

## **A New Environment for Liberia**

- A road map for the forest sector
- Outcome of US Embassy Workshop on Forest Sector reform  
(December 15 & 16, 2003 – Monrovia)

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## Executive Summary

Reform of the forest sector in Liberia is imperative to prevent combatants from misappropriating revenue to further conflict. The sanctions on Liberian timber, imposed by the UN Security Council, provides a window of opportunity to effect such reform. Fortunately, the National Transitional Government of Liberia has already begun the process of reform. This report outlines the initiatives of the Liberian government and offers advice on how the international community can provide financial, technical and other appropriate assistance. The Donors Conference on Liberia presents a forum for the international community to develop a strategy for such assistance. To that end, in December, the US Embassy in Monrovia hosted a roundtable workshop for stakeholders. The purpose of the workshop was to assist the Liberian government in developing proposals for the reform process. This report also presents the outcomes of this workshop.

The Liberian government has identified the following areas that require immediate reform:

- 1) **Regulatory reform** (institution building of human and technical capacity within the FDA to ensure legitimate management/exploitation);
- 2) **Revenue reform** (taxation and auditing systems to ensure legitimate use of forest revenue);
- 3) **Concession review** (to assess tenure conflicts and determine legitimate ownership);
- 4) **Inventory** (to determine the potential value of forest resources (timber, non-timber forest products, including medicinals, biodiversity, recreation, etc.), provide information for monitoring, taxation, and enforcement); and
- 5) **Parks** (to ensure adequate protection, to promote the reconciliation process with neighboring countries, and offer FDA an opportunity to demonstrate legitimate management).

These topics were covered at the stakeholders roundtable. Various recommendations for both the Liberian government and the international community were made.

In the short-term, the international community may establish the following priorities:

- 1) Ensure that **peacekeepers deploy throughout Liberia** to establish rule of law in forested areas.
- 2) Request **UNMIL peacekeepers to monitor ports to ensure compliance with timber sanctions.**
- 3) Assist the NTGL to **ensure legitimate flows of revenue from timber.**
- 4) Assist the FDA in **building institutional capacity to manage forests**, such as providing adequate equipment, training, and salaries for employees.
- 5) Assist the FDA in **a comprehensive audit and review of concession ownership.**
- 6) Assist the FDA and the conservation community to establish **management of Liberia's two parks.** This could include pursuing **UNESCO World Heritage Status for Nimba Park** as a symbol of international cooperation.

## Introduction

Peace in Liberia is tenuous. Although the international community—including the United States—has provided vital assistance to the peace process, the United Nations peacekeeping operation (UNMIL) has not fully deployed and the majority of Liberia’s forested areas are not under the control of UNMIL or the National Transition Government of Liberia (NTGL). If history is any judge, immediate control of the forests is imperative; a majority of countries recovering from war return to war when revenue from natural resources is misappropriated by combatants to resume fighting. Liberia, a country where timber has at times accounted for more than half of exports and provided a ready source of cash for fighters, is especially vulnerable. Indeed, the UN Security Council has sanctioned timber from Liberia to deprive combatants of revenue. While forest sector reform is critical to avoid further conflict, the window of opportunity to implement this reform is likely to be short before pressure to reopen the timber industry—in order to generate revenue to support the activities of the NTGL—becomes unavoidable.

This report serves two purposes: 1) it offers a strategy for forest sector reform designed to ensure institutional capacity for forest management and legitimacy of revenue flows, and 2) it reports on the outcomes of a stakeholder workshop convened by the US Embassy in Liberia to discuss these reforms.

Reform is critical to protect the international community’s significant investment in peace and peacekeeping in Liberia, and to protect Liberia’s natural resources from improper exploitation. Such a commitment is also consistent with President Bush’s initiative to reduce illegal logging in the tropics. Failing to reform the forest sector imperils not only Liberia, but the entire region.

## Background

Almost half of Liberia (Fig. 1; 11 million hectares; human population ~ 3 million; growth rate ~3%/yr) is evergreen forest (Fig. 2), as compared to 3 – 28% for its neighbors, Sierra Leone, Guinea, Cote d’Ivoire, Ghana, and Togo. The forests are prized for their exceptional biodiversity. The 560 km of coastline, the undulating lowlands, and the mountainous north form one of world’s 25 biological “hot spots” of conservation significance. Loggers also prize the forest for the commercial value of the trees.



Fig. 1. Map of Liberia.

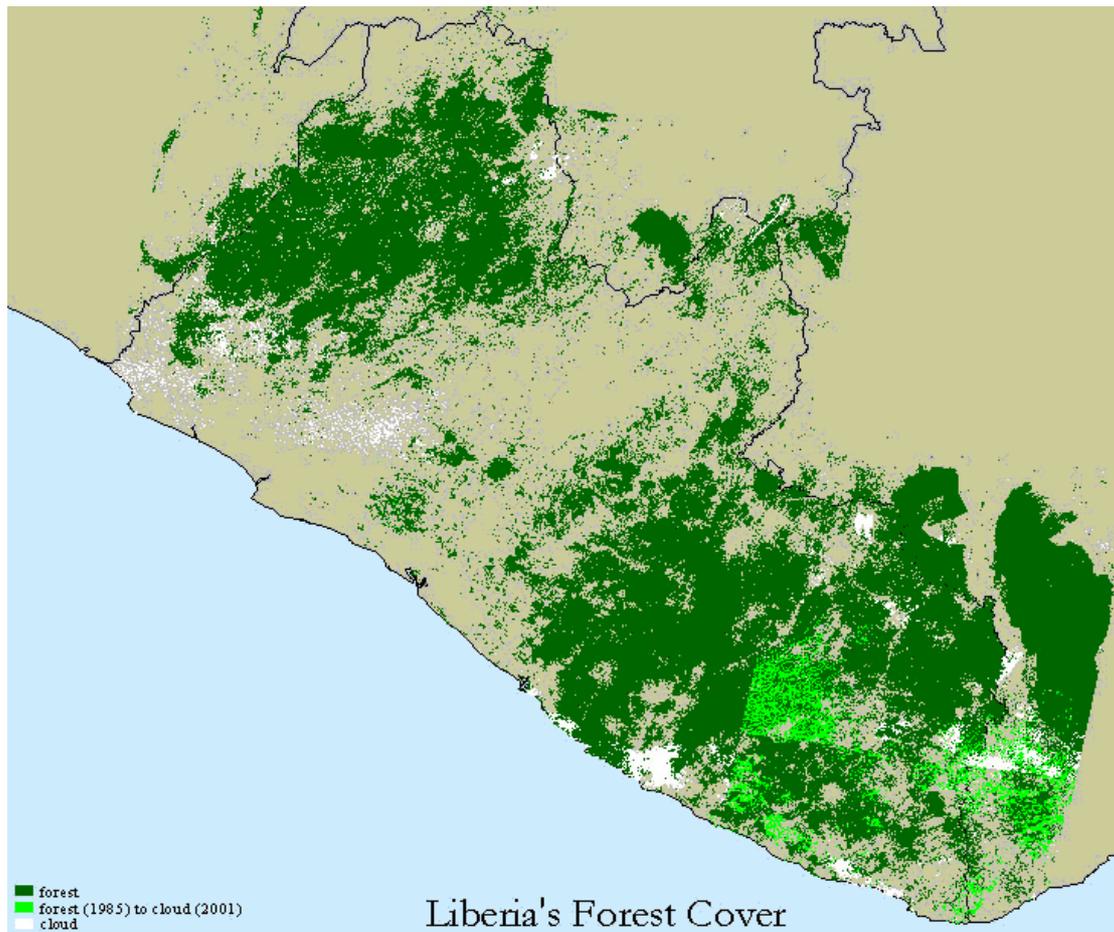


Fig. 2. Forest cover in Liberia. (Data from LFR)

### ***Importance of the forest sector to Liberia***

The timber industry has undergone three major transitions over the past 20 years. After Samuel Doe seized power in 1980, a booming industry achieved the highest harvest volumes yet: in 1989, ~ 3 million cubic metres (m<sup>3</sup>) of timber was produced (Fig. 3).<sup>1</sup> Like the rest of Liberia, the industry stagnated during the civil war of the 1990s. But once President Charles Taylor gained power in 1997, a resurgence in timber production began, establishing an important source of revenue for his regime. According to the Central Bank of Liberia, timber comprised more than 50% of reported exports, and according to the IMF, timber contributed more than 20% of GDP.

### **Forestry under Taylor**

The Forestry Development Authority (FDA) manages Liberia's forest, including ~5 million hectares of concessions held by 30 companies (Fig. 4, Table 1). Under presidential decree, Taylor pursued a policy that encouraged large-scale investment and reduced the proliferation of small logging concessions. This policy allowed the establishment of the Oriental Timber Company (OTC) in 1999. This timber company,

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<sup>1</sup> Credible data regarding the forest sector are lacking. The government of Liberia has failed to report on the timber industry for more than two years. Prior records were incomplete and unreliable. The data in this report, therefore, should be used with caution, as an overview rather than as precise measurements.

held by Asian concerns, invested ~\$100 million, brought ~600 workers to Liberia, mainly Asian, and consolidated a number of concessions into a ~1.5 million hectare operation, which represented about half of timber production.

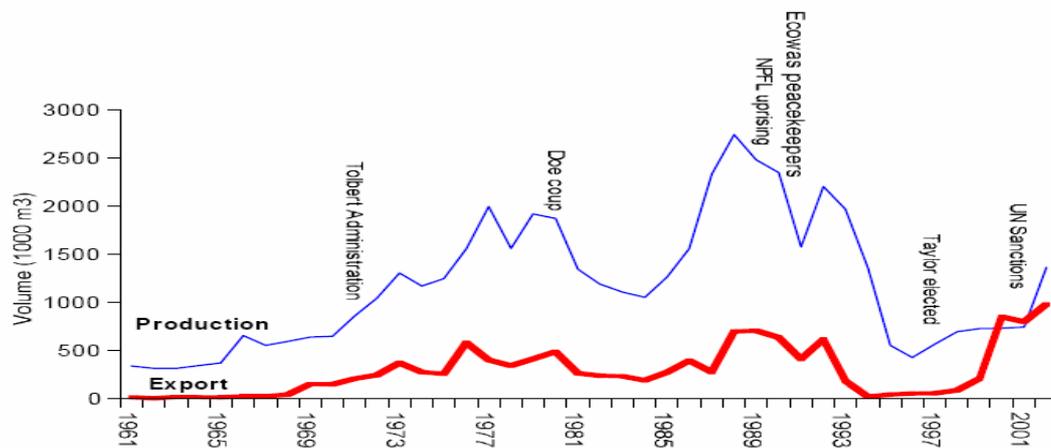


Fig. 3. Trend in timber production and export in Liberia from 1961 to 2001. (Data from FAO)

Table 1. Companies operating in Liberia during the Taylor regime. (Data from FDA)

Company	2001				2000		1999	
	Production (m <sup>3</sup> )	Export (m <sup>3</sup> )	Value (US\$)	\$/m <sup>3</sup>	Export (m <sup>3</sup> )	Value (US\$)	Export (m <sup>3</sup> )	Value (US\$)
OTC	484,088	454,950	43,252,047	95	386,528	36,471,330	20,972	1,917,835
Natura	103,918	61,870	5,678,262	92				
MWPI	76,418	47,650	6,408,986	135	51,659	5,838,096	13,678	1,588,987
Inland	45,029	57,121	5,752,453	101	19,298	2,347,386	12,727	1,222,030
RTC	42,120	31,539	3,767,040	119	26,483	2,866,195	17,390	1,864,061
MGC	36,426	17,069	2,557,697	150	12,500	1,810,284		
Bin-Liberia	36,292	1,364	218,234	160	22,580	3,564,484	6,403	8,900
ULC	33,208	25,113	2,869,682	114	32,123	3,943,692	15,121	1,597,088
LLWPC	20,533	15,066	1,640,408	109	19,638	2,182,702		
LWMC	14,821	7,712	915,590	119	6,823	1,294,244	8,765	1,333,493
IBERIC	14,415	11,080	1,392,118	126	8,604	1,140,343	6,049	845,793
CTC	14,208	7,663	1,145,005	149	2,001	276,545	3,428	545,376
DABA	8,416	5,844	658,976	113	8,244	934,610		
Mabow/DGL	7,722	6,929	934,232	135				
ATI	7,281	4,387	450,204	103	3,205	317,999	11,690	1,256,169
TTCO	6,225				6,171	642,554	21,082	2,211,663
XLL	5,367	3,342	458,182	137	3,928	528,326		
AWPC	5,012	2,702	290,058	107	793	103,071		
Tutex	3,699	3,792	523,020	138				
FHC	3,157	1,906	271,371	142	1,646	250,245	2,918	402,221
FAPCO	2,930	1,648	207,827	126	449	61,487	748	20,131
TLC	2,133	1,263	180,880	143			526	52,590
Troplog	1,587	157	26,660	170				
CESTOS	1,551				3,636	585,347		
GAMMA	1,381	581	87,977	151			1,400	180,588
LLWPS/WARCO	1,259				113	20,406	96	15,815

RGMM	1,105	438	65,491	150				
PTET	676							
LIAP	514							
NELCO	391				283	45,254		
Yekepa	383	26	4,528	174	2,629	452,189		
RLC/STC					1,454	235,091	12,841	1,604,928
SMI							12,729	1,556,586
SLDC							1,833	251,197
RETCO							461	63,960
Ras TC							2,548	334,223
LTI & ILC/ATI					759	68,993		
FTC/B								
FORUM/ETTE		2,400	131,999	55	9,396	997,734	12,164	1,514,586
Fomaco							1,005	141,571
CRI					6,344	508,546	18,396	2,039,441
CBN					112	17,963		
<b>TOTAL</b>	<b>982,265</b>	<b>773,612</b>	<b>79,888,927</b>	<b>103</b>	<b>637,399</b>	<b>67,505,116</b>	<b>204,971</b>	<b>22,569,231</b>



Fig. 4. Map of legally authorized timber concessions in Liberia. (Data from FDA)

In 2001, the most recent data available, the industry produced revenue of approximately \$80 million (Table 1) and employed about 7,000. Many of the workers, especially skilled laborers were foreigners, however. The industry is seasonal, rainy conditions permit logging only November through May.

### Forests were looted

Despite (or perhaps because of) Taylor's active interest in the timber industry, the FDA failed to properly manage the sector. The FDA can account for only about one-fifth of the ~\$20 million taxes for 2001. Meanwhile, timber companies paid millions in bribes to Taylor and his cronies.

Along with the revenue, the forest itself was looted. By law, loggers may only harvest 4% of their concession (to ensure a 25-year rotation). However, it appears that OTC, for example, harvested at least twice the legally allowed rate.

The looting of the forests and the timber revenue highlights the necessity for reform.

## **Timber value of Liberian forests**

The potential commercial timber value of the Liberian forest is a subject of considerable debate. Unfortunately, the debate is prolonged by a lack of credible data. In order to estimate the value of the commercial timber in Liberia's forests, the following data are necessary: 1) the area of forest and 2) the volume of timber in the remaining forest—which is dependent on the species and value of the timber itself. Further, predictions must be made of how these variables will change over time, thus increasing the uncertainty.

Making “best guesses” of these estimates is problematic. Unfortunately, even with clear caveats, such “best guesses” have a tendency to take on a life of their own. We have reasonable data to estimate forest area: 5 million hectares (Fig. 2). However, the other variables are much less understood. Based on OTC's maps and general scientific consensus for West Africa, it is likely that, on average, approximately 5 m<sup>3</sup> of commercial timber exists per hectare. Although the volume of trees is much greater, most species have no commercial value, especially as round-log exports.

There is also large uncertainty in the commercial value of species. At present, timber value is approximately \$100 per m<sup>3</sup>. This low price is unlikely to increase in the near future, especially as the amount of timber from plantations increases in the next about 5 – 10 years.

Under these assumptions, therefore, the amount of commercial timber in Liberia's forests prior to logging was approximately:

$$5 \text{ million hectares} \times 5 \text{ m}^3 \text{ per hectare} \times \$100 \text{ per m}^3 = \$ 2,500,000,000$$

As mentioned above, by law, loggers may only harvest 4% of their concession per year. Thus, at best, loggers could harvest ~\$100 million per year. Of course, this estimate assumes that previous logging has not reduced this amount. However, over-harvesting in the past means that the above is likely an overestimate.

Of course, the law could be changed to allow more than 4% of a concession to be harvested each year, but 4%, and the corresponding 25-year rotation, is governed by biology, not simply set by legislators. If the time between harvesting is less than 25 years, then there will not be sufficient time for new trees to re-grow after the current trees are harvested. Over-harvesting, coupled with poor reforestation, is like mining a non-renewable resource. Legislators can change the law, but they cannot make trees grow more quickly.

## **Additional values**

### **Agriculture and charcoal**

Although timber provides a large source of revenue, Liberia's forests have a number of other important values that are often overlooked. Most Liberians rely on forests as a site for farming and as a source of energy, mainly charcoal for cooking. The FAO estimates that ten times as much wood is used for charcoal as is harvested for timber. Further, it is likely that the majority of Liberians rely on subsistence farming. For these rural poor, the forest is their most valuable asset, as swidden agriculture allows for low-fertilizer

production. In post-conflict Liberia, returning refugees will rely even more on the forest as a source of livelihood.

## **Biodiversity**

As mentioned above, Liberia is considered a global hot spot for biodiversity conservation. Like other environmental services, the market currently undervalues biodiversity. Nonetheless, international environmental organizations and agencies (such as the Global Environment Facility) have been investing in Liberia to protect the region's natural heritage.

## ***Future of the forest sector***

Despite the importance of Liberia's forests—from both a commercial and environmental perspective—their future is far from secure. Unless the government of Liberia begins to manage the forest, the resource will be lost. The resumption of poorly regulated logging and the proliferation of swidden agriculture, especially as people who have lost everything in the war return to the countryside, place severe pressure on the forests. It is clear that the fate and positive contribution of the forest sector hinge on planning and good governance.

## **Lack of forest governance and law enforcement**

For the past two decades, the government of Liberia has actively sought to exploit its timber resources. Unfortunately, taxes and fees were not collected transparently, and the FDA could not account for revenue. It is clear that the benefits from commercial activity did not find their way into the central budget, did not sufficiently fund FDA operations, and generally were not used for the benefit of the Liberian people. The FDA had neither the human and technical resources, nor the political will, to monitor and enforce forestry laws and regulations.

A UN Nations Panel of Experts concluded that this lack of transparency and accountability allowed timber revenue to fuel conflict and violence. According to the Charles Taylor, revenue from timber was used to buy weapons. Locals were said to be intimidated by logging companies. Loggers may have aided combatants, and watchdog groups have alleged that the timber industry facilitated the transfer of arms into Liberia.

Liberia's civil wars, and the use of timber to fuel them, underline the urgent need for reform. Without reform, regional peace and security is compromised, as criminal elements will undoubtedly re-enter the sector. Further, as Liberia rebuilds, reform is necessary to generate a fair and equitable future for Liberians.

## **Reform**

### ***Legal reform***

Fauna and Flora International (FFI) has reviewed legislation relating to the forest sector. Although Liberia's laws and regulations are generally appropriate, enforcement is weak. In addition, some laws promulgated by Taylor will need revision to wrest power from the Presidency and return it to the legislature.

Relevant statutes include:

- ? The Liberian Constitution of 1986.
  - o Chapter II, Article 7 mandates “[t]he Republic shall, consistent with the principles of individual freedom and social justice enshrined in the Constitution, manage the national

- economy and natural resources of Liberia in such manner as shall ensure maximum feasible participation of Liberian citizens under conditions of equality so as to advance the general welfare of the Liberian people and the economic development of Liberia.”
- The Constitution also specifies that the Legislature must ratify all international agreements including forestry concessions.
  - ? The 1976 Act created the Forestry Development Authority of Liberia. The subsequent amendment in 1988 provides for the utilization, management and protection of the forest and associated resources. These update prior acts from 1953 and 1957.
  - ? The National Forestry Law of 2000—gives the President authority to grant concessions.
  - ? Forest Products Utilization Contract (Timber Concession Agreement)—confines concessionaires to harvest only 4% of their leased areas annually, requires them to submit operational plans for annual coupes (1 mile<sup>2</sup>), demarcate concession boundaries, employ at least two Liberian professional foresters, and an export quota of sawn timber, which was meant to decrease over time to promote in-country secondary processing.
  - ? The FDA’s 10-Year Development Plan for 1997-2007.
  - ? The National Environmental Strategy, the Environmental Protection and Management Law of 2002, and the Environmental Protection Agency Act of 2003.
  - ? Wildlife and National Parks Act enacted in 1988—call for a network of protected areas and the need to protect threatened wildlife.
  - ? International conventions to which Liberia is a party. In particular:
    - Convention on Biological Diversity, which targets the conservation and sustainable use of biological diversity.
    - International Tropical Timber Agreement, which promotes the tropical timber trade based upon sustainable management of the resource, diversification, efficiency, transparency, co-operation and maximising benefits from the trade.

## ***UN Security Council sanctions***

United Nations Security Council Resolution 1521 (2003) prevents the international trade of “all round logs and timber products originating in Liberia” in order to deprive combatants of revenue from timber. The Resolution urges the NTGL to assert control over the forests and to take “all necessary steps to ensure that government revenues from the Liberian timber industry are not used to fuel conflict...but are used for legitimate purposes for the benefit of the Liberian people, including development.” Timber sanctions had originally entered into force on 7 July 2003 pursuant to paragraph 17 of Security Council Resolution 1478 (2003).

As outlined in the UN Panel of Experts reports, the sanctions have been relatively effective. Although some countries, especially close neighbors, have failed to enact implementing legislation and do not appear to be enforcing the sanctions, many developed countries have rigorously enforced them. Since the sanctions entered force, there has been little documented trade in Liberian timber.

In line with UNSCR 1521 (2003), it seems reasonable to expect that timber sanctions will be lifted only once: 1) the forest is in the control of a legitimate authority, which will require full deployment of UNMIL—expected in March 2004; 2) the FDA is reformed to properly manage the forest; and 3) revenue flows are controlled to ensure legitimate uses.

The UN Security Council has reinstated the Panel of Experts to report by May 30, 2004 on compliance with sanctions. At this time, it is likely that the sanctions will be reviewed, and dropped if appropriate actions have been taken.

## ***NTGL Sanctions Committee***

The NTGL has established a committee to address the UN timber sanctions. The Committee has been charged with developing a reform strategy to implement the recommendations of the Panel of Experts. The

Committee reported to the Chairman of the NTGL in late December. Their recommendations are comprehensive and appropriate (Appendix 1).

Reform is best accomplished when it is driven from within. Therefore, it is wise to support the NTGL rather than try to force an external agenda. This is especially true given that their recommendations are sound. Because of the congruence of interests, the strategy suggested herein for international cooperation draws heavily on the NTGL recommendations.

### ***International assistance***

The FDA will need resources to accomplish the needed institutional reform. The international community should provide such assistance to mitigate impacts of the timber sanctions and to protect investments in peace.

### **World Bank**

In December 2003, the UN and the World Bank completed an assessment of Liberia. Despite the importance of timber, the World Bank review team failed to include a forestry specialist.

### **UN in Liberia**

A timber assessment is critical, given the misinformation regarding the importance of timber to the future of Liberia. It is unlikely that timber will be the economic engine that some expect. First, the industry will require considerable time to develop the capacity to resume logging. The rainy season will begin in April, effectively halting logging until November, 2004. Furthermore, loggers will have to import heavy equipment and this will be time consuming. After the last civil war, it took three years for the industry to resume operations. Finally, by law—and biology (see the estimates noted above)—the sector appears to be worth less than \$100 million per year, although this estimate is uncertain. This \$100 million would still be important revenue for Liberia, but it alone will not be a panacea for Liberia's economic woes.

### ***Donors Conference***

In February 2004, at the UN in New York, international donors will meet to coordinate assistance to Liberia. Initially, timber was not a specific topic on the agenda. However, the sector deserves attention given the importance of timber to the economy of Liberia and to the conflict.

The US Embassy has tried to highlight the importance of timber. In December 2003, the US Embassy convened a stakeholder, roundtable workshop to discuss the steps and timetables for reform.

### ***US Embassy/USAID Forest Reform Workshop***

The workshop was held in Monrovia on 15 - 16 December, 2003. (The agenda is presented in Appendix 2, the participants in Appendix 3, and the major outcomes in Appendix 4.) The purpose of the roundtable was to examine and develop the NTGL Sanctions Committee's recommendations so that they will be implemented.

More specifically, the workshop's objective was three-fold: 1) To generate stakeholder agreement on the need for reform and on the steps necessary to achieve such reform. 2) To help the FDA and other institutions develop proposals that can be taken to the Donor's Conference to obtain the funding to implement reform. And, 3) to help the US Government develop a strategy for international assistance for reform.

The workshop covered five major themes:

- 1) **Regulatory reform** (deployment of human and technical capacity within the FDA to ensure legitimate management/exploitation);

- 2) **Revenue reform** (taxation and auditing systems to ensure legitimate use of forest revenue);
- 3) **Concession review** (to assess tenure conflicts and determine legitimate concessionaires);
- 4) **Inventory** (to determine the potential value of forest resources (timber, non-timber forest products, including medicinals, biodiversity, recreation, etc.), provide information for monitoring, taxation, and enforcement); and
- 5) **Parks** (to ensure adequate protection, to promote the reconciliation process with neighboring countries, and offer FDA an opportunity to demonstrate legitimate management).

The next section reports on the workshop outcomes for each of these themes, and discusses the steps required for reform. After the discussion, I present my own views on this reform process, detailing a strategy and roadmap for the international assistance.

## Regulatory reform

Stakeholders at the Monrovia Workshop were unanimous in their view that reform will require recognition of the cross-sectoral nature of forests. The FDA must collaborate with other institutions to develop a comprehensive approach between forestry, agriculture (swidden farming), and energy (charcoal). The FDA should develop relationships with the UN Development Program, the Central Bank, and the Liberian Ministries of Internal Affairs, Finance, Agriculture, Lands, Mines and Energy, Planning and Economic Affairs, and others.

More specifically, however, the workshop identified a number of actions to be taken:

- 1) **Appoint a new Board of Directors for the FDA.** Although there will be pressure to follow the Accra Peace Accord and nominate directors based on military affiliations, the Workshop participants agreed that the appointments should not be politicized. Instead, the FDA should follow the legislative requirements. The Managing Director of the FDA (FDA MD), Eugene Wilson, announced that the new Board will be in place by the end of December 2003.
- 2) **Activate the Liberian Environmental Protection Agency.** The EPA will have responsibility for environmental issues beyond forests; however, the FDA should support activation of the EPA. The FDA should request immediate assistance from the EPA with environmental impact assessments and other monitoring.
- 3) **Support independent civilian monitoring.** The sector will benefit from oversight, and the FDA will gain credibility if independent monitors verify compliance with forest laws and regulations. However, workshop participants noted that, in order to maintain independence, the FDA must not be directly responsible for the civilian monitors. Nonetheless, the FDA should support the development of independent monitoring. The FDA can encourage donors to fund the monitors. Likewise, the FDA can facilitate monitoring by making relevant information publicly available. At the Workshop, the FDA MD agreed to make information publicly available within 60 days.
- 4) **Rearrange FDA management structure.** The FDA MD decided that there should be three Deputy positions: Administration, Commercial Enterprises, and Communities/Conservation. He intends to create the positions within 60 days.
- 5) **Training of FDA staff and rebuilding of infrastructure.** Clearly this is the largest, and most fundamental, task. Without a functioning institution, the FDA will not be able to meet its mandate. The NTGL Sanctions Committee developed a proposal for reform. An abridged version was presented at the workshop (Table 2), and a more detailed version in their report (Appendix 1). The FDA MD agreed to prepare a more comprehensive proposal.

## Revenue reform

The illegitimate use of revenue from logging is the basis for the UN sanctions on timber. The concern is that, as in the past, revenue from logging will go to combatants to fund conflict. Therefore, it is critical that the NTGL reform the flow of revenue to ensure only legitimate uses.

The workshop offered the following recommendations:

- 1) **Establish a centralized collection agency.** In order to maintain transparency, the FDA MD suggested that the Central Bank of Liberia should collect all forest revenue, and disburse quarterly payments to the FDA to cover operations.
- 2) **Review and publish fee and taxation schedules.** The FDA MD committed to conduct this within 60 days.
- 3) **Full financial and systems audit.** Harry Greaves, an economic advisor to Chairman Bryant, said the NTGL committed to publish an audit of certain revenue-generating agencies and public corporations, including the FDA, within 120 days. The Terms of Reference has already been sent to donors for review. The European Union (EU) has expressed intent to fund. The workshop suggested that the audit contain recommendations on necessary reform. However, Greaves cautioned that the recommendations remain non-binding, as it may be impossible for the FDA to implement all recommendations in a timely period, and this should not preclude the lifting of sanctions.

## Concession review

A major step in reversing the mismanagement of the Taylor administration is to review the concession agreements to ensure that only legitimate companies may operate. Unfortunately, the FDA has been looted and all documents relating to concession agreements have been lost. Therefore, the review process is likely to be prolonged and contentious. However, this process is necessary to provide legitimate concessionaires with a strong legal footing.

- 1) **Identify legal concessionaires.** The FDA MD committed to completing this within 90 days.

The anticipated process:

**Request evidence of ownership.** On December 15, 2003, the FDA issued a public announcement requesting claimants to submit evidence to substantiate their ownership. However, the announcement only requested evidence from timber concessions, not salvage logging or community concessionaires.

**Empanel a review committee.** The committee should reflect institutions that generally review concession contracts: they are the FDA, the Ministries of Planning, and Internal Affairs, the Central Bank, the National Investment Commission, and the Department of Justice. Participants at the workshop advised that the committee needs independent legal counsel familiar with timber concessions. The FDA MD wavered on full public disclosure of documents from the committee. The point was made that incomplete disclosure will allow for people to make accusations of non-transparency and corruption.

**Establish an arbitration process** to resolve issues of contested ownership, due to documents that have been falsified and concessions that were improperly awarded. At present, under Liberian law, the courts are the last resort for contested ownership, however, the courts are minimally functional. Therefore, the FDA was encouraged to establish an alternative process to avoid lengthy decisions.

The FDA MD wanted to investigate whether companies in arrears should be made to pay back-taxes. Companies, in turn, argued that the government had failed to uphold the rule of law and prevent war.

The companies wanted to know if they could be compensated or indemnified for assets lost during the recent conflict.

**Concession agreements should be revised to be harmonized with international agreements.** The NTGL Committee argued that Liberia is a signatory to many international agreements that require environmental safeguards, and that concessions should be made to operate within this legal context.

## Inventories

One of the major sources of uncertainty regarding forestry in Liberia is the lack of information about the potential value of the resource. Thus, forest inventories are required. Fortunately, compared to many developing countries, Liberia—remarkably—has a decent capacity to undertake such an inventory. The Liberia Forest Reassessment (LFR), a collaboration between the FDA and environmental organizations (FFI and Conservation International (CI)), has developed geomatic skills within Liberia, for example, mapping using geographical information systems (GIS) and remote sensing. In fact, the LFR is presently assisting the UN with basic geomatics.

To date, the LFR has completed landscape level mapping (forest cover, concession boundaries (Figs. 2 & 4) and areas of important biodiversity (Fig. 5)).

- 1) Additional training is required to develop the capacity to conduct stand-level timber inventories.

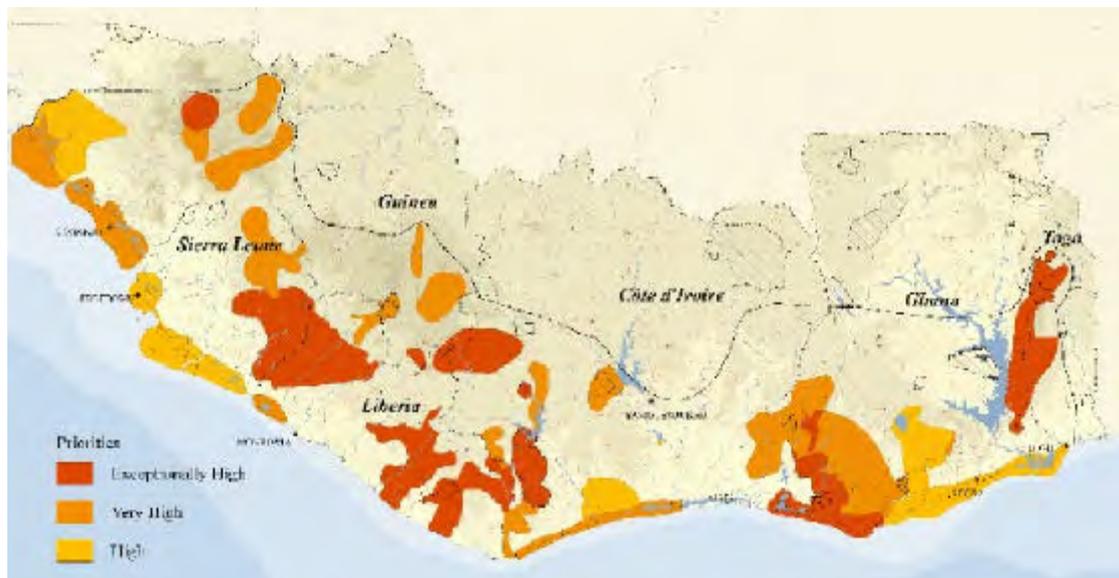


Fig. 5. Areas of important biodiversity in the Guinean region. (Data from LFR)

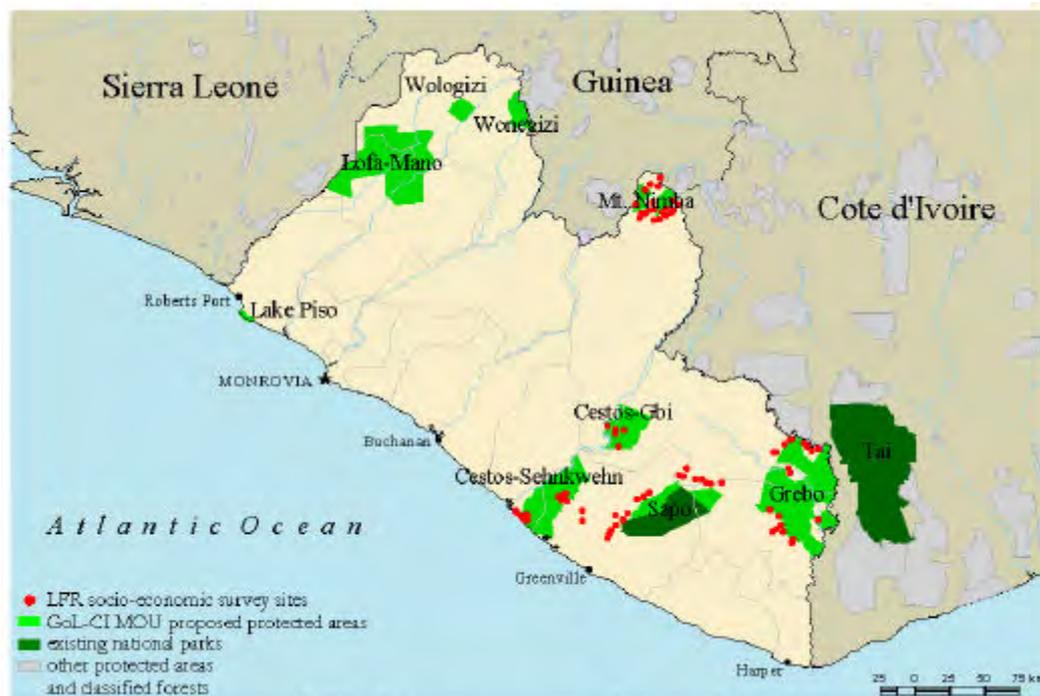


Fig. 6. Existing and proposed protected areas for Liberia. (Data from LFR)

## Protected areas

The central concern of participants at the workshop was how parks can generate revenue. There was much discussion about the use of tradable development rights (i.e., where donors pay the opportunity cost of foregone development, also termed conservation concessions when logging concessions are taken out of active harvesting for conservation). Unfortunately, the market for such conservation concessions remains undeveloped. The point was made that donor assistance was more likely to come in the form of traditional funding of parks management.

To that end, the following was discussed:

- 1) **Prepare Management Plans for the two existing parks.** The environmental organizations FFI and CI will prepare proposals for Sapo and Nimba Parks. The current proposal for Sapo Park is \$3 million.
- 2) **Pursue UNESCO World Heritage Status for Nimba Park.** Adjacent parks in Cote d'Ivoire and Guinea have UNESCO status, and it should be easy for Nimba to achieve similar status. This should encourage the collaboration among neighbors necessary to manage the protected areas. This collaboration could also be an important symbol of reconciliation during the peace process. The status of mining in the area was raised, as was the participation of the Swedes to address issues arising from the old LAMCO mine.
- 3) **Assessment of Lake Piso** as an addition to the protected areas network. Although Piso has long been considered a priority site, the NTGL will have to be careful to ensure that any process used to create new parks is seen as legitimate. Public participation will be key.
- 4) **Bushmeat Assessment** to determine the impact of commercial hunting on animal populations.
- 5) **Assessment of communal forests as a means of generating revenue for locals.** It was suggested that such operations could provide benefits to locals. However, there were concerns about whether commercial logging would be permitted, or only collection of non-timber forest products, and whether locals would possess fee-simple title (true ownership) or only concession status. Taylor changed the law to deprive communities from any forest control. In the past, communities could manage their forests, but not for commercial purposes.

## Timeline for reform process

The NTGL Sanctions Review Committee has established a preliminary timeline for the above reforms (Table 2). At the workshop, the EU expressed concern that such sweeping reform is premature without an assessment and that reform should be financed through loans rather than grants.

Table 2 – Timeline for reform process, based on the NTGL Sanctions Review Committee

Activity	Timeline							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
1. Commission audit of FDA & implement recommendations	—	—	—	—	—			
2. Reconstitution of the FDA Board of Directors	—							
3. Review of Standing Concession Agreements; recall & review all concession agreements; revoke and re-allocate to legitimate owners	—	—	—					
4. Restructure the mgmt of FDA; revise FDA Acts; appoint new officers	—	—	—	—				
5. Establish a system for funding FDA operation accounts	—	—						
6. Commission an independent oversight committee	—	—						
7. Activate and strengthen the EPA	—	—						
8. Organize Donors Meetings	—	—	—					
Roundtable in Monrovia	—	—	—					
Donors Meeting in Washington	—	—	—					
9. Mobilize technical assistance for capacity building		—	—	—				
To train field staff			—					
To refurbish field offices			—					
To purchase vehicles			—	—				
To purchase equipment			—	—				
To pay salaries of staff			—	—	—	—	—	—
10. Establish reforestation accounts at Central Bank				—				
11. Assign rangers to monitor illegal logging and parks		—						
12. Conduct field surveys and maps from GIS			—	—				
13. Impose penalties on companies violating sanctions				—	—			
14. Prepare addendum to concession agreements reflecting conservation and environmental policies					—			

## Strategy

Liberia requires major reform to obtain good governance in the forest sector. Such reform requires both immediate action and a commitment over the long-term. Donors must also commit to the long-term.

In the short-term, the international community may establish the following priorities:

- 1) Ensure that peacekeepers deploy throughout Liberia to establish rule of law in forested areas.
- 2) Request the UNMIL peacekeepers to monitor ports to ensure compliance with timber sanctions.
- 3) Assist the NTGL to ensure legitimate flows of revenue from timber.

- 4) Assist the FDA in building institutional capacity to manage forests, such as providing adequate equipment, training, and salaries for employees. A professionalized FDA is critical to manage the forest sector.
- 5) Assist the FDA in a comprehensive audit and in reviewing concession management.
- 6) Assist the FDA and the conservation community to establish management of Liberia's two parks. This could include UNESCO World Heritage Status for Nimba Park as a symbol of international cooperation.

More specifically, the following strategy provides a logical approach to reform. Fortunately, many actions can be undertaken simultaneously.

## Reform

### Immediate

The international community should support, whether diplomatically, financially or through the provision of technical assistance, the following objectives:

- ? UNMIL monitoring to ensure compliance with UN timber sanctions.
  - o Peacekeepers at the four seaports (Fig. 1) and the border crossings should prevent the export of any logs and timber products. This monitoring and enforcement would be straightforward because smuggling large commodities, such as logs, is difficult.
- ? The establishment of a new Board of Directors for the FDA.
- ? Restructuring the management of the FDA.
- ? The publication of taxes, fees and services charged by the FDA.
- ? The activation of the EPA.
  - o This could include financial and training assistance from the US EPA.
- ? The establishment of independent civilian monitoring.
  - o The international community could fund monitors, based on existing programs such as Global Forest Watch<sup>2</sup>. Similar independent forest monitors have also been funded by the World Bank in Cambodia and Cameroon.
  - o The international community should encourage the FDA to make information publicly available. For example, at minimum, the following should be reported:
    - ✍ The location and ownership of all concessions — in order to know where it is legal to harvest.
    - ✍ How these concessions were awarded — to ensure that only legitimate transactions are conducted.
    - ✍ For each annual coupe (cut block), a map of the location of all commercial species — to know the volume of wood available for harvest.
    - Volumes and values harvested, produced and exported (processed and unprocessed) by species — to know what was harvested and how much tax should be assessed.
    - ✍ All tax assessed and paid, including services provided *in lieu* of taxes — to ensure that all taxes are collected.
    - ✍ All charges and violations, arrests, fines and penalties paid — to determine whether enforcement is practiced.
- ? Encourage the EU to negotiate a Memorandum of Understanding (MOU) with the NTGL to restrict trade to legal timber once sanctions are dropped.
  - o The EU Forest Law Enforcement Governance and Trade (FLEGT) process has negotiated similar MOUs with other exporting countries to reduce the consumption of illegal wood.
  - o The EU should assist immediately in building the institutional capacity of the FDA to implement such an MOU.
- ? Encourage the FDA to prepare a proposal for building institutional capacity.

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<sup>2</sup> www.Globalforestwatch.org

- Institutional reform will prove costly. An entire agency must be rebuilt, from the ground up. The FDA requires equipment, such as desks, files, and computers, and training, such as professional development for monitoring and enforcement officers.
- The FDA should commission a detailed needs assessment, conducted by a professional forester, who can recommend suitable reform.
- ? The establishment of a central payment system, such as a dedicated account at the Central Bank, and clear guidelines for how to deposit revenue, and how to account for it once deposited.
  - Technical assistance from the USG Department of Treasury may prove beneficial.
- ? Assist conservation organizations and the FDA in preparing a proposal to manage Liberia's national parks.
  - FFI and CI are currently preparing such a proposal.

## Intermediate

In the short-term, the international community should support:

- ? The EU funding a full financial and systems audit of the FDA.
  - The USG should, however, ask to review the Terms of Reference to ensure that the audit is sufficiently comprehensive.
  - The audit should make recommendations on the optimal form of concession management.
    - ✍ For example, at the workshop, owners complained that taxes were set too high. One way to avoid this is to let the market set the price through auction. In such an auction, anyone may bid on the rights to harvest the concession, with the bid representing payment to the State (i.e., the 'stumpage' royalty). A minimum bid could be set, based on the probable commercial value of the timber contained in the concession. Additional harvest taxes could be assessed based on the total value harvested—this would remove any perverse incentives to over-harvest highly valuable species.
 

This system, however, requires good information about the value of timber in the concession, which further requires accurate inventories conducted by the FDA and available to all bidders.
    - ✍ Such a system could also require the automatic renewal of concession contracts, provided operators meet minimum standards during annual audits. If the concessionaires failed, they would lose the concession rights and forfeit a performance bond approximately equal to profits for the year. (At present the FDA requires performance bonds, although this regulation is not enforced).
- ? Assistance to the FDA in reviewing concession ownership
  - The USG should ask to review the Terms of Reference for the concession review committee. The international community may offer technical assistance, such as independent counsel familiar with timber concessions.
  - The international community may assist the FDA to establish an arbitration panel to decide on ownership of concessions where two or more legitimate operators claim ownership. Relying on the Liberian courts to resolve such disagreements will likely be too lengthy.
- ? Assistance to the LFR in training staff and obtaining equipment to conduct stand-level inventories.
  - The international community should assist FDA to prepare a proposal to the International Tropical Timber Organization (ITTO) to fund capacity building.
  - The University of Liberia has a forest program that should be upgraded. The University holds ownership of a concession, which was taken by Taylor and awarded to OTC. If the concession was returned to the University it could be used as a demonstration site to train in inventory and reduced-impact logging techniques. The site could be a training center for West Africa.
- ? Assistance to FFI and CI to prepare a UNESCO proposal to designate Nimba Park a World Heritage Site.
  - UNESCO designation should be easy, given that adjacent parks in Guinea and Cote d'Ivoire already have similar status.
  - International collaboration between the three neighbors will be vital for the area's management. Such collaboration is an important symbol of international cooperation during the period of reconciliation.
  - The Global Environment Facility should be a useful source of funding for such developments.
- ? An investigation of the viability of Lake Piso as a future park.

- Lake Piso is within 50 km of Monrovia (once security is achieved). In addition to environmentalists, the international community living in Liberia will want a destination for local holidays. Lake Piso may serve this purpose and provide revenue to the FDA.
- ? An assessment of revenue-generating possibilities of non-timber products.
  - The forests produce many important products used by almost all Liberians, primarily charcoal and bushmeat. Assessments are necessary to ensure the proper management of these important resources.
- ? An assessment of community forests.
  - Community forests may serve as a mechanism to ensure the equitable distribution of benefits from the forest to Liberians. However, more analytical work is necessary to develop such systems. The international community may consider funding technical assistance to ensure proper community management of local forests.

## Long-term

It is unlikely that logging will resume on a commercial basis until the end of the wet season, in late 2004. This provides some longer period to address important underlying issues.

The international community should:

- ? Assist the NTGL implement a decentralized, participatory National Biodiversity Action Planning process and develop a National Biodiversity Action Plan.
  - This planning should involve Liberians in a democratic process to decide their future.
  - This planning is also necessary for the appropriate use of Liberia's resources. Without planning and good governance, it is likely that the exploitation of resources will spark conflict, either over the resources themselves or through the use of the revenues from the resources. Indeed, conflict resolution may be as important a motivation for planning as is the concern over the resources themselves.
- ? Assist the NTGL in devising a system to segregate illegal from legal wood (i.e., maintain a chain-of-custody tracking system that can track individual logs from the concession to the point of sale of export, thus excluding illegal wood. Such systems exist—the Swiss inspection company, SGS, for example, can maintain chain-of-custody for \$1-2 million<sup>3</sup>).
  - Such a system is necessary to protect legal owners from flooding the market with undervalued illegal wood.
  - It is also necessary to ensure consumers that they are buying only legal wood; this may be important for the EU if they enter an MOU with the NTGL to provide only legal wood.
  - A tracking system is necessary for taxation; Indonesia loses as much from illegal logging as it spends on health and education combined.
  - Such a system is also necessary for management, to ensure that overexploitation does not occur.
- ? Assist the NTGL implement a system of equitable benefits equitable systems to share benefits with rural Liberians.
  - This is a highly controversial topic; although most agree that this is a noble policy objective, there is considerable disagreement on how to implement. There are at least five ways to accomplish this, all of them imperfect.

## Profit sharing

The first involves the return of taxes to local communities. This could be established along the lines of Alaska and Alberta's sharing of revenue from the oil industry. Other Liberians, however, may object to diverting revenues to certain areas instead of sharing them with the entire country.

## Company ownership

Previous Liberian governments tried to produce the appearance of benefit-sharing by requiring Liberian ownership in timber companies. Under current law, all companies operating in Liberia must allow at least 25% ownership by Liberian citizens. However, this is not real benefits-sharing, as most rural poor have neither the resources nor the desire to invest in timber companies.

## **Jobs**

The forest industry may provide benefits to locals through employment. At present, almost all rural Liberians are unemployed, subsistence farmers. However, locals protest the quality of timber jobs; for example, OTC had difficulty maintaining employees at their plywood mill in Buchanan. Moreover, timber companies protest at having to hire locals, who the companies consider to be unskilled and often illiterate. Companies feel that it should not be their responsibility to train workers. Certainly the NTGL must do whatever it can to educate the rural population.

## **Social services**

By law, industry must provide social services such as clinics and schools. Some companies, such as OTC and Inland Logging Company, did provide these services. However, such services are more appropriately the responsibility of governments.

## **Tenure rights**

Locals might most profitably benefit from forests if they are given tenure to manage the forests themselves. Prior to Taylor, communities were given such rights. However, Taylor removed these rights. As mentioned above, analytical work is needed to devise equitable forest rights for local people.

# **Future**

## ***Donors Conference***

The international community should consider funding or otherwise providing support for all these priorities. Such a program would enhance the President's Initiative Against Illegal Logging. The USG can also play a useful role in obtaining additional international assistance. The USG should promote these issues at the Donors Conference on Liberia in February at the UN in New York. Without strong US engagement, it is likely that timber will have a low profile at the Conference, despite its obvious importance to Liberia's economy and peace in the region. At present, forestry is not on the agenda as a specific topic of assistance. This must be changed.

Prior to the conference, the USG should continue to collaborate with the FDA in preparing proposals. Although past behavior of the FDA was derelict, if not unlawful, the agency has new leadership. The Managing Director of the FDA has indicated a willingness to cooperate, and he helped generate December's productive Workshop in Monrovia. In order to collaborate, the USG will have to trust the good intentions of his leadership—although any assistance should be devised to allow monitoring of FDA behavior and the cessation of further funding if necessary.

## ***Plantations***

A possible immediate source of employment related to the forest sector in Liberia is the establishment of plantations. Liberia appears to have sufficient areas of degraded forests that can be converted to plantations. Although plantations do not offer substantial employment after the initial few years, they do provide jobs for the first few years.

# **Conclusion**

Substantial reform is required to ensure that Liberia's forests do not prolong conflict but instead benefit present and future Liberians. Ignoring such reform imperils the security of the entire region. Fortunately, however, the NTGL appears to be genuinely interested in reform. Whatever the NTGL's motivation, the USG should take advantage of the opportunity while it exists, and encourage the international community at the Donors Conference to do so likewise. The strategy outlined here represents a useful start. Rather than push its own agenda, the international community should help Liberians develop their own strategy that accommodates the local situation. There is a greater probability of success for domestic-driven reform when it has local buy-in. Success protects Liberia's future and the international community's substantial investment in peacekeeping operations and the peace process in Liberia and in West Africa as a whole.

## Appendices

### **Appendix 1 NTGL Sanctions Committee Report**

A ROAD MAP TO LIFTING UNITED NATIONS  
SECURITY COUNCIL SANCTION  
ON LOG AND TIMBER TRADE IN LIBERIA:  
BASIC REFORMS IN THE FOREST INDUSTRY

#### **Executive Summary**

The Committee to Review Sanctions on Log and Timber Trade was appointed November 26, 2003. Terms of reference are contained in a Press Release attached to this report.

The Committee started its work on December 4, 2003. It has held meetings with several agencies of Government and individuals in the industry. It also had a series of consultative meetings with the visiting IMF/World Bank teams and other international agencies. A roundtable discussion at the United States Embassy helped clarify a number of issues in a wider forum.

This report contains findings and recommendations of the Committee. It provides a background to sanctions, briefly describes the forest resource base and outlines at least 6 major reform programs in the forestry sector. The timelines and responsibilities for these programs together with costs are given below:

<b>Reform Program</b>	<b>Timeline</b>	<b>Responsibility of</b>	<b>Cost in US\$</b>
FDA capacity building	Jan. to Oct. 2004	NTGL, FDA & International Community	\$7,764,000
Improving Sector's Transparency & Accountability	Dec. 2003 to Feb. 2004	NTGL and FDA	590,000
Concession Review	Jan. to Feb. 2004	FDA	15,000
Forest Inventory	Dec. 2003 to June 2004	FDA, FFI & CI	200,000
Parks Protection and Development	Jan. to June 2004	FDA, NTGL International Community	100,000
Mobilization of Technical and Financial Assistance	Jan. to Mar. 2004	NTGL & International Community	50,000
Total			\$8,719,000

The US\$ 8.7 million cost of the above reform programs is far below the minimum US\$ 20 million per annum government revenue potential. Reforms can be implemented only if UNMIL deploys in all forest territories. UNMIL has assured the Committee that total deployment in all areas will be completed in March 2004. NTGL will have been deemed to have full jurisdiction of forestland by April 2004.

We hope with the cooperation of all concerned, to have substantially carried out the critical reforms needed within the next nine months.

## I. Background

The Chairman of the National Transitional Government of Liberia (NTGL), Mr. Charles Gyude Bryant, appointed the Sanction Review Committee on log and timber exports on November 26, 2003.

### Terms of Reference

Terms of reference of the Committee were as follows:

To present to the Chairman of the NTGL by December 15, 2003, recommendations on the road map the Government of Liberia should follow to have sanctions lifted by the United Nations Security Council in a timely manner so that sector operations can begin.

To ensure that:

The full benefits of the Logging and Timber sector accrue to the Liberian people; and

That sector activities are undertaken in a manner consistent with internationally accepted environmental standards.

### Membership of the Committee

Members of the Committee included John T. Woods, Chairman; Lusinee Kamara, Minister of Finance; Eugene Dean Wilson, Managing Director of the Forestry Development Authority; Rudolph Merab, President of the Liberian Timber Association; Alexander Peal, Country Director of Conservation International and Samuel W. Thompson, Member, Council of Economic Advisors.

## II. Forest Resources of Liberia

There are over 4.5 million hectares of forest covers in Liberia. These forest covers contain timber, animals, plants and other forms of biodiversity; historical and cultural sites; scenic sites, soil, waterways, and other non-subsurface resources. Proper management of these forests is the responsibility of the current generation of Liberians to ensure that future generations equally share in the streams of benefits that flow from these resources.

The Republic of Liberia lies entirely within the humid Upper Guinean Forest Ecosystem, which is shared by seven West African nations. Liberia contains two of the three remaining large blocks of Upper Guinean rainforest: the Lofa-Gola-Mano block in the northwest contiguous with Sierra Leone (but mostly in Liberia) and the southeast Liberian block. The third block borders Liberia and Cote d'Ivoire. Liberia is estimated to contain 42-43% of the remaining Upper Guinean rainforest, which is home to approximately 240 known timber species, 2,000 flowering plants, 125 mammal species, 590 bird species, 74 known reptiles and amphibians and over 1,000 described insect species. Recognized endangered/threatened fauna include a few of the remaining significant populations of forest elephant in West Africa and several viable populations of the pygmy hippopotamus, large primate populations and the exceptionally rare Liberian mongoose. In December 1999, the Global Environmental Fund sponsored a West African Conservation Priority-Setting Exercise for the Upper Guinean Ecosystem identified Liberia as a "biodiversity Hot Spot" to be given top priority for biodiversity conservation.

This internationally recognized biodiversity importance of the Liberian forests appreciates their value beyond just timber production. Thus, International conservationists and environmentalists also have interest in and concerns for the conservation and preservation of Liberia's natural resources.

## III. Legal Framework

Article 5 (C) of the Constitution of Liberia provides that "steps will be taken to eliminate the misuse of resources" and article 7, "ensures the maximum feasible participation of all citizens under conditions of equality as to advance the general welfare and economic development of the country." The United Nations General Assembly Resolution 1803 Article 1 & 8 established the right of peoples and nations to permanent sovereignty over their natural wealth and resources and that foreign investment agreements entered into by or between sovereign nations and their private operators shall be observed in good faith.

The Act creating the Forestry Development Authority (FDA) in 1976, (amended in 1988, 2000 and 2003,) makes the FDA the statutory agency responsible for managing the entire forest estate of Liberia; it stipulates forestry policies and empowers the FDA to make rules and regulations for sustainable forest management.

Furthermore, the government of Liberia has entered into international agreements such as the Convention on International Trade in Endangered Species (CITES), the Convention on Biodiversity (CBD) and the International Tropical Timber Organization (ITTO) which set international standards for the management of forest resources while allowing for relevant national adjustments for proper implementation.

In 2001, about 33 local and international logging and timber companies extracted resources from the Liberian forests. According to the UNSC Panel of Experts Report on Sanctions, the contravention of these legal agreements, the abuse of the people's rights, the lack of transparency by the Government and companies operating in the forest sector, especially in revenue collection and financial management plus the use of sector resources to purchase arms have contributed to the destabilization of Liberia and the West African sub-region. Further, unregulated and illegal logging practices have contributed to loss of biodiversity.

## The Importance of the Forestry Sector to the Liberian Economy

Forestry has contributed as much as 50-60% of foreign exchange earnings of Liberia in recent years; an average of 6,000 to 7,000 persons are employed per year with annual income ranging from US\$800 to \$1,000. The Government has received revenues (taxes) as high as \$20 million in a year. Investigations by international organizations reveal that these contributions are understated due to the lack of accountability, and transparency in the sector. These investigations also demonstrate that benefits of forest resources accrue only to a few citizens of the country. The same sources have called attention to government leaders directly accessing forest revenues for purchasing arms to destabilize the sub-region and the country.

## V. The United Nations Security Council Sanction on Log and Timber Trade

The UNSC imposed sanctions on the export of logs and timber originating from Liberia on July 07, 2003 under Resolution 1478 (2003). On October 28, sanctions were renewed because of several reasons:

The use of sector resources to provide military support for armed groups within and outside of Liberia, thus destabilizing the country and extending the armed conflict to neighboring countries of the West African sub-region.

The lack of an audit regime to curb the high incidence of extra-budgetary expenditures, political corruption and diversion of sector revenues toward illegitimate purposes by the Taylor Government, to the exclusion of the vast majority of Liberian citizens.

The lack of good governance, transparency, and the acceptance of the rule of law.

The sanction will remain until the government and the industry have been reformed.

## VI The Impact of Sanctions on the Economy.

In terms of achieving its objective, the impact of the sanctions has been as follows:

About 50-60% of the foreign exchange earnings of Liberia originate from logging and timber exports. Theoretically the country may have lost that much earnings when sanctions were imposed. Logically, this income was available to neither the government nor to the private sector for purchasing arms.

Because of the rainy season, logging activities normally cease throughout the country from June to October. Therefore, the ban on exports of timber and logs had no effect on logging in this period. However, the lack of income from exports of logs and timber cut during the dry season could mean decrease in funding for the preparation of activities in the next logging season. It is the related jobs lost in this period that can be considered a negative impact on the economy.

Trees may not be felled for exports due to the uncertainty in the sanction climate. Because standing trees maintain forest cover and keep intact habitat and the environment, the postponement of the 4% annual coupe during the sanctions could be a positive development for conservationists and environmentalists. One may also argue that the incremental yield in the volume of uncut trees may qualify them for meeting the minimum girth requirement in future years.

FDA is directly affected during sanctions. There are more than 600 employees directly or indirectly engaged in assessing taxes, controlling, and regulating the production of logs and timber in Liberia. More than 50% of these employees function directly with logging and timber production and exports. Sanctions have caused them to be paid by the FDA without productivity.

Activities at various ports around the country with their workers and ancillary services have also declined.

Basic social services usually provided by the spin-off effects of logging activities in various communities around the country have been adversely affected.

## Reform Programs for lifting the Sanction on Logging and Timber Trade

The international community and Liberians agree that the Liberian forest sector must be reformed not only as a requirement for lifting sanctions on timber and logging trade but also for jump-starting the sector and restoring its importance in the Liberian economy. Reform of the forest sector must be coherent with all parts of broader reform efforts of governance, financial management and equitable use of natural resources in Liberia. A reform in disbursement procedures at the Ministry of Finance could be an example of overall reform efforts. We assume that timely implementation of these reform programs will be based on the principle that Liberia's forest sector policy and many of the staff working in the sector are solid. Therefore building and strengthening the capacity of the FDA is the key. The legitimacy of its authority must be restored.

Within that context the committee recommends the following reforms (Addendum 1):

### **1. Capacity building of the FDA**

The key to reforming the forestry sector is building the capacity of the FDA to carry out its mandate of regulating, assessing revenues and formulating concession policies. In order of priority the following programs of reform must be implemented:

#### **a. Restructuring the Board of Directors of the Forestry Development Authority**

The Acts Creating the FDA in 1976 established a Board of 9 members, consisting of ministries and private businessmen. After a review of the composition of the Board, the committee took into account the Accra Agreement and the reality of inclusiveness in governance. The Committee recommends this composition of the Board:

Minister of Finance  
 Minister of Agriculture  
 The Minister of Planning and Economic Affairs  
 Representative of the Timber Association  
 Representative of Conservation Groups  
 Representative of Political Parties  
 Representative of Civil Society  
 The Managing Director of FDA  
 The Chairman of the Board to be appointed by The Chairman of the Transitional Government

The former Government of Liberia will be represented on the Board by the Minister of Planning and Economic Affairs, MODEL by the Minister of Agriculture, and LURD by the Minister of Finance. Because the Managing Director is a member of MODEL, appointing the Minister of Agriculture as the chairman of the Board will create an imbalance among warring factions. It is therefore recommended that the chairman of the Board of directors be a neutral person appointed by the Chairman of NTGL.

#### Restructuring the FDA Management

The Committee recommends a restructuring of the management of the FDA to reflect changes in forest product mix. There is a need to balance commercial, conservation and community uses of the forests. There is an obvious need for strengthening the management of FDA to respond to these three uses. A Deputy Managing Director level is recommended for Conservation and Community uses. The organization chart below reflects the new FDA management. (See Addendum 2.)

#### Adequate Compensation, Improved Infrastructure and Conducive Working Environment.

FDA personnel perform regulatory, revenue assessment, and concession administration functions in the industry. The Authority offers technical assistance and consultant services to all those involved in forestry activities and practices so as to ensure sustainable management of all forest resources. These services include but are not limited to the hiring of qualified staff; the acquisition, utilization and maintenance of machinery; and the processing and marketing of forest products. These are enshrined in FDA regulations (See Regulation No. 5, Section 7.7.1 and 7.2 of the Act creating the FDA, approved November 1, 1976 and published December 20, 1976).

There are now 669 persons on FDA's payroll. Some employees have reached retirement age. An assessment of actual staffing needs is necessary as part of overall reforms.

Table 1: Initial Cost of FDA Capacity Building (In US\$)

Office	No.	Salary	Benefits	Equipment	Furniture	Vehicle	Maintenance Support	Total
Central	243	1,302,010	251,458	312,927	112,742	1,440,400	215,457	3,634,994
Region I	145	511,200	102,240	46,238	4,330	690,000	7,760	1,361,768
Region II	118	389,100	77,820	46,238	4,330	500,000	7,760	1,025,248
Region III	97	338,100	67,620	46,238	4,330	595,000	7,760	1,059,048
Region IV	66	220,800	44,160	46,238	4,330	260,000	7,760	583,288
<b>Total</b>	<b>669</b>	<b>\$2,761,210</b>	<b>\$543,298</b>	<b>\$497,879</b>	<b>\$130,062</b>	<b>\$3,485,400</b>	<b>\$246,497</b>	<b>\$7,664,346</b>

It is proposed that the staff of the FDA be paid adequate compensation and fringe benefits to avoid the temptation of being bribed, or accepting favors for performing tasks they are obligated to do under the law. Please refer to Addendum 3 for a more detailed cost breakdown.

#### Recruiting and training of field personnel of the FDA

Prior to the Liberian civil war, the FDA had the potential and capability to fulfill all of its mandates due to the availability of adequate training facilities. Personnel of the FDA were trained in the Federal Republic of Nigeria, Republic of Ghana, and the Republic of Tanzania. Training at the local level was conducted at the Mano River Union institute (M.R.U.) and at the University of Liberia. The fourteen-year civil war has destroyed all training infrastructures, caused massive brain drain, traumatized and displaced most employees of the FDA. About 175 field technicians are needed but less than half is available. Old and new technicians must be trained to build up the capacity of the FDA. Details of the duration and cost of this level training are found in Addendum 4.

Table 2: FORESTRY TECHNICIANS FOR SHORT-TERM REFRESHER COURSES

<b>Personnel</b>	<b>Region I</b>	<b>Region II</b>	<b>Region III</b>	<b>Region IV</b>	<b>Total Personnel</b>
Scalers	30	20	14	8	72
Ranger Scalers G – II	20	10	11	8	49
Tally Clerks	2	2	2	2	8
Forest Guards	12	12	14	8	46
<b>Total</b>	<b>64</b>	<b>44</b>	<b>41</b>	<b>26</b>	<b>175</b>

**e. Training Higher level personnel**

The training of middle level managers is also necessary. Most of the recent graduates of the College of Agriculture and Forestry do not have sufficient field level experience due to their inability to access forest areas for field level orientation in forest inventory, mensuration and dendrology. Training courses will be designed case-by-case on a local level or abroad.

**f. Refurbishing Office buildings and staff houses**

The Headquarters of the FDA at Wein Town near Monrovia were destroyed in the 1990 civil war. The current office building on Old ELWA Road was looted in June 2003. There are 4 regional offices and several staff houses in forest areas and seaports. These facilities need to be restored. Priority will be given to refurbishing and furnishing offices and staff houses in the regions in order to be prepared for staff to resume duties when sanctions are lifted. A skeleton staff will be immediately deployed in those areas to monitor and report illegal logging activities and patrol park areas. Professional estimates of building repairs must be submitted before financing is arranged to pre-war level.

**g. Office Equipment and Furnishings**

The FDA Central Office in Monrovia has recently acquired a few pieces of furniture and equipment. Furniture and equipment in other offices, including those in the 4 FDA regions were looted and should be replaced.

**h. Commissioning and strengthening oversight institutions.**

The current FDA management has the desire to consult and facilitate the smooth functioning of the industry, the community including forest residents, local government authorities, conservationists, environmentalists, and logging companies. Together, they can raise concerns, for example, about land use capabilities, coordination of social infrastructure development and preservation of the environment. This reform program will include activating the Environment Protection Agency and establishing an independent committee to oversee activities of the FDA and raise alarms for the FDA to address problems. Other members of the committee may include:

- Save My Future Foundation
- Environmental Protection Agency
- Liberia Timber Association
- Conservation International
- Society for the Conservation of Nature in Liberia

Ministry of Internal Affairs

The Environmental Protection Agency (EPA) was created by Legislature on November 26, 2002 and published on April 30, 2004. The EPA Acts contains environmental Laws and policies covering the management of the environment in Liberia. When strengthened and made active the EPA would coordinate, monitor, supervise and consult on all activities in the protection of the environment and the sustainable use of natural resources. One major function of the EPA is to conduct Environmental Impact Assessment (EIA). To activate and make the EPA functional, the following steps will be taken:

Government will publicly declare the EPA open for business.

The Government will appoint an interim executive director.

The Interim Executive Director will take appropriate steps to organize the office, establish a secretariat and cause the creation of the Environmental Policy Council.

Appoint the Board of Directors of the Agency.

Provide budgetary support.

In order to conduct Environmental Impact Assessments and other functions, the EPA needs to train its initial staff in EIA methods. The need thus arises for additional training and Technical Assistance.

**h. Technical assistance**

To restore credibility and confidence, technical assistance personnel will supplement FDA staff in the areas of Forest Management, Financial Management, and Wildlife and Parks.

**2. Improving Sector Transparency and Accountability**

**a. Auditing the FDA.**

The NTGL is commissioning an audit of the FDA. Terms of reference of the audit are being finalized. International auditing firms will conduct the audit that will identify weaknesses, design systems and procedures for transparency and accountability.

A system for the Payment of Forestry Revenues.

Executive Order #2 of the NTGL provides that all government revenues will be deposited in the Central Bank of Liberia. The FDA has agreed to comply with instructions laid out in Executive Order #2. However, Reforestation and Conservation Fees are to be deposited into a separate FDA account at the Central Bank with the understanding that such funds will be maintained for the purpose they are intended. Monies in those accounts will not be used for any other purpose than for reforestation and conservation.

Funding the operation of the FDA.

FDA is a field-oriented institution. It should have the flexibility in accessing resources to execute its regulatory and revenue assessment functions in the bush. Without reform, the bureaucracy in the Ministry of Finance for disbursing funds does not support this flexibility. Therefore the FDA will adapt a system based on these procedures:

FDA will prepare its capital and operating budget during the fourth quarter of the year for the proceeding year.

The Board of Directors will approve this budget and present it for consideration in the normal budget process. The amount approved will be transferred by the Central Bank quarterly in advance from the forestry revenue (i.e., land rental, stumpage, etc.) accounts to FDA's operating account.

The Central Bank will set up an FDA account with an automatic instruction to transfer funds per above for the quarterly needs of the FDA as determined by its budget. FDA account will be subject to audit at anytime.

The Central Bank will establish sub accounts for deposits of reforestation and conservation fees, and ensure that these funds are solely for those purposes by adding signatories from independent industry oversight committee members and FDA.

The FDA will operate this account on the basis of reforestation and conservation programs approved by its Board of Directors and any committee or group established for oversight of reforestation and conservation programs.

### **3. Concession Review**

The FDA has cited all logging companies and all those who have forest concessions to submit their agreements to the FDA Head Office in Monrovia.

The NTGL will establish a concession review committee.

The terms of reference will include:

- Review all agreements
- Determine the validity of all agreements
- Recommend the revocation all illegal agreements
- Determine the jurisdiction of the settlement of disputes
- Refer to the court system all local settlement of disputes

Refer the settlement of investment disputes to the jurisdiction referenced in the concession agreement or other acceptable jurisdictions.

Government will revise all existing forestry concession agreements to reflect international standards and practices for sustainable forest management found in International Tropical Timber Association (ITTA) and other conventions.

c. There are too many legal inconsistencies in the forestry laws. For example, a provision in the new forestry laws stipulates that private land cannot be used for the purpose of forestry. This provision appears unconstitutional. These legal ambiguities affect the status of communal forests and native reserves. There is a need to revisit the Forestry Law and reflect changes in concession agreements

### **Forest Inventory**

A comprehensive inventory will provide credible information as to the actual content of Liberian Forests and for balancing commercial, conservation and community uses for sustainable forest management. For commercial purposes, there is a need to know the variety of timber species and their volumes.

The Liberia Forest Reassessment Project is funded by the European Commission, co-funded by the Critical Ecosystems Partnership and implemented by Fauna & Flora International in partnership with Conservation International, Liberian government agencies, including the FDA. This project is developing a Geographic information system database, which has developed some capacity to support taking of forest inventory. The database contains very valuable information on the forest sector from socio-economic and

biodiversity surveys. However, donor support, both technical and financial, will be needed to upgrade the GIS Lab to the relevant technical and logistical capacity. Specific needs would include:

Acquisition of updated Landsat imagery of the forest cover  
Training in forest sector inventory skills  
Lab equipment such as a plotter, computers, GPS, digital cameras, etc.  
Aerial photography  
Data analysis capacity building  
Protection and Development of Parks

The Blah Government recently signed into law three bills: extension of the internationally recognized Sapo National Park (SNP), creation of an East Nimba Nature Reserve, and mandating the creation of a protected forest area system for Liberia. However, the government must ensure that international conservationist groups provide adequate socio-economic benefits for residents of communities within the protected areas and their future generations, as is practiced in other forest countries such as Brazil and Gabon. The East Nimba Nature Reserve has the potential to be a part of the World Heritage Sites system as the Guinea and Cote d'Ivoire sides have become. The infrastructure of the Sapo National Park has been looted and requires rehabilitating. Activities needed include:

Demarcate and map the national forest reserves of Liberia  
Support for infrastructures and capacity building for SNP  
Support Communal forest creation around SNP  
Initiate the UNESCO process for listing the East Nimba Nature Reserve as a World Heritage Site provided this does not infringe on the government's contractual obligations and plans to carry out iron ore mining operations in the area.

Actions must be taken to restore the looted infrastructures of Sapo National Park and request technical assistance from UNESCO to develop the East Nimba Nature Reserve once the issue raised above is resolved. The FDA will make the request for an international expert on Wildlife and Park management by June 2004 to fulfill this need.

## **VII. Recommendations**

The Chairman of the NTGL directed the Committee on Forestry Sanctions Review to present a roadmap the Government should follow to have the United Nations Security Council lift sanctions on logs and timber export in a timely manner.

The Committee held several meetings and consultations with local and international institutions, including the IMF and a roundtable meeting at the United States Embassy. An interim report was submitted to the Chairman on December 8, 2003. Final results of the Committee's findings are presented in the pages above.

The Committee recommends a number of reform programs for lifting sanctions. Details of these programs are found in Addendum 1 of this document and it is summarized as follows:

1. Build the capacity of the FDA of the FDA by adequately compensating staff, training personnel, making them mobile and providing adequate facilities for regulating, controlling and managing the forest. The cost of 669 employees of the FDA is approximately \$3.3 million over one year, from January to December 2004. Capital expenditures to rebuild FDA's capacity total another US\$4.1 million, maintenance cost of \$0.2 million as per Addendum 3. We assume that this level of financial investment will improve the efficiency of personnel, create transparency and enhance accountability. Crudely net benefits will be in excess of the present value of \$16.4 million (Current revenue of \$20 million less \$7.6) per year.

2. Improve sector transparency and accountability by auditing the FDA and establishing systems for accounting for forest revenues, disbursing, and maintaining funds for operations and for reforestation and conservation. This could be accomplished by end of January 2004.
3. Review Forest Concessions for legitimacy, reallocation of forestland, creation of communal and native reserves, realignment with international standards of sustainable forest management and determining a reasonable method of community participation in forest concessions by end of March 2004.
4. Conduct Forest industry using tools and facilities available in the Liberia Forest Reassessment Project to update information on resources, land use planning, to determine forest resources, to monitor taxation and enforcement, and to reconcile and update concession boundaries for effective control and regulation. This program could be completed by the end of February 2004.
5. Continue protection, identification, and restoration of parks. The Sapo National Park and the East Nimba Forest Reserves present the greatest potentials for tourism and development for research. However, government must ensure that international conservationist groups provide adequate socio-economic benefits for inhabitants and their future generations within the protected areas as is done in other forest countries like Brazil and Gabon. UNESCO and other international organizations will assist the Government promote and develop these parks. This program will be executed by June 2004
6. Effective Control of Forest areas in the country to ensure compliance with sanctions will be assured if UNMIL is deployed in those areas. UNMIL deployment all over the country will be completed by the end of March 2004.

We believe that the key reform measures outlined above will ensure efficiency, transparency, accountability thus restoring credibility and the legitimacy FDA requires in order to resume Timber sector activities once the UN Sanctions are lifted. Additionally, timely implementation of these reform measures will ensure that benefits of the Logging and Timber Sector accrue to the Liberian people; and that sector activities are undertaken in a manner consistent with internationally accepted environmental standards.

With the assistance from the international community, this can be achieved within the shortest possible time.

Respectfully submitted:

John T. Woods  
 Consultant & Former Managing  
 Director, Forestry Development  
 Authority, Chairman

Eugene Wilson  
 Managing Director, Forestry  
 Development Authority, Member

Lusine Kamara  
 Minister of Finance, Member

Alexander Peal  
 Country Director, Conservation International,  
 Member

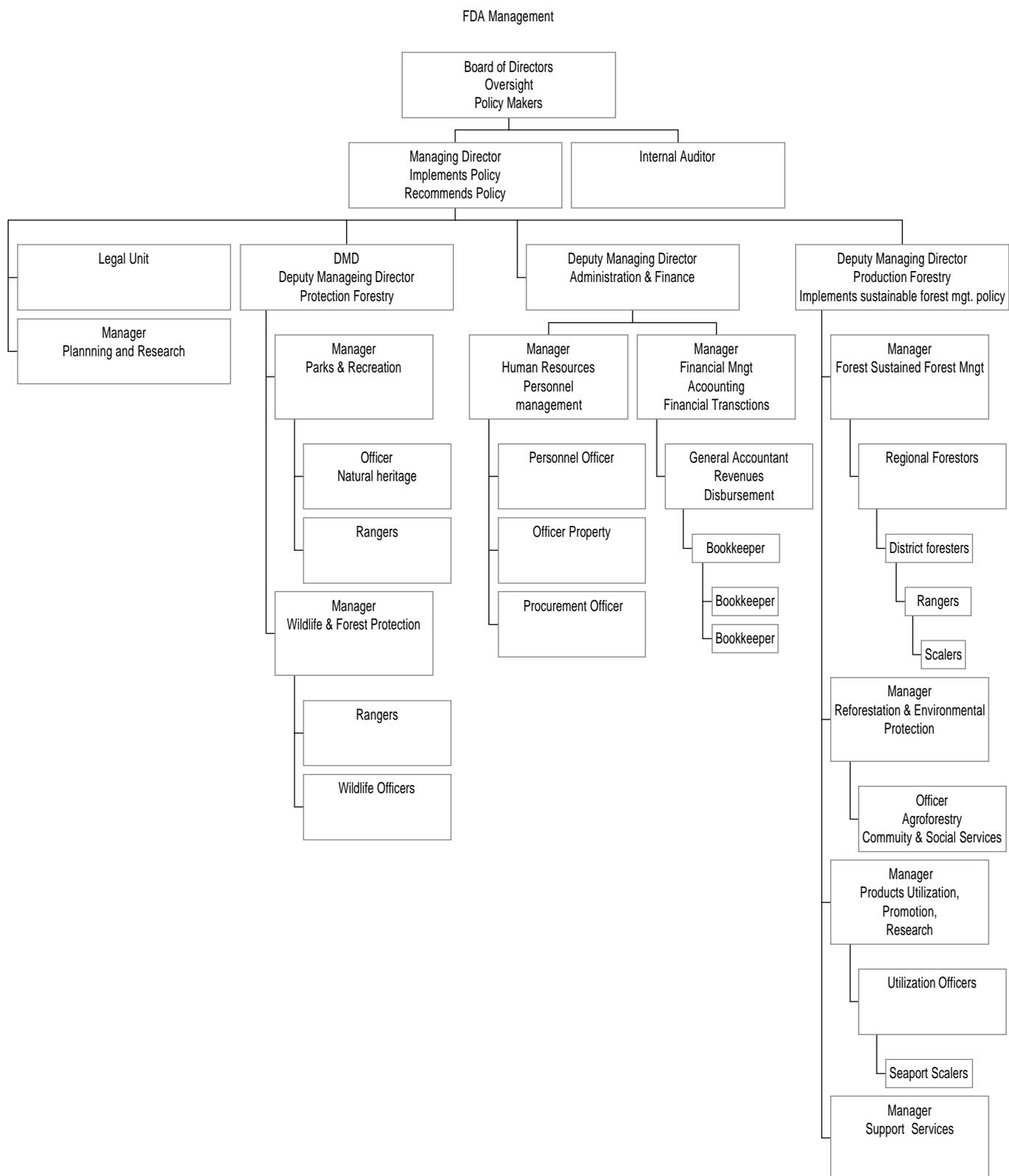
Rudolph Merab  
 President, Liberia Timber Association, Member

Samuel W. Thompson  
 Member, Council of Economic Advisors,  
 Member

## Addendum: 1 Reform Programs for Lifting Sanctions in the Forestry Sector

Reform Programs	Description	Implementation period	Cost In US\$
<b>Building the capacity of the FDA</b>	<p>Appoint FDA Board of Directors</p> <p>b. Structure management, adequately compensate staff &amp; provide logistics</p> <p>c. Train field technicians and middle level staff at a later date</p> <p>e. Prepare the terms of reference and commission an independent oversight committee with a mandate to raise community awareness, supervise and review NGOs and encourage sustainable forest management</p> <p>f. Request Technical assistance for forest and financial management</p>	Jan. 2004	7,664,000
		Jan. - Oct. 2004	
		Feb. - Dec.. 2004	100,000
		Feb. 2004	140,000
		February to March 2004,	450,000
Improving Sector's Transparency and Accountability	<p>Commissioning an audit of the FDA</p> <p>Establish a system for depositing all forestry revenues in accounts directed by the Ministry of Finance at the central Bank</p> <p>Establish a system for funding FDA accounts with Central Bank based on budget allocation of by quarterly transfer of funds from GOL accounts based on standing instruction.</p> <p>Design a system for separate receiving and disbursing Reforestation and Conservation fees.</p> <p>Establish a system of reporting and making information accessible to the public.</p> <p>Set up an independent oversight committee.</p>	<p>Jan. 2004</p> <p>Jan. 2004</p> <p>Dec. 2003 - Feb. 2004</p> <p>Dec. 2003 - Feb. 2004</p> <p>Feb. 2004</p> <p>Jan. 2004</p>	
Concession Review	<p>Recall and review all existing concession agreements</p> <p>Impose penalties on companies violating sanctions</p> <p>Prepare addendum to concession agreements reflecting conservation policies and environmental policies.</p>	<p>Jan.-Feb. 2004</p> <p>Dec. 2003 – Mar. 2004</p> <p>Dec. 2003 – Mar. 2004</p>	15,000
Conduct a Forest Inventory	<p>Ground truthing field surveys and maps from GIS</p> <p>Determine the potential value of forest resources (timber and non-timber forest products)</p> <p>Provide information for monitoring, taxation, and enforcement.</p>	<p>Dec. 2003 – Feb. 2004</p> <p>Dec. 2003 – Feb. 2004</p> <p>Dec. 2003 – Feb. 2004</p>	200,000
Park protection and development	<p>Reconstruction of Sapo Park infrastructure</p> <p>Provide equipment and materials for park management</p> <p>Train and deploy park personnel</p>	<p>Jan.-June 2004</p> <p>Jan.-June 2004</p> <p>Jan.-June 2004</p>	100,000
Mobilise Technical and financial assistance	<p>Participate in donors meeting and other promotional activities</p> <p>Discuss bilateral arrangements</p> <p>c. UNMIL to complete deployment</p>	<p>Jan. – Feb. 2004</p> <p>Jan. – Feb. 2004.</p> <p>By April 2004</p>	50,000
Program requirement	<p>For FDA capacity building</p> <p>Other reform programs</p>		<p>8,354,300</p> <p>365,000</p>

## Addendum 2: FDA Organizational Chart



**Addendum 3: Financing Requirement for FDA's Capacity Building (In US\$)**

MONROVIA OFFICES

<b>Office</b>	<b>No. of Employees</b>	<b>Salary</b>	<b>Benefits</b>	<b>Equipment</b>	<b>Furniture</b>	<b>Vehicle</b>	<b>Maintenance &amp; Support</b>	<b>Total</b>
Forest Management	63	122,100	24,420	12,250	13,350	255,000	75,000	502,120
Purchasing	11	38,250	12,547	5,900	5,430	45,000	8,500	115,627
Administration	45	199,510	29,277	78,420	4,775	111,000	18,000	440,982
Forest UTR.	7	72,850	13,267	11,255	2,625	81,000	10,000	190,997
Reforestation	9	76,500	15,300	6,500	4,800	96,000	24,000	223,100
Information	7	69,300	11,947	15,870	9,340	45,000	10,000	161,457
Wildlife	8	51,000	10,200	11,255	3,350	180,000	10,000	265,805
Planning	19	131,100	26,220	31,982	31,982	137,400	31,982	390,666
P. M. U.	8	112,500	22,500	13,550	3,975	71,000	4,800	228,325
Managing Director	21	155,600	31,120	63,995	15,065	156,000	4,800	426,580
DMD Administration	7	48,600	9,720	13,550	3,975	71,000	4,800	151,645
DMD /CF	7	48,600	9,720	13,550	3,975	71,000	4,800	151,645
DMD/PF	7	48,600	9,720	13,550	3,975	71,000	4,800	151,645
Accounts	24	127,500	25,500	21,300	6,125	50,000	3,975	234,400
<b>TOTAL</b>	<b>243</b>	<b>1,302,010</b>	<b>251,458</b>	<b>312,927</b>	<b>112,742</b>	<b>1,440,400</b>	<b>215,457</b>	<b>3,634,994</b>

REGIONAL OFFICE

<b>Office</b>	<b>No. of Employees</b>	<b>Salary</b>	<b>Benefits</b>	<b>Equipment</b>	<b>Furniture</b>	<b>Vehicle</b>	<b>Maintenance &amp; Support</b>	<b>Total</b>
Region I	145	511,200	102,240	46,238	4,330	690,000	7,760	1,361,768
Region II	118	389,100	77,820	46,238	4,330	500,000	7,760	1,025,248
Region III	97	338,100	67,620	46,238	4,330	595,000	7,760	1,059,048
Region IV	66	220,800	44,160	46,238	4,330	260,000	7,760	583,288
<b>TOTAL</b>	<b>426</b>	<b>1,459,200</b>	<b>291,840</b>	<b>184,952</b>	<b>17,320</b>	<b>2,045,000</b>	<b>31,040</b>	<b>4,029,352</b>
<b>GRAND TOTAL</b>	<b>669</b>	<b>\$2,761,210</b>	<b>\$543,298</b>	<b>\$497,879</b>	<b>\$130,062</b>	<b>\$3,485,400</b>	<b>\$246,497</b>	<b>\$7,664,346</b>

## Appendix 2 Forest Reform Workshop Agenda

### FOREST SECTOR ROUNDTABLE

#### Identifying a Road Map for the Forest Sector

Workshop hosted by the US Embassy, Monrovia  
December 16-17, 2003

##### Workshop Objectives

To achieve stakeholder agreement on:

- 7) The **need** of the timber sector, especially to:
  - a. Ensure **FDA legitimacy**;
  - b. Ensure **industry compliance** with laws and regulations;
  - c. Ensure that **civil society plays a responsible role** in assistance and advocacy.
- 8) The **process for such reform**:
  - a. **UNMIL deployment** to provide security;
  - b. **Regulatory reform** (deployment of human and technical capacity within the FDA to ensure legitimate management/exploitation);
  - c. **Revenue reform** (taxation and auditing systems to ensure legitimate use of forest revenue);
  - d. **Concession review** (to determine legitimate concessionaires);
  - e. **Inventory** (to determine the potential value of forest resources [timber, non-timber forest products, including medicinals, biodiversity, recreation, etc], provide information for monitoring, taxation, and enforcement);
  - f. **Parks** (to ensure adequate protection, provide an opportunity to promote the reconciliation process with neighboring countries, and offer FDA an opportunity to demonstrate legitimate management).
- 9) A **strategy to engage donors**, most immediately at the Donor Conference in Washington, DC, in February, 2004.

##### Tuesday

- |               |                                                                                          |
|---------------|------------------------------------------------------------------------------------------|
| 9             | <b>Welcoming remarks – Ambassador Blaney</b>                                             |
| 9.05 – 9.15   | Opening remarks – Art Blundell                                                           |
| 9.15 – 9.30   | <b>Strategy to develop regulatory capacity</b>                                           |
| 9.30 – 10.45  | Discussion<br>Issues: Human capacity, areas of deployment, cost, enforcement             |
| 10.45 – 11    | <b>Break</b>                                                                             |
| 11 – 11.15    | Outline the road map: timeline to achieve regulatory capacity                            |
| 11.15 – 11.30 | <b>Strategy for the legitimate transfer and use of timber revenue</b>                    |
| 11.30 – 12.30 | Discussion<br>Issues: Forms of taxation (land-, volume-, value-based), specific accounts |

- 12.30 – 1.30      **Lunch**
- 1.30 – 1.45      Outline the road map: timeline to achieve revenue capacity
- 1.45 – 2          **Strategy for concession review**
- 2 – 2.40          Discussion  
Issues: Review and appeal process, relationship between FDA and concessionaires
- 2.40 – 2.55      Outline the road map: timeline to achieve concession review
- 2.55 – 3.15      **Break**
- 3.15 – 3.30      **Strategy for developing a forest inventory**
- 3.30 – 4.15      Discussion  
Issues: Needs of timber operators for management, FDA needs for setting stumpage, monitoring, enforcement
- 4.15 – 4.30      Outline the road map: timeline to achieve inventory capacity
- 4.30 – 5.30      **Summary of day's discussion**
- Wednesday**
- 9.30 – 9.45      **Strategy to protect parks**  
Brief background on Nimba and Sapu Parks
- 9.45 – 10.30      Discussion  
Issues: Capacity (human and technical) for management; UNESCO Status
- 10.30 – 10.45    **Break**
- 10.45 – 11.30    Outline the road map: timeline to achieve park's management
- 11.30 – 11.45    **Concluding remarks**
- 11.45 – 12.30    **Press briefing**

### **Appendix 3 Workshop Participants**

USG – Dante Paradiso

Art Blundell

GoL –

FDA: Eugene Wilson (533324), Managing Director  
Thomas Romeo Quioh (533435)

Council of Economic Advisors: Harry Greaves (520822),  
Sam Thompson (558468)

Chair Sanctions Commission: John Woods (538002)

Minister of Finance: representative of Lusinee Kamara  
Hinneh (514719)

Liberian Timber Association – representative of Rudolph Merab (511134)

Eric Passawe

Forth Akari

Ben Cooper (510954)

Representative of Mr. Fawaz (514451, 525687)

J. Emmanuel Wureh (514451)

Oscar Cooper (Inland Logging Company: 510826)

Civil Society

Fauna and Flora International: Anyaa Vohiri (514013)

Conservation International: Alex Peal (511138)

GECOMSA: Grody Dorbor

Donors

UNMIL

UNDP KK Kanuddeen

Embassy of China

EU: representative of Jeff Rudd (516016)

Frances Wellens

## Appendix 4 Workshop Results

### Regulatory Reform

ACTION	TIMING	NEEDS	COSTS
Comprehensive, cross-sectoral approach between forestry, agriculture (slash & burn farming), and energy (charcoal) – build relationship with Min Internal Affairs, Min of Ag, Min of Lands & Mines, UNDP, etc.	Progressive	Technical asst	Undetermined
MD ensures inclusive Board of Dir (nominees indep. of affiliations)	Immediate	None	None
Need effective EPA monitoring (EIAs)	Immediate	EIAs, activate and fund	Input from donors
Indep. Civilian monitoring	Immediate ?	Info avail. To public, GoL/FDA to encourage indep. Public action	FDA to welcome donor presence but FDA will not actively fund
FDA Transparency	Immediate /60 days	Office where records are avail	
Rearrange FDA Mgmt (Deputies for Admin, Commercial, Communities/Conservation)	Immediate /60 days		
Training FDA Staff		Foreign tech transfer, local trainers on the ground, ITTO	Proposals....

### Revenue Reform

ACTION	TIMING	NEEDS	COSTS
Centralized collections	Progressive	Clarifications of revenue, dedicated accounts	Undetermined
Review fee schedules/taxes/land rental	60 days	Review committee; tech asst; tax/forestry expert	?
Audit w/ recommendations	120 days	Commission... systems and financial audit	EU?

#### Concession review

ACTION	TIMING	NEEDS	COSTS
Review all concessions	90 days	TORs for review process. Committee: Legal counsel + all agencies that get concession contracts	Undetermined
Debt collection? Issues: falsification, arbitration, mapping/demarcation, (25% ownership)	90 days	Indemnification/write-offs... consultants? [legal clarity is needed]	Undetermined
Harmonization with international agreements	90 days	Prepare an addendum to concession law	Undetermined

#### Inventory review

ACTION	TIMING	NEEDS	COSTS
GIS lab/monitoring	Current	Met	
Forest reserves/forest cover/villages		Analyze	
FDA coupe monitoring Enumeration/inventory	Soon	Training, tech transfer, staff/salaries	ITTO?

#### Parks review

ACTION	TIMING	NEEDS	COSTS
Sapo	1 week	Identify change in needs since war; FDA approval	? Prepare for donors conf.
Nimba		Additional surveys; prepare UNESCO listing	FFI/CI/FDA
Bushmeat		Assessments	
Communal forests		Assessments	
Jobs in parks (UNMIL asked about this)		Assessments	
Lake Piso		Assessments	
NGO coordination		Assessments	