

**BANK MANAGEMENT RESPONSE TO
REQUEST FOR INSPECTION PANEL REVIEW OF THE
LIBERIA: DEVELOPMENT FORESTRY SECTOR MANAGEMENT PROJECT
(TRUST FUNDS NOS. TF057090-LR; TF096154-LR; AND, TF096170-LR)**

Management has reviewed the Request for Inspection of the Liberia: Development Forestry Sector Management Project (Trust Funds Nos. TF057090-LR; TF096154-LR; and, TF096170-LR), received by the Inspection Panel on September 24, 2010 and registered on September 30, 2010 (RQ10/07). Management has prepared the following response.

CONTENTS

Abbreviations and Acronyms	iii
I. INTRODUCTION.....	i
II. THE REQUEST	2
III. COUNTRY CONTEXT AND PROJECT BACKGROUND.....	3
IV. SPECIAL ISSUES	14
V. MANAGEMENT’S RESPONSE.....	24

ANNEXES

Annex 1.	Claims and Responses
Annex 2.	World Bank Activities in the Forest Sector in Liberia, covering Governance, Forest Conservation, and Community Forests
Annex 3.	World Bank Preparation and Supervision Missions
Annex 4.	Studies Supporting Project Preparation and Implementation

MAPS

Map 1.	IBRD No. 38126
--------	----------------

ABBREVIATIONS AND ACRONYMS

CDD	Community Driven Development
CEP	Community Empowerment Project
CI	Conservation International
CIFOR	Center for International Forestry Research
CoC	Chain of Custody
EITI	Extractive Industries Transparency Initiative (EITI)
ELI	Environmental Law Institute
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FCR	Forest Concessions Review
FDA	Forestry Development Authority
FFI	Fauna and Flora International
FLEGT	Forest Law Enforcement, Governance and Trade
FOB	Free on Board
GFP	Growing Forests Partnerships
GIS	Geographic Information System
ICRAF	International Council for Research in Agroforestry
IITA	International Institute for Tropical Agriculture
IMF	International Monetary Fund
IPN	Inspection Panel
IUCN	International Union for the Conservation of Nature
LACE	Liberian Agency for Communities Empowerment
LFI	Liberia Forests Initiative
LICUS	Low Income Countries Under Stress
NFP	National Forest Program
NGO	Nongovernmental Organization
PAD	Project Appraisal Document
PROFOR	Program on Forests
PRS	Poverty Reduction Strategy
REDD	Reducing Emissions from Deforestation and Forest Degradation
SDI	Sustainable Development Institute
SGS	Société Générale de Surveillance
TFLIB	Trust Fund for Liberia
TSC	Timber Sales Contracts
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNMIL	United Nations Mission in Liberia
UNSC	United Nations Security Council
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USFS	United States Forest Service
VPA	Voluntary Partnership Agreement
WWF	World Wide Fund For Nature

Executive Summary

On September 30, 2010, the Inspection Panel registered a Request for Inspection concerning the US\$2.8 million Liberia Development Forestry Sector Management Project administered by the International Development Association. The project was begun in 2006, three years after the end of Liberia's civil war, to build capacity to manage the forests sector in a transparent, sustainable, fiscally prudent way and to improve the livelihood of communities living around protected areas.

Management shares the Requesters' concerns regarding the non-deliverance of benefits to communities under the social agreements. However, Management fails to see how these grievances relate to any component of the technical assistance project financed by the Bank. Management also is unable to find any actual or potential harm derived from project design or implementation.

Management maintains that the approach chosen for this project was the right one, in light of the huge challenges in the forests sector in Liberia and the extremely weak administrative capacity in the country. The project addresses a few key issues in the sector and supports capacity building through a building block approach in concert with other development partners, within the framework of the project's limited initial funding of US\$2.0 million.

Management asks that the Panel consider this Request ineligible for investigation, according to the stipulations of the Resolution establishing the Inspection Panel, because Management did not have the opportunity to address the concerns raised by the Requesters before the Request was filed. Though the Requester, the Sustainable Development Institute (SDI), has communicated with Bank staff on a regular basis about a wide range of issues regarding the project, Management has no records of the Requesters expressing the concerns raised in this Request to Bank Management or staff.

Regardless of Management's concerns about eligibility, its view that it has followed the relevant Operational Policies and its inability to find harm derived from the project, Management welcomes the opportunity to comment upon some of the substantive issues raised by the Requesters, and has prepared a Management Action Plan.

Background

The forests sector in Liberia has long been a blessing and a curse; it is a significant source of revenue but it collapsed in corruption during the civil war. If managed well, Liberian forests have the potential to contribute to sustainable economic growth and poverty reduction. However, even though major policy and legal reforms have been put in place for better management of its forests, Liberia's capacity to manage natural resources remains low and oversight weak.

Recognizing the enormous potential of the forests sector, the Government of Liberia, with support from the US Government and a group of partners including the World Bank, created the Liberia Forest Initiative. The Initiative had as its objectives: improvement of forest

management by building local capacity, establishing policies and good practices, tracking revenues, supporting a “Chain of Custody” system to verify legal timber practices, creating a network of protected areas, and improving the livelihood of communities in forested areas.

The World Bank Liberia Development Forestry Sector Management Project was designed to address a critical set of issues in the forests sector rather than to address the sectoral challenges as a whole. Specifically, the project had six components: (1) institution building in the public sector; (2) sustainable management of community forests; (3) sustainable agroforestry systems; (4) small and medium private sector development; (5) a competitive forest development grants facility; and (6) public communications for the forests sector.

Since 2006, the project has helped establish a planning unit in the Forestry Development Authority, reach a consensus long-term vision for sustainable forest management, and engage people around protected areas in improving their livelihoods.

As a result of the project, the Bank and other development partners have assisted in creating a legal and institutional framework for managing Liberia’s forests. The Strategic Planning Unit established to support the Forestry Development Authority now has three staff coordinating the work of donors. Liberia is the first country in Africa to have a “Chain of Custody” forest-protection mechanism in place that meets international standards. In addition, the World Bank facilitated the discussions leading to Liberia’s participation in the Extractive Industries Transparency Initiative, and the inclusion of timber in the Initiative.

The Request for Inspection

The Request for Inspection was submitted by the Sustainable Development Institute (SDI) acting on behalf of local communities. The Requesters claim that: (a) the Bank has produced inaccurate timber and revenue figures; (b) the project supported Government logging concessions; (c) the Bank has wrongly classified the project category as well as the nature of the forest in Liberia; and (d) the Requesters have not received benefits from the concessionaires under the social agreements. SDI has previously provided consultant services under this project working with the communities as a contractor and played a key role in preparing the project’s Strategic Environmental Assessment.

The Bank project was not involved in the preparation of timber production and revenue figures or in supporting Government logging concessions. Management acknowledges that delays in publishing the Strategic Environmental Assessment reduced its usefulness in earlier stages of implementation. The Request also claims that the project was incorrectly classified as a Category B project, which signifies fewer environmental risks. The primary focus of the project has been on improving institutional and policy capacity and governance in the Liberian forests sector. The project did not finance any activity, including commercial timber harvesting, which caused degradation of critical natural habitats. However, Management acknowledges that expectations could have been managed better about the scope of this project’s contribution to the challenges of improving Liberia’s post-conflict forests sector.

The Request also claims there were issues related to the Social Agreements stipulated between the logging companies and the communities that, according to Liberian law, define rights, roles, obligations and benefits of people living in and around concessions. The Bank

project has had no role in preparing, negotiating, or mediating the Social Agreements. Nevertheless, problems with the Social Agreements do need to be addressed by the Government.

Management Action Plan

Management remains engaged and committed to the forests sector in Liberia and has prepared a Management Action Plan to address key issues in the sector, to further support implementation of forests sector reforms and raise concerns with the Government. The Action Plan includes ongoing and future efforts to address issues that have arisen during – but not as a result of – implementation, and represents Management’s keen interest in remaining engaged in the forests sector of Liberia. Management also met with the Requesters to discuss their concerns and ways in which the Bank can help address the critical issues raised in the Request.

Concretely, Management proposes to review the resource base estimates for existing timber concessions and recommend that the Government launch an independent legal compliance review of these concessions. Management will also recommend to the Forestry Development Authority that a rapid social assessment, including a review of the Social Agreements, be conducted. The project team will also conduct a detailed analysis of the poverty and social impacts of the forests sector.

Another part of the Management Action Plan will include working with the Government of Liberia to distribute in-country the Strategic Environmental Assessment. Management will carry out a review to confirm its understanding that actual and proposed protected areas are outside areas currently under forest concessions or planned for future concessions.

In conclusion, Management believes that the Bank has made diligent efforts to apply its policies and procedures in the context of this project. In Management’s view, the Bank has followed the guidelines, policies and procedures applicable to the matters raised by the Request. Management believes that the Requesters’ rights or interests have not been adversely affected by a failure of the Bank to implement its policies and procedures. Management believes that the project is fulfilling its objectives, while recognizing several areas for improvement that will be addressed in the Management Action Plan.

I. INTRODUCTION

1. On September 30, 2010, the Inspection Panel registered a Request for Inspection, IPN Request RQ10/07 (hereafter referred to as “the Request”), concerning the Liberia Development Forestry Sector Management Project, which is being carried out by the United Nations Development Programme (UNDP) for the benefit of Liberia, under a Trust Fund administered by the International Development Association (the Bank) (Trust Fund for Liberia TF057090-LR).¹

2. Management shares the Requesters’ concerns regarding the non-deliverance of benefits under the social agreements. However, Management fails to see how these grievances relate to any component of the technical assistance Project financed by the Bank. Management also is unable to find any actual or potential harm derived from project design or implementation. It is Management’s view that the formulation of the project objectives might have been more focused; however, this does not impede or impair the outputs and results produced by the project, nor does it result in any harm.

3. In light of the huge challenges in the forests sector in Liberia and the extremely weak administrative capacity, Management maintains that the approach chosen was the right one. The approach was to address a few key issues in the sector and to support capacity building through a building block approach in concert with other development partners. Moreover, the project’s limited funding size of US\$2.0 million must be kept in mind. In addition, Management wishes to point out that the two trust funds (US\$0.8 million) to continue support of the Chain of Custody (see paragraph 29) work under the Bank’s guidance became operational only in August 2010.

4. Management remains engaged and committed to the forests sector in Liberia and has prepared a Management Action Plan (see paragraph 75) that will use the Bank’s good offices to address and raise with Government key issues in the sector. The Action Plan includes ongoing and future efforts for addressing issues that have arisen during – but not as a result of – implementation, and represents Management’s keen interest in remaining engaged in the forests sector of Liberia, and continuing outreach about the Bank’s work there. Management also met with the Requesters to discuss their concerns and ways in which the Bank can help address the critical issues raised in the Request.

5. Management asks that the Panel consider this Request ineligible for investigation because Management did not have the opportunity to address the concerns raised by the Requesters before the Request was filed. Based on an extensive review of available information, Management has concluded that there has been no direct communication by the Requesters with Bank Management or staff expressing the concerns raised in this Request. This is despite the fact that one of the Requesters, the Sustainable Development Institute (SDI) (see paragraph 28 below), has communicated with Bank staff on a regular basis about a wide range of issues in conjunction with consultant services provided under this project. In Management’s view, the requirement that Requesters must first attempt to resolve their concerns with Bank Management

¹ Two grants also mentioned in the request FLEG (TF096154-LR) and PROFOR (TF096170-LR) constituting the Liberia Chain of Custody System Project are being carried out by the Government of Liberia.

was not observed in this case.² By going directly to the Panel without first bringing their concerns to the attention of Management, as required in the Inspection Panel Resolution and its clarifications, Management was precluded from intervening and clarifying, or, where warranted, resolving issues, on a timely basis, prior to the Registration of the Request for Inspection by the Inspection Panel.

6. Regardless of Management's concerns about eligibility and its view that it has followed the relevant Operational Policies and fails to see harm derived from the project, Management welcomes the opportunity to comment upon some of the substantive issues raised by the Requesters.

II. THE REQUEST

7. The Request was submitted by SDI, acting on behalf of the communities of Central River Cess Statutory District, River Cess County, Liberia (the "Requesters"). The representatives of the communities have asked the Panel to keep their identities anonymous.

8. The Request for Inspection includes: (a) a letter, dated July 31, 2010, signed by 54 representatives of the communities of Central River Cess Statutory District, asking the Panel to investigate the project; (b) a report prepared by the nongovernmental organization (NGO) Global Witness, dated September 24, 2010; and (c) an outline of the communications related to the project that SDI and/or Global Witness had with Bank Management. No additional materials were received by Management in support of the Request.

9. The Request contains claims that, according to the Inspection Panel, may constitute, *inter alia*, non-compliance by the Bank in relation to the following Operational Policies and Procedures:

- OP/BP 4.01, Environmental Assessment
- OP/BP 4.04, Natural Habitats
- OP/BP 4.36, Forests
- OP/BP 13.05, Project Supervision
- World Bank Policy on Disclosure of Information dated June 2002.

10. ***Structure of the Text.*** The document contains the following sections: Section II presents the Request. Section III provides background information on the country context and on the project. Section IV discusses special issues. Section V presents Management's proposed Action Plan. Annex 1 presents the Requesters' claims, together with Management's responses, in table format. Annex 2 describes the Bank's engagement in Liberia with various projects and initiatives, covering forest governance and institutional reform across the full spectrum of

² Resolution IBRD 93-10/IDA 93-6 (the Inspection Panel Resolution), paragraph states that "*The Panel shall satisfy itself before a request for inspection is heard that the subject matter of the request has been dealt with by the Management of the Bank and Management has failed to demonstrate that it has followed, or is taking adequate steps to follow the Bank's policies and procedures. The Panel shall also satisfy itself that the alleged violation of the Bank's policies and procedures is of a serious character.*"

activities in the forests sector. Annex 3 provides a chronology of missions related to the project. Annex 4 provides a list of selected studies carried out during project preparation and implementation by the Bank and other development partners.

III. COUNTRY CONTEXT AND PROJECT BACKGROUND

11. ***“Liberia is a rich country, badly managed.”*** This is a quote often cited by President Ellen Johnson-Sirleaf. Created in 1847 on Africa’s west coast, Liberia was, until 1980, ruled by an elite descended from African-American settlers who ignored or exploited its indigenous communities. The outcome was growth without development, stark inequality, social tension and the seeds of unrest. The political order changed, because of a bloody coup in 1980, but this did little to improve development outcomes or political stability. Within ten years, the country had descended into a civil war from which it only emerged in 2003.

12. ***Liberia is a post-conflict country, which suffers from persistent low growth and high poverty.*** Nearly a third of its population of approximately 4 million lives in the capital of Monrovia. Since the end of the civil war, recovery has been slow and Liberia remains among the poorest countries in the world. Per capita GDP is around US\$222, still below pre-civil war levels. Around 64 percent of the population lives below the poverty line. Almost half lives in extreme poverty. According to the 2009 Human Development Report of UNDP, measured against key human development indicators, the country ranks 169th out of 182 countries in the world.

13. ***The democratically elected Government of President Ellen Johnson-Sirleaf, which took over in 2006, has faced daunting reconstruction challenges.*** The civil war badly crippled much of Liberia’s economy, damaged its physical infrastructure, and undermined its institutional capacity at the national and local levels. Social, political, economic, and governance systems were destroyed. Commercial and productive activities collapsed as warlords looted and vandalized the country. Between 1980 and 2006, GDP fell by over 90 percent. More than 270,000 people died and 800,000 people were displaced because of the conflict. The civil war rendered access to most productive inputs, services, and markets impossible.

14. ***The new Government, with support from the Bank and other donors, has invested in improving governance, building institutional capacity, developing infrastructure, and managing post-conflict recovery.*** Policy measures have aimed to stabilize the economy and to support economic reconstruction, but capacity constraints continue to hamper development efforts.

15. ***Within this post-conflict and extremely low capacity context, the Bank started engaging in the forests sector.*** Even today, after embarking on a major policy and legal reform program, Liberia’s capacity to manage its forest resources remains extremely low and human capacity to implement reforms and to provide oversight remains weak.

The Forests Sector in Liberia

16. ***Liberia’s forests cover around 46 percent of its land area – 4.4 million ha.*** They include two of the last three remaining large blocks of Upper Guinean Rainforest in West Africa, and are

an enormously valuable natural asset both because of their globally important biodiversity and because of their economic value. They are home to approximately 240 tree species, 2,000 flowering plants, 125 mammal species, 590 bird species, 74 reptiles and amphibians and over 1,000 insect species. Rural people depend heavily on forests for building material, fuel wood, wild foods, and medicinal plants, as well as a huge range of other non-timber forest products, and they are a very important safety net during times of economic stress. Finally, it has been recognized that the forestry industry could generate significant employment and economic growth, if supported by adequate infrastructure development and robust capacity to provide sectoral oversight. *Despite this potential, Liberia has had limited success in managing its forests to contribute in a balanced way to long-term, sustainable economic growth, to support the livelihoods of local and rural communities, or to ensure that its important national and global heritage is conserved.*

17. *The timber economy prospered in the past but not for the benefits of all Liberians.* Before the 1980 coup, for instance, the timber industry accounted for a third of Liberia's export earnings – though it did relatively little to contribute to rural development because big commercial interests had largely captured the industry. During the civil war, between 1989 and 1996, the rebel National Patriotic Front of Liberia under Charles Taylor controlled most of the territory of Liberia outside Monrovia. Later when Taylor was president, from 1997 to 2003, he controlled the entire state apparatus. During both periods, timber played a significant role in his desire and ability to control territory and the means to conduct war.

Timber and Conflict in Liberia

18. In 2001, the United Nations imposed sanctions on Liberia in response to the role of Charles Taylor's government in the conflict in Sierra Leone. The sanctions initially included a ban on arms procurement, a ban on the diamond trade and a travel ban on officials.

19. In May 2003, sanctions were extended to include a ban on timber production and export based on evidence suggesting that timber exports were being used primarily to finance the internal conflict. According to the IMF, at the time timber sanctions were imposed, timber still accounted for around a quarter of GDP and around half of export earnings – though the rest of the Liberian economy had practically collapsed due to a lack of security, looting, and the withdrawal of all but a few risk-tolerant investors.

20. In order for timber sanctions to be lifted, the UN Security Council outlined several conditions to be met. The National Transitional Government of Liberia (established following the August 2003 peace agreement) was urged to “*establish oversight mechanisms for the timber industry that will promote responsible business practices, and to establish transparent accounting and auditing mechanisms to ensure that all government revenues...are used for legitimate purposes.*” In addition, Government was expected to exert “*full authority and control over the timber production areas, and to take all necessary steps to ensure that Government revenues from the Liberian timber industry are not used to fuel conflict or otherwise in violation of the Council's resolutions but are used...for the benefit of the Liberian people, including development.*” Government was encouraged to promote “*responsible and environmentally sustainable business practices in the timber industry.*” The UN Security Council also explicitly noted the need to create revenues from the forestry sector for reconstruction and development.

21. In order to monitor compliance with UN sanctions and their impact, the UN Secretary General established a Panel of Experts. The first Panel was constituted in 2001 when sanctions were initially imposed, and it has since been recommissioned multiple times.

22. ***In December 2003, working with civil society and donor partners, Government produced a roadmap of the measures needed to bring about the lifting of sanctions***, including the establishment of a Committee to Review Sanctions on the Log and Timber Trade. In 2005, the Transitional Government established a Forest Concessions Review (FCR) Committee that included representatives from civil society and from various other stakeholders (including the US Forest Service).³ While not strictly a condition for lifting sanctions, it was understood that the Security Council believed that to prevent a return to ‘business as usual,’ Liberia would need to review the forestry sector and its role in the conflict, including a review of the behavior of logging operators. Moreover, from a sequencing perspective, the information obtained by the review would assist in laying institutional foundations and in building a stakeholder consensus necessary to support further reforms. The information produced by the FCR was also meant to complement other peace-building efforts, such as the Liberian Truth and Reconciliation Commission, which incorporated many of the FCR’s findings into its final report on the ‘economic crimes’ linked to the Liberian conflict.

23. The findings of the FCR were an indictment of the industry and of the Taylor government. The FCR found widespread violations of law and regulation in which both the logging companies and the Government participated jointly. In particular, the FCR found:⁴

- Those in authority allowed illegal logging in exchange for bribes and other favors, including arms trafficking in violation of UN Security Council sanctions.
- Logging companies paid millions of dollars directly to government officials.
- In furtherance of these crimes, logging companies conspired with the authorities to evade taxes.
- Corrupt payments facilitated money laundering.
- Security forces paid by logging companies were composed of former rebel leaders who committed gross human rights violations and war crimes.

24. Following the report of the FCR, in June 2005, the Panel of Experts reported to the UN Security Council that the evidence indicated that exports of timber from Liberia (in contravention of sanctions) had been stopped. However, it also noted that only some of the reforms necessary to meet the conditions set forth for the removal of sanctions had been implemented and that further action was needed.

³ This narrative about the FCR is taken from a working paper prepared as background for the 2011 World Development Report on Conflict and Development. Blundell, Arthur G. (2010), *Forests and conflict: the financial flows that fuel war*. Program on Forests (PROFOR), Washington DC.

⁴ Report of the Forest Concession Review Committee (FCR Report) – Phase III. May 31, 2005.

25. In July 2005, the FCR recommended that all existing forest concessions be cancelled. In February 2006, the newly elected President Johnson-Sirleaf, in responding to the recommendations of the FCR, cancelled, by Executive Order No. 1, all forest concessions. Responding to subsequent reports from the Panel of Experts, on June 19, 2006, the UN Security Council voted not to renew timber sanctions (UN Security Council Resolution 1689).⁵ New forest legislation – the Forest Sector Reform Law – was signed by the President in October 2006, and a regulatory framework for implementing the law was approved in August 2007.

26. *The lifting of UN sanctions was explicitly an outcome of progress made in launching an ambitious forests sector reform process. This has become an example for other countries faced with similar challenges.*

The Liberia Forests Initiative (LFI)

27. *Key to the reform process has been the Liberia Forests Initiative (LFI).* The LFI was launched at the initiative of the United States Government in 2004 in an effort to catalyze a partnership to support a cross cutting approach to forests sector reform and to support efforts to build transparency, sustainability and good governance in the management of Liberia's forests. The LFI was developed in explicit acknowledgement of the potential of Liberia's forests to contribute to economic growth through timber production, but only if greater transparency and accountability could be achieved. It also sought to balance this perspective by encouraging strong forest conservation efforts through protected areas management, and the engagement of communities in forest management – the so-called commercial, conservation and community “3Cs” approach.

28. The LFI quickly attracted strong support from local organizations as well as from the international community and created a partnership that reflected the interests of a wide and diverse group of stakeholders. The World Bank joined the LFI in July 2004. The Initiative eventually attracted the interest and involvement of the IMF, the UN system (FAO, UNDP, UNEP, UNMIL), other donors (USAID and the US Forest Service, European Commission), international NGOs and research and advocacy institutions – the Center for International Forestry Research (CIFOR), the International Council for Research in Agro forestry (ICRAF), the International Institute for Tropical Agriculture (IITA), Conservation International (CI), Fauna and Flora International (FFI), the International Union for the Conservation of Nature (IUCN), Forest Trends – and civil society participants (SDI, Green Advocates, etc.). The LFI continues to function as an informal, multi-donor/government/civil society partnership, working closely with Liberian authorities and civil society to implement far-reaching reforms in the forests sector, focusing on creating an enabling framework for forest conservation and management.⁶

29. Within Government, the FCR Committee was also quick to acknowledge the important role the LFI could play to help in establishing better and more transparent forest governance. It sought the LFI's involvement in contributing to the monitoring of land use planning, developing

⁵ A moratorium on timber exports and new timber concessions had been announced by President Johnson-Sirleaf on June 10, 2006, pending the passage by the Liberian legislature of new forest legislation. So while international sanctions had been lifted, the Government itself chose to maintain a ban on exports until it was confident that reform measures would take hold.

⁶ See J.L.McAlpine, P.A.O'Donohue and O.Pierson (2006). “Liberia: forests as a challenge and an opportunity.” *International Forestry Review*, Vol 8 (1): 83-92.

and implementing a Chain of Custody (CoC) system,⁷ improving the system for collecting forest revenues, and bringing about greater transparency in the management of forest resources. No one – least of all the LFI partners – had any illusions about what it would take to revitalize the forests sector. It was clear at the outset that it was going to be a significant challenge, and would require sustained and substantial investments in building the human and institutional capacity to move forward.

30. ***The LFI has benefitted significantly from the contributions of civil society participants, including the Requesters.*** The Requester, SDI, has been contracted at least twice, with Bank co-financing, to provide assistance to the LFI and to the Forestry Development Authority (FDA). In 2005 SDI published a Bank/IUCN financed report, “Enhancing Civil Society Awareness and Engagement in Forest Concession Review.” In 2007-2008, SDI was subcontracted by IUCN as the lead national consultant to contribute to the preparation of the “Strategic Environmental Assessment for the Implementation of the 3Cs of the Forest Reform Law 2006” (which was eventually published on the Bank’s external website on October 2, 2010 and which is partly the subject of this Request for Inspection). SDI is currently under contract to the FDA (with financing from the European Commission through FAO) to review implementation of selected Social Agreements.

31. ***The LFI has also worked hand in hand with the UN Panel of Experts during its missions to Liberia and in international fora.*** LFI representatives from the United States Government, the Bank, and FAO briefed the UN Security Council three times about progress with respect to reforms of the forests sector (November 2004, June 2005 and January 2006). The last UN Panel of Experts report to the UN Security Council (December 2009) acknowledged the important role of the LFI, and recommended that “...donors agree on a series of benchmarks through the Liberia Forest Initiative to monitor and gauge progress on the implementation of the National Forestry Reform Law.”

32. ***LFI has fulfilled its role as a coordination mechanism in the sector.*** When possible, LFI partners carried out joint missions that resulted in joint aide memoires (see Annex 4). They held regular audio conferences. In-country focal points worked together. When joint missions were held, the Bank reported to the Government on its findings and recommendations relevant to the activities financed by the Bank.⁸ The LFI partnership, the role of different partners, and its key outputs and outcomes are described on its website at <http://www.fao.org/forestry/lfi/en/>. The division of labor among LFI partners was as follows:

- ***US Government.*** The US Forest Service played the lead role in the LFI on behalf of the US Government, with funding from the US Department of State and USAID. As part of this larger US Government inter-agency effort, the US Forest Service focused on improving regulation and the sustainability of logging concessions; improving the governance of revenues from forestry operations; building the capacity of the FDA; and

⁷ A Chain of Custody system is a tracking system that allows logging companies, traders, exporters and wood processing companies to demonstrate that timber is of legal origin. In Liberia, the system that is currently operating was designed to track the flow of wood from the stump (where individual trees are logged and registered in the system), through the supply chain to the point of export. Chain of custody is an essential part of any sustainable forest management certification scheme. In Liberia, the system is also used to ensure that all forest fees have been paid.

⁸ The Bank’s comments are noted in the Aide Memoires from 2007 to 2010.

initiating a land-use planning process to define zones for habitat conservation, commercial forestry, community forest use and other management objectives. Priority activities included support for the FCR Committee, reviewing existing concession agreements, implementing transparent systems for timber extraction and revenue collection activities, assessing the state and extent of Liberia's forests, and developing community based forestry and protected areas management activities. With US Forest Service technical support, the first short-term Timber Sales Contracts (TSCs) were awarded in early 2008. The US Forest Service provided critical support to the FDA for developing and launching the CoC system.⁹ The US Department of the Treasury provided support to FDA to initiate remedies for accounting and control deficiencies and to advise in staff recruitment, as well as to lay the ground for future activities, primarily the development of physical and financial control systems to ensure that forestry revenues are not diverted from the public treasury.

- *FAO* has supported extensive data collection and analysis in the forests sector, in particular with respect to the development of a transparent and efficient forest revenue system for Liberia, and contributed to the development of a concession data base and a forest information management system. It provided technical assistance for Liberia's Code of Harvesting Practice, derived from FAO's 'Model Code of Forest Harvesting Practice' and 'Regional Code of Practice for Reduced-Impact Forest Harvesting in Tropical Moist Forests of West and Central Africa.' Through its National Forest Program (NFP) Facility, FAO has been supporting the development of an NFP for Liberia. With financial support from the World Bank (funded by the Development Grants Facility) and in collaboration with IUCN, it has been supporting through the Growing Forests Partnerships (GFP) the establishment of a platform for underrepresented civil society stakeholders to engage in the development and implementation of the forest policy. FAO has also been a key implementing partner for forest conservation around Sapo National Park.
- *The World Bank* has supported technical assistance in the forests sector through a number of different projects beginning in 2004, such as through the LICUS TF for Liberia (US\$570,000) and again in 2006 with a US\$2.0 million grant to support governance and transparency as a tool for economic recovery and growth. The Bank contributed to the FCR, forest inventory, fiscal/tax reform, and the reform of FDA focusing on establishment of the Strategic Planning Unit. In addition, the Bank has completed a Land Tenure study¹⁰ that is an important reference document for work in the rural sector. The Economic Governance and Institutional Reform Project funded a due diligence report on the companies that had tendered in the first round of forest concessions. The Diagnostic Trade Integration Study (December 2008), among other things, assessed the potential of value-added wood processing. In 2009, the Bank team was engaged with the Government to identify opportunities in the extractive industries value chain and priority issues related to governance. The Bank has also provided critical support, with GEF funding, for the management of Sapo National Park, the creation of the protected areas network, and community livelihood around protected areas. The Bank has assisted Government in developing the Liberia Extractive Industries Transparency Initiative (L-EITI), and is also

⁹ <http://www.fs.fed.us/global/globe/africa/liberia.htm>

¹⁰ Sustainable Livelihoods Approach to Define Land Tenure Priorities in Post-Conflict Liberia. P103693.

providing support from separate trust funds for implementing the CoC system.

- *CIFOR* and *ICRAF* through the LFI have conducted research with Liberian partner institutions to explore and present options for community based sustainable forest management, productivity enhancements, and livelihood support and wealth creation for rural communities in forested landscapes.
- The *Environmental Law Institute (ELI)* has been addressing shortcomings in Liberia's forest laws and regulations. In particular, with funding from the US Forest Service as well as from UNEP, ELI helped draft the Forest Reform Law of 2006, and the accompanying body of regulations to guide its implementation. ELI has been working with local partners Green Advocates and SDI to incorporate updated forest management practices; revise concession allocation procedures; ensure financial transparency; create environmental impact assessment regulations for forestry activities; and incorporate multilateral environmental agreements into Liberia's statutes and regulations. In addition, ELI has been providing significant training and capacity building support to assist in implementation of the legal framework.¹¹
- The *International Union for the Conservation of Nature (IUCN)* assisted the FCR Committee in its third phase of activity, which involved developing a public outreach and awareness building activity leading to finalizing the FCR Committee's recommendations.¹² IUCN was the lead consultant for the preparation of the SEA.
- *Fauna and Flora International (FFI)* assisted in developing a protected area management plan for Sapo National Park, and completed rapid faunal surveys of seven Liberian forest areas under investigation for conservation.
- *Conservation International (CI)* led work to identify settlement within Sapo National Park, with the aim of contributing to FFI's management plans. This work was carried out in collaboration with SDI.¹³ CI has also worked on conservation programs in Nimba National Park, and on the development of a Protected Areas Trust Fund.
- The *European Union (EU)* has financed the preparation of an audit of the FDA, and in addition (with the *United Kingdom Department for International Development*) has financed bridging support for the CoC system through the World Bank.
- The *IMF* has financed inputs with respect to tax policy and the forests sector.
- *Green Advocates* has worked with CI and FFI to carry out studies on pitsawing and forest law enforcement and governance. With the cooperation of the Rights and Resources Initiative, Green Advocates prepared a review of the viability of the Forest Management Concessions that were awarded in 2008/2009.
- *SDI* has been involved in a wide range of activities supported by the LFI, and has worked in close cooperation with other civil society and nature conservation organizations such as IUCN, FFI, ELI, CI and Green Advocates.

¹¹ http://www.eli.org/pdf/success_liberian.pdf and http://www.eli.org/Program_Areas/africa_land_biodiversity.cfm#sustainableframework

¹² <ftp://ext-ftp.fao.org/FO/reserved/LFI/Images/IUCNreadmore.pdf>

¹³ <ftp://ext-ftp.fao.org/FO/reserved/LFI/Conservation/2005-07.%20SDI.%20Humanitarian%20census%20mission%20report.zip>

33. ***Major achievements in the forests sector have been possible because of the coordinated effort of the Government of Liberia, the FDA, and the LFI.*** These include:

- *An internationally-endorsed Forest Concessions Review.* The review of all forest concessions resulted in the nullification of all existing concessions in 2006 and provided a clean slate to implement reforms (the World Bank financed the international lawyer for the review under the LICUS TF).
- *Legal reform.* The new Forest Law of 2006 and the Community Rights Law on Forest Lands of 2009 set the framework for sustainable and equitable forest management by balancing commercial, conservation, and community interests in forests (the World Bank financed the review of draft laws through the Development Forestry Sector Management Project).
- *A body of forest regulations* that provides the framework for implementation of the 2006 Law has been put in place.
- *The Reorganization of the FDA* has established an organizational framework more conducive to implementation of reforms, including the establishment of a Community Forestry Department to work directly with communities to develop economic activities from the sustainable use of forest resources (the World Bank financed the establishment of the Strategic Planning Unit through the Development Forestry Sector Management Project).
- *Forest concession management has been reintroduced.* Following the introduction of the new legal and regulatory framework, around 1 million hectares in concessions have been awarded through a competitive bidding process for seven large concessions (1 of which is currently exporting logs) and 9 smaller Timber Sales Contracts (3 of which are exporting logs). Forest management activities within the concessions are meant to be planned and programmed based on verifiable procedures, guidelines and management criteria that reduce the likelihood of corruption, and which are meant to reduce unsustainable exploitation.
- *At the request of Government, the Liberian Extractive Industries Transparency Initiative (L-EITI) is the first EITI effort to include timber.* The EITI is a coalition of governments, companies, civil society groups, investors and international organizations that sets global standards for transparency in oil, gas and mining and in the case of Liberia, in the forests sector as well. Government's support for the EITI demonstrates its keen interest to continue with reform in the forests sector and to achieve the credibility it needs to move forward (the World Bank facilitated the discussions leading to Liberia participating in the EITI, including the inclusion of timber in the initiative).
- *Progress in introducing forest certification standards.* Progress has been made in designing and implementing a CoC system which partially meets international certification standards and which tracks timber from stump to ship, allowing manufacturers and traders to demonstrate that timber has been legally harvested. Concessionaires will be expected to adhere to the Code of Forest Harvesting Practices, which meets certain requirements consistent with international standards (the World Bank has been supporting training for certification through the Development Forestry Sector Management Project).

- *Progress in designing and implementing the CoC system.* The CoC system, initially financed by the United States Government, is key to the integrity of the overall strategy for access to information and accountability of payments. Called “Liberfor,” the CoC stump-to-ship system, which is currently being implemented under a contract with Société Générale de Surveillance (SGS), promotes transparency of payments, independent monitoring of approvals for payments and shipping permits, as well as monitoring of all log movements (the World Bank supported financing of the CoC through the FLEG and PROFOR TF).
- *Negotiations are underway with the European Union (EU) on a Voluntary Partnership Agreement (VPA) under the EU’s FLEGT (Forest Law Enforcement, Governance and Trade) Action Plan.* Once completed, and in conjunction with the CoC system, a VPA will ensure the legality of and improved access to Liberian timber and wood product exports in EU markets.
- *Overhaul of and improvements to the FDA’s accounting procedures* and technical support and training for the Accounts Department including the presence of an International Financial Controller¹⁴ in FDA with co-signature authority. This was a key element in the efforts to re-establish transparency and accountability.
- *Forest Carbon Partnership Facility.* Liberia is also participating in activities led by the Forest Carbon Partnership Facility (FCPF), which assists developing countries in their efforts to reduce emissions from deforestation and forest degradation – called REDD – by providing value to standing forests. This again further illustrates the Government’s interest in participating in sustainable forestry management, as carbon credits can be derived from standing forests (supported by the World Bank through the FCPF grant to the Government of Liberia).
- *Protected Areas Network and Community Forestry.* As mandated in the 2006 law, ongoing expansion from the existing two protected areas to create five protected areas, including a trans-frontier Peace Park with Sierra Leone and Ivory Coast, is underway. Community livelihood pilots are being implemented around protected areas (the World Bank with GEF financing supported the management of Sapo National Park and the creation of the protected areas networks; the Liberia Forest Sector Development Project supported community livelihood activities around Nimba Forest Reserve, Lake Piso Protected Area, and small communities infrastructure around Sapo National Park).

34. The reform process has of course not been trouble-free. Indeed, the challenges of introducing good governance – radical reforms for a sector that has been structurally mismanaged for nearly 30 years – have been daunting and the agenda remains unfinished. Management’s view is that the situation regarding the forests sector in Liberia is far better off today than it would have been had no action been taken. If the LFI’s considerable accomplishments are assessed against what would have taken place without any intervention, there is no doubt that the Government, even with its limited capacity, has significantly moved the agenda alongside its partners. It continues to do so, taking measured and considered actions to

¹⁴ Under Liberia’s Governance and Economic Management Assistance Program (GEMAP)

address issues of corruption in the sector, most recently with respect to putting forward for investigation and prosecution an allegedly corrupt forest carbon deal.¹⁵

Project Description: the Development Forestry Sector Management Project

35. *The project development objective* is to build robust and transparent economic and fiscal governance structures as a foundation for good governance and economic recovery and growth within the forests sector.¹⁶ While this technical assistance project addresses a few key issues in the forests sector, it was not expected to resolve all the challenges in the sector. The project is financed under the TFLIB through Grant Agreement TF057090 signed on September 26, 2006 and amended on December 20, 2006, for a total amount of US\$2.0 million. Having been extended twice, the Grant is now due to close on June 30, 2011. As of today, the project has disbursed about 77 percent of its funds. Around 95 percent of funds have been committed. It is Management's view that the formulation of the project objectives might have been more focused on the actual outputs and results produced by the project.

36. *Support to the CoC system started in 2010.* Since March 2010 two additional TFs (TF096154 - FLEG; TF096170 - PROFOR), each for US\$0.4 million were linked to this project with separate TF agreements. The FLEG TF closes on October 30, 2010 and PROFOR TF closes on June 30, 2011. These financing measures were undertaken to provide bridge financing for the CoC system (which was originally launched and financed by the US Government) until it becomes self-financing. The Government is executing these activities.

37. *The project was processed in accordance with the procedures set forth under OP/BP 8.50 Emergency Recovery Assistance and the TFLIB Board Paper.* The TFLIB Board paper, approved by the Board of Executive Directors on August 25, 2004, authorizes "approval of TFLIB projects by the Regional Vice President with project appraisal documents and grant agreements being made available to the Executive Directors for information purposes." The project was approved in a manner consistent with the procedures described in the Board paper on September 6, 2006, and was declared effective a month later. It began disbursing in March 2007¹⁷.

38. *Because of the limited capacities in Liberia, the project is being executed by UNDP.* UNDP has been the Bank's executing partner for various Bank projects since 2004. UNDP has been responsible for project financial management, recruitment and procurement of goods and services. Implementation has been the responsibility of the Government through the FDA. The Bank's role has been to supervise the project in a manner consistent with OP/BP 13.05 on Project Supervision.

39. *The project is a classic technical assistance project that, due to the post-conflict situation, also financed limited community works, workshops and operational costs.* The project has focused on supporting the implementation of critical institutional reforms in the FDA

¹⁵ This involved the allocation of a 400,000 ha concession which had been sought by a UK-based company, the Carbon Harvesting Corporation. An initial report by Global Witness resulted in the establishment of a special Presidential Commission to look into GW's charges.

¹⁶ The PAD includes reference to medium term objectives in the Results Framework; though these are not reflected in the Grant Agreement.

¹⁷ See Office Memorandum- September 6, 2006 from Country Director to Regional Vice President.

to improve forest governance, training; technical assistance; sectoral, technical, and capacity analyses; capacity-building; small community projects; a communications program; and support to the CoC system to track the legality of timber entering the market. The project has 6 components:

- *Component 1.* Institution building in the public sector;
- *Component 2.* Sustainable management of community forests;
- *Component 3.* Sustainable agroforestry systems;
- *Component 4.* Sustainable small and medium private sector development;
- *Component 5:* Competitive Forest Development Facility; and
- *Component 6.* Public communications for the forests sector.

Project Status

40. The project's performance is currently rated as Moderately Satisfactory for both the project development objectives and implementation. The following is an update on the status of the project.

- (i) *Institution-Building in the Public Sector.* This component has financed core technical assistance to contribute to building good governance in the forests sector. Eight activities have been either completed or are underway under this component. Through efforts to restructure FDA's role and responsibilities, institutional reforms of the FDA have been launched, a Strategic Planning Unit in the FDA has been established, and technical assistance has been provided to the Unit. Further capacity building measures are underway. Efforts to design and implement new forest regulations and policies have resulted in the provision of legal advice on these issues. The preparation of the Wildlife Law was financed, and consultations about the Law were supported. A study on pilsawing was co-financed and completed (with IUCN and FFI). Training in Environmental Impact Assessment has been provided. Support for the design of financing instruments has resulted in the design of a Protected Areas Fund. The component has provided support to the Forestry Reform and Monitoring Committee. This Committee functioned until the promulgation of the Forestry Law and its regulations, and has since been disbanded. Three related working groups were also supported in conjunction with this committee: working groups on Community Forestry, Protected Areas, and Carbon. Training for FDA personnel on log-tracking and CoC has been provided. The establishment of an information management system has resulted in the creation of an FDA website, and IT equipment has been provided. The development of a Code of Forest Practice has been completed.¹⁸ The Strategic Environmental and Social Assessment has been completed and dissemination is under way.
- (ii) *Sustainable Management of Community Forests.* The activity is being executed by the FAO and is providing technical assistance for the establishment of ecologically, socially and financially sustainable community enterprises that are based on non-wood forest

¹⁸ The project did not finance this activity, which was carried out by FAO with its own resources.

products around the proposed Lake Piso and Wonegizi protected areas. The activity has involved a high degree of community involvement in planning and designing enterprises and in preparing business plans. The project has provided support for building the capacity of local people to become entrepreneurs. The component is still under implementation, and is proceeding satisfactorily.

- (iii) *Sustainable Agroforestry Systems*. This activity is being implemented by IITA through its Tree Crops Program. The primary objective of this component has been to help develop and improve the value chain for tree crop farmers (mainly of cocoa) in communities within and adjoining the Nimba Forest Reserve, and to enhance sustainable livelihood alternatives for smallholder farmers. It finances technical assistance and workshops to build capacity to meet these objectives. Under this component, an Agriculture Sector Review that considered agriculture/forest linkages was completed jointly by FAO and IFAD. This component has been completed.
- (iv) *Sustainable Small and Medium Private Sector Development*. This component is being executed by FAO and provides technical assistance to rural communities adjacent to the proposed Protected Areas of Lake Piso in Grand Cape Mount & Bomi Counties and Wonegizi in Lofa County with the aim of reducing their reliance on the forest. Technical assistance is expected to increase the capacity and visibility of the Small and Medium Forest Enterprises as well as connecting them to service providers and markets. The component is still under implementation.
- (v) *Competitive Forest Development Grant Facility*. This component is largely being implemented by the Liberian Agency for Communities Empowerment (LACE). Working with communities living around Sapu National Park, LACE focuses on providing micro infrastructure development using a CDD approach. It has procured contracting services for 10 small projects (latrines, markets, school), all of which were completed by November 2009. A further grant allocation of approximately US\$50,000 is envisaged under the FAO activity around the proposed Wonegizi and Lake Piso protected areas. The component is still under implementation.
- (vi) *Public Communications Program*. FDA has received support for development of a Public Communications Strategy and for upgrading its website to enable full disclosure and transparency. Activities which remain to be completed include setting up an “Infoshop” to facilitate public access to forests sector information. This activity is under implementation.

IV. SPECIAL ISSUES

41. The Requesters claim that the Bank failed to comply fully with a number of its policies and procedures. Management proposes to address these claims under three headings:

- Issues related to project supervision as it relates to forestry production and revenue projections and alleged legal violations within the sector;
- Issues related to the application of the Bank’s Environmental Assessment Policy, Forests Policy and Natural Habitats Policy, and the preparation of a Strategic Environmental Assessment; and

- Issues related to the preparation and implementation of Social Agreements.

Project Supervision

42. The Requesters claim that the Bank has violated its supervision policy in two ways: *first*, by preparing logging production and revenue projections that are too high and lack sufficient supporting data; and *second*, by continuing to support and defend the Government despite its alleged violation of the law in the allocation and management of logging concessions.

Forestry Production and Revenue Projections

43. The preparation of timber production and revenue projections was not part of the project's design or its objectives. In addition, definitive projections would not have been possible given the significant uncertainties surrounding the planned roll out of concessions and Government's limited capacity to capture revenue.

44. Various timber production and revenue scenarios have been prepared by LFI partners since the LFI was established. The most relevant were prepared at the time the FDA was developing a contract, with funding from the US Forest Service, to develop and implement the CoC system. These were prepared in a highly volatile and information-constrained post-conflict environment and were best-case estimates based on the situation at the time. Various Bank efforts (which were not part of the project) were made to explore the sector's viability, including the Diagnostic Trade Integration Study, for example, which noted the uncertainties implicit in the various scenarios, and the challenge of getting the sector fully operating.

45. Why would it have been difficult to produce credible estimates? Data is needed, on the one hand, for *timber production estimates* and other information is needed for *revenue forecasts*. Timber production is a function of how fast trees grow, the forest management standards which are applied, the rate at which concessions are rolled out, and the extent to which investment is mobilized to ensure that forest management plans (essential to establish likely levels of timber production in a forest concession) are developed and implemented. Revenue forecasts depend crucially on timber production estimates and expected timber prices, but are also a function of taxation and revenue policies designed to capture a certain percentage of the FOB value of timber before export.

46. In 2007, the FDA Forest Adviser funded through the project was asked by the FDA to review its revenue forecasts.¹⁹ Revenue forecasts were derived from FDA's production estimates as part of its negotiations with the contractor who was going to be employed to prepare the CoC system. The purpose of the review was to explore the revenue implications of differences in assumptions regarding the allowable cut. The major variation in the estimates depended on assumptions about how fast concession agreements were to be established, which in turn was dependent on adherence to the rule of law and to implementation of a time bound plan for rolling out new concessions. Subsequently, and at the request of the FDA, the FDA Forest Adviser from time to time prepared and reviewed further revenue scenarios.

¹⁹ The Requesters incorrectly refer to him as the World Bank Forestry Adviser.

47. The FDA prepared production and revenue projections as inputs to Liberia's 2008 Poverty Reduction Strategy (PRS).²⁰ According to the FDA Forest Adviser, these projections were prepared without his review or feedback. The published PRS estimates (attributed to Government of Liberia and IMF staff) were 50 percent higher than FDA's estimates for 2008-2009, and 30 percent higher than the FDA's estimates for 2010-11. With respect to the market, international prices for timber have fallen by 25 percent since revenue projections were put forward in the PRS, and these exogenous shocks have also limited the capacity of concessionaires to invest in commercial operations to the extent that they – and FDA – had intended. Management acknowledges that it would have been an opportune time, while preparing the Joint Staff Advisory Note (JSAN), to comment on the assumptions underlying these projections and the relative degrees of realism.²¹

48. At the level of individual forest concessions, while Government provided concessionaires with good-faith estimates of timber stocking as part of the tendering process, conventional practice dictates that the risk that these estimates overstated actual stocking levels, or the risk that global timber prices would fall significantly from the high levels in early 2008, was borne solely by the concessionaire. It is normally the responsibility of the tendering parties to assure themselves that timber stocks are commercially viable as well as to understand the risks inherent in fluctuating global markets. (The long term, 25-year nature of concession agreements helps to mitigate some of these risks).

49. In Management's view, the fact that the FDA Forest Adviser prepared a range of revenue scenarios, based on data provided to him by the FDA, and shared these scenarios with the FDA, does not represent a failure on the part of the Bank to supervise the project diligently. There is no evidence that the scenarios contributed materially to the development of policy or regulatory strategy regarding the concessions. Furthermore, there is no evidence establishing a causal link between production and revenue projections and the risk of lowering of standards. Indeed, the development of 'big picture' national scenarios of possible production and revenue levels had no impact on the development of production estimates for individual concessions or the development of individual concession agreements. The individual concessions depended on the capacity of concessionaires to meet the conditions laid out in regulations, including preparation of inventory-based forest management plans. The Bank was not involved, in any respect, in the development of concession agreements.

Concerns about allegations of supervision oversight in addressing issues of illegality

50. ***Management is not in a position to comment on the specific charges of illegality set forth in the Request and accompanying documents.*** While the project did not include components for monitoring legal compliance, and Government's compliance with its own laws would have to be addressed by the Liberian legal and institutional system, the Bank did take active measures, both through project supervision and through other channels, to raise concerns

²⁰ FDA's production and revenue projections were derived from a concession data base, which was prepared for FDA with the assistance of the FAO, but which were not extensively discussed with LFI partners.

²¹ The Joint IDA-IMF Staff Advisory Note (JSAN) on the PRSP (dated June 24, 2008) encouraged Government to take "a measured approach to logging to ensure that Liberia's forests are preserved," though it did not comment on the PRSP's revenue projections. Management subsequently brought this issue to the attention of Government in the Aide Memoire for the Supervision Mission, dated October 2008, which noted that the roll-out of commercial concessions had already fallen behind the rate envisaged in the PRSP, which had been published only 3 months before.

about governance challenges in the sector, as well as about how legal and institutional reforms are being implemented. Specific examples follow:

- The Bank Country Manager and the US Ambassador briefed the FDA and its Chairman of the Board of Directors on serious problems in the implementation of the concession reforms and in the alteration of bid premium fees in 2008. Government took corrective measures.
- The Bank management team submitted a case to INT for investigation in January 2009 regarding allegations of involvement of government officials in the development of illegal contracts between concession bidders and certain individuals.
- The Bank Economic Governance and Institutional Reform Project, at the request of the Government, financed the “Final Due Diligence Report FDA” on bidders for Forest Management Concessions (IDA Grant H385-LR) in 2008.
- The Bank in 2008 was strongly involved in the discussion to include the forests sector in the Liberia EITI. This was an important milestone and marked Government’s firm intentions to improve governance in the sector. The EITI sets a global standard for transparency.²²
- In 2009 the Bank agreed to seek financing for the CoC system – an activity not originally envisaged for Bank support – to ensure the system could be maintained after financing provided by the US Government (which amounted to US\$1.65 million) ended, and to provide bridge financing until the system could be made sustainable. An amount of US\$800,000 was mobilized from two trust funds.²³
- As a result of the LFI partnership, and in recognition of the post-conflict nature of the project, partners were continually seeking new sources of funding to carry out analytic work that could help strengthen governance and transparency. An important example of such an action was the commissioning of the Shearman Report, referenced by the Requesters,²⁴ which had the objective of addressing some of the issues raised by the LFI. The results from the Shearman assessment, which became available in 2009, made a compelling case for: (a) review of land allocation for production forests; and (b) review of inventory procedures. In response, the Bank project team has commissioned a study that will be carried out by the European Space Agency to look at the status of the resource base for two possible future concessions.
- In May 2010, the Bank expressed its concern that, given the persistent capacity constraints in FDA, and the slow pace of reforms, it was unlikely that the Government would be able to manage and operationalize the seven Forest Management Concessions²⁵

²² www.eiti.org/Liberia.

²³ PROFOR and FLEG Grant Agreements, 2010.

²⁴ Shearman, P. (2009). An Assessment of Liberian Forest Area, Dynamics, FDA Concession Plans, and their Relevance to Revenue Projections. A report commissioned by Green Advocates. Rights and Resources Initiative.

²⁵ The Forest Management Contract (FMC) is a long term (25 year renewable) concession on “public land” for the sustainable forest management of commercial logging. It ranges from 50,000 through to 400,000 hectares, with concessions under 100,000 ha being reserved for majority owned Liberian companies. The Concession is intended to be located on Open Dense or Closed Dense forest within a permanent forest estate. Harvesting is rotational and logging is selective according to an approved management plan.

and ten TSCs²⁶ that had been tendered, within a reasonable timeframe while respecting fiduciary and safeguards concerns, and that remedial measures should be put in place (including developing better forest inventory information, designing a REDD strategy consistent with FCPF requirements, and increasing efforts to boost capacity within FDA to handle these demanding activities).

Categorization of the Project and the Strategic Environmental Assessment

Concerns about environmental categorization of the project.

51. The Requesters have raised questions about whether or not the project was correctly classified as a Category B project, reflecting its likely environmental impacts. The concern has been articulated because of the perception that the project “has promoted a model of large-scale, export-oriented logging that envisaged two-thirds of Liberia’s forests under concession.” The Requesters also suggest that the project was designed in a manner that would have affected critical forest areas or critical natural habitats, and so had been incorrectly classified.

52. ***The primary focus of the project has been on improving institutional and policy capacity and governance in the Liberian forests sector. It did not have as its objective the promotion of a model of large-scale export-oriented logging.***²⁷ The Project Appraisal Document (PAD) clearly states that, “the project will not finance any activity that would cause conversion or degradation of critical natural habitats and will give preferences to unforested or degraded forest land for establishment of plantations. The project will not support industrial-scale commercial logging” (PAD, page 10). In view of the project’s likely environmental impacts, the project was therefore classified in environmental screening Category B. OPs 4.01 (Environmental Assessment) and 4.36 (Forests) were triggered. Both the Bank and the Government agreed that a strategic assessment of environmental and social impacts would be a suitable instrument for addressing environmental and social concerns at the sectoral level, and a Strategic Environmental Assessment (SEA) was expected to be a critical tool in assessing broad sectoral impacts and benefits.²⁸

53. The Bank did not consider the environmental and social implications of the project to be irrelevant or unimportant. Indeed, the project focused on the environmental and social risks and opportunities in the sector, providing support for critical capacity-building, relevant analyses, and some activities that would help local communities develop sustainable forest management.

²⁶ The Timber Sale Contract (TSC) is short term (3 year) on “public land”. It is reserved for majority owned Liberian companies. The TSC is intended to be located on Agriculture degraded land, with the expectation of permanent conversion to agricultural land use. Harvesting is not strictly rotational and logging is allowed for all merchantable sizes.

²⁷ The seven concessions awarded by Government in 2008/2009 cover an area of approximately 1 million ha, less than a quarter of the total forest area (4.4 million ha).

²⁸ The Grant Agreement states that the Recipient will ensure that an appropriate environmental and social management plan that is satisfactory to the Association is developed as part of the environmental and social assessments undertaken by the project. It should be noted that OP 4.01 does not formally cite SEAs as a safeguards instrument but does provide for the preparation of sectoral and regional EAs. As EA practice has evolved, SEAs are considered an appropriate EA tool for certain types of projects with strong strategic and sectoral objectives. As defined by the Development Assistance Committee of the OECD, an SEA is meant to involve an analytical and participatory approach to integrate key environmental considerations into policies, plans and programs and to evaluate the inter linkages with economic and social considerations.

54. ***Conservation status of project areas.*** With regard to the conservation status of Liberia's forests, it is true that the entire extent of the Western Guinean Lowland Forests has been identified by WWF as being of global ecological significance. This by itself, however, is not sufficient for classifying the entire ecoregion (an area about the size of the state of Minnesota) as being a critical natural habitat or a critical forest area as defined in the Bank's OP 4.36 on Forests or OP 4.04 on Natural Habitats. These OPs provide for critical forest sites to be determined in accordance with specific criteria. Critical natural habitats, for example, are defined as encompassing most types of existing and officially proposed protected areas, along with certain other sites of known high conservation value. In the course of project preparation, Liberia's forested critical natural habitats were identified and mapped as Conservation Suitability Areas, where commercial logging would not be permitted. These Conservation Suitability Areas include Liberia's existing and officially proposed protected areas, and if due process was followed, they do not overlap with forest concessions. A review of this is recommended by Management.

55. ***Because of this, and because promotion of industrial-scale logging was not a project objective or a feature of the project's design, it was not expected to lead to the significant conversion of critical forest areas or critical natural habitats.***

56. ***Issues with respect to forest certification.*** The Bank's Forest Policy, OP 4.36, requires that, in the event that the Bank is financing industrial-scale commercial forest harvesting operations, it could only do so if these forests had been certified by an independent third party forest certification body as meeting standards of responsible forest management. ***The project is not financing commercial harvesting operations, and so certification is not required.***

57. Although the project is not financing commercial forest harvesting operations, it is supporting measures that are expected to lead to forest certification. As noted in the paragraphs above, progress has been made in designing and implementing a CoC system which meets international certification standards. With respect to international sustainable forest management certification standards, concessionaires are expected to meet certain requirements consistent with these standards. To-date, no concessionaires have sought either precertification or certification from an internationally recognized certifying body. Certification is a voluntary standard that requires independent third party verification at the concessionaires' cost. Because of this, and despite the standards, which are in place, concessionaires cannot be compelled to seek certification.

58. The project builds on the 2006 forest legislation reforms, which include provisions for identifying certification standards with which concession holders must comply as part of the CoC system, and which provide support for implementation of the system. Regulation 108-07 is designed to ensure that the CoC system facilitates the issuance of certificates of legal origin for timber originating in Liberia. Support for the chain of custody system is also consistent with OP 4.36, as a measure which seeks to increase transparency and accountability in the use of resources from timber harvesting. With respect to certification of sustainable forest management systems, the FDA's "Code of Forest Harvesting Practice" and its "Guidelines for Forest Management Planning," prepared with the support of FAO, both describe principles of forest management that are consistent with those of the Forest Stewardship Council, and outline the

measures concessionaires are expected to take to achieve forest certification. The Code was reviewed during the course of Bank supervision.

59. ***Unintended minor environmental impacts.*** At the time of project preparation, it was recognized that the project could have unintended minor negative environmental impacts from investments in small infrastructure developments (for example, latrines, schools, and market infrastructure) which were expected to be undertaken in conjunction with the Competitive Forest Development Grant Facility Subcomponent of the project. Under the auspices of the Liberia Community Empowerment I Project (CEP I - P098266), which was approved in March 2005, Environmental and Social Impact Management Plans were prepared to help mitigate possible negative impacts. LACE, which serves as the implementing agency for CEP I & II, was subcontracted to implement 10 community projects developed around Sapu National Park. These community projects were implemented using the Environment and Social Impact Management Plan of the CEP I.

Concerns about the SEA

60. In conjunction with its concern that the project was incorrectly classified as a category B project, the Requesters suggest that the SEA was insufficient for fully addressing environmental and social concerns arising from the project. Further, the Requesters note that the SEA has not been disclosed in Liberia in a timely manner.

61. ***The Requester's Role in Preparation of the SEA.*** The preparation of the SEA was led by IUCN, which worked in partnership with the lead national implementing entity, SDI (the Requester). SDI had earlier been directly contracted by the Bank to conduct work associated with preparation of an institution-centered SEA on community forestry in relation to the community rights law. IUCN won the tender to provide services to help prepare the full project SEA, and sought to employ SDI as the lead national consultant. Because of the overlap and complementarities between these two separate SEAs, it was agreed that the two exercises should be combined, and IUCN's TORs were revised accordingly.²⁹ SDI's work program addressing the community rights law was incorporated into the overall scope of work for the project SEA. The earlier stand-alone contract between SDI and the Bank was cancelled. The work was, however, completed by SDI in its role as lead national consultant under the IUCN contract. Under this contract, SDI was responsible for coordinating consultations, SEA team meetings and public workshops, and for contributing to drafts and briefs.

62. ***Preparation of the SEA.*** The objectives of the SEA were to: (a) identify key social and environmental considerations in the forests sector; (b) examine key challenges facing the implementation of Liberia's so-called "3C" approach to forestry, which seeks to balance development measures in the commercial, conservation, and community forest areas; (c) examine how the forest policy and law are addressing key social and environmental considerations; (d) identify institutional and capacity gaps for effectively addressing these key considerations; (e) develop an action plan for how the Government and stakeholders in the sector

²⁹ During supervision, in November 2007, it was recommended and agreed that the two SEAs should be integrated. The motivation for doing this was to allow the 3Cs supported by policy and by the LFI (conservation, community, and commercial) to be assessed collectively, bringing about better coordination and ensuring that the regional consultations for the two SEAs were merged to foster synergies.

can meet these challenges; and (f) develop monitoring and evaluation criteria for the implementation of the action plan. The SEA aimed also to inform the development of the community rights to forest lands law, assist in the mainstreaming of key considerations in LFI activities intended to support implementation of the Forest Reform Law, and to outline possible negative environmental and social impacts of the Bank project on the forests sector.

63. Briefly, the key environmental and social issues identified in the SEA are related to:

- Overlapping land use;
- Limited reforestation/restoration of logged areas;
- Habitat destruction and species displacement, disturbance, or destruction;
- Corruption and lack of accountability associated with logging operations;
- Community forest ownership and entitlement; and
- Social impacts of expanding the protected areas network.

The SEA proposes strategic action plans for addressing each of these issues.

64. The process of preparing the SEA, which is fully documented in the project files, is described below:

- The scope of the SEA was discussed during a national workshop in Monrovia on October 31, 2007 which was attended by government, civil society and private sector representatives.
- Consultations were carried out with communities in seven counties in December 2007 and January 2008.
- A brief (dated March 31, 2008) provided stakeholders with a progress report about the SEA.
- A technical workshop was convened on Prioritizing Issues for the SEA (April 8, 2008) and attended by government, civil society and private sector representatives.
- A follow-up technical workshop was convened on Ranking Priorities for the SEA (June 26, 2008), also attended by key stakeholders.
- A National Stakeholder Workshop on the SEA of the Forest Sector was convened on November 17 and 18, 2008 in Monrovia. The workshop brought together a cross-section of stakeholders including participants from eight counties, FDA and other government agencies, NGOs, private sector, donor agencies and members of the LFI. Participants from the counties came from Grand Bassa, River Cess, Sinoe, Grand Gedeh, River Gee, Nimba, Lofa, and Gbarpolu Counties. Participants included Chiefs and Elders, teachers, women, youth and representatives from community-based organizations.
- The draft SEA document was circulated for comment (November 1-20, 2008).
- IUCN incorporated comments and submitted its draft version of the SEA to the Bank for its review and no objection (April 20, 2009).

- The Bank sought clarifications about various statements in the draft SEA (May to August 2009) from IUCN and corrected apparent inaccuracies.
- A brief was prepared and disseminated in Liberia on the SEA findings (August 2009).
- Additional resources were deployed to improve the quality of the draft SEA in a manner which would meet Bank standards (August 2009 to January 2010).
- The Government reviewed the revised draft SEA (January to July 2010).
- Preliminary Bank due diligence review of revised SEA was undertaken (August 2010).
- Revised SEA posted on the Bank's external website (October 2, 2010).
- Formal request to the Bank for SEA clearance was made by FDA. Formal permission to disclose was provided by FDA (October 15, 2010).
- Bank clearance was provided, pending incorporation of final corrections (October 21, 2010). The SEA has been disclosed in the Infoshop and dissemination of the SEA in-country is ongoing.

65. Although Government has formally endorsed, through the FDA, the findings of the SEA and has agreed to its disclosure, it has taken nearly two years for this critical step to be completed, from the time the draft SEA was circulated for comments in Liberia. ***Management notes this failing, and maintains that the question was repeatedly raised during regular supervision.***

66. ***Management also maintains that the potential for harm, resulting from delays in disclosure, was mitigated by extensive consultations and dissemination of earlier briefs – activities in which the SDI was fully involved.***

67. Findings of the SEA were disseminated to stakeholders in Liberia through briefs and workshops so that they could be used by various stakeholder groups. The national stakeholder workshop in November 2008 provided an important opportunity for consultation and discussion of the draft SEA. The SEA had been widely circulated before the event to a broad range of stakeholders including community representatives. Because of the sectoral and strategic nature of the SEA, delays in preparation did not negatively impact project implementation, which, in any event, was quick to take on board the many challenges identified in the SEA process. A review of the action matrix under the SEA shows that, even though publication of the report was delayed, implementation of a number of recommended actions identified in the SEA has already been launched by LFI partners. IUCN, for example, also shared the findings of the SEA with the groups involved in the GFP activity (also being supported by the Bank with funding from the Development Grants Facility) to discuss how the GFP could develop a wider forest dialogue platform for underrepresented groups to participate in forest policy development.

68. ***Issues with respect to the social assessment.*** In 2004, the World Bank and UNDP commissioned a broad social assessment to provide guidance to a range of agencies addressing reconstruction activities in post-war Liberia. The broad social assessment (rapid social

assessment) provided important information for the forestry sector.³⁰ It was agreed during project preparation that an additional social assessment would be prepared to complement the earlier rapid social assessment to ensure that social considerations were fully accounted for during project implementation. A separate stand-alone social assessment was, however, never completed although social issues were integrated into the SEA. ***Management agrees that implementation would have been better informed at an earlier stage if a social assessment had been completed in a timely manner, and proposes now to undertake a rapid social assessment for the forests sector to address this deficiency, followed by a broader sector-wide poverty and social impact analysis.***

Issues related to the preparation and implementation of Social Agreements

69. The Requesters maintain that concessionaires have failed to meet their obligations as described in the Social Agreements, and that the Bank has been complicit by creating an unworkable forest concession system.

70. ***The Bank project has had no role in preparing, negotiating, or mediating the delivery of benefits described in Social Agreements,*** which, according to legislation, are meant to provide a framework of rules and procedures for both concessionaires and affected communities covering use and access to forest resources, benefits to both parties and mechanisms for conflict resolution.

71. ***The National Forest Reform Law of 2006 requires that Forest Management Concessionaires and communities affected by the activities of the concessions enter into these Agreements to define the parties' respective rights, roles, obligations and benefits.*** Social Agreements (or their equivalent), have been introduced in a number of countries where forest concessions have been awarded on public land that is already customarily occupied and used by communities. In the case of Liberia, communities are sometimes situated within concession areas, or adjacent to the concession boundary. In exchange for ceding use-rights to the concessionaire, the Social Agreement provides for compensatory benefits to communities for restrictions of access or use of forest resources directly or indirectly arising from the concession. In Liberia, these have been established as a financial levy on timber production of US\$1.50 per m³ of production.

72. Because these are an important mechanism for the delivery of benefits from forests to rural communities, USAID helped FDA to prepare framework documents for Benefit Sharing Mechanisms and for Social Agreements. During various missions, the LFI and the Bank have explicitly questioned the effectiveness of Social Agreements. In late 2009, the FDA Forestry Adviser provided support for drafting the TORs for a parallel FAO project (funded by the EC) to audit Social Agreements.

³⁰ Richards, P., Archibald, S., Bruce, B., Modad, W., Mulbah, E., Varpilah, T. (2005). Community Cohesion in Liberia: A Post-War Rapid Social Assessment. World Bank and UNDP. The assessment noted that "It seems unlikely that re-opening logging operations will be as important to the revival of the grass-roots economy as sometimes portrayed. The timber sector only employs 7,000 people, and the now defunct OTC imported many of its skilled workers (600) from Southeast Asia. Provisions for "community" involvement in the forest sector have been revived, but practical examples of what this might mean are hard to find."

73. ***Audits of Social Agreements are taking place.*** The FDA led a Social Agreement audit exercise in August 2010 under the FAO project highlighted above, which included field visits and meetings with the communities affected by Forest Management Concession B in River Cess (the Requesters). The team conducting the work was comprised of FDA and civil society representatives, as well as SDI (which was contracted by FAO to assist in the exercise). The entry point was the Community Forestry Development Committee for the affected communities, as set up under forestry law. According to the FDA, the main grievance recorded was that the concessionaire is not fulfilling commitments regarding roads improvements. Notes are still being compiled and the draft report is not available yet. FDA and FAO have indicated that the report will be available before the end of the year. The poverty and social analysis proposed by Management will include a review of the Social Agreements.

V. MANAGEMENT'S RESPONSE

74. Management believes that the Bank has made diligent efforts to pursue concretely its mission statement in the context of the project. Management believes that the Requesters' rights or interests have not been adversely affected by a failure of the Bank to implement its policies and procedures. Management believes that the project is fulfilling its objectives in most respects, but also recognizes several areas for improvement:

- Management acknowledges that there have been significant delays in completing the SEA. However, throughout the process of preparing the SEA, briefs have been shared widely with Liberian stakeholders, and the SEA has benefited from their input. Management wishes to point out that the dissemination workshops for the SEA were coordinated by the Requester, SDI. Management maintains that the project's categorization with respect to its likely impacts was correct.
- Although the preparation, implementation, and negotiation of Social Agreements did not fall within the scope of the project's agreed activities, Management agrees that problems in developing and implementing Social Agreements should be addressed as a matter of urgency, and supports measures to improve legal compliance.

75. Management has prepared an Action Plan that responds to and addresses the areas that were raised in the Request and which Management believes require improvement. Africa Regional Management is committed to strengthening safeguards implementation to better monitor and manage environmental and social risks, as well as to undertake more consultations so that the concerns of project-affected persons are adequately considered. The Action Plan includes ongoing and future efforts for addressing issues that have arisen during – but not as a result of – implementation, and represents Management's keen interest in remaining engaged in the forests sector of Liberia, and continuing outreach about the Bank's work there. Management also met the Requesters to discuss their concerns and ways in which the Bank can help address the critical issues raised in the Request.

Proposed Management Action Plan
<i>Actions to improve project supervision and implementation</i>
<ul style="list-style-type: none"> ▪ Management will recommend to FDA that a rapid social assessment be completed during the remainder of project implementation. [To be completed by March 2011] ▪ Management will also address broader sector wide poverty and social impacts as part of a more detailed analysis of the forests sector, including a review of the Social Agreements under the forest concession agreements. The TORs for this work will be completed by December 2010, and the work itself will be completed by December 2011 ▪ The project will integrate findings of the SEA into the design process of possible future Bank operations in the sector. [Ongoing] ▪ Management will work with Government to disseminate the SEA in Liberia. [November 2010]
<i>Actions to support implementation of sector reforms</i>
<ul style="list-style-type: none"> ▪ Management will support a further review of resource base estimates for the awarded timber concessions in Liberia. [To be completed by February 2011] ▪ Based on this review, Management will discuss with Government the need for additional assessments of the new, as yet unallocated, concessions, and to what extent more detailed and comprehensive projections on revenue potential would need to be prepared by FDA and Ministry of Finance. ▪ Management will recommend that Government launch an independent legal compliance review of the existing concessions, possibly in conjunction with the EITI. [November 2010] ▪ Management will carry out a review to confirm its understanding that actual and proposed protected areas are outside of the areas currently under forest concessions, or planned for future concessions. [To be completed by March 2011] ▪ Management will develop follow up recommendations to Government based on the findings of this review. [March 2011] ▪ Management will recommend to FDA that a review of the quality of implementation of the Social Agreements should be completed as a follow up to the UN Panel of Experts review. [November 2010] ▪ Management proposes meeting the Requesters to discuss their concerns and ways in which the Bank can help address the critical issues raised in the Request. [October-November 2010] ▪ Management will recommend to FDA that consultations with relevant communities in River Cess County be held and their grievances documented. [To be completed by March 2011]

76. The Requesters' claims, accompanied by Management's detailed responses and suggested actions, are provided in Annex 1.

77. Management notes that the Requesters have submitted a proposed Action Plan. Some of the issues raised by the Requesters – such as strengthening governance in the sector, ensuring

adequate analysis of all aspects of the value of the Liberian forest (economic, environmental, and social), disclosing on a timely basis lending and safeguards documents on Bank-financed activities in the Liberian forests sector, and independent monitoring of forestry activities in Liberia – are all good points that the Bank is endeavoring to address in this and other projects, in the dialogue with the Government of Liberia, in its economic and sector work, and in the Management Action Plan.

78. Management wishes to reiterate, however, that the Bank is not financing commercial forest harvesting operations in Liberia, and does not do so more generally except within the narrowly defined parameters of OP/BP 4.36. The Bank also does not support a moratorium on new concessions in Liberia, but supports instead a review of resource base estimates for awarded timber concessions in Liberia. Management will also recommend that the Government launch an independent legal compliance review of existing concessions to ensure they comply with national laws. As stated earlier in this Response, the Bank is not in a position to respond to allegations of illegality in the sector raised by the Requesters, but has followed its own procedures in bringing relevant allegations to the attention of INT.

79. Management believes that Liberian forests have been correctly classified and that their wholesale classification as critical forests or critical natural habitats is not warranted. The project does not finance industrial-scale commercial harvesting operations, and hence there was no requirement that project activities should meet the certification criteria described in OP 4.36. Management is of the view that the extent and quality of the studies that were generated in preparation of the project provided a sufficient basis for understanding the sector (see Annex 4).

80. Finally, Management does not believe that technical assistance projects like this one should be classified as Category A simply because they concern complex and risky sectors like forestry. Rather, Management believes that risks should be appropriately evaluated and managed in each project (as is the case in this project). While it is true that some sectors in the Bank's client countries can be particularly risky, Management remains committed to engaging with its clients in difficult sectors precisely because sound governance and technical management are critical to successful development.

**Annex 1.
Claims and Responses**

No.	Claim	Response
1.	Operational Policy 13.05; Bank Procedure 13.05: Project Supervision	
1.a.	<p>The management team responsible for the Development Forestry Sector Management Project has violated this Policy in two ways.</p> <p>First, the World Bank has producing logging production and revenue projections that are too high and lack sufficient supporting data. It is possible that the government's own high projections are based upon the World Bank's numbers, and the relationship between the two should be investigated. If the government did base its projections upon those of the World Bank, the Bank's management team has encouraged unreasonable expectations as to what Liberia's commercial logging sector can produce and has increased the risk that the government will lower standards in order to meet expectations.</p>	<p>1.a. Management wishes to clarify that the production of logging production and revenue projections was not a project objective or a planned output.</p> <p>The preparation of timber production and revenue projections was not part of the project's design or its objectives. In addition, definitive projections would not have been possible given the significant uncertainties surrounding the planned roll out of concessions and Government's limited capacity to capture revenue.</p> <p>Various timber production and revenue scenarios have been prepared by LFI partners since the LFI was established in early 2004. The most relevant were prepared at the time the FDA was formulating a contract, with funding from the US Forest Service, to develop and implement the CoC system. These were prepared in a highly volatile and information-constrained post-conflict environment and were best-case estimates based on the situation at the time.</p> <p>In September 2007, the project-financed Forest Adviser¹ to the FDA was asked by the FDA to review its revenue forecasts. Revenue forecasts were derived from FDA's production estimates as part of its negotiations with the contractor who was going to be employed to prepare the CoC system.² Subsequently, and at the request of the FDA, the project-financed Forest Adviser from time to time prepared and reviewed revenue scenarios.</p> <p>The project-financed Forest Adviser to the FDA has informed Management that production and revenue projections for Liberia's 2008 PRS were prepared by the FDA,³ without his review or feedback. Management acknowledges that it would have been an opportune time, while preparing the JSAN, to comment on the veracity of these projections, and that it failed to do so.</p> <p>The fact that the project-financed Forest Adviser prepared a range of revenue scenarios, based on data provided to him by the FDA, and shared these scenarios with the FDA, does not represent a failure on the part of the Bank to supervise the project diligently. There is no evidence that the scenarios contributed materially to the development of policy or legislation. Furthermore, there is no evidence establishing a causal link</p>

¹ The Forestry Adviser financed by the project was employed as a consultant on behalf of Government by UNDP as project coordinator and as an Adviser to the FDA.

² A Chain of Custody (CoC) system is a tracking system which allows manufacturers and traders to demonstrate that timber is legally harvested. In Liberia, the system is designed to track the flow of wood from the stump (where individual trees are logged and registered in the system), through the supply chain to the point of export, and enables buyers to deliver CoC certified product if subsequent steps in the supply chain (processing, transformation and manufacturing, marketing) are also documented in a manner consistent with prevailing certification standards.

³ FDA's production and revenue projections were derived from a concession data base, which was prepared for FDA with the assistance of the FAO, but which ultimately depended on certain assumptions about offtake, rotation, and markets.

No.	Claim	Response
		<p>between production and revenue projections and the risk of lowering of standards.</p> <p>Finally, the development of ‘big picture’ national scenarios of possible production and revenue levels had no impact on the development of production estimates for individual concessions or the development of individual concession agreements. These depended on the capacity of concessionaries to meet the conditions laid out in regulations, including preparation of inventory-based forest management plans. The Bank was not involved, in any respect, in the development of concession agreements.</p>
	<p>Second, as the government has broken the law during the allocation and management of logging concessions the management team has continued to support and defend the government.</p>	<p>1.b. Management believes that Bank supervision has responded appropriately to allegations of illegality in the allocation and management of logging concessions.</p> <p>Management is not in a position to comment on the charges of illegality set forth in the Request and accompanying documents. The project did not include components for monitoring legal compliance, and in any event, Government’s compliance with its own laws would have to be addressed by the Liberian legal and institutional system. Other Bank interventions (such as support to develop a procurement law and ongoing EITI work) have helped to put in place the capacity and the framework for improved governance in the forests sector.⁴</p> <p>Management disagrees with the suggestion that it has overlooked governance problems. Management took active measures, both through project supervision and through other channels, to raise concerns about governance challenges in the sector as well as about how legal and institutional reforms are being implemented. Concerns in 2008 about the legality of terms proposed for specific concessions were brought to the attention of the FDA and were rectified. In addition, a referral on several issues was submitted to INT in January 2009. Subsequent concerns raised by Global Witness in a letter to the Bank in May 2010 have since also been referred to INT.⁵</p> <p>Management Action:</p> <p>Management will support a review of resource base estimates for the awarded timber concessions in Liberia. The review will consist of a peer review of the July/August 2009 assessment of the existing concessions, the so-called Shearman Report, which raised questions about the viability of the concessions that had been awarded.⁶ Based on the results of this review, the Bank will determine if additional assessments of the new, as yet unallocated concessions are needed.⁷ In addition, Management will establish to what extent more detailed and comprehensive projections on revenue potential would need to be prepared by FDA and Ministry of Finance.</p> <p>Management will recommend that Government launch an independent</p>

⁴ The Bank notes recent actions by the Government to address certain allegations of fraud concerning a carbon credit forest project.

⁵ Email from Senior Economist, AFTEN to Investigation Hotline (INT), October 8, 2010.

⁶ Shearman, P.L. (2009). An assessment of Liberian Forest Area, Dynamics, FDA Concession Plans, and their Relevance to Revenue Projects. Rights and Resources Initiative.

⁷ Liberia is negotiating a Voluntary Partnership Agreement with the EC. Future engagement by the Bank will be coordinated with the EC to avoid overlap and replication.

No.	Claim	Response
		<p>legal compliance review of the existing concessions, possibly in conjunction with measures that are being supported by the EITI. Management also proposes meeting the Requesters to discuss their concerns and ways in which the Bank can help address the critical issues raised in the Request.</p>
2.	<p>Operational Policy 4.01; Bank Procedures 4.01; 4.36: Environmental Assessment Classification</p>	
2.a.	<p>The Development Forestry Sector Management Project should be classified as a Category A project. However, despite the fact that the project has promoted a model of large-scale, export-oriented logging that envisaged two-thirds of Liberia’s forests under concession, the management team classified the project as Category B.</p>	<p>2.a. Management maintains that the project’s categorization as a Category B project is consistent with the applicable Bank Operational Policies, given the project’s scope and nature.</p> <p>Management wishes to clarify that the project was designed to improve governance in the forests sector. It did not have as an objective the promotion of a model of large-scale export-oriented logging to bring the majority of Liberia’s forests under concession. The PAD clearly states that, “the project will not finance any activity that would cause conversion or degradation of critical natural habitat and will give preferences to unforested or degraded areas for establishment of plantations. The project will not support industrial-scale commercial logging.” (PAD, page 10).</p> <p>The primary focus of the project is on improving institutional and policy capacity and governance in the Liberian forests sector, and Management determined that it would not lead to significant conversion of critical forest areas or natural habitats. Both the Bank and the Government agreed that a strategic assessment of environmental and social impacts would be a suitable instrument for addressing environmental and social concerns at the sectoral level. Hence, the project was classified as Category B, and OPs 4.01 (Environmental Assessment) and 4.36 (Forests) were triggered. A Strategic Environmental Assessment (SEA)⁸ was expected to be a critical tool in assessing broad impacts and benefits.⁹</p> <p>In addition, at the time of project preparation, it was recognized that the project could have unintended minor negative environmental impacts from small investments in reforestation, forest management, and even conservation. Under the auspices of the Liberia Community Empowerment II project, which was approved in June 2007, Environmental Management Plans were prepared for 10 community projects developed around Sapu National Park. Preparation of these was subcontracted to the Liberian Agency for Community Empowerment (LACE).</p> <p>The Bank did not consider the environmental and social implications of</p>

⁸ The SEA was posted on the World Bank’s external website on October 2, 2010. IUCN, SDI, and FDA (2010). *Mainstreaming Social and Environmental Considerations into the Liberian National Forestry Reform Process*.

⁹ The Grant Agreement states that the Recipient will ensure that an appropriate environmental and social management plan that is satisfactory to the Association is developed as part of the environmental and social assessments undertaken by the project. It should be noted that OP 4.01 does not formally cite SEAs as a safeguards instrument. However, as practice has evolved, SEAs are considered an appropriate EA tool for certain types of projects with strong strategic and sectoral objectives. According to the Development Assistance Committee of the OECD, an SEA is an analytical and participatory approach to integrate key environmental considerations into policies, plans and programs (PPP) and to evaluate the inter linkages with economic and social considerations.

No.	Claim	Response
		<p>the project to be irrelevant or unimportant. Indeed, the project focused on the environmental and social risks and opportunities in the sector, providing support for critical capacity-building, relevant analyses (including the SEA), and some activities that would help local communities develop sustainable forests management.</p> <p>Support for the chain of custody system is also consistent with OP 4.36, as a measure which seeks to increase transparency and accountability in the use of resources from timber harvesting. The seven concessions awarded by Government in 2008/2009 cover an area of approximately 1 million ha, less than a quarter of the total forest area (4.4 million ha). While further concessions were tentatively planned before the project was launched, there is no clear timetable for awarding these, and the Bank's current position is that full attention should be given to ensuring the causes for delay in bringing the original seven concessions into operation are understood and, where necessary, addressed</p>
2.b.	<p>It is assumed that, because projects classified as Category B are held to a lower standard of Environmental Assessment documentation, no Environmental Management Plan has been developed and that the SEA being drafted will be insufficiently thorough. However, and as will be discussed in the next section, because the project's Environmental Assessment has not yet been published by the World Bank, this is an assumption.</p>	<p>2.b. Management considers that the SEA which has been prepared is sufficient for addressing the strategic environmental and social issues in the project.</p> <p>The SEA has been completed (see Item 3 below). Earlier briefs about progress with the SEA were disclosed in-country for consultations. The Government submitted the SEA to Management for no-objection, which the Bank has granted; the SEA has been disclosed at the Infoshop and is being disclosed in-country.</p> <p>The key environmental and social issues in the SEA include:</p> <ul style="list-style-type: none"> • Overlapping land use; • Limited reforestation/restoration of logged areas; • Habitat destruction and species displacement, disturbance, or destruction; • Corruption and lack of accountability associated with logging operations; • Community forest ownership and entitlement; and • Social impacts of expanding the protected areas network. <p>The SEA proposes strategic action plans for addressing each of these issues.</p> <p>It was agreed during project preparation that an additional social assessment would be prepared to complement an earlier rapid social assessment to ensure that social considerations were fully accounted for during project implementation. A separate stand-alone social assessment was, however, never completed (although social issues were integrated into the SEA). Management agrees that implementation would have been better informed at an earlier stage if a social assessment had been completed in a timely manner.</p> <p>Management Action:</p> <p>Management will recommend to FDA that a rapid social assessment be prepared during the remainder of project implementation. Management will also address broader sector wide poverty and social impacts as part of a more detailed analysis of the forests sector, including a review of the Social Agreements under the forest concession agreements.</p>
3.	Operational Policy 4.01:	Management acknowledges that there have been significant delays

No.	Claim	Response
	<p>Environmental Assessment Publication</p> <p>At present, the SEA has not been published. The project’s effective date was almost four years ago and most of the programming it has supported has already been undertaken. The impacts of the project’s components have already been felt. By failing to publish the SEA at a time that would allow the predicted impacts of the project to be considered, the management team has greatly diminished the document’s usefulness to those people most severely affected by the project.</p>	<p>in completing the SEA. However, throughout the process of preparing the SEA, briefs have been shared widely with Liberian stakeholders, including the Requesters, who were lead national consultants in preparing the SEA.</p> <p>The final draft of the SEA was posted on the Bank’s external website on October 2, 2010. Preparation of the SEA, including engagement with stakeholders, commenced in October 2007. While the field data collection and engagement with stakeholders was completed by November 2008, additional work was required to finalize the SEA. IUCN, the main entity responsible for finalizing the SEA, submitted it to the Bank on April 20, 2009; following exchanges between IUCN and the Bank, a technical consultant was hired to review the material and create one report capturing all the elements of the SEA (August 2009); a second consultant was engaged to verify that information on land rental fees was accurate (January 2010). This consultant failed to complete the assignment and the Bank had to complete the work.</p> <p>Delays also resulted from the need to integrate the institution-focused SEA on community forestry (a study) with the impact-focused SEA on the commercial and conservation components of the forest policy (required for the project).¹⁰ In addition, because members of the SEA team overlapped with members of the team preparing the community rights law (CRL), SEA discussions were placed on hold until the CRL process was completed.</p> <p>The document was sent for final review in May 2010 to ensure that the findings from the original field work were accurately accounted for. The document was finalized on September 30, 2010, and informally posted on the Bank’s external website on October 2, 2010. FDA requested final clearances and gave permission formally to disclose through the Infoshop on October 15, 2010.</p> <p>Although Government has formally endorsed, through the FDA, the findings of the SEA and has agreed to its disclosure, it has taken nearly two years for this critical step to be completed, from the time the draft SEA was circulated for comments in Liberia. Management notes this failing, but maintains that the question was repeatedly raised during regular supervision.</p> <p>Management also maintains that the potential for harm, resulting from delays in disclosure, was mitigated by earlier extensive consultations and dissemination of earlier briefs – activities in which SDI was fully involved.</p> <p>Despite these delays, findings of the SEA were disseminated to stakeholders in Liberia at multiple times through briefs and workshops so that they were available and could be used by various stakeholder groups (see Special Issues section in main text). A review of the action matrix under the SEA shows that even though publication of the report was delayed, implementation of some recommended actions identified in the SEA has already been launched by LFI partners. IUCN has also</p>

¹⁰ During supervision, in November 2007, it was recommended that the two SEAs should be integrated. The motivation for doing this was to allow the 3Cs supported by policy and by the LFI (conservation, community, and commercial) to be assessed collectively, bringing about better coordination and ensuring that the regional consultations for the two SEAs were merged to foster synergies.

No.	Claim	Response
		<p>shared the findings of the SEA with the parties involved in the Global Forest Program (GFP) to discuss how GFP could implement some of the next steps identified in the SEA (specifically initiating a forest dialogue platform).</p> <p>Management Action:</p> <ul style="list-style-type: none"> • Work with the Government to disseminate the SEA in Liberia. • Integrate findings of the SEA into the design process of possible future Bank operations in the sector.
4.	Operational Policy 4.36; Bank Procedure 4.36: Forest Policy	
4.a.	<p>The management team responsible for the Development Forestry Sector Management Project has violated this Policy in three ways.</p> <p>First, Liberia’s forests have been recognized as important and endangered by Fauna & Flora International (FFI) and the World Wide Fund for Nature (WWF), and thus should be classified by the World Bank as critical. Because the project has been poorly managed and risks unsustainable logging, the project is risking the degradation of these critical forests.</p>	<p>4.a. Management maintains that Liberian forests have been adequately categorized and that their wholesale classification as critical forests or critical natural habitats is not warranted.</p> <p>Even though WWF and FFI have labeled the whole extent of Western Guinean Lowland Forests as being of global ecological significance, this by itself is not sufficient for classifying specific sites within the ecoregion as being critical natural habitats or critical forest areas under OP 4.36. Rather, the Forest Policy provides for specific critical forest sites to be determined in accordance with the criteria indicated in OP 4.36, Annex A, para. (c). According to these criteria, critical forests encompass most types of existing and officially proposed protected areas, along with certain other sites of known high conservation value. In the course of project preparation, Liberia’s critical forest areas were identified and mapped as Conservation Suitability Areas, where commercial logging would not be permitted. These Conservation Suitability Areas include Liberia’s existing and officially proposed protected areas.</p>
4.b.	<p>Second, the commercial sector supported by the project has not adopted an international certification scheme, and the management team has made no known effort to ensure that the sector is progressing towards such certification.</p>	<p>4.b. The project does not finance industrial-scale commercial harvesting operations, and hence there was no requirement for project activities to meet the certification criteria described in OP4.36.</p> <p>The main objective of the project has been to build robust and transparent structures for economic and fiscal governance, and to prepare a foundation for good governance, economic recovery and growth in the forests sector. OP 4.36 requires independent certification only in instances where the Bank is financing industrial-scale commercial harvesting operations.</p> <p>It was envisaged, however, that the project would provide capacity building support for certification. Internationally-recognized forest certification standards have two dimensions: ‘chain of custody’ (CoC) certification and ‘sustainable forest management’ certification. Progress has been made in designing and implementing a CoC system that meets international CoC certification standards. With respect to meeting international sustainable forest management certification standards, concessionaires are expected to meet certain requirements which are consistent with these standards. To-date, no concessionaires have sought either precertification or certification from an internationally recognized certifying body.</p>

No.	Claim	Response
		<p>The project builds on the 2006 forest legislation reforms, which include provisions for identifying certification standards with which concession holders must comply as part of the chain of custody system, and has provided support for implementation of the system. Regulation 108-07 is designed to ensure that the chain of custody system facilitates the issuance of certificates of legal origin for timber originating in Liberia. With respect to certification of sustainable forest management systems, the FDA's "Code of Forest Harvesting Practice" and its "Guidelines for Forest Management Planning" both describe principles of forest management that are consistent with those of the Forest Stewardship Council, and outline the measures concessionaires are expected to take to achieve forest certification.</p>
4.c.	<p>Third, and as described in section 1, above, the management team also undertook a project affecting Liberia's forests without first conducting sufficient studies of the sector and [...] what forest uses would be best for the country and the people who live within them.</p>	<p>4.c. Management is of the view that the extent and quality of the studies that were generated in preparation of the project provided a sufficient basis for understanding the sector.</p> <p>A wealth of information about the sector supported the design of the project. Many of these studies and assessments are posted on the LFI website,¹¹ and include the various assessments prepared by the UN Panel of Experts, the UN Security Council, the US State Department, UNEP, Global Witness, and independent assessments carried out on behalf of the Government of Liberia and the Bank (especially those by Bayol, 2004; Bayol and Chevalier, 2004; and Hesse, 2005) and by the FAO.</p>
5.	<p>Operational Policy 4.04: Natural Habitats Policy</p> <p>Again, because FFI and WWF have both stressed the critical nature of Liberia's forests and their contents, the country's natural habitat should be considered critical. In addition, the IUCN Redlist describes a number of species contained in Liberia's natural habitats that are considered endangered. The mismanagement of the Development Forestry Sector Management Project threatens the sustainability of Liberia's commercial logging sector, and thus threatens the degradation of the country's natural habitats.</p>	<p>Management maintains that Liberian forests have been adequately categorized and that their wholesale classification as critical forests or critical natural habitats is not warranted.</p> <p>Under the Bank's Natural Habitats Policy (OP 4.04) critical natural habitats encompass most types of existing and officially proposed protected areas, along with certain other sites of known high conservation value. These are to be determined in accordance with the criteria indicated in OP 4.04, Annex A, para. 1(b).</p> <p>In the course of project preparation, Liberia's forested critical natural habitats were identified and mapped as Conservation Suitability Areas, where commercial logging would not be permitted. These Conservation Suitability Areas include Liberia's existing and officially proposed protected areas.</p> <p>The project, and other Bank projects in the sector (financed mainly by GEF), focus on strengthening the development of protected areas in the country and assisting communities around these protected areas.</p> <p>Management Action:</p> <p>Management will carry out a review to confirm its understanding that actual and proposed protected areas are outside of the areas currently under forest concessions or planned for future concessions, and will develop follow up recommendations to Government based on the findings of its review.</p>
6.	<p>The Requesters state that in 2008 they were told that a certain company would provide, over its</p>	<p>Management agrees that there have been problems in developing and implementing Social Agreements, and supports measures to improve compliance.</p>

¹¹ <http://www.fao.org/forestry/lfi/en/>

No.	Claim	Response
	<p>25-year contract, jobs, money, and other benefits under a Social Agreement which they signed. They state that the concessionaire is not able to keep its promises and the Bank has helped create a logging industry that will not work and <i>"is violating [their] rights."</i> They state that they have set up a committee representing their grievances before the company and held many meetings to prepare for logging but neither company nor Government attended their meetings to discuss their problems. They also state that other logging companies are <i>"not doing what they are supposed to,"</i> including paying their taxes on time and meeting their promises under the Social Agreements.</p>	<p>The project has not been involved in the preparation, negotiation, implementation, or performance monitoring of Social Agreements. The Bank is not a party to the Social Agreements.</p> <p>Social Agreements are signed between the community and the holder of the concessions, after sign-off by the FDA. They are meant to describe benefits which will accrue to communities once the concession is functional. The Forestry Law specifies the arrangements which need to be in place to develop a Social Agreement, which should also contain a practical mechanism for resolving disputes that arise between the concessionaires and the members of the affected community. The Bank is not a party to these agreements, and has not been involved in discussions between communities and concessionaires.</p> <p>Noting the UN Panel of Experts' report from 2009, the Bank agrees that there have been issues in development and implementation of Social Agreements.</p> <p>In mid-2009 the LFI, in which the Bank is a party, discussed these in an effort to problem solve. The Bank welcomes the measures which were an outcome of this discussion and which are now underway, with FAO's support, to carry out audits of social agreements and to build community capacity for negotiating these.</p> <p>The project assisted in increasing institutional capacity for policy reforms and good governance in the sector, but not in the review of concession contracts. The Forestry Advisor or LFI partners did not review individual contracts.</p> <p>Management Action:</p> <p>See Item 2 above. Management will recommend to FDA that consultations with relevant communities in River Cess County be held and their grievances documented.</p>

Annex 2.
World Bank Activities in the Forest Sector in Liberia, covering
Governance, Forest Conservation, and Community Forests

Project	Source	Amount (US\$m)	Implementer	Status
LICUS TF for Reactivation of the Forestry Sector	World Bank LICUS TF	0.500	World Bank	Closed
Development Forestry Sector Management Project (DFSMP)	TFLIB	2.00	UNDP and FDA	Active – closing in June 2011
Support for Chain of Custody	FLEG TF linked to IDA DFSMP	0.400	FDA/SGS	Active – closing October 2010
Support for Chain of Custody	PROFOR TF linked to IDA DFSMP	0.400	FDA/SGS	Active – closing June 2011
EITI (includes forestry sector)	TF	1.00	WB	Active
Sapo National Park Conservation	GEF	0.975	Fauna & Flora International	Closed
Consolidation of Protected Areas Network (COPAN)	GEF	0.750	FDA	Active – closing in April 2011*
Expanding the Protected Areas Network (EXPAN)	GEF	0.950	FDA	GEF endorsed
Support to Development of Small Forest Enterprises – Income Generation for Youth in Liberia	CHYAO	0.400	Liberian Agency for Community Empowerment (LACE) through FAO	Approved– Grant Agreement to be signed
Strategic Environmental Assessment of Forestry Sector (SEA)	BNPP TF	0.150	IUCN/SDI	Completed
Preparation of the Readiness Plan	FCPF	0.200	FDA	Active

* Will be extended

Annex 3.
World Bank Preparation and Supervision Missions

AM	Mission Dates	Remarks
Preparation Missions		
1.	June – July 2004	Joint LFI mission
2.	October 2004	Joint LFI mission
3.	Feb – March 2005	Joint LFI mission
4.	May – June 2005	Join LFI mission
5.	October 2006	Joint LFI mission
Supervision or other related Missions		
1.	April – May 2007	World Bank mission
2.	October – November 2007	Joint LFI Mission
3.	April 2008	Joint LFI mission
4.	October 2008	Joint LFI mission
5.	May 2009	World Bank/FCPF mission
6.	July 2009	World Bank mission
7.	March 2010	World Bank mission
8.	September 2010	World Bank Mission-postponed
9.	November 2010	planned ¹²

¹² A mission that started on September 29, 2010 was postponed to enable Management to prepare a response to this Request for Inspection.

Annex 4.

Studies Supporting Project Preparation and Implementation

(A) Studies Used as Inputs to Project Design

The Liberia Forestry Initiative (LFI) prepared several studies and documents during the project's preparation. The following is a list of some of these studies. These and other documents can be found at the LFI website: www.fao.org/forestry/lfi/en/

2003

- March 2003. *The usual suspects: Liberia's weapons and mercenaries in Côte d'Ivoire and Sierra Leone - why it's still possible, how it works and how to break the trend.* Global Witness
- October 2003. *The need for reform in the Liberia forestry sector.* Ben Turtur Donnie. (Workshop presentation)
- December 2003. *A new environment for Liberia: A road map for the forest sector.* Arthur Blundell. United States Agency for International Development

2004

- February 2004. *Desk study on the environment in Liberia.* United Nations Environment Programme
- February 2004. *Joint needs assessment.* United Nations and World Bank
- April 2004. *Wild meat harvest and trade in Liberia - managing biodiversity, economic and social impacts.* Reginald Hoyt. Overseas Development Institute
- May 2004. *Liberia: back to the future.* Global Witness
- May 2004. *Reconnaissance mission report for strengthening the Forestry Development Authority and developing a national forest programme.* Anthony Taplah, Sormongar Zweun, Theophilus Freeman, Moses Wogbeh, and James Doe. Food and Agriculture Organization of the United Nations
- June 2004. *Action plan for forest sector rehabilitation and reform.* United States State Department
- June 2004. *Reconstruction plan for Forestry Development Authority of Liberia.* Kwabena Tufuor. Food and Agriculture Organization of the United Nations
- June 2004. *Report of the Panel of Experts.* United Nations Security Council
- June 2004. *The Liberian forest sector, May 2004.* Andrew Mitchell. World Bank
- July 2004. *Current state of the forest cover in Liberia.* Nicolas Bayol and Jean-Francois Chevalier. World Bank. (Document and workshop presentation)
- July 2004. *The forest revenue system and government expenditure on forestry in Liberia.* James Doe. Food and Agriculture Organization of the United Nations
- September 2004. *Forest conservation and management in Liberia: Piloting communal forests in the post-conflict period.* Jamison Suter. Fauna and Flora International
- September 2004. *Report of the Panel of Experts.* United Nations Security Council
- September 2004. *Summary of the six month review of the RFTF.* World Bank

- November 2004. *Briefing to the United Nations Security Council Liberia Timber Sanctions Committee*. Various Authors. (Presentation)
- November 2004. *CIFOR-ICRAF team mission report*. CIFOR and ICRAF
- December 2004. *Dangerous liaisons: The continued relationship between Liberia's natural resource industries, arms trafficking and regional insecurity*. Global Witness
- December 2004. *Report of the Panel of Experts*. United Nations Security Council

2005

- January 2005. *Community cohesion in Liberia: A post-war rapid social assessment*. Paul Richards, Steven Archibald, Beverlee Bruce, Watta Modad, Edward Mulbah, Tornorlah Varpilah and James Vincent. World Bank
- January 2005. *Forest reform planning mission report*. Pierre Methot and Rex Baumbach. United States Forest Service
- March 2005. *Feasibility of introducing a chainsaw lumber permit in Liberia*. Adrian Whiteman. Food and Agriculture Organization of the United Nations
- April 2005. *FDA reform - ideas for restructuring forest sector management in Liberia*. Horst Wagner. World Bank
- April 2005. *Feasibility of introducing a forest charge based on export (FOB) prices*. Adrian Whiteman. Food and Agriculture Organization of the United Nations
- April 2005. *Initiating land-use planning in Liberia*. John Roland. United States Forest Service
- April 2005. *Recommendations for the establishment of an improved human resources system at the Liberian Forestry Development Authority*. Herman Barnes. United States Forest Service
- May 2005. *Contracting and competitive bidding*. Rex Baumbach. United States Forest Service
- June 2005. *Achieving the ITTO Objective 2000 and sustainable forest management in Liberia: executive summary*. International Tropical Timber Organization
- June 2005. *Report of the Concession Review Committee - Phase III*. Independent Forest Concession Review Committee
- June 2005. *Report of the Panel of Experts*. United Nations Security Council
- July 2005. *Humanitarian census mission report*. Sustainable Development Institute. Conservation International
- July 2005. *Integrating "the 3 Cs" in forest management in Liberia*. Jamison Suter. Fauna and Flora International
- July 2005. *Socio-economic survey of Sapo National Park extension: Liberia, West Africa*. Reginald Hoyt, Richard Nisbett and Jill Frayne. Forest Partners International
- July 2005. *What the people say: a contribution of Liberians' voices and ideas about timber exploitation in Liberia*. Search for Common Ground Talking Drum Studio Liberia
- August 2005. *Forestry taxation in Africa - the case of Liberia*. Arnim Schwidrowski and Saji Thomas. International Monetary Fund
- August 2005. *Report on the rapid faunal surveys of seven Liberian forest areas under investigation for conservation*. R Sambolah. Fauna and Flora International – Liberia
- September 2005. *National forestry policy and implementation strategy (final draft proposal)*. FDA and FAO. FAO

- September 2005. *Options and opportunities for community based forest resources management in Liberia*. Ravi Prabhu. CIFOR
- November 2005. *Development of policies and procedures for environmental impact assessment*. Alan Campbell and Joe Krueger. United States Forest Service
- December 2005. *Developing land use categories, suitability criteria and desired end states*. Kurt R Wiedenmann. United States Forest Service
- December 2005. *Monrovia Declaration: Towards a shared vision and action frame for community forestry in Liberia*. Various authors. (Workshop declaration)
- December 2005. *Proceedings of the first international workshop on community forestry in Liberia*. CIFOR. (Workshop proceedings)
- December 2005. *Report of the Panel of Experts*. United Nations Security Council

2006

- January 2006. *Forest fiscal reform in Liberia (draft proposal)*. Jonathan Davies. World Bank
- February 2006. *Empowering local communities to engage other stakeholders in Liberia's forest sector - Progress report for the project*. Sustainable Development Institute. IUCN
- February 2006. *Empowering local communities to engage other stakeholders in Liberia's forest sector - Final technical report for the project*. Sustainable Development Institute. IUCN
- March 2006. *Enhancing civil society awareness and engagement in forest concession review and reform - Final technical report*. IUCN and Sustainable Development Institute
- April 2006. *Final mission report on the chain of custody system*. Christopher Rhodes. World Bank
- May 2006. *Final mission report on the national forest inventory*. P Hess and S Trainer. World Bank
- June 2006. *Report of the Panel of Experts*. United Nations Security Council
- August 2006. *Lessons learned from the Liberia forest review*. K.W.J. Rochow. World Bank
- September 2006. *GIS for land use planning in Liberia - delineation of land use areas*. Mark Nebel. United States Forest Service
- November 2006. *Assistance in the area of contract administration*. Michael Daugherty and Jeffrey Trejo. United States Forest Service

2007

- March 2007. *Liberia LICUS forestry project completion report*. World Bank

(B) Studies prepared during Project Implementation Phase

LFI Meetings etc

- July 2007, *LFI Teleconference minutes*, Lauren Chitty, USDA-FS
- September 2007 *LFI Steering Group Agenda (no minutes)*, Robert Simpson, USDA-FS
- February 2008, *LFI Videoconference minutes*, Lauren Chitty, USDA-FS

- April 2008, *LFI-FDA Coordination Meeting minutes*, Robert Simpson, USDA-FS,
- July 2008, *LFI Donor & Technical partners meeting minutes*, Dan Whyner, USAID
- September 2008, *LFI Teleconference minutes*, Brian Cohen, USDA-FS
- October 2008, *LFI Retreat proceedings*, Brian Cohen, USDA-FS
- February 2009, *LFI Teleconference minutes*, Brian Cohen, USDA-FS
- May 2009, *LFI Videoconference minutes*, Brian Cohen, USDA-FS
- July 2009, *LFI Informal lunch meeting minutes*, Brian Cohen, USDA-FS
- September 2009, *LFI retreat summary*, Brian Cohen, USDA-FS
- October 2009, *LFI special meeting on Independent Forest Monitoring minutes*, Peter Lowe, FDA Forest Adviser
- March 2010, *LFI-Meeting with WB Supervision Mission – brief minutes*, Peter Lowe, FDA Forest Adviser
- August 2010, *LFI Telecon minutes*, Peter Lowe, FDA Forest Adviser

UNSC Panel Reports

- December 2008, *UNSC Panel Report*
- June 2008, *UNSC Panel Report*
- June 2009, *UNSC Panel Report*
- December 2009, *UNSC Panel Report*

Other key documents

- May 2004, *The Liberian Forest Sector*, Andrew Mitchell, World Bank
- September 2005, *Reconstruction Plan for the Forestry Development Authority (FDA) of Liberia*, Kwabena Tuffor, FAO Consultant
- June 2006 *National Forest Reform Law*, Government of Liberia
- 2006 *National Forest Policy and Implementation Strategy*, FDA
- June 2007, *Guidelines for Forest Management Planning*, FDA/USFS
- June 2007 *National Forest Management Strategy*. FDA
- January 2008, *Comprehensive Assessment of the Agriculture Sector*, Government of Liberia, FAO. FAO, World Bank
- April 2008, *Liberian Poverty Reduction Strategy*, Government of Liberia (chapter 7:forestry)
- June 2008, *Diagnostic Trade Integration Study, Chapter 7: Wood Products*, World Bank
- August 2009, *Assessment of Liberia Forest Area, Dynamics, FDA Concession Plans, and their relevance to Revenue Projection*. P.L. Shearman PhD., University of Papua New Guinea for Green Advocates
- October 2009 *Community Rights Law with respect to Forest Lands*, Government of Liberia
- January 2010, *Development Corridor Desk Study, Prov. Final report*, IBI. USAID
- October 2010, *Social Agreements Handbook*, FDA/USFS