

- FINAL -

Aide Memoire on the occasion of the launch of negotiations for a FLEGT VPA between Liberia and the European Commission.

Monrovia 26 & 27 March 2009

1. The launch of the FLEGT negotiations took place at City Hall, Monrovia on 26 and 27 March 2009. The Liberian delegation was led by the Honourable Dr. Christopher Toe, Minister for Agriculture and chairman of the Board of Directors of the Forest Development Authority. The European Union (EU) delegation was led by Mr Luis Riera, Director of the Directorate General Development of the European Commission. More than 50 representatives from relevant government ministries and agencies were present. (The program of the launch and a list of participants are attached in Annex 1).
2. Minister Toe welcomed the start of the negotiation process as a notable and significant milestone in Liberia's history. He listed the deliverables required in developing a VPA: a legality standard; a chain of custody system; verification and licensing procedures, and a mechanism for independent monitoring. He also mentioned that as Liberia had already developed a comprehensive and robust legal framework, a Forest Zoning Plan and a chain of custody system the country would be well positioned to conclude a VPA with the EU. He referred to the many challenges faced by Liberia as it has emerged from a difficult period of civil conflict and emphasised the need to deepen stakeholder involvement in the VPA process. In addition he referred to the challenge of underfunding of the Chain of Custody contract which will be one of the corner stones of the FLEGT Legality Assurance System. (The Minister's full speech is attached as Annex 2).
3. Director Riera expressed his great satisfaction at the progress made by Liberia in recent years and stated that the EU sees FLEGT as a way to further strengthen the forest reforms already undertaken. He emphasised the potential of Liberia's forest resources in reducing poverty and in furthering sustainable development and stated that the VPA would send yet another strong signal to the international community on Liberia's commitment to good governance. He stated that a VPA would position Liberia well to benefit both from the international timber trade and possible future mechanisms in the context of the international climate change negotiations, both of which rely on the clarity of law and the proper implementation of forest-related laws and

regulations. He also emphasized the fact that timber harvesting, conservation and measures against climate change are not mutually exclusive. Finally he welcomed Minister Toe's commitment to stakeholder consultations and stated he looked forward to the upcoming presentations and the conclusion of a road map for the negotiation of the agreement. (Speaking points are attached as per Annex 3).

4. Mr. John T. Woods, Managing Director of the FDA, outlined the recent achievements in reforming the Liberian forest sector such as the National Forestry Reform Law of 2006 and associated regulations, the Chain of Custody system and the Liberian Extractive Industries Transparency Initiative (LEITI). He also outlined the manner in which Liberia would approach the negotiations, and the principles that would apply to developing the legality definition. He outlined the institutional arrangements for the negotiation process stating that while the final approval of the negotiated result would lie with the cabinet chaired by the President, Liberia would use a negotiating team consisting of key government ministries that would negotiate issues brought to them by a multi-stakeholder Steering Committee. A secretariat would support the Steering Committee and the Negotiating Team. He stated that the framework for all of the above institutions had been established and that these will be capacitated. He also outlined a number of key issues facing the Liberian forest sector in connection to the VPA negotiations. (The MD's speech and presentation is attached as Annex 4).
5. Julia Falconer of the European Commission presented the structure of the Voluntary Partnership Agreement and its various annexes. She emphasised that it was a voluntary agreement that would be defined together through a multi stakeholder process. The agreement would be based on Liberia's existing laws, regulations and procedures and would become binding on both parties on ratification. (For the presentation see Annex 5)
6. Trade representative Hervé Bourguignon outlined the way in which forest enterprises in Africa were responding to changing international demand for legality and sustainability assurance in their supply chains. Flip van Helden of the European Commission informed the meeting on new legislation being introduced in the EU and other consumer markets such as the US against the trade in illegally harvested timber. EU traders will be required to minimise the risk of trading in illegally harvested timber through the use of a due diligence system. FLEGT timber would automatically qualify as having complied with the due diligence requirement. (These presentations are attached as Annexes 6 and 7).

7. After lunch Cllr. Benedict Sargbeh of the FDA outlined the main elements of the National Forestry Reform Law of 2006, its regulations and the 2005 Public Procurement and Concession Act. He noted that the Community Rights Law has been presented to the legislature and will become part of the forest legal framework once the legislative process has been concluded. He also informed the meeting that three Forest Management Contracts had been signed by the President and after having been passed by the House of Representatives were currently before the Senate. His presentation demonstrated that many of the issues relevant to the VPA legality definition are already well defined in Liberian legislation. (See Annex 8 for the presentation).
8. Three subsequent presentations focused on the achievements of the LiberFor Chain of Custody system built by SGS and the FDA (by Thomas Pichet - SGS), the requirements of the Legality Assurance System (by Hugh Speechly – DFID) and a gap analysis conducted between the two (Jussi Lounasvuori - EFI). The SGS contract is a Build, Operate and Transfer contract that provides for i) the tracking of logs from their origin to the point of export, ii) the collection of forest-related revenues; iii) the release of export permits on behalf of the Liberian Government and iv) training and capacity building. The Chain of Custody is designed to be a national system. For this to be a cost-effective strategy it requires a minimum harvest area and a certain level of production. If alternatives to the scale of commercial logging originally proposed were pursued a new business model would be needed.
9. These three presentations jointly suggested that the Chain of Custody system currently put in place is almost complete and also adequately covers procedures for verification of the supply chain and forest-related revenue collection. Additional areas of work for the development of the FLEGT Legality Assurance System would be to 1) develop a legality definition and related verification procedures; 2) design the licensing process and 3) develop an Independent Monitoring procedure. In addition it would be necessary to identify the support required for capacity building for implementation (For these presentations see Annexes 9, 10 and 11).
10. Cllr. Negbalee Warner, head of the LEITI Secretariat, presented the Extractive Industries Transparency Initiative (EITI) and the manner in which the Liberian Chapter of this initiative also covers the forest sector. Liberia is the first country in the world to bring forestry into the EITI. He outlined the functioning of the initiative and how it contributed to sectoral governance by reconciling and publishing payments made by the resource companies and payments received by the government. He underlined that the LEITI and the VPA would be complementary initiatives (The LEITI presentation is included as Annex 12)

11. During the day numerous questions and comments were raised in response to these various presentations. Clarifications were amongst others sought on 1) the pricing of tropical versus temperate timber; 2) the timeframe for the VPA to enter into force and the licensing system to become operational; 3) whether trade would be allowed until the negotiations were completed and the system becomes operational; 4) whether the FLEGT legality standard can also be used for other markets such as China and the US; 5) why Liberian law excludes the president, members of the legislature and key decision makers in the forest sector from holding concession licenses; 6) the need for low cost approaches to Independent Monitoring 7) the way in which LEITI reaches out to communities and 8) the use of the LEITI experience in developing a secretariat for the VPA negotiations.