a Chainsaw Milling Permit that is not enrolled in Specialized Chain of Custody System shall be illegal without any exception or explanation.

## **PART FIVE: CODE OF HARVESTING PRACTICES**

### **Section 13. Requirement of Sustainable Forest Management**

- (a) Where Chainsaw Milling Permits are allocated in areas which meet the thresholds set out by the National Forest Definition, these operations will be subject to all requirements from the NFRL, CRL and their implementing regulations, the Code of Forest Harvesting Practices and Forest Management Guidelines as applicable to the underlying resource license.

### **Section 14. Applicable Harvesting Practices for Chainsaw Milling Permits in degraded forests**

- (a) Where Chainsaw Milling permits are given to harvest and mill timber in areas that do not meet the thresholds set out by the National Forest Definition, the requirements for sustainable forest management are generally not fully applicable to Chainsaw Milling Operations by virtue of their nature and the

quality of forest land over which they are conducted. Nevertheless, Chainsaw Permit Holders undertaking chainsaw milling in such areas shall be obliged to comply with the following harvesting practices:

1. Preparation of an addendum to the Annual Operations Plan clearly enumerating the trees to be harvested and processed by the Chainsaw Miller, and confirming that the areas identified for Chainsaw Milling do not meet the thresholds set out by the National Forest Definition.
2. Compliance with the requirements for
  - i. Use of hazardous chemicals
  - ii. Waste management
  - iii. Construction and maintenance of mobile camps
  - iv. Health and safety, including procuring of protective clothing and safety equipment
  - v. Social requirements
3. Environmental law requirements, including the prohibition:
  - i. of logging in protection areas (soil protection areas, riparian buffer protection areas, ecosystem protection areas, water supply protection areas, plant and animal protection areas, protected area buffer areas, local use areas)
  - ii. to possess and/ or transport firearms, bush meat and/ or hunters in company vehicles, even outside the commercial forest area;
  - iii. to hunt outside of any designated hunting area within the commercial forest area;
  - iv. to hunt protected animals;
  - v. to use traps;
  - vi. to engage in trade of bush meat
4. Observation of directional felling, and minimum diameters rules

## **Section 15. Improving Chainsaw Milling Productivity Rate**

- (a) The Authority shall, within two years of the publication of this Regulation, cooperate with the Environmental Protection Agency (EPA) of Liberia and other stakeholders, including communities and chainsaw operators to undertake comparative studies of available and emerging technologies aimed

at reducing waste from chainsaw operations and improving their positive impact and social contributions overall.

- (b) In addition to the integrated training required under this Regulation, the Authority shall work with stakeholders to provide continuing training in chainsaw operations processes, marketing and technology in order to improve the productivity of Chainsaw Operations generally and the financial returns of individual Chainsaw Operators.

## **PART SIX: USE OF TIMBER HARVESTED UNDER CHAINSAW MILLING PERMIT**

### **Section 16. Multiple uses of Chainsaw Timber**

- (a) Timber produced from Chainsaw Milling under a Chainsaw Permit may be used for commercial, personal, communal, charitable or public purposes, subject to the market restrictions established in Section 17 of this Regulation.

### **Section 17. Market for Chainsaw Timber**

- (a) All timber duly produced from Chainsaw Milling under a Chainsaw Milling Permit for TSC, CFMA , infrastructure project or a mining or related concession, are to be marketed, distributed and sold only on the Liberian domestic market.
- (b) Following two (2) years of implementing this Regulation, the Authority shall, in consultation with stakeholders including Chainsaw Operators, undertake a review of Chainsaw Milling in Liberia to determine its compliance with requirement of law and overall quality and productivity.
- (c) The Authority may allowed the export of chainsaw milled timber if the aforementioned review of Chainsaw Operations finds compliance with law including effective enrolment in the Authority's Specialized Chain of Custody System after two (2) years.

## **PART SEVEN: FISCAL PROVISIONS**

### **Section 18. Payment of Stumpage fees**

- (a) Every Chainsaw Permit Holder is obliged to pay, and shall promptly pay when due, stumpage fees required for all trees to be harvested under the Chainsaw Milling Permit.

### **Section 19. Payment of Social Contributions**

- (a) Chainsaw Permit holders under TSC and PUP are required to sign an addendum to the social agreement earlier agreed between the holder of the underlying Forest Resource License and the relevant affected communities, due regards being had to the quantity of timber authorized to be harvested and the expected or actual duration of the harvesting,

### **Section 20. Payment of Land Rental Fees**

- (a) Where Chainsaw Milling has been permitted under a TSC, the TSC holder, who holds management responsibility, remains responsible for the payment of area-based land rental fees as prescribed under Regulation 107-07. However, the TSC holder and the Chainsaw Miller can agree for these land rental fees to be fully or partially paid by the Chainsaw Miller as part of the agreement between the TSC holder and the Chainsaw Miller. In such case, the TSC holder will only be held liable for the payment of these fees in the absence of full and timely payments by the Chainsaw Miller.
- (b) Where Chainsaw Milling has been permitted by way of a small scale commercial use contract concluded by an Authorized Forest Community holding a Community Forest Management Agreement with the FDA, the Chainsaw Miller shall pay 55% of the area-based land rental fees to the community and 45% to the Government as provided in Section 11.3 of the Regulation to the Community Rights Law, as amended.
- (c) Where Chainsaw Milling has been permitted under a PUP, no area-based land rental fees are applicable.
- (d) The Chainsaw Miller shall be responsible for the payment of the annual coupe inspection fees as provided for under regulation 107-07 for the area and coupes covered under their Chainsaw Milling Permit.



## **Section 21. Payment of other Fees and Taxes**

- (a) The Chainsaw Miller shall be responsible for the payment of all other applicable fees and taxes for timber harvested and/or commercialized based on his/her/its Chainsaw Milling Permit.
- (b) The Chainsaw Miller shall be also responsible for the payment of any other fees and taxes of general application covering or related to their business.

## **PART EIGHT: MONITORING**

### **Section 22. Shared Monitoring of Compliance**

- (a) The Authority shall consult and cooperate with communities, individual and groups of Chainsaw Millers and other stakeholders to monitor due compliance and enforcement of the provisions of this Regulation, including avoiding unauthorized Chainsaw operations, encroachment on other lands or contract areas, and fronting for persons not eligible to hold Chainsaw Milling Permit.
- (b) The Authority shall establish and maintain a continuing engagement with Chainsaw Millers individually and through any national association of chainsaw millers with the aim of supporting them and also encouraging their meaningful participation in the monitoring effective enforcement and compliance with tis Regulation. Chainsaw Miller shall be expected to report any unauthorized Chainsaw Milling Operations by either a licensed or unlicensed person.

### **Section 23. Documentation of Business Ownership; Membership of Cooperatives and Associations**

- (a) Every Chainsaw Operator who seeks, obtains or operates a Chainsaw Milling Permit shall keep accurate records demonstrating that the Chainsaw Operations are being carried on solely by him and for his sole benefits. Each Chainsaw Operator shall be obliged to promptly present some or all of the aforementioned documentation when requested by the Authority upon reasonable notice.

- (b) Every Association or Cooperative shall be established by a written instrument naming its original members and how other members may join, and shall keep a register of all its members and officers along with minutes of their meetings and records of their share in the expenses, losses and profit of their shared undertaking. Each Association or Cooperative shall be obliged to promptly present some or all of the aforementioned documentation when requested by the Authority upon reasonable notice.
- (c) Knowing misrepresentation of ownership facts shall constitute a serious violation of this Regulation which shall constitute sufficient reason for termination of the Chainsaw Permit and the underlying Timber Sale Contract consistent with Section 6.1(g) of the NFRL and other applicable Liberian laws.

## **Section 24: Transparency and Information Sharing**

In order to assure transparency and facilitate enforcement and compliance with the Regulation, the Authority shall regularly publish, at least quarterly, (i) all Chainsaw Milling Permits issued, specifying the persons to whom issued along with the location and quantity of timber covered by the permit and (ii) such other information as are required to be disclosed to the Authority under this Regulation.

## **PART NINE: TERMINATION AND PENALTIES**

### **Section 25. Termination of Chainsaw Milling Permit by FDA**

The FDA may terminate any Chainsaw Milling Permit with immediate effect for any of the reasons stated in Section 6.1 and 18.14 of the NFRL or for violation of any provision of this Regulation.

### **Section 26. Specified Penalties**

The penalties established and provided for violations of the NFRL and applicable forest laws and Regulations shall apply for violations of this Regulations.

### **Section 27. Other Sanctions**

Any member of an affected community, the holder of the underlying Forest Resource License, and local authorities can alert the FDA of Chainsaw Milling

conducted or being carried out in violation of the laws, this regulation or the conditions included in the Chainsaw Milling Permit.

Where information or tips received from an affected community, a holder of a forest resource license or any private person leads to the apprehension or conviction of person violating forestry laws, this and other implementing regulations or the conditions of the chainsaw milling permit, those who alerted the FDA will be given at most 50% of the proceeds of the sale of any seized illegal timber.

In addition to penalties for violations, The FDA shall seize any timber harvested and milled as part of the violation and in execution of Section 20.10 (g) of the NFRL.

## **PART TEN: REPEALS, AMENDMENT AND EFFECTIVE DATE**

### **Section 28. Repeals**

This Regulation repeals FDA REGULATIONS 115-11.

### **Section 29. Review and Modification**

This Regulation may be reviewed and amended from time to time as warranted by circumstances/development and at a time whereby the Authority deems it necessary, provided that every amendment shall be adopted in consultation with relevant stakeholders.

### **Section 30. Effective Date**

This regulation shall become effective following public consultations and vetting as required by law and due approval by the Board of Directors of the FDA, and then publication of its approved and signed version.

SIGNED:

Honorable C. Mike Doryen

**Managing Director**

Forestry Development Authority

This Guide has been co-developed by the National Union of Community Forest Management Bodies, Heritage Partners & Associates and ClientEarth.

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PROJECT

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