

Annex 2. Background

Details of the action plan to compensate the communities affected by illegal trade of timber from Grand Bassa and Gbarpolu counties in Liberia¹

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This document provides additional details of the action plan developed by NEPCon on behalf of DLH. The action plan describes the approach to develop and implement activities to compensate the communities affected by DLH's illegal trade in Liberia. Development and implementation of an action plan to compensate the communities in Liberia was one of the three conditions defined by FSC, which (if satisfactorily fulfilled) could lead to the end of the FSC disassociation from DLH.

1. Objective

To describe the activities to be developed by DLH in order to fulfil the FSC requirement to present and implement an action plan to compensate the affected communities in Liberia by the timber trade activities which led to the FSC disassociation from the DLH Group. These activities will compensate for the damages caused to the communities.

2. Findings

Identification of the communities affected in Liberia: According to the report *Issuance of Private User Permits (PUPs)*,² composed by the Special Independent Investigation Body (SIIB), and the formal complaint to FSC from Global Witness, based on the PUPs issued, the suppliers of the illegal timber came from Global Logging Company (GLC) and Liberia Hardwood Company / Bopolu Development Corporation (BODECO), implicating the following communities:

1. People of Zaye Town, Grand Bassa County - GLC
2. People of Sallouyou, Grand Bassa County - GLC
3. People of Korninga Cheifdom, Gbarpolu County - BODECO

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² Special Independent Investigation Body (19 Dec. 2012) *Report on the Issuance of Private User Permits (PUPs)*. (Available at <http://www.illegal-logging.info/sites/default/files/uploads/SIIBReportonPUPs.pdf>).

The specific PUPs from which DLH sourced the timber were PUP nos 3, 9, and 17. This was confirmed by Alexandra Pardal from Global Witness in an email sent to NEPCon 24 March 2015.

The PUPs were found not to be in accordance with Liberian laws and regulations. In total, DLH bought timber worth USD304,870 from illegally allocated and operated timber concessions in Liberia. The timber was exported to Bangladesh, China, and France.

A report by SIIB has made a comprehensive review of the PUPs issued. A general problem with the issuance of PUPs in Liberia was confirmed by SIIB in this report.³ In 2012 concerns were raised that PUPs are being issued in an alarming rate and scale.

The table below presents information about the PUPs from which DLH bought the timber.

PUP no.	Name	Operator	Location	Licence date	Duration (years)	Licence areas (ha)	Deeded area (ha)
3	People of Zaye Town, Doe Clan	Global Logging	Grand Bassa	17 Dec 2011	3.34	5,564.3	486
9	People of Sallouyou Section	Global Logging	Grand Bassa	15 Jul 2011	3	5,438	405
17	People of Koringa Chiefdom	Bepolu Development Corporation (BODECO)/Liberia Hardwood Company ⁴	Gbarpolu	11 Nov 2011	25	90,527	320,106

3. Approach and activities to compensate communities

FSC has requested:

to compensate the communities in Liberia affected by the PUPs DLH was sourcing from, for the losses and lost income they incurred, and to restore potentially converted natural forest or destroyed high conservation values

Thus, project activities that can be considered to compensate the communities may include one or several of the following goals:

1. improved natural resource utilization,
2. sustainable development,
3. restoration of converted natural forests,

³ See note 1.

⁴ Conflicting information about the operator for PUP 17. Liberia Hardwood Company, was stated in the formal complaint to FSC.

4. more general support to the communities.

The target groups are the communities living in the above-mentioned areas/PUPs. The three affected communities have been consulted and agreements will be reached with them to define which activities will be developed as compensation.

DLH chose NEPCon to assist in preparing the present action plan. NEPCon is a Danish NGO that implements projects and supports sustainable natural resource management and livelihood improvements through development projects. At the same time, NEPCon is an FSC-accredited certification body and is in the process of developing controlled wood risk assessments for FSC. As a certification body, NEPCon provides client services related to FSC certification (see <http://www.nepcon.net>). Furthermore, NEPCon is a monitoring organization for the EU Timber Regulation (EUTR).

DLH is a client of NEPCon and their FSC-related audits are therefore conducted by NEPCon. Because NEPCon also has project experience, DLH has asked NEPCon to develop the action plan needed to reassociate with FSC. DLH has also asked NEPCon to assist in the development of a due diligence system to help ensure that the risk of trading illegal timber is reduced.

In order to initiate “the free, prior and informed consent of the affected communities in Liberia”, Jan Feil from NEPCon had a meeting with Silas Siakor from SDI (Sustainable Development Institute) on 4 April 2015 in Oslo. SDI was recommended by several sources as a trustworthy organization to elaborate the needs assessment and recommend activities to compensate the communities. Based on this meeting and a meeting with FSC International on 25 June 2015, a model of compensation was developed. Based on this model the action plan was developed.

The terms of reference (ToR) for the “Initial capacity building and needs assessment of the communities affected by illegal trade of timber from Grand Bassa and Gbarpolu county in Liberia” have been developed. SDI had conducted this initial assessment and capacity building by the end of June 2015. The SDI needs assessment report is given in Annex 3. The main recommendations from the report are:

- The provision of safe drinking water through the construction of hand pumps should be given priority. Furthermore, latrines need to be constructed.
- The construction and furnishing of a house to serve as temporary shelter for women in labour should be given top priority in all three communities; even though only two communities prioritized a midwifery house.
- In Zaye Town, the community should be supported to construct a primary school for the dozens of teenagers in the towns that have no access to formal education. The facility could also be used for adult literacy programmes thereby creating a multiplier effect.

Note that the communities did not express needs associated with reforestation or rehabilitation of high conservation values in spite of the fact that they were asked if this was a priority for them.

The next step will be to describe in detail how the priorities from the communities can be implemented by an implementing organization (service provider to establish the requested constructions). Several experienced aid organizations (including UNICEF, Red Cross, CARE, and DanChurchAid) have been approached and asked if they can provide the requested facilities; several had to decline for various reasons. Most of them were interested, but lacked the capacity to initiate additional work in Liberia at relatively short notice. At present, NEPCon and SDI are identifying the organization best suited to implement the project activities. Engineers Without

Borders (EWB) has agreed to work with establishing the facilities and a signed agreement is expected by the end of October. A brief project summary, including budget, objectives, and outputs will be elaborated as an underlying document for contracts. Local entrepreneurs or an NGO will be used to assist the day-to-day work of establishing the facilities.

All contracts are presented to the Advisory Committee to verify them before the onset of project activities. Before this can happen, DLH will make funds available and authorize NEPCon to spend the funding in accordance with the activities approved by FSC as part of the action plan. The Advisory Committee consists of Silas Siakor (SDI), a representative from DLH, and a member from NEPCon. Contracts will only be signed if mutual agreement is found between all members of the Advisory Committee.

The construction of facilities will be done in close cooperation with the local communities (they will support the construction with their own work). This will help ensure their ownership and create the right basis for a sustainable use of the facilities (learn how to use the facilities, identify voluntary teachers, which need guidance, etc.).

The overall responsibility of monitoring progress and documentation of the actual construction of facilities lies with NEPCon. Reports will be elaborated to verify that the activities of the action plan are fully implemented. NEPCon will delegate the responsibility of the day-to-day monitoring to an international implementing organization, which will keep close communication with the local communities to safeguard that the activities are implemented to their full satisfaction. The communities will thus be asked to respond to project progress on a regular basis.

All constructions are expected to be finalized according to the timeline outlined in the action plan. It is expected that hand pumps can be made available within the coming months. Along with this, the intention is to continue capacity building and community support over a period of 1-2 years to ensure the constructions come to proper use and that challenges are addressed along the way. This approach is even more important to make certain that a school building is not only constructed, but also well integrated and used as planned in the community.

The action plan submitted to FSC on 21 October 2015 provides the completed and planned activities to compensate the communities.

Annexes and supportive documents

Please refer to the following overview of supportive documents.

Document	Main recipient	Reference	Purpose
DLH action plan	FSC and public		Describing actions to fulfil FSC requirements to compensate the affected communities and improve the DDS
Background to action plan	FSC and public	Present document Annex 2 (this annex)	Plan describing objective, background, and actions that need to be taken by DLH to comply with FSC requests, in order for DLH to potentially become reassociated with FSC

Compensation mechanism – illustration	FSC and public	N/A	Give overview of the compensation and the different organizations involved
ToR needs assessment report	SDI	N/A	ToR to guide the work done by SDI to assess the needs of the communities
Basic assessment of community needs in Korninga Chiefdom, Sallouyou community, and Zaye Town community	FSC and public	Annex 3	The document provides the basic needs assessment to suggest actions to compensate the communities
Agreement between implementing organizations and DLH, including detailed description of the facilities to be constructed	Organizations implementing the activities	To be developed	Agreement between service provider and DLH to describe the framework and conditions for implementing activities to compensate the affected communities
Final report and documentation of outputs achieved and compensation implemented	FSC and public	To be developed	

References

SIIB Report: <http://www.illegal-logging.info/sites/default/files/uploads/SIIBReportonPUPs.pdf>

FSCs decision to disassociate:

- <https://ic.fsc.org/newsroom.9.1065.htm>
- <https://ic.fsc.org/dlh-liberia.739.htm>