



## TECHNICAL BRIEF – Commercial forestry in Liberia: progress, challenges, and options

### Executive summary

Liberia's commercial forestry sector is a significant part of Liberia's economy and remains a vital pillar of national development supporting fiscal revenues, rural livelihoods, and infrastructure financing. The sector is managed through the Forestry Development Authority (FDA), which regulates activities and promotes sustainable management through a "4Cs" approach (Commercial, Community, and Conservation). Despite its economic importance, the sector faces numerous challenges including high deforestation rates putting pressure on its biodiverse forests. FDA is committed and working to improve governance and achieve sustainable forest management through a range of initiatives.

An analysis of financial performance from 2008 to 2025 reveals persistent volatility, structural inefficiencies, and governance gaps that continue to undermine the sector's full potential. Total annual forestry revenues have oscillated sharply over this period, with peak performances between 2012 and 2016 exceeding USD 12 million, followed by a consistent decline and eventual stabilization around USD 4–9 million between 2021 and 2025. This long-term trend underscores the sector's vulnerability to fluctuating market conditions, weak enforcement, arrears in land-based fees, and limited monitoring capacity.

As part of FDA's efforts to improve forest governance the implementation of the EU–Liberia FLEGT Voluntary Partnership Agreement (VPA) has brought measurable improvements in legality assurance, transparency, and stakeholder participation. Despite ongoing efforts gaps remain in the effective application of the Timber Legality Assurance System (TLAS), particularly concerning field-level verification, real-time stumpage monitoring, and the enforcement of community benefit obligations. Compliance reviews (e.g. Forest Trends (2020) further reveal that arrears in stumpage and area-based fees exceed USD 37 million, suggesting continued revenue leakage and institutional inefficiencies. The issue of abandoned

logs, estimated at between 60,000 and 75,000 cubic metres, reflects both a fiscal loss and a critical environmental concern that calls for urgent intervention.

Despite these challenges, data also illustrate positive trends. The diversification of revenue sources since 2021 including administrative, inspection, and barcode tagging fees demonstrates growing institutional capacity and a commitment to reform. However, the sector's investment climate remains constrained by high transaction costs, limited infrastructure, and low processing capacity, which continue to deter responsible private capital and local enterprise development.

Early in 2024 with the transition in government a new management team was appointed to the FDA who has expressed a clear commitment and continues to work – *despite limited available resources* – to rebuild the sector and implement its statutory mandate to 'sustainably manage and conserve Liberia's forest resources for the benefit of present and future generations'. As part of its efforts FDA management has done an initial needs assessment of FDA's institutional and operational needs to restore the required oversight in the forest sector. It has also commenced with an institutional restructuring process and developed a 'Road Map for Liberia Forest Sector Rejuvenation, an anticipation of Forest Priorities under Liberia's ARREST AGENDA'.

To supplement ongoing efforts to address these constraints and reposition Liberia's forestry industry as a driver of sustainable growth, this policy brief proposes a **Five-Year Strategic Plan (2026–2031)** grounded in lessons from the 2008–2025 performance review, the FLEGT–VPA framework, and extensive stakeholder consultations. The Plan outlines six strategic objectives:

1. Increase Forestry Revenue Generation through digital tracking, automated stumpage compliance, arrears recovery, and the transparent reclamation of abandoned timber.
2. Strengthen Compliance and Transparency by reactivating legality verifiers, enhancing the 143 TLAS indicators, and publishing real-time data via a Forest Transparency Dashboard.
3. Regulatory Reform, strengthening institutional capacity and Improving interagency coordination to better regulate the sector for sustainable commercial forest management.
4. Develop an Investment Opportunity Framework to stimulate domestic processing, promote plantation rehabilitation, and expand value addition.
5. Enhance Sustainable Financing and deepen bi- and multi-lateral Partnerships through a Forest Governance Trust Fund, technical assistance, financing, and market access under the EU Forest Partnership and related mechanisms, embarking on Reforestation Levy, and integration of carbon credit systems to support climate-smart reforestation.
6. Reactivation and Rationalization of Dormant Concessions through transparent audits, reallocation to compliant operators, and the enforcement of termination policies for non-performing contracts.

Collectively, these interventions aim to increase forestry revenue by at least 30% within five years, reduce arrears through digital compliance systems, and enhance transparency in revenue governance. The strategy positions Liberia's commercial forestry sector as a credible, inclusive, and sustainably managed contributor to national economic transformation and environmental stewardship.

# Introduction

The Commercial Department of the Forestry Development Authority (FDA) plays a central role in Liberia's forest economy, serving as the primary institution responsible for the management, regulation, and optimization of the country's forest resources for commercial purposes (FDA 2006). Its mandate spans concession allocation, contract management, revenue collection, and market facilitation, positioning it as the operational hub of Liberia's commercial forestry framework. Over the years, the Department has significantly contributed to domestic revenue mobilization and rural development through structured timber harvesting, processing, and export systems (FDA, Commercial Forestry Annual Report 2024).

Despite this progress, persistent challenges – *notably limited resources and capacity* – have reduced the Department's efficiency, transparency, and accountability. These include data-management gaps, dormant concessions, abandoned timber logs, weak enforcement of social agreements, and limited capacity for field verification (SOFRECO / Forest Trends, Fourth Audit Report Vol. 1, 2023; Third-Party Monitoring (TPM) Report, 2025). The combined effect has contributed to reduced fiscal performance, diminished investor confidence, and under-utilization of Liberia's rich forest resources (Associated Press, 2023; FDA, 2024). Strengthening the institutional capacity of the Commercial Department through targeted reforms in governance, technology, and financing remains essential for ensuring long-term sector sustainability (Government of Liberia, ARREST Agenda 2025–2029; UNDP program briefs).

This briefing note therefore provides a policy-oriented analysis of Liberia's commercial forestry sector, focusing on progress, challenges, and strategic opportunities for reform. It integrates insights from Third-Party Monitoring (TPM) and FDA operational data for 2020–2025, providing evidence-based recommendations for policy dialogue, investment prioritization, and institutional strengthening.

## Purpose and scope

This briefing note has been prepared for presentation at the Liberia National Forest Forum (NFF). It aims to:

- Summarize the current status and performance of Liberia's commercial forestry sector (2021–2025).
- Highlight the key governance, fiscal, and operational challenges impeding sectoral performance.
- Present actionable strategies for increasing revenues, strengthening compliance and transparency, and enhancing benefit-sharing.
- Identify investment and partnership opportunities to support sector transformation under the **Five-Year Strategic Plan (2026–2031)**.
- Contribute to and inform discussions during the Thematic Workshop: Commercial Forestry on day 2 of the NNF.

## Methodology

This policy brief was developed through a mixed-method approach combining documentary review, data analysis, and stakeholder consultations. Primary evidence was derived from Third-Party Monitoring (TPM) reports produced between 2020 and 2025 under the Timber Legality Assurance System (TLAS). The TPM reports were used as the principal source of analysis because they provide an independent and consistent assessment of compliance trends across Liberia's commercial forestry sector. Unlike internal FDA audit outputs, which may be affected by institutional or operational limitations, the TPM operates outside the control of the Forestry Development Authority (FDA), thereby offering an objective and credible basis for understanding sector performance, governance gaps, and progress over time.

Supplementary information was drawn from internal FDA records, specifically the Commercial Department, the Legality Verification Department (LVD) through the LiberTrace to determine Company production status, and the Finance and Revenue sections as well as from the Liberia Revenue Authority (LRA) and relevant forest sector policies and laws, including the National Forestry Reform Law (2006), the Chainsaw Milling Regulation, and the Community Rights Law (2017). In addition, targeted consultations were conducted with stakeholders from government, industry, donor agencies, and civil society to capture practical insights into implementation challenges and emerging opportunities within the commercial forestry value chain.

Data were analyzed using both descriptive and trend-based methods to identify recurring non-conformances, fiscal performance patterns, and investment opportunities. The analysis focused on five key compliance domains: legality verification, revenue mobilization, social agreement enforcement, domestic processing, and forest governance. These findings form the analytical basis for the proposed five-year strategic plan (2025–2030), which seeks to strengthen compliance, enhance revenue generation, improve transparency, and promote sustainable investment in Liberia's commercial forestry sector.

## Progress in Liberia's Commercial forestry sector

The Commercial Department of the Forestry Development Authority (FDA) has made significant progress in enhancing governance, compliance, and transparency within Liberia's commercial forestry sector. Institutional reforms have focused on strengthening due diligence, sustainable resource management, and operational oversight. A major achievement is the institutionalization of pre-contract due diligence for Timber Use Contracts (TUCs) and other commercial rights, ensuring that concession awards meet legal, financial, and technical standards while preventing conflicts of interest.

In line with the National Forest Management Guidelines, the Department has improved the review of forest management plans and expanded collaboration with the Community Forestry Department, making pre-contract community engagement a prerequisite for Third-Party Contracts (TPCs). This has reduced disputes and improved community–operator relations.

The Department has also initiated a national inventory of abandoned logs to recover potential revenue losses, although limited funding has delayed full implementation.

Capacity-building programs for regional staff have strengthened monitoring, reporting, and compliance with environmental and log-scaling standards. The reintroduction of annual audits has enhanced oversight despite resource constraints. Furthermore, implementation of the 15% domestic processing policy has begun, promoting local value addition, job creation, and industrial development in the forestry sector.

Collectively, these initiatives, and ongoing initiatives have improved governance and investor confidence, laying a foundation for sustainable forest resource management. Nonetheless, progress remains uneven due to structural and financial constraints that continue to challenge full operational efficiency.

## **The FLEGT–VPA process in Liberia: achievements, challenges, and opportunities**

Liberia's implementation of the Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT–VPA) represents a major step toward strengthening forest governance and promoting legal timber trade. The process has enhanced transparency, stakeholder participation, and institutional reforms across the forestry sector. However, persistent operational and institutional challenges continue to slow progress toward full FLEGT licensing. Sustained commitment, stronger coordination, and predictable financing remain essential to consolidating governance gains and ensuring the long-term success of the VPA process. Please find below stakeholder performance analysis of Liberia FLEGT–VPA conducted by EU FLEGT VPA Facilitation Unit, 2025.

### **Achievements**

Since the signing of the Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT–VPA), Liberia has made important strides toward improving forest governance and accountability. Key achievements include:

- Strengthened Legality Systems: Liberia has developed the Legality Grid, Legality Matrix, and Timber Legality Assurance System (TLAS), establishing a robust framework for verifying the legality of timber and promoting transparency in forest resource management.
- Revitalization of Governance Platforms: The resumption of the Joint Implementation Committee (JIC) and inclusion of broader stakeholders such as the Environmental Protection Agency (EPA) and community representatives have enhanced coordination and inclusivity.
- Enhanced Stakeholder Engagement: The VPA Secretariat and Facilitation Unit have maintained dialogue between government institutions, the private sector, and civil society, fostering collaboration and policy coherence.
- Integration with Broader Governance Frameworks: Donor coordination has improved, aligning FLEGT–VPA goals with REDD+, the Sustainable Development Goals (SDGs), and national forestry reforms.

- Empowerment of Communities and Civil Society: Local communities and civil society organizations (CSOs) now play a more active role in policy discussions, particularly through the National Multi-Stakeholder Monitoring Committee (NMSMC), strengthening inclusivity and transparency in forest governance.

## Challenges

Despite these gains, the implementation of the FLEGT–VPA continues to face several institutional, operational, and policy challenges:

- Lack of FLEGT Licensing: Liberia has yet to issue a single FLEGT license after more than a decade, undermining credibility and slowing progress toward EU market access.
- Weak Enforcement of JIC Decisions: Resolutions made through the JIC often lack enforcement mechanisms, resulting in limited follow-up and accountability.
- Fragmented Coordination: Overlaps and weak collaboration among ministries, development partners, and private actors have reduced the coherence and impact of forest governance initiatives.
- Financial and Operational Constraints: Irregular funding and delayed disbursements continue to limit the effective participation of local communities and impede institutional operations.
- Dependence on Donor Support: Sustaining the process remains heavily reliant on donor financing, with limited domestic budgetary commitment to ensure long-term continuity.
- Weak Law Enforcement: Inconsistent application of forest laws and limited prosecution of violations undermine public confidence in the system.

## Opportunities

Notwithstanding the above challenges, Liberia's FLEGT–VPA process presents several strategic opportunities for consolidation and long-term sustainability:

- Institutional Strengthening: Building technical and enforcement capacity within key agencies such as the Forestry Development Authority (FDA), Ministry of Justice (MoJ), and EPA to enhance compliance and monitoring.
- Sustainable Financing: Establishing dedicated national budget lines and benefit-sharing mechanisms to reduce donor dependency and ensure predictable funding.
- Improved Coordination: Institutionalizing inter-ministerial collaboration and enhancing the participation of the Ministry of Finance and other relevant stakeholders in VPA governance structures.
- Strengthened Legal Frameworks: Reinforcing mechanisms for accountability, sanctions, and monitoring to ensure that decisions at the JIC and other bodies translate into tangible action.
- Leveraging the JIC Platform: With its broad stakeholder legitimacy, the JIC remains a powerful platform for policy dialogue and reform. Strengthening its efficiency and inclusivity can deepen governance and transparency outcomes.

## Critical reflections and lessons learned

The recent stakeholder analysis presents a broad and informative overview of the institutional implementation of the VPA in Liberia. It captures diverse perspectives from across stakeholder groups and identifies several operational and policy gaps. From the standpoint of the Forestry Development Authority (FDA), the assessment adequately addressed most of the substantive issues raised and incorporated genuine feedback. However, it did not go far enough in diagnosing the underlying causes of gaps, inconsistencies, and areas of nonperformance.

Notably, the assessment did not sufficiently interrogate the technical practicability and operational performance of Liberia's legality assurance system. A more robust analysis would have examined not only financial dimensions but also institutional effectiveness, system deliverables, and the capacity of implementing agencies. Without this level of inquiry, the evaluation remains incomplete and cannot serve as the sole basis for determining Liberia's readiness to transition from the VPA to full FLEGT licensing.

## Comparative insights from other VPA countries

A comparative analysis reveals that Liberia's VPA framework is significantly more complex than those of other partner countries, both in scope and structure. **Liberia's** agreement includes 11 principles, 49 indicators, and 132 verifiers, compared to **Ghana's** 7 principles, and 22 criteria, **Guyana's** 7 principles, 12 indicators, and 12 verifiers, and Indonesia's 4 principles, 10 indicators, and 13 verifiers. This comparison underscores the technical and administrative burden that Liberia faces in achieving full compliance.

Despite these complexities, Liberia's VPA has substantially strengthened the country's forest governance architecture and aligns closely with the National Forestry Reform Law (NTRL) and ongoing regulatory reform. Moreover, several countries have drawn valuable lessons from Liberia's early challenges, subsequently setting more realistic and phased targets within their own VPAs.

## Reframing the notion of success

Management's perspective emphasizes that Liberia's inability to issue a FLEGT license after more than a decade should not be interpreted as failure. Instead, progress should be assessed based on governance improvements, institutional reforms, and capacity building achieved under the VPA process. The FLEGT license is not an end in itself but rather a by-product of a long-term process of reform and system strengthening.

Globally, the FLEGT process aligns itself around the principle of continuous improvement, recognizing that establishing legality assurance systems, building trust, and ensuring institutional coordination require time. Liberia's experience mirrors that of other partner countries such as Ghana, which took over 15 years to reach the licensing stage, while Indonesia remains the only country to have completed the process within a relatively short period.

Given this context, Liberia's progress should be viewed as part of an incremental and evolving journey toward legality, transparency, and accountability rather than as a delayed or failed effort. Sustained donor engagement, domestic commitment, and institutional strengthening

remain essential for realizing the full benefits of the VPA and eventually build on the technical and governance systems already developed.

## Overview of commercial forestry performance (2021–2025)

### Concession activity trends

Liberia's commercial forestry sector recorded 20 active concession holders during the 2021–2025 period, operating under a mix of FMCs and CFMAs. However, only four companies Euro Liberia Logging, LTTC Inc., West Water Group, and Keshav Global maintained continuous operations for three consecutive seasons. The rest were either intermittently active or dormant, reflecting weak compliance, limited financing, and operational challenges.

**Table 1: Summary of concession activity (2021–2025)**

Activity Level	No. of Companies	Notable Concessionaires	Key Resource Areas
Active for the last 3 logging seasons <sup>1</sup>	4	Euro Liberia Logging, LTTC Inc., West Water Group, Keshav Global	FMC F, District 3C, CFMA Gbi Chiefdom, Normon, Tonglay
Active for 2 logging seasons in the last 3 years <sup>2</sup>	4	Masayaha Logging, Iroko Timber, KISVAN Timber, WESTNAF	Central River Dugbe, Marbon CF, Blouquia CF, Central Morweh
Active for one logging season in the last 3 years <sup>3</sup>	12	Tetra Enterprise, Geblo Logging, Garwin CF, FMC I, Gola Akewa Group, Horizon Logging, Konneh, Bondi Mandingo, Mandra	SEWACAJUA CFMA
<b>Total Active Holders</b>	<b>20</b>		

*Source: Author's analysis based on Forestry Development Authority (FDA) concession activity data, 2021–2024 logging seasons*

This concentration of activity within a few operators highlights both fiscal vulnerability and governance risk. Underperformance by dormant concessionaires reduces stumpage revenues, weakens community benefits, and undermines sustainable forest utilization.

### Forestry sector revenue streams and performance (2021–2025 and 2008–2017)

<sup>1</sup> Companies that have consistently operated over the last three logging seasons without interruption.

<sup>2</sup> Companies that have been active in two of the last three logging seasons, showing moderate operational consistency.

<sup>3</sup> Companies that have only operated in one of the last three logging seasons, indicating low or sporadic activity levels.

Analysis of data from FDA and captured in Appendix 1 indicates that forestry revenues peaked at **USD 9.03 million** in 2022, driven mainly by stumpage and export fees, but declined sharply to **USD 3.55 million** in 2023 due to reduced operations and compliance lapses. Over five years, stumpage and export fees jointly accounted for over **70%** of total revenue collections, underscoring the sector's dependence on a narrow fiscal base.

Other minor revenue streams include area fees, barcode tag fees, and waybill charges provided supplementary revenue but remain under-collected. Weak enforcement resulting from resource/ capacity limitations and incomplete data in the LiberTrace system as well as unaccounted abandoned logs further constrained full fiscal capture. Please refer to Appendix 1 for the revenue composition and the nominal values of collection over the period.

## Analysis of revenue streams and abandoned log recovery potential

Regulation 107 of the ten core Regulations prescribes revenue generation sources within Liberia's commercial forestry sector on multiple fiscal instruments such as **stumpage fees, land rental fees, area fees, export duties, fines, and taxes** with each targeting specific stages of the forest value chain. However, despite these structured revenue channels, performance has fluctuated significantly between 2021 and 2025. The primary drivers of these fluctuations include undeclared felling, delayed payments, and abandoned logs that escape the formal revenue system.

Recent analyses indicate that abandoned timber represents one of the most significant and underutilized sources of potential revenue recovery. Field estimates suggest that between **60,000 and 75,000 cubic metres (cbm)** of logs currently lie unaccounted for across the country. These include logs left at stumps, log landings, and roadside depots. In addition, an estimated **200 cbm of sawn timber** remain unutilized at the **Bluyeama Plantation in Lofa County** and at the **A-Star Sawmill in Buchanan**, primarily due to traceability and documentation challenges.

Data from the Forestry Development Authority (FDA) reports identify several operators responsible for substantial abandoned log volumes, as summarized below.

**Table 2: Companies with recorded abandoned logs**

Company	Community / Concession Area	Number of Logs	Estimated Volume (cbm)
Indo Africa Plantation Liberia	Bondi Mandingo CF	1,458	9,396.846
Kishav Global	Tonglay CF	465	2,160.758
Coveiyalah Investment Enterprise	Konings A CF	1,833	9,857.356

*Source from FDA 2024 Verification Data*

Collectively, these firms account for **over 21,000 cbm** of abandoned logs nearly one-third of the national total. At prevailing stumpage rates (USD 40–50 per cbm), this translates to **potential revenue recovery of USD 1 million or more**, excluding associated export, barcode, and Chain-of-Custody (CoC) fees.

The persistence of abandoned logs highlights challenges in field monitoring, legality verification, and concession oversight as well as failure from operators to declare their felling within 30 days as per the Regulation. In many cases, these logs are located within dormant or partially active concessions, where operators have suspended activities without formal contract termination or compliance closure. This creates dual governance risks: (i) lost fiscal revenue, and (ii) diminished sector credibility under the Timber Legality Assurance System (TLAS).

## Stumpage fee performance and revenue risk

Stumpage fees remain the fiscal backbone of Liberia's forestry sector. Between 2021 and 2025, stumpage revenues averaged **35–43%** of total annual forestry revenue collections. However, declining performance since 2023 points to growing inefficiencies, underscoring their centrality to the sector's fiscal base as shown in Figure 1.



**Figure 1: Relationship between stumpage revenue, round log exports, and total forestry revenue (2021–2025)**

A closer look at recent trends as captured in appendix 1 reveal notable shifts in stumpage contributions and a concerning downward trajectory, with both absolute and relative contributions declining in tandem with operational and governance challenges in the sector.

- **2021:** Stumpage fees amounted to **USD 3.38 million**, representing **39.1%** of total revenue (USD 8.64 million).
- **2022:** Stumpage contributions rose to **USD 3.64 million**, or **40.2%** of total collections (USD 9.03 million), coinciding with peak sectoral activity.
- **2023:** A sharp decline occurred, with stumpage falling to **USD 1.41 million** (39.7% of USD 3.56 million).
- **2024:** Stumpage revenue stood at **USD 1.92 million**, representing **43.2%** of total revenue (USD 4.45 million).
- **2025:** Although stumpage slightly increased in absolute terms to **USD 1.47 million**, over 2023, its share dropped to **34.0%** of total revenue (USD 4.33 million).

However, declining performance since 2013 points to growing inefficiencies:

- Unassessed or abandoned logs reduce fiscal inflows.
- Market volatility affects export volumes.
- Lack of adequate coordination between FDA, LRA, and field monitoring units hampers revenue collection.

A stronger stumpage assessment, monitoring, and recovery framework is therefore essential to restore fiscal integrity and operational accountability. It could also provide an overall view of the legality of logging operations (location of the felling) in Liberia.

## Summary of revenue trends (2008–2017)

Data available from FDA and captured in Appendix 2 revealed that financial data from 2008 to 2017 demonstrates a steady improvement in the FDAs revenue performance, particularly from 2009 onward. Key income streams such as stumpage fees, export fees, and bid premium fees consistently contributed the highest revenues, reflecting enhanced regulatory enforcement and commercial activity within the forestry sector. Peak revenue was recorded in **2012 (\$12.35 million)**, largely driven by significant increases in stumpage and export fees. Although total revenues declined in subsequent years, they remained relatively stable between **2014 and 2017**, averaging **\$7–8 million annually**, signalling sustained sectoral activity despite market fluctuations and funding constraints.

The data further indicates a diversification of revenue sources through administrative, inspection, and processing fees, reflecting the FDAs efforts to strengthen governance, transparency, and compliance mechanisms. Nonetheless, inconsistencies in certain revenue streams particularly late payment fees and arrears in land area-based fees remain a concern. Forest Trends (2020) estimates that arrears amount to approximately 50%, exceeding USD 37.6 million, underscoring persistent enforcement and monitoring weaknesses that warrant targeted institutional reforms. Overall, the period reflects significant progress in forest sector financial governance, driven by the implementation of the FLEGT–VPA framework and its associated reforms aimed at enhancing transparency, due diligence, and sustainable resource management.

## Comparative revenue performance of Liberia's forestry sector (2008–2025)

Revenue trends from 2008 to 2025 reveal progress in diversification and governance, alongside persistent challenges in compliance and enforcement.



**Figure 2: revenue performance between 2008-2025**

### Comparative overview of revenue trends

#### 2008–2017:

- Revenue fluctuated significantly, with peak years (2012, 2015–2016) surpassing USD 8 million, largely driven by Bid Premium which according to Forest Trends (2020) was eliminated in 2013, Export, and Stumpage Fees.
- The period reflects post-war recovery, contract normalization, and FLEGT-VPA governance reforms.

#### 2021–2025:

- Despite fewer categories, annual revenues remain steady, ranging **USD 3.5–9 million**, showing institutional maturity, better fee structure, and improved collection mechanisms (e.g., barcode tagging). The absence of “Bid Premium” revenue suggests a shift away from new concession bidding toward ongoing contract management.
- Institutional reforms have led to stabilized revenue flows and reduced volatility, even though revenue within 2008–2017 remain comparatively higher.
- The introduction of barcode tag and CoC registration fees reflects stronger traceability and compliance systems under FLEGT-VPA.
- Stumpage and export fees remain dominant, showing improved market performance.

In all, opportunities exist for enhancing domestic processing and expanding digital monitoring systems.

### Revenue distribution and community benefits

Revenue distribution follows a structured formula under FMCs and CFMAs:

- FMCs:** 40% Government, 30% Community, 30% County.

- **CFMAs:** 55% Community, 45% Government.

However, questions remain regarding the tracking of disbursed revenues to intended beneficiaries. Challenges experienced in verification and limited transparency risk eroding community trust and the social license for commercial operations. A dedicated Forest Benefit Tracking Mechanism is recommended to ensure fair and traceable distribution.

## **TLAS compliance assessment: insights from third-party monitoring report (2020–2025)**

Independent Third-Party Monitoring (TPM) assessments between 2020 and 2025 reveal persistent governance and compliance gaps within Liberia's Timber Legality Assurance System (TLAS). Unlike internal FDA audits, TPM findings provide an impartial, evidence-based picture that systemically affects and undermines the legality assurance and fiscal performance. Refer to Appendix 3 for the top five (5) recurrent non-conformances, root causes and their policy implications

### **Key findings:**

- Undeclared Felling and Data Gaps: Incomplete LiberTrace reporting and the need for strengthening field monitoring continue to obscure the true volume of harvested timber.
- Fiscal Non-Compliance: Repeated delays and non-payment of land rental and area fees undermine revenue collection and fiscal credibility.
- Weak Enforcement of Social Agreements: Limited monitoring and community engagement erode local trust and breach Community Rights Law (2017).
- Illegal Processing and Unregistered Sawmills: Poor coordination between enforcement and licensing units fuels illegal trade and revenue loss.
- Inactive Legality Verifiers: Dormant verifiers and irregular audits reduce the integrity of legality validation processes.

## **Analysis of key challenges and emerging opportunities under the Commercial Forestry Framework**

The review of Liberia's commercial forestry operations indicates meaningful progress in strengthening governance, transparency, and sector reforms. However, several operational and institutional challenges continue to affect overall performance. These reflects a system in transition, one that is steadily evolving and offering opportunities for improvement, collaboration, and innovation to sustain growth and accountability in the sector.

## **Operators' compliance challenges**

While operators continue to demonstrate commitment to responsible forestry practices, compliance with reporting and payment timelines remains inconsistent. Some companies face logistical or administrative delays in meeting the 30-day declaration rule, and flexible payment arrangements have occasionally resulted in arrears. These issues can be addressed through clearer communication, targeted training for operators, and enhanced coordination between the FDA and LRA to promote consistent compliance and timely payments.

## **Compliance and enforcement**

Efforts to maintain the integrity of the Timber Legality Assurance System (TLAS) have been commendable, yet resource and capacity limitations have constrained full enforcement. Limited activity among legality verifiers and gaps in audit funding have affected the consistency of field oversight. Ensuring dedicated budgetary support for audits, reactivating verification mechanisms, and adopting a balanced penalty system will reinforce compliance while fostering mutual accountability between regulators and operators.

## **Governance and institutional coordination**

Coordination among departments within the FDA and collaboration with agencies such as the EPA and Ministry of Labor continue to improve, but further integration would help avoid duplication and enhance efficiency. Strengthening inter-agency communication, adopting clear standard operating procedures (SOPs), and institutionalizing joint inspections can help ensure coherence, shared responsibility, and smoother operations across the sector.

## **Fiscal and concession management**

Revenue collection and concession management have shown steady improvement, but arrears in land rental payments and taxes remain a concern. Some long-standing operators continue to face challenges in meeting financial obligations. Introducing transparent and predictable financial compliance mechanisms such as linking land rental and taxes to export permits and establishing clear instalment frameworks would promote fairness and financial discipline while sustaining investor confidence.

## **Social Agreements and community forestry**

Social Agreements remain a cornerstone of community participation in forest governance. However, inconsistent implementation has sometimes led to misunderstanding among some fringe communities and operators. Strengthening benefit verification, encouraging regular dialogue between communities and companies, and supporting joint monitoring initiatives can enhance confidence and ensure communities experience the tangible benefits of sustainable forest management.

## **Data management and resource accountability**

The sector has made significant strides in digital monitoring through the LiberTrace, yet there remain opportunities to enhance data accuracy and integration. Improving coordination between Commercial field officers and central databases particularly within LiberTrace will support better traceability, reporting, and informed policy decisions.

## **Industrial development and value addition**

The 15% domestic processing policy provides an excellent foundation for industrial growth, though challenges such as high production costs and infrastructure limitations still constrain competitiveness. Continued investments in energy, logistics, and financing for small and medium enterprises (SMEs) will enable the country to expand its domestic timber processing base, create jobs, and strengthen local industry.

## **Plantation rehabilitation and resource recovery**

Liberia's pre-war forest plantations and the recovery of abandoned logs present significant opportunities for economic revitalization and reforestation. With careful planning, these resources can generate revenue, restore degraded landscapes, and reinforce compliance with international sustainability standards such as the EU Deforestation Regulation.

## **Investment climate and enabling conditions**

The forestry sector's investment potential remains strong, supported by ongoing reforms and donor engagement. However, regulatory complexity, infrastructure constraints, and limited financing options still affect investor participation. Streamlining administrative processes, improving transport and power networks, and fostering predictable legal frameworks will help position Liberia as a competitive and responsible forestry investment destination.

## **Barriers and enabling measures for investment in Liberia's commercial forestry sector**

**While Liberia's commercial forestry sector has made notable progress in strengthening governance and sustainability**, a number of systemic and operational constraints continue to limit its full investment potential. These challenges present opportunities for reform, innovation, and stronger collaboration between government, private sector, and community actors.

**Table 3: Key investment barriers and enabling reforms in Liberia's commercial forestry**

Barrier	Impact	Proposed Enabling Reform
<b>Complex Regulatory and Licensing Procedures</b>	Lengthy approval processes can delay investment decisions and create uncertainty for prospective operators.	Establish a Forestry Investment Facilitation Desk (FIFD) to streamline and digitize licensing processes, enhance coordination among relevant agencies, and improve investor experience.
<b>High Fiscal Requirements and Operational Costs</b>	The current fee structure and tax obligations can limit reinvestment in local processing and reforestation initiatives.	Introduce a tiered and performance-based fee system and explore fiscal incentives for domestic processing, plantation rehabilitation, and compliance investment.
<b>Community-Operator Relations and Engagement Gaps</b>	Limited communication and overlapping expectations sometimes lead to operational disruptions and misunderstandings.	Strengthen community sensitization and mediation mechanisms through an FDA-led grievance system that promotes dialogue and mutual benefit.
<b>Small and Fragmented Community Forests (CFMAs)</b>	Smaller CFMAs may face challenges achieving economies of scale and attracting investors.	Encourage CFMA clustering and cooperative business models to enhance economic viability and bargaining power.
<b>Institutional Capacity and Coordination Limitations</b>	Resource and logistical constraints can slow contract monitoring and service delivery.	Enhance institutional capacity through training, logistical support, and data-driven management systems to improve coordination and accountability.
<b>Infrastructure and Energy Limitations</b>	High transport and production costs, particularly in remote forest regions, can affect competitiveness.	Prioritize infrastructure and energy investments in key forest corridors through cross-sector collaboration and public-private partnerships.
<b>Limited Access to Finance for Local Operators</b>	Small-scale operators often face difficulties accessing affordable financing for compliance and reforestation.	Facilitate green financing partnerships with local banks, development finance institutions, and carbon markets to support sustainable forestry investments.
<b>Market Visibility and Product Recognition</b>	Liberia's timber products have limited exposure and recognition in international markets.	Join the Broader Market Recognition Coalition (BMRC) and similar international initiatives to enhance market credibility and attract responsible investment through improved global visibility.

## Five-Year Strategic Plan (2026–2031) for strengthening Liberia's commercial forestry sector

The following Five-Year Strategic Plan (2026–2031) outlines a comprehensive roadmap for revitalizing Liberia's commercial forestry sector. It builds on findings from the compliance assessments, stakeholder consultations, and revenue analyses to define priority areas for reform. The plan identifies actionable strategies to strengthen governance, enhance revenue

performance, promote responsible investment, and ensure that forest resources contribute sustainably to national development and community well-being.

## **Increasing forestry revenue generation**

- Establish a Forestry Revenue Intelligence and Compliance Unit (FRICU) to track stumpage, rental, and export payments in real-time.
- Digitally enforce 30-day stumpage payment rules with automated penalties. Introduce performance-based incentives for timely payments and compliance, tied to digital monitoring data.
- Conduct annual joint audits with LRA to reconcile production and revenue data.
- Conduct a comprehensive nationwide inventory of all abandoned logs, and integrate recovered logs into LiberTrace to ensure legality and transparent disposition.
- Reclaim and auction abandoned timber to recover uncollected revenues.

## **Strengthening compliance and benefit-sharing**

- Reactivate dormant legality verifiers and strengthen the 143 TLAS indicators
- Strengthen the Commercial, Law Enforcement, and LVD departments through adequate staffing, resourcing, and logistics support to enhance field oversight and enforcement.
- Develop SOPs, conduct staff training, and establish KPIs to ensure standardized operations, transparency, and measurable performance across the forestry sector.
- Develop a structured penalty framework for all forestry infractions.
- Launch a public Forest Transparency Dashboard for revenue and compliance data.
- Require quarterly community benefit reports verified by civil society.

## **Regulatory reform, institutional capacity strengthening and inter-agency coordination**

### **Regulatory reform**

- Review and streamline existing forestry regulations to reduce duplication, clarify roles, and improve predictability for operators.
- Update the legality framework to align with evolving TLAS requirements and global market standards (including EU Deforestation Regulation).
- Introduce a standardized penalty matrix to ensure fair, proportionate, and transparent enforcement of infractions.

### **Institutional capacity strengthening**

- Conduct a skills gap assessment across Commercial, Law Enforcement, LVD, and Community Forestry departments.
- Implement targeted training programs in legality verification, data management, financial oversight, log scaling, auditing, and conflict resolution.

- Equip field offices with modern logistics: vehicles, tablets, GPS units, tracking devices, and internet access.
- Strengthen the FDA's Monitoring and Evaluation (M&E) unit to track performance indicators and support evidence-based decision-making.
- Establish a Forestry Revenue Intelligence and Compliance Unit (FRICU) for real-time stumpage and production monitoring.
- Develop Standard Operating Procedures (SOPs) for core operational Departments Commercial, Law Enforcement, and Carbon Units.
- Enhance data integration between field and central systems to enable seamless coordination with LiberTrace, LVD, and Chain-of-Custody platforms.
- Introduce staff performance incentives linked to timely inspections, reporting accuracy, and compliance outcomes.

## Inter-agency coordination

- Institutionalize joint inspection and verification missions involving FDA, LRA, MoJ, EPA, and the Ministry of Labor.
- Create a standing Inter-Agency Forestry Coordination Committee (IA-FCC) or strengthen existing structures and engage in quarterly meetings to review compliance issues, arrears, and emerging risks.
- Develop shared digital dashboards for real-time visibility on production, payments, and enforcement actions across agencies.
- Establish clear communication protocols for handling disputes, confiscations, and abandoned logs.
- Strengthen collaboration with local governments to support community forestry, benefit-sharing verification, and grievance resolution.
- Align donor-supported programs under a unified sector coordination framework to reduce fragmentation and duplication.

## Revitalizing inactive concessions

- Conduct a national review of dormant concessions.
- Revoke or reallocate inactive contracts through transparent processes.
- Prioritize reallocation to compliant and financially capable operators.
- Incentivize community–private partnerships to revive abandoned concession areas.
- Prepare and implement a contract termination policy (this will facilitate the management of liabilities)

## Expanding domestic processing and value addition

- Enforce the 15% domestic value addition requirement.
- Support small and medium sawmill enterprises with low-interest financing.
- Reduce export of round logs and promote processed timber for local and regional markets.

## Promoting sustainable financing and partnerships

- Establish a Forest Governance Trust Fund financed through CoC revenue contributions.
- Introduce a Reforestation Levy on timber exports to fund plantation development.
- Engage with the EU Forest Partnership and Broader Market Recognition Coalition (BMRC) to expand technical support and market access.

## Key policy recommendations

1. Institutionalize Concession Performance Audits yearly or every two years.
2. Develop a Dormant Concession Recovery Framework for underperforming operators.
3. Integrate Abandoned Log Tracking into the national legality assurance framework.
4. Strengthen FDA–LRA Collaboration for joint fiscal enforcement.
5. Expand Domestic Processing Incentives to retain value and create jobs.
6. Enhance Community Accountability through civil society monitoring.

## Conclusion

Liberia's commercial forestry sector stands at a pivotal point balancing between legacy challenges and new opportunities for reform. By addressing governance inefficiencies, strengthening fiscal accountability, and mobilizing sustainable financing, the FDA's Commercial Department can transform the sector into a resilient, high-value component of Liberia's green economy. The next five years present a critical window to consolidate gains under the TLAS, operationalize abandoned log recovery, and foster investor confidence through transparency and accountability. Sustained commitment from government, development partners, and the private sector will be essential to ensure that Liberia's forests continue to generate lasting social, economic, and environmental benefits.

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