



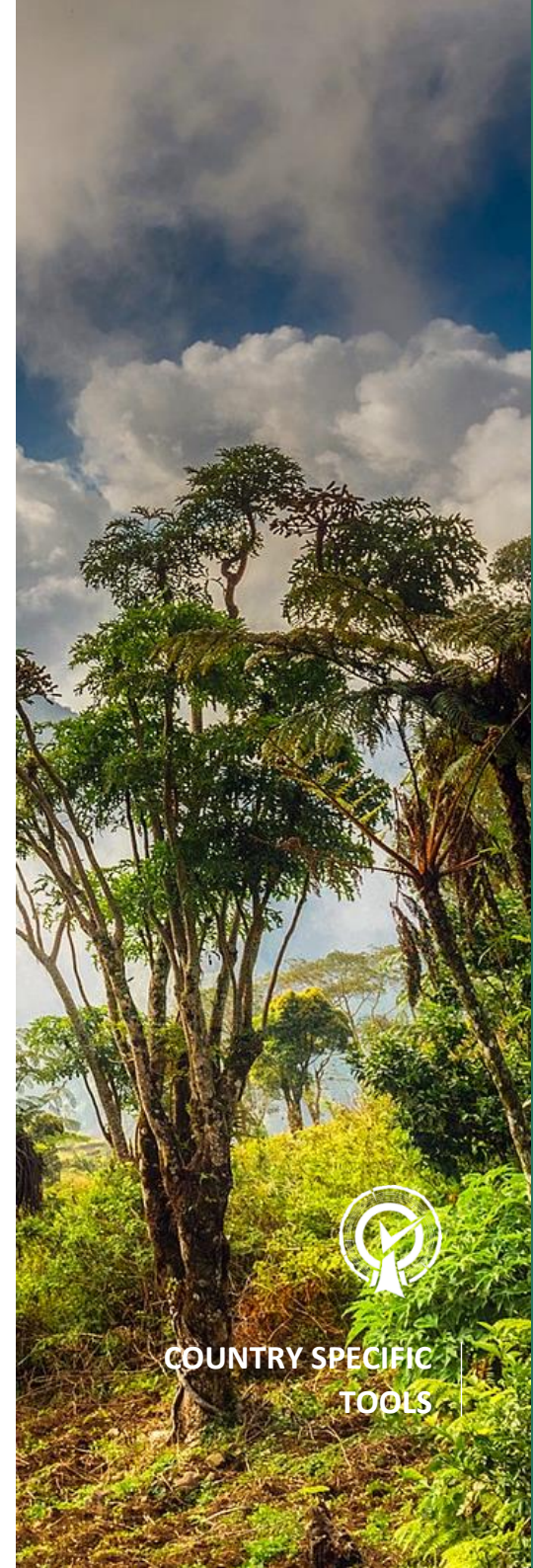
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Liberia Risk Mitigation Guide

Timber



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COUNTRY SPECIFIC
TOOLS



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Liberia Timber Risk Mitigation Guide

NEPCo has evaluated the risk of illegality in Liberian timber supply chains across five categories:



Legal rights to harvest



Taxes and Fees



Timber harvesting regulations



Third party rights



Trade and transport

This Timber Risk Mitigation Guide provides advice on how to mitigate the risks identified.

Timber source types and risks

There are five timber source types found in Liberia. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation.

1. **Forest Management Contract (FMC)**- Wood harvested from concession forests on lands of 50,000-400,000 hectares.
2. **Timber Sales Contract (TSC)** - Wood harvested from concession forests on lands no greater than 5,000 ha. The contract is not to exceed three years. Natural forest.
3. **Private Use Permit (PUP)** - Wood harvested on private land, with the consent of the land owner. In 2013, the President issued Executive Order 44 suspending issuance of PUPs. However, some PUPs in existence prior to 2013 continue to this day.
4. **Forest Use Permit (FUP)** - Wood harvested in Community owned natural forest. The area involved must be less than 1,000 hectares. Only timber to be used within the country or by the community can be harvested.
5. **Community Forest Management Agreement (CFMA)** - Wood harvested from a community forest. A Community Forest Management Agreement allows the community to access, manage, use, and benefit from the forest resources and enter into logging contracts with companies.

Map your supply chains

To effectively evaluate and mitigate risks in your supply chain, it is necessary for you to know where the timber originates. This will allow you to determine your source type and mitigate the risks associated with that source type. As risks have been identified with all source types, supply chain mapping is necessary to further evaluate, specify and mitigate the risks.



The **Supply Chain Mapping Tool (DD-07)** can be used to record supply chain information at a detailed level.



The **Supplier Management Form (DD-04)** can be used to maintain a complete supply chain overview.



Legal rights to harvest

The following nine risks have been identified related to the legal rights to harvest in Liberia:

1. Tenure is allocated for overlapping periods.
2. Overlapping borders of permits/contracts.
3. Licenses issued through a non-competitive process, circumventing the legally required process.
4. Circumventing the requirements of a Forest Management Contract (FMC) by operating through several Public Use Permits (PUP), which has less strict requirements.
5. Forest management plans do not adhere to legal requirements.
6. Annual operation plans do not live up to legal requirements.
7. Harvesting certificates are issued without fully complying with legal requirements.
8. Harvesting without an annual harvesting certificate, or with a forged annual harvesting certificate.
9. Timber harvested without permit from areas of encroachment and conversion to agricultural use.

Risk	Mitigation recommendations
<p>1. Tenure is allocated for overlapping periods</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review and verify documents</p> <p>a. Permit/contract, either a Public Use Permit (PUP), Forest Management Contract (FMC), Timber Sales Contract (TSC), Forest Use Permit (FUP) or Community Forest Contract - verify that it is issued for the legally allowed timeframe: PUPs are allocated only for 5 years; FMCs are issued for 25 years, but can be extended if justified by the holder. The rotation is generally a multiple of 5 years; TSCs are allocated for a maximum of 3 years; FUPs are allocated for no more than 2 years. Permits/Contracts can be found on Liberia LEITI website: http://www.leiti.org.lr Choose "Documents" – "Forestry".</p> <p>Note: Registry of deeds are not updated and documents can be fraudulent. Land deeds are not an evidence of ownership/tenure rights.</p> <p>II. Consult</p>

	<ul style="list-style-type: none"> a. Forestry Development Authorities/ Société Générale de Surveillance (SGS) to verify the tenure. Contact the commercial department to validate the permit. b. Neighbours, local communities or the landowner who can confirm that tenure rights are clear, or being managed. Keep minutes from the consultation.
<p>2. Overlapping borders of permits/contracts</p> <p><i>The risk relates to all timber sources</i></p>	<ul style="list-style-type: none"> I. Review and verify documents <ul style="list-style-type: none"> a. Permit/contract, compare with permits/contracts in the adjacent areas and verify borders do not overlap. Detailed information on coordinates is included in each permit/contract, and can be found on Liberia LEITI website: http://www.leiti.org.lr Choose "Documents" – "Forestry". Note: Registry of deeds are not updated and documents can be fraudulent. Land deeds are not an evidence of ownership/tenure rights. II. Consult <ul style="list-style-type: none"> a. Forestry development authorities/SGS can verify the tenure. Contact the Commercial Department to validate the permit. b. Consultation with neighbours, local communities and the landowner can confirm that land tenure rights are clear and not overlapping. If issues are present, verify that these are being managed. III. Onsite verification <ul style="list-style-type: none"> a. Verify that the land borders are well marked and that no other land use takes place within forest limits.
<p>3. Licenses issued through a non-competitive process, circumventing the legally required process</p> <p><i>The risk relates to FMC, TSC, PUP, FUP</i></p>	<ul style="list-style-type: none"> I. Review and verify documents <ul style="list-style-type: none"> a. Valid pre-qualification certificate, supplier must have had this before submitting bids for an FMC. II. Consult <ul style="list-style-type: none"> a. A private lawyer versed in the forest sector to ensure full compliance in the bidding process. b. Relevant authorities (Ministry of Lands, Mines and Energy, Forest Development Authority) to confirm that no land conflicts exist on the land. If land conflict(s) exist this can give incentive for circumventing the required license process to obtain a license.

4. Circumventing the requirements of a Forest Management Contract (FMC) by operating through several Public Use Permits (PUP), which have less strict requirements

This risk relates to PUP

I. Review and verify documents

- a. Check whether several PUP licenses are owned by the same owner. This can be verified through the Liberia LEITI website which contains all permits: <http://www.leiti.org.lr/companies.html>
- b. Check whether the company operating the PUPs has earlier been operating an FMC. This can be done through the Independent Investigating Body (2012). *Liberia: Special Independent Investigating Body Report On the Issuance of Private Use Permits (PUPs)*. Available at: <http://allafrica.com/stories/201301130166.html>
- c. If several PUPs are owned by the same owner and the company has earlier managed FMCs, ensure that PUP licenses are operated in compliance with legal requirements for FMC.

5. Forest management plans do not adhere to legal requirements

This risk relates to FMC

I. Review and verify documents

- a. The Forest Management Contract shall contain information and procedures, according to all legal requirements and be consistent with the annual operation plans.
- b. Forest Management Plan.

6. Annual operation plans do not live up to legal requirements

The risk relates to all timber sources

I. Review documents and verify

- a. Annual operation plans, must contain information and procedures, according to all legal requirements and the contents of the operation plans shall be consistent with approved forest management plan (relevant for FMC). See: *Code of Harvesting Practices 2010* for legal requirements. Available at: <http://www.fda.gov.lr/wp-content/uploads/2015/07/Code-of-Forest-Practices-2007.pdf>

7. Harvesting certificates are issued without fully complying with legal requirements.

I. Review and verify documents

- a. Annual Harvesting Certificate, may only be issued where a Social and Environmental Impact Assessment; Annual Operation Plan/Forest Management Plan (only for FMCs), Tax Clearance document from Liberian Revenue Authority (LRA) and inventory are in place.

The risk relates to all timber sources

8. Harvesting without an annual harvesting certificate, or with a forged annual harvesting certificate

The risk relates to all timber sources

9. Timber harvested without permit from areas of encroachment and conversion to agricultural use.

The risk relates to all timber sources

I. Review and verify documents

a. Annual harvesting certificate shall be in place

II. Consult

a. Consult Issuing Authority: Forestry development authority/SGS on validity of certificate.

III. Onsite verification

a. Field inspection shall confirm that information regarding area, species, volumes and other information given in the harvesting certificates are correct and within limits prescribed in the legislation.

IV. Avoid

a. Suppliers who use uncertified third parties to make payments, as there have been reports of third party or expeditors using fake government receipts, or check the evaluation process the company have for evaluating third parties when making payments is effective. Ensure staff are trained to avoid dubious individuals and dishonest tax agents (see training records).

I. Review and verify document

a. Permit/contract shall indicate clear management rights. The supplier should have all the relevant documents to show legal tenure.

b. Verify that each log is mapped with location, company and region. SGS/Forest development authorities have a complete database of all logs that are being sold out of the country.



Taxes and Fees

The following four risks have been identified related to the taxes and fees in Liberia:

1. Non-payment of stumpage fees.
2. Non-payment of land rent fee to communities.
3. Non-payment of sales taxes.
4. Non-payment income taxes.

Risk	Mitigation recommendations
<p>1. Non-payment of stumpage fees</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review and verify documents</p> <ol style="list-style-type: none"> a. Proof of payment of the forestry stumpage fees for the current year and the year before verification. b. Tax clearance from the Liberian Revenue Authority (LRA). <p>II. Avoid</p> <ol style="list-style-type: none"> a. Suppliers who use uncertified third parties to make payments, as there have been reports of third party or expeditors using fake government receipts, or check the evaluation process the company have for evaluating third parties when making payments is effective. Ensure staff are trained to avoid dubious individuals and dishonest tax agents (see training records).
<p>2. Non-payment of land rent fee to communities</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Consult</p> <ol style="list-style-type: none"> a. Local community, can confirm land rent fee has been received. b. If land rent fees have not been received it should be verified that the company has a payment plan with the government to pay the land rent fee (it is up to the government to give a payment plan, so only applicable if one is in place).

3. Non-payment of sales taxes

The risk relates to all timber sources

I. Review and verify documents

- a. VAT invoices, demonstrate payment of VAT.
- b. Tax clearance document, verifies that either there is no amount owed by the supplier to the State, or that a payment plan has been agreed to between the parties and that it is met (it is up to the government to give a payment plan, so only applicable if one is in place).

II. Avoid

- a. Suppliers who use uncertified third parties to make payments, as there have been reports of third party or expeditors using fake government receipts, or check the evaluation process the company have for evaluating third parties when making payments is effective. Ensure staff are trained to avoid dubious individuals and dishonest tax agents (see training records).

4. Non-payment income taxes

The risk relates to all timber sources

I. Review and verify documents

- a. Collect tax receipt to verify payment of income tax.
- b. Review Tax clearance document to verify that either there is no amount owed by the supplier to the State, or that a payment plan has been agreed to between the parties and that it is met (it is up to the government to give a payment plan, so only applicable if one is in place).

II. Consult

- a. Consult SGS and the Liberia Revenue Authority to ensure the company is fully complaint.



Timber harvesting regulations

The following 11 risks have been identified related to the timber harvesting regulations in Liberia:

1. Violations of legal requirements for forest harvesting and provisions of forest management plans.
2. PUPs are issued in areas designated as Proposed Protected Areas.
3. Violations of protected sites and species.
4. Private use permits issued without an environmental impact assessment.
5. Violations of legally required environmental forest harvesting requirements.
6. Lack of use Personal Protective Equipment (PPE).
7. Workers lack access to a health centre or a physician performing medical visits.
8. Poor water quality.

9. Health and safety committees are non-existent or dysfunctional.
10. Disregard for legally required labour practices.
11. Use of illegal foreign workers, and payment of those workers into foreign bank accounts, circumventing the Liberian income tax requirements.

Risk	Mitigation recommendations
<p>1. Violations of legal requirements for forest harvesting and provisions in forest management plans</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review and verify documents</p> <p>a. Certificate of Compliance and verification report from SGS showing compliance with the timber harvesting regulation</p> <p>II. Onsite verification</p> <p>a. Field verifications shall indicate that the contents of the harvesting plans are adhered to in the field. This can be done by the buyer or a third party.</p>
<p>2. PUPs are issued in areas designated as Proposed Protected Areas</p> <p><i>The risk relates to PUP, TSC, FUP, CFMA</i></p>	<p>I. Review and verify documents</p> <p>a. Maps of existing and proposed protected areas and map of the perimeter of forest shall show that the areas do not overlap. Check the national Forest policy implementation strategy: http://www.fao.org/forestry/16167-0dd77b0af6b1e94481d519ab979fd40db.pdf.</p> <p>b. Certificate of Compliance showing compliance with legal compliance issued by SGS Forestry development authority contact.</p>
<p>3. Violations of protected sites and species</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review and verify documents</p> <p>a. Suppliers' forest operation procedures with regards to protected species and sites.</p> <p>II. Consult</p> <p>a. Local and national stakeholders should indicate the supplier applies best practices with regards to protected sites and species, including compliance with requirements for water bodies, sacred sites, protected areas, buffer zones, forest reserves etc.</p>

<p>4. Private use permits issued without an environmental impact assessment</p> <p><i>The risk relates to PUP</i></p>	<p>I. Review and verify documents</p> <p>a. Environmental and Social Impact Assessment for the forest, approved by the Environmental Protection Agency (EPA). Verify that the approval date of the EIA is prior to issuing the PUP. Ensure complete inventory of harvested area to identify species and environmental challenges.</p>
<p>5. Violations of legally required environmental forest harvesting requirements</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review and verify documents</p> <p>a. Certificate of Compliance showing compliance with legal compliance issued by SGS.</p> <p>II. Onsite verification:</p> <p>a. Onsite verification can confirm that requirements for environmental requirements are complied with on the operating site (e.g. compliance with requirements for water bodies, buffer zones, etc.).</p>
<p>6. Lack of use Personal Protective Equipment (PPE)</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review documents and verify</p> <p>a. Accident records - verify that accidents are not due to lack of safety equipment.</p> <p>II. Onsite verification</p> <p>a. Onsite visits shall show that the maintenance of equipment, the existence and execution of safe working practice and the existence and the use of personal protective equipment per workstation and on heavy machinery is in place. This shall be done through general observation and interview of staff on the site.</p> <p>and/or</p> <p>III. Consultation:</p> <p>a. Consultation with a strong, working and independent Health and Safety committee should testify that the issue of PPE. If this is possible the onsite verification may be omitted.</p>
<p>7. Lack of access to a health center/physician</p>	<p>I. Review documents and verify</p> <p>a. Medical records of workers and records of medical recruitment to verify that there is access to a health centre and medical visits are conducted.</p> <p>II. Consultation</p>

<p>performing medical visits</p> <p><i>The risk relates to all timber sources</i></p>	<p>a. Strong, working, and independent Health and Safety committee should testify there is access to a health centre and medical visits are in place.</p>
<p>8. Poor water quality</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review and verify documents</p> <p>a. Environmental Impact Assessment (EIA) - verify that water quality has been assessed as part of the Environmental Impact Assessment, and that the water quality is acceptable.</p>
<p>9. Health and Safety committees are non-existent or dysfunctional</p> <p><i>The risk relates to all timber sources</i></p>	<p>I. Review documents</p> <p>a. Records of meetings with the Health and Safety committee to prove existence of such committee and whether it is functional.</p>
<p>10. Disregard for legally required labor practices</p> <p><i>The risk relates to PUP</i></p>	<p>I. Review and verify documents</p> <p>a. Employees' training reports/certificates.</p> <p>II. Onsite verification</p> <p>a. Verify that work conditions are in compliance with legislation:</p> <ul style="list-style-type: none"> • Minimum age shall be observed for all personnel involved in harvesting activities; • Stakeholders shall confirm that forced or compulsory labour is not involved in harvesting activities; • All workers are employed according to the regulation and required contracts are in place; • All people involved in harvesting activities are covered by obligatory insurances; • All people involved in harvesting activities hold required certificates of competence for the function they carry out; and • At least the legally established minimum salaries shall be paid for personnel involved in harvesting activities.

11. Use of illegal foreign workers, and payment of those workers into foreign bank accounts, circumventing the Liberian income tax requirements

The risk relates to all timber sources

I. Review and verify documents

- a. Employment contracts or worker’s files to check employee’s nationality, age, etc. If the worker is foreign, check if they are registered with the Ministry of Labour and has a valid work permit.



Third party rights

The following three risks have been identified related to third party rights in Liberia:

1. Lack of community approval and/or lack of just compensation for the land.
2. Social agreements are agreed on false pretences. Individuals from the community may wrongfully claim to be members of the Community Forestry Development Committees (CFDC).
3. Social agreements are not in place, and/or not fully implemented.

Risk	Mitigation recommendations
<p>1. Lack of community approval and/or lack of just compensation for the land</p> <p><i>The risk relates to FMC, PUP, TSC, FUP</i></p>	<p>I. Consult</p> <ul style="list-style-type: none"> a. Local communities to ensure proper stakeholder consultation was conducted by the operator prior to harvesting and that compensation with communities has been agreed and paid.

2. Social agreements are agreed on false pretences. Individuals from the community may wrongfully claim to be members of the Community Forestry Development Committees (CFDC)

The risk relates to FMC, PUP, TSC, FUP

I. Review and verify documents

a. Evidence that the CFDC is truly representative of the community.

II. Consult

a. If evidence provided by supplier is not satisfactory, consult communities to verify CFDC is representative.

3. Social agreements are not in place, and/or not fully implemented

The risk relates to FMC, PUP, TSC, FUP

I. Review and verify documents

a. Social agreements between companies and the affected communities;

b. Stumpage fee and area fee payment receipts;

c. Liberia Extractive Industries Transparency Initiative (LEITI) reporting which includes disclosure of social payments shall verify that the social agreement has been paid; and

d. Evidence that communities are benefitting and getting just compensation from the use of their land.

About

Supporting Legal Timber Trade

Supporting Legal Timber Trade is a joint initiative run by NEPCon with the aim of supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The joint initiative is funded by the LIFE Programme of the European Union and UK Aid from the UK Government.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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