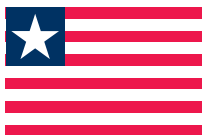




Liberia and the European Union

Joint Annual Report 2014

Implementing the Liberia-EU Voluntary
Partnership Agreement



Common efforts to ensure and
promote legal timber trade and
good stewardship of the
forest sector



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Photo: Jeff Haskins,
Burness Communications

List of abbreviations

CFMA	Community Forestry Management Agreement
CoC	Chain of Custody
EITI	Extractive Industries Transparency Initiative
EU	European Union
FDA	Forestry Development Authority
FLEGT	Forest Law Enforcement, Governance and Trade
JIC	Joint Implementation Committee
LEITI	Liberia Extractive Industries Transparency Initiative
LLD	Liberia Licensing Department
LTA	Liberia Timber Association
LVD	Liberia Verification Department
NGO	Nongovernmental organisation
PUP	Private Use Permit
TLAS	Timber Legality Assurance System
UK	United Kingdom
UN	United Nations
VPA	Voluntary Partnership Agreement

Executive summary

This Annual Report from Liberia and the European Union (EU) covers the period January to December 2014 and includes important achievements made since the Liberia-EU Voluntary Partnership Agreement (VPA) was signed in July 2011.

A Joint Implementation Committee (JIC) made up of representatives from the EU and Liberia is overseeing VPA implementation. The first formal meeting of the Committee was held in May 2014 and served as a forum to discuss forestry sector challenges. One of the Committee's focuses is finalising and implementing the Timber Legality Assurance System (TLAS), which will include a Chain of Custody (CoC) system to track timber and verify aspects of legality, a licensing procedure for timber exports, a complaints mechanism and an independent audit process.

Work undertaken as part of the VPA process complements Liberia's efforts to reform its forestry sector. The Government of Liberia, through the Forestry Development Authority (FDA) and supported by an external service provider, is building on the existing CoC system that preceded the VPA. This system ensures traceability from standing tree to the point of export, and provides the evidence to support the issuing of export permits.

Export permits can currently only be given for timber coming from Forest Management Contracts, Timber Sales Contracts and Community Forestry Management Agreements (CFMAs). Export permits are not issued for uncontrolled timber. The present types of export permits will be replaced by Forest Law Enforcement, Governance and Trade (FLEGT) licences.

By the end of 2014, the Government of Liberia had drafted new regulations for half of the areas that the VPA identified for law reform. Dialogue with stakeholders revealed that additional regulations need to be developed and that there needs to be a harmonisation of existing regulations. The EU and Liberia committed at the JIC to address these issues.

The EU and Liberia recognise that there is a large gap between the intended functions prescribed in the existing legal framework, the TLAS that is built upon it, and the capacity of the Government, private sector operators and civil society to perform those functions. The Government is improving its capacity to regulate and verify the legality of timber through a new dedicated Liberia Verification Department (LVD) within the FDA.

A National Multi-Stakeholder Monitoring Committee meets once a month to discuss forest-related issues. Civil society organisations are using the opportunity to raise issues and find solutions. Examples of concerns that have been raised and discussed include the illegal allocation of Private Use Permits (PUPs) and concerns about how CFMAs are allocated. So far, Liberia is the only VPA country to have direct representatives from the community overseeing the VPA implementation in their multistakeholder process.

Communication and outreach towards forest communities and informal private sector operators has been led primarily by nongovernmental organisations. The new FDA VPA communication plan will likely improve institutional communication. The Authority has already improved access to paper copies of laws and regulations and increased the number of documents available on its website.

Photo: EU FLEGT Facility



Introduction and background

Liberia is home to about 40% of the Upper Guinea Forest ecosystem, making the country one of 34 international biodiversity hotspots. Liberian forests cover about 4.4 million hectares, 45% of the country's land area. In 2014, annual harvested volume of logs was 147 495 m³ and annual exported volume of logs 129 239 m³. The European Union (EU) accounted for 7% of Liberia's timber exports by volume. In 2014, the top three EU importers of Liberian timber were Germany, France and Greece.¹

During Liberia's prolonged civil war, timber revenues were misappropriated and used to sustain the conflict. In 2003 the United Nations (UN) Security Council attempted to deal with this by imposing sanctions on all imports of timber from Liberia. Since then, Liberia has made significant efforts to reform the forest sector including completing a comprehensive review of the regulatory framework, developing a national timber traceability system (LiberFor) to track timber production and revenue payments and reforming the FDA. The UN Security Council lifted sanctions in 2006 to recognise Liberia's progress and to open the way for Liberia to rebuild its forest sector.

In 2009, Liberia became the first African country to achieve Extractive Industries Transparency Initiative (EITI) compliance. Liberia was also the first country to include timber revenues under the Initiative.

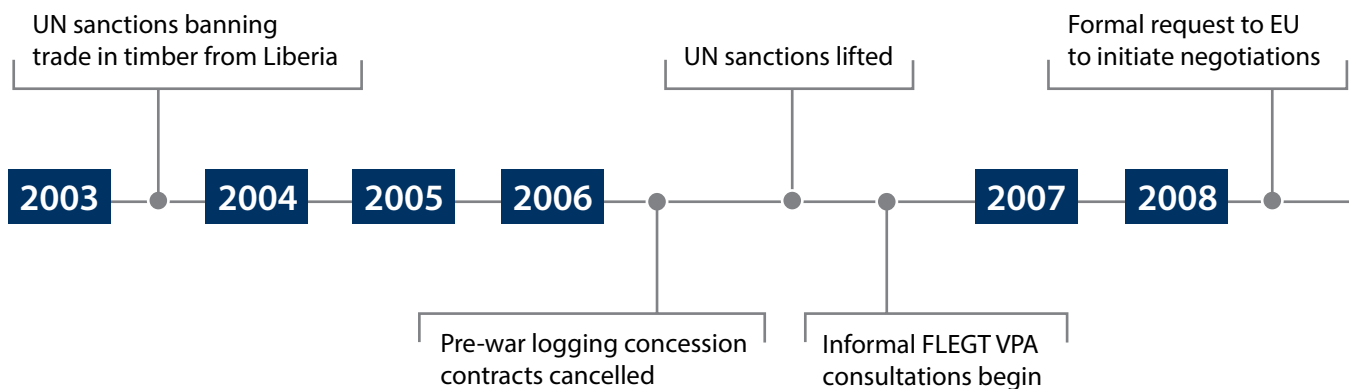
In order to support the forest reform process, the EU and Liberia began informal discussions on the FLEGT VPA in 2007. Formal negotiations started in March 2009 and the parties signed the VPA on 27 July 2011. The VPA is a public document and may be viewed and/or downloaded from the websites of the European Commission (<http://ec.europa.eu/environment/forests/flegt.htm>) or the Liberia FDA (<http://www.fda.gov.lr/>).

Liberia demonstrated its commitment to improved forest governance through an inclusive approach to the VPA negotiations. The negotiations involved a wide range of stakeholders in Liberia, including several ministries and government agencies, civil society, the private sector and community representatives. A broad range of stakeholders continue to be engaged through the implementation phase.

The VPA was ratified and entered into force on 1 December 2013. This is the first Liberia-EU VPA Annual Report since then. It covers the first year (January to December 2014) after Liberia's VPA became effective and captures key achievements made since the VPA was signed in July 2011.

During the period covered by this report, Liberia was hit by an outbreak of the Ebola virus, which killed more than 4 800 people. This crisis put a temporary halt to many of the VPA implementation activities for the second half of 2014.

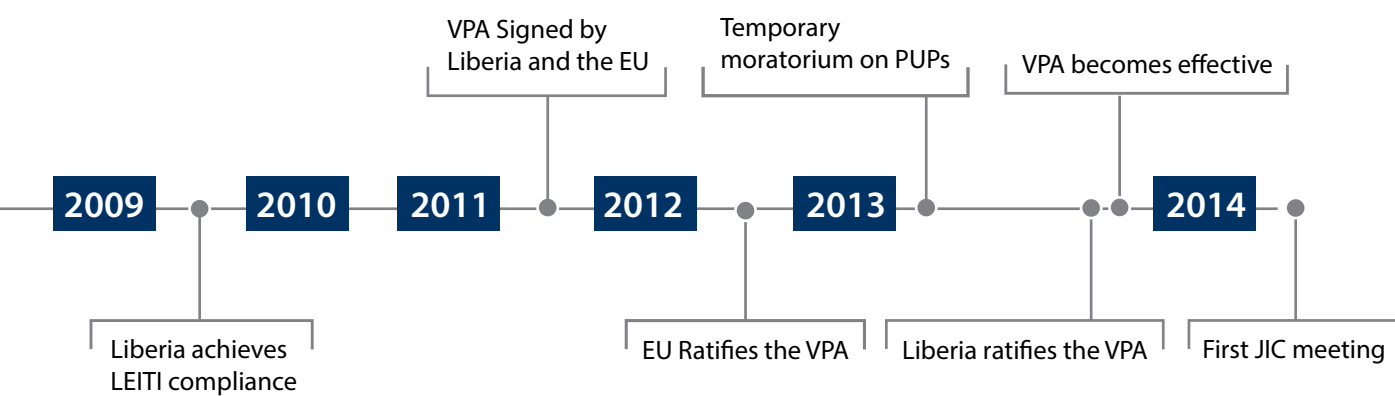
Milestones of the Liberia-EU VPA implementation



¹ Log production and export data is from Liberia's Chain of Custody system. Data on EU member state imports from Liberia are derived from the VPA Independent Market Monitoring database, whose data is in turn derived from EU COMEXT data.



Photo: EU FLEGT Facility



Timber Legality Assurance System

A credible TLAS is essential for licensing verified legal timber for export to the EU and other markets. Liberia's TLAS, based on national legislation and existing governmental control systems, will ensure that timber being transported, processed and sold has been harvested legally. The Liberian TLAS was designed through a multistakeholder process, in order to ensure it is comprehensive and workable. The TLAS will apply to all timber harvested, processed, sold in or exported from Liberia, including timber imported from countries outside the EU. It covers production from all types of forest holdings and by all operators. The following sections provide an update on the progress made in developing the TLAS to the end of 2014.

2.1 Chain of Custody

A CoC system makes it possible to trace timber and all wood products covered by the VPA from standing trees to the point of export or point of sale on the domestic market. The TLAS in Liberia, and the CoC element of it, build on the existing national wood tracking system, LiberFor, which has been in effect since 2008. A 2009 review of this system informed the VPA negotiation process. Annexes II and XIII of the VPA outline areas where further work is required on the CoC system to meet VPA expectations.

The Government of Liberia and the United Kingdom (UK) Department for International Development (DFID) put out an international tender and in 2013 hired the service provider SGS S. A. (SGS) to assist the FDA in further developing the CoC system and the rest of the TLAS. Since October 2013, SGS has been operating the CoC on behalf of the FDA under a new contract. It ensures traceability from a standing tree to the point of export, and provides evidence to support issuing export permits for timber coming from Forest Management Contracts (FMC), Timber Sales Contracts (TSC), PUPs and CFMAs.

SGS has also been developing a new comprehensive TLAS information system, LiberTrace. This system brings together the legality verification and CoC data as foreseen in the VPA. It is expected that data from the existing system will be integrated into the new system in 2015. Thereafter, the CoC system will be extended to other timber sources such as imported timber, confiscated timber and timber from mining or agricultural concessions. This will be done in conjunction with work to improve the legislative framework and develop regulations (see Section 3).

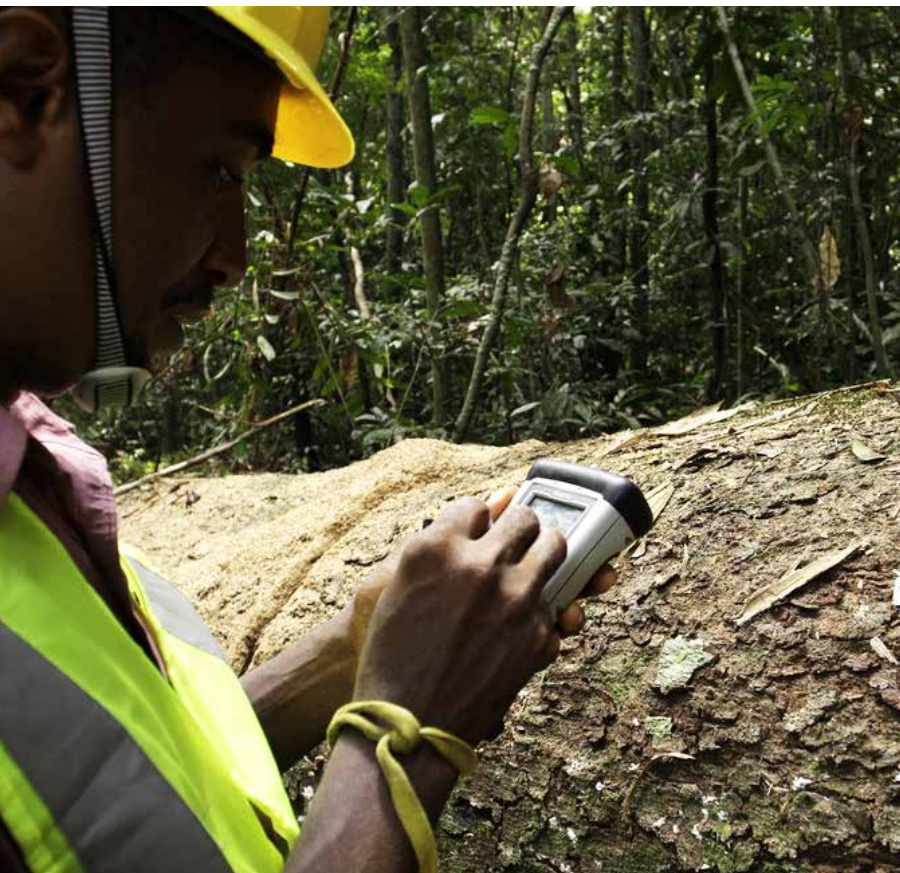


Photo: PROFOR

2.2 Legality verification procedures

Liberia's existing CoC system includes procedures to verify aspects of legality such as tax payments. Annex II of the VPA describes a new system which would check additional aspects of legality and also demonstrate compliance.

Additional procedures must still be developed to clarify and document how the rest of the legality definition requirements will be verified by government agencies.

2.3 Licensing procedures

The licensing procedure for timber exports is outlined in Annex II of the VPA. A new entity within the FDA, the Liberia Licensing Department (LLD), will be the designated licensing authority. It will rely on information from the Liberia Verification Department (LVD) to confirm legal compliance. The LLD shall establish its procedures for issuing FLEGT licences and make them available to the public. During the period covered by this report, the LLD had not yet been established. It will develop the licensing procedures once the verification system is further developed in 2016.

2.4 Complaints mechanisms

The complaints mechanism in the VPA allows anyone to express their concerns about how the TLAS functions and to seek redress. The LVD and the JIC have to develop the procedures to handle complaints. While such complaint mechanisms have not yet been established, civil society groups have successfully raised concerns at the JIC regarding unlawful PUPs and CFMAs. Investigators followed up these complaints and the board of the FDA, the President of Liberia and the judiciary are dealing with the concerns.

2.5 Management of non-compliance with the TLAS

For the TLAS to function efficiently there must be clear procedures in place for dealing with cases of non-compliance when they are identified. The LVD, with support from SGS, has yet to develop procedures for managing non-compliance.

2.6 Independent audit

There will be regular Independent Audit to ensure that the TLAS is being implemented in a way that complies with what is described in the VPA. Annex V of the VPA sets out the terms of reference for the independent auditor, who Liberia shall engage with in consultation with the EU. During the period covered by this report, the independent audit had not been established and it is not expected to be established until the rest of the TLAS is further developed. As part of the EU-Liberia funding agreement, there is a budget for the independent audit, so an auditor could be mobilised relatively quickly.

Once operational, the independent auditor will present its reports to the JIC. Reports validated by the JIC will become public documents.

Photo: Jeff Haskins,
Burness Communications



Improvement of regulatory framework

The objective of the VPA is to verify the legality of timber exports to the EU, but also to strengthen forest governance more broadly. During VPA negotiations, stakeholders identified 12 areas for further legislative reform to streamline and clarify legal requirements. These reforms will address topics such as social agreement procedures, community forestry regulations and procedures for auctioning seized and abandoned logs. The entire list of reform commitments are outlined in Annexes II and VIII of the VPA. In addition, the JIC has identified that a PUP regulation needs to be developed and the Community Rights Law pertaining to forest lands and regulations needs to be harmonised (see Section 9.2).

By the end of 2014, Liberia had drafted new regulations for half of the areas identified for law reform in the VPA. The FDA has adopted

regulations for both chainsaw milling and timber processing. Additional regulations have been drafted on timber in transit, imported timber, confiscated and abandoned timber and third-party access to concession areas. There is an ongoing vetting process on these drafts. Liberia shared a draft regulation on PUP with the National Multistakeholder Monitoring Committee members in late 2012.

Beyond the VPA commitments, Liberia adopted a new land rights policy in May 2013 and drafted a land rights law in 2014. The land rights policy represents a major paradigm shift for land rights and tenure as well as natural resource governance. The move towards community forest management will be a major change for the forest sector in coming years.

Photo (below):
EU FLEGT Facility

Photo (opposite):
EU FLEGT Facility



Julia Falconer (DFID Senior Forestry Advisor), Manuel Iglesias (First Counsellor of EU Delegation to Liberia), Harrison Karnwea and Darlington S. Tuagben (FDA Managing Director and Deputy Managing Director, respectively) at a technical session of the 1st JIC meeting



During VPA negotiations, Liberia recognised that dealing with the illegal logging that supplies domestic demand would be a significant undertaking, but that it was necessary in order to truly improve the management and governance of forests. The VPA foresees the application of a CoC and verification system to timber products sold on the domestic market, but these will be phased in according to a schedule that depends on law reform.

As a step towards formalising the chainsaw millers which provide the majority of the timber sold on the domestic market, Liberia adopted a chainsaw milling regulation in 2012. However, the regulation has not yet been implemented effectively.

Established in 2008, the Liberia Chainsaw and Timber Dealers Union represents the chainsaw loggers and participates in the VPA implementation.



Article 1 of the Liberia-EU VPA outlines that the objective of the Agreement is to ensure that 'all imports into the Union from Liberia of timber products covered by this Agreement have been legally produced'. Once the FLEGT licensing system is operational, future annual reports will report statistics on the trade in FLEGT-licensed timber products. Information will include:

- the number of FLEGT licences issued by Liberia;
- the annual quantities of timber and timber products exported to the EU;
- the number of FLEGT licences received by the EU; and

- the quantities of timber and timber products imported into the EU under the FLEGT-licensing scheme. This information will show which EU Member States imported the timber.

The Liberia-EU VPA goes beyond the requirement to verify the legality of the timber products it exports to the EU. It commits the Liberian government to applying the same legality standard to all timber exports, regardless of their destination. Once the FLEGT licensing system is in place, it will issue these licenses for all exports.



Photo: Jeff Haskins, Burness Communications



6.1 Institutional structures

The FDA is restructuring to be able to better address the requirements of VPA implementation and the needs of the forestry sector. Previous managers have been dismissed due to misconduct, and new managers brought on board. The FDA is also establishing two new divisions as foreseen in the VPA: the LVD and the LLD.

Liberia Verification Department

The LVD will verify compliance with the legality definition and operate the CoC system. The service provider, SGS, has been contracted since October 2013 to build, operate and transfer the LVD to the FDA over a period of five years. The LVD technical manager and some other staff were hired in early 2014 through internal recruitment at the FDA. Further staff transfers from other FDA departments to LVD are ongoing.

Liberia Licensing Department

The LLD will be established to issue FLEGT licences. The VPA Support Unit has been tasked with establishing the LLD once the LVD and the TLAS are further developed.

6.2 Capacity building

The VPA recognises a large gap between the intended functions prescribed in the legal framework and the actual capacity of the Government, private-sector operators and civil society to perform those functions. Liberia and the EU envisioned significant capacity-building measures to support VPA implementation. They set up the VPA Support Unit in September 2013 to build the capacity of all stakeholders, empowering them to take actions in line with the VPA.

Civil society

The VPA calls for civil society groups to be trained to enable them to monitor TLAS operations and help communities to participate in forestry-related action. The NGO Coalition of Liberia and its members have been building their capacity through grant projects and with the support of international partners. A team of four independent forest monitors, mandated by the NGO Coalition, have been conducting independent monitoring since 2013.

Private sector

The Liberia Timber Association (LTA) is the main association representing the private logging companies in Liberia. In 2014, the LTA wrote a development plan that will be the basis for supporting operators to comply with the laws of Liberia and the TLAS requirements. The Liberia Chainsaw and Timber Dealers Union represents chainsaw loggers. It has developed a training manual and carried out initial trainings to improve the capacity of its members to harvest sustainably and safely.

Forestry Development Authority and other government agencies

The VPA Support Unit has assessed the capacity needs of all government agencies involved in VPA implementation. A Capacity Building and Implementation Plan covering all relevant government agencies was being finalised at the end of 2014. Initial support provided during 2013 to 2014 focused on the FDA as the central government agency for VPA implementation, including supporting the rebuilding of the FDA headquarters, re-establishing pilot FDA field sites, appointing a community forestry advisor and reinforcing the FDA's communication and outreach capacity. SGS also contributes to the capacity building of the FDA.

Support to other government agencies is pending the completion of the Capacity Building and Implementation Plan.

Photo (opposite): Jeff Haskins, Burness Communications

Photo: EU FLEGT Facility





Photo: EU FLEGT Facility

6.3 Support to implementation

During 2012, the EU and the UK Government worked with the Government of Liberia to design a joint programme of support for VPA implementation. EU and UK support to the programme will total EUR 17 million over the period 2011 to 2018 and provides for the LVD service provider, the VPA Support Unit and an independent audit. The UK has also been financing a FLEGT facilitator in Liberia since 2013 with a contract ongoing until 2016. The EU provided funding to eight projects carried out by local civil society and the private sector

either directly or through the African, Caribbean and Pacific countries (ACP) FLEGT Programme implemented by the Food and Agriculture Organization of the United Nations (FAO). The UK Government's Forest Governance, Markets and Climate Programme has provided grants to four international organisations to support work in Liberia: the Centre for International Development and Training (CIDT); Fern; Global Witness; and the Rights and Resources Initiative (RRI). The EU and the Governments of Finland, France, Germany, the Netherlands, Spain, Sweden and the UK contribute to funding the EU FLEGT Facility, which has supported the process of implementing the VPA.

The VPA specifies that a national committee made up of representatives of government agencies and other relevant stakeholders must be established to monitor implementation of the overall agreement. The Agreement particularly highlights the need to include industry, civil society, local communities and other people dependent on forests. During the negotiation process, Liberia gained recognition for its participatory approach and for involving a wide variety of stakeholders. The stakeholders continue to contribute to the implementation process.

The Liberia Implementation Committee, which is the Liberian side of the JIC, was established prior to the first pre-JIC meeting (see Section 9.2). The JIC's ten members include representatives of government ministries and agencies as well as representatives from the NGO Coalition (civil society) and the LTA (private sector).

A larger National Multistakeholder Monitoring Committee was officially established when the VPA became effective on 1 December 2013. In line with the VPA, the National Multistakeholder Monitoring Committee has 25 members, including representatives of relevant government ministries and agencies, civil society, industry and the community. Community members are drawn from the Community Forestry Development Committees, which are elected by the communities in accordance with the forest law. The National Multistakeholder Monitoring Committee meets once a month and operates according to agreed procedures.

An Inter-Agency Coordination Committee was inaugurated in the first half of 2014 as a sub-committee of the National Multistakeholder Monitoring Committee to strengthen coordination between ministries and government agencies involved in VPA implementation. The Inter-Agency Coordination Committee brings together representatives from the Ministry of Commerce and Industry, the Ministry of Finance, the Bureaus of Concessions and Customs, the Ministry of Justice, the FDA, the Ministry of Labour, the National Social Security and Welfare Corporation and the Environmental Protection Agency.

The NGO Coalition plays an active role in convening civil society organisations to engage in forest sector advocacy, including participating in VPA negotiations and implementation. The NGO Coalition facilitator represents civil society in the Liberia Implementation Committee and, together with five additional members, in the National Multistakeholder Monitoring Committee. The NGO Coalition has raised concerns about forest governance and irregularities in the sector through the VPA implementation structures. The Civil Society Independent Forest Monitor's (CS-IFM) reports are regularly discussed in the multistakeholder fora and brought to the attention of the JIC and relevant authorities. Members of the NGO Coalition have also investigated alleged cases of illegalities, most notably related to allocating PUPs and CFMAs.

The LTA represents the private sector in VPA implementation structures such as the Liberia Implementation Committee. In addition, the Liberia Chainsaw and Timber Dealers Union participates in implementation activities.

The VPA highlights the importance of communicating planned actions as well as ongoing achievements. While several organisations have implemented communications and outreach projects with FLEGT and VPA objectives, the first JIC meeting acknowledged that there was a need for a clear communication plan.

8.1 National VPA communication efforts

The Public Affairs Division of the FDA was established in 2014 along with the VPA strategic communication plan. The main focus of this 18-month plan has been enhancing FDA capacity to communicate the VPA and making public the documents outlined in Annex IX of the VPA.

Work to rebuild the FDA website began in 2012, and a number of documents are currently available on the site (see Section 8.3). The completed site will include the documents mentioned in Annex IX.

Local organisations have also implemented communications and outreach projects on forest governance, illegal logging and the VPA, including the Save My Future Foundation, Green Advocates and the Liberia Chainsaw and Timber Dealers Union.

8.2 Publicly available information

Section 18.15 of the 2006 National Forestry Reform Law requires the FDA to grant and facilitate free public access to information in its possession. The 2010 Freedom of Information Act sets out procedures and mechanisms to enable members of the public to access this information. To reinforce these provisions, Annex IX of the VPA provides a list of information that will be published regularly. This includes information relating to the VPA itself, to the management of the forestry sector, to forest resource allocation and production, to forest fees and revenues, and to law enforcement.

Since the VPA negotiations concluded, access to information has improved through the distribution of hard copies of laws and regulations to FDA regional offices and county authorities. The FDA website already provides documents such as legal texts and social agreements. More information is being made available through the website. All aide memoires of pre-JIC and JIC meetings are now public. The procedures and terms of reference guiding the functioning of the National Multi-Stakeholder Monitoring Committee were also annexed to the aide memoire of the first JIC.

9.1 Impacts

Each VPA includes a commitment to monitor impacts through national impact monitoring frameworks developed at the country level. Impact monitoring helps determine whether the VPA has led to the desired changes in forest governance. It also helps identify and mitigate any negative impact of VPA implementation.

Liberia and the EU committed to work together to develop a national impact monitoring framework for VPA implementation in the course of 2014. However, this had to be put on hold due to the Ebola outbreak.

Once the national monitoring framework has been developed and FLEGT licensing is operational, this section will report on the impacts being observed as a consequence of VPA implementation. It will also outline those measures being taken to mitigate any adverse impacts.

9.2 Joint Implementation Committee

The JIC monitors and reviews VPA implementation. Article 19 and Annex X of the VPA set out the functions of the JIC.

In the period between signing the VPA and it becoming effective, a pre-JIC was established as an interim joint mechanism for dialogue. It convened three times between March 2012 and November 2013 bringing together the two parties of the VPA, including stakeholder representatives on the Liberian side.

The inaugural meeting of the formal JIC was held in May 2014. The aide memoire from the meeting is available to download from the EU FLEGT Facility website.

JIC and pre-JIC agendas have covered a broad array of issues related to forest governance and VPA implementation. The pre-JIC recorded a commitment to set up a committee to ensure communities receive the benefits they are legally entitled to. In mid-2014, the Government of Liberia and Community Forestry Development Committees made an agreement concerning the transferring of funds to the National Benefit Sharing Trust.

Liberia is represented at the JIC by the by the Liberia Implementation Committee led by the Chair of the Board of Directors of the FDA. The EU is represented by the Head of the EU Delegation in Liberia.

Photo: EU FLEGT Facility



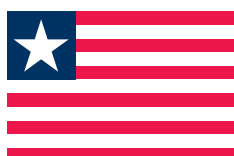
Co-chairs signing the aide-memoire of the 1st JIC meeting, Florence Chenoweth, Minister of Agriculture, Republic of Liberia and Ambassador Attilio Pacifici, Head of EU Delegation to Liberia

This report was prepared by Liberia and the EU and was validated by the VPA joint implementation committee

The online version is available on the website of the European Union Delegation to Liberia
http://www.eeas.europa.eu/delegations/liberia/index_en.htm

Photos (front and back covers): Jeff Haskins, Burness Communications

Common efforts to ensure and promote legal timber trade and good stewardship of the forest sector



Liberia-EU

