

A FRAMEWORK FOR COMMUNITY BENEFIT SHARING MECHANISMS

Design and Implementation of CBSM for Forest Conservation in Liberia



Palava huts Saniquelle, Nimba, Liberia (Gill 2016)

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February 24th 2017

Commissioned by IDH, the Sustainable Trade Initiative
FDA, the Forestry Development Authority

ACRONYMS

ACDI/VOCA FIFES	Forest Incomes for Environmental Sustainability (ACDI/VOCA)
AML	Arcelor Mittal
BCP	Biodiversity Conservation Program (AML)
CA	Conservation Agreement (CI)
CAC	Conservation Agreement Committee (CI)
CA/EC	Community Assembly/Executive Committee (CFMA permit)
CBNRM	Community-based natural resource management
CBSM	Community benefit-sharing mechanism
CDA	County Development Agenda (CSDF Nimba)
CDF	Community Development Fund (GVL)
CF	Community Forest (CFMA permit)
CFC	Community Forest Contract
CFMA	Community Forest Management Agreement
CFMB	Community Forest Management Body (CFMA permit)
CFDC	Community Forest Development Committee (FMC/TSC permit)
CI	Conservation International
CMC	Co-Management Committee (ENNR)
CMF	Cubic meter fee
COP	Community Oil Palm
CRL	Community Rights Law 2009
CSDF	County Social Development Fund
ENNR	East Nimba Nature Reserve
FDA	Forestry Development Authority
FFI	Flora and Fauna International
FMC	Forest Management Contract (FDA permit)
FMC/P	Forest Management Committee/Plan (CFMA permit)
FPIC	Free, Prior and Informed Consent
GCF	Green Climate Fund
GHG	Greenhouse gases
GoL	Government of Liberia
GVL	Golden Veroleum Liberia
ha	Hectares
ICC	International Consulting Capital
IDH	Initiatief Duurzame Handel (the Sustainable Trade Initiative)
IP's	Implementing Partners
LD	Liberian dollar
LFSP	Liberia Forest Sector Project
LRCFP	Land Rights and Community Forestry Program
LRF	Land rental fee
MoU	Memorandum of Understanding
MRV	Measurement, Reporting and Verification framework (REDD+)
NBST	National Benefit Sharing Trust
NDA	Nitrain Development Association (GVL)

NFRL	National Forest Reform Law of 2006
PPA	Production-Protection Agreement (IDH)
PES	Payments for Ecosystem Services
PPCC	Public Procurement and Concessions Commission
REDD+	Reduced Emissions from Deforestation and Forest Degradation, plus conservation, sustainable management of forests, and enhancement of forest carbon stocks
RRA	Rapid Rural Appraisal
SOP	Standard Operating Procedure
TFA2020	Tropical Forest Alliance 2020
USAID PROSPER	People, Rules and Organizations Supporting the Protection of Ecosystem Resources (USAID)
USD	United States Dollar

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1. EXECUTIVE SUMMARY

This report is commissioned by IDH, the Sustainable Trade Initiative¹. This report provides recommendations on how to design a community benefit-sharing mechanisms (CBSM) for the Production-Protection Approach project of IDH in Sinoe county based on best practices of operational CBSM in Liberia. Together with the FDA and IDH 6 case studies were selected for research on best practices with regards to benefit distribution for community and livelihood development. The relevance of this report lies in a) a comprehensive overview provided into operational community benefit-sharing mechanisms (CBSM) in Liberia and b) recommendations on how to design an effective CBSM in Liberia for the PPA, REDD+ and other projects.

Community benefit-sharing mechanisms refer to transformation of *funds* from forest resources into fair and equitably allocated *benefits* with additional and permanent outcomes for communities

Liberia's forests are under pressure from forest activities such as mining, logging and agriculture. Communities, a key and vulnerable stakeholder in the forest landscape, can be incentivized to mitigate deforestation and forest degradation through fair and equitable distribution of benefits. Types of benefits include productive and non-productive, monetary and non-monetary and performance and input-based benefits. Through effective distribution of benefits via CBSM, Liberia's forests can be used to their potential: to mitigate climate change, spur sustainable economic development and empowering communities living and working in the forest.

Case Studies

The following 6 case studies were selected: Zor, Rivercess, Leagbala, Nitrain, NBST and CSDF. The Zor and Leagbala mechanisms represent best practice in terms of performance-based payment for forest conservation and are funded in the inception phase through grants and private sector funding. Furthermore, the Leagbala and Zor cases emphasize the need to involve communities in monitoring and sanctioning design for understanding, legitimization and effectiveness of these systems. Also, the Leagbala CBSM manages conditional productive investments, a type of benefit applicable to the PPA context and promising in terms of generating additional and permanent outcomes. The Rivercess case study concerns benefits from timber harvesting and the importance of capacity building for communities on governance and fund management issues for sustainable agreements. The Nitrain Community Development Fund manages the land rent shares and stresses the importance from bottom-up design and planning of a CBSM. The CSDF fund concerns iron ore extraction compensation and is fit to purpose for the county-level, building on regional priorities and governance structures. Lastly, the NBST is a national body that distributes timber harvesting and land rental fees to affected communities and monitors benefit package implementation.

The 6 case studies are categorized according to condition of disbursement and scale of operations (national, sub national, input-based, performance-based):

¹ This report is produced with support from IDH, the Sustainable Trade Initiative and the Forestry Development Authority (FDA). The views expressed in this report do not necessarily represent reflect those of IDH and FDA

CBSM typologies	Input-based	Performance-based
National	NBST	
Subnational	CSDf, Nitrain, Rivercess	Leagbala, Zor

Recommendations for the PPA

The assessment of the 6 case studies yielded the following recommendations and best practices:

- Type of CBSM for PPA design: IDH is recommended to select a performance-based, sub national mechanism as the CBSM type to serve PPA project objectives
- How to design a CBSM for the PPA: IDH is recommended to use the PPA CBSM framework (see below) as a basis for PPA CBSM design and implementation

This CBSM framework for the PPA presents the best practices from the 6 case studies and is applicable to the participatory design process led by IDH with regards to the PPA Sinoe.

PPA characteristics	Recommendations
Beneficiaries	<ol style="list-style-type: none"> 1. GVL host communities involved in forest conservation and/or eligible for COP production. Include <i>all</i> communities working or living in/near the forest in setting criteria for eligibility for benefit package, irrespective of (soil) suitability for COP production 2. to limit grievances apply a 3.5 km buffer zone
Type of benefits	<ol style="list-style-type: none"> 1. type: productive, non-monetary benefits: investments in community oil palm (outgrower scheme) 2. importance of a mix of benefit types: investments in productive benefits serve to achieve additional and long term outcomes. Productive investments (PPA's SME support) support policies on private sector development for sustainable economic growth and empower communities by creating jobs, direct income and increase profit upstream. In addition, non-monetary, non-productive benefits such as roads and healthcare as seen in majority of case studies are important enabling conditions for community development 3. agreement on benefits: beneficiaries should be involved in decision-making on the type, criteria, amount and transfer process of the benefit packages <i>before</i> signing the PPA
Monitoring and Reporting	<ol style="list-style-type: none"> 1. who: multi stakeholder body (PPA-MSB: communities, company, civil society and government) as the highest body to monitor and report on PPA compliance and performance (multi-stakeholder to ensure all actors subscribe to the rights and obligations of the PPA); PPA-MSB is subject to monitoring through annual external audit 2. who: forest protection committee (FPC: community, FDA, civil society) to (bio)monitor and report on unauthorized incidents and violations in the forest (logging, hunting, new trails) to the PPA-MSB 3. who: COP committee (COPC: community, GVL, civil society) to assess and monitor COP production related activities and report to PPA-MSB 4. point of attention: in this pilot stage, it is of utmost importance to closely monitor benefit package <i>implementation</i> progress to sustain commitment <i>especially</i> from communities for the PPA
Institutional Framework	<ol style="list-style-type: none"> 1. Production-Protection Agreement (PPA), a legal document authorized by the government of Liberia between concession holder and host communities

<p>National or Sub national mechanism</p>	<p>2. institutional arrangements: community as permit holder (e.g. CFMA permit²), community permit pertaining to a minimum of 400 ha of land (minimum for COP farm), duration/term of agreement between concession holder and communities in line with PPA/COP program cycle</p> <p>Sub national mechanism (GVL concession level)</p>
<p>Input-based or Performance-based Mechanism</p>	<p>1. performance-based mechanism³ (PPA principle: forest conservation in exchange for investments in COP production)</p> <p>2. performance-based mechanism requires initial/start-up funds to help communities choose conservation in exchange for productive investments</p> <p>3. a performance-based mechanism (its principles and actions and the link with conditional income) are better understood, integrated and safeguarded if communities engage in self-monitoring</p> <p>4. wider significance of PPA: this performance-based mechanism can feed into the national REDD+ MRV framework</p>
<p>Fund Management</p>	<p>1. who: PPA-MSB creates charter, appoints signatories, establishes bank account, responsible for financial management (budgeting, expenditures, financial accounting, periodic reporting and periodic audits)</p> <p>2. amount: annual calculation with communities present; estimated annual amount per community should be stipulated in the PPA upon signing</p> <p>3. distribution/transfer: stipulate transfer dates upfront in the PPA; clear communication on amount and transfer date via radio and community liaisons of utmost importance; distribution on the basis of activity proposal</p> <p>4. point of attention: limit the amount of “middlemen” in the transfer process from source to beneficiaries provided that accountability and transparency are ensured; if conservation performance are delivered communities are entitled to the benefits, thus incorrect implementation of benefits should be met with increased assistance and monitoring in future activities, not with withholding benefits</p> <p>5. contractors: adopt simplified PPCC procurement process (integrity element) to ensure accessibility and keep process fit-for-purpose; pre-financing conditions for contractors ensure commitment and accountability</p> <p>6. enabling conditions: PPA mechanism should be supported by national banking system that can be successfully accessed in rural areas (or via Monrovia diaspora)</p>
<p>Governance</p>	<p>1. PPA Multi Stakeholder Body (PPA-MSB) as the highest decision-making body responsible for holding funds in trust (signatories) and fund management, community consultation, dispute resolution, quarterly monitoring and evaluation, activity and expenses approval, commissioning annual external audit. PPA-MSB governance structure: communities, company, civil society and government</p> <p>1. PPA level forest conservation committees (FPC): focal point for communities on conservation, annual forest conservation plan, monitoring and reporting and advising to PPA-MSB next to community self-monitoring, outreach and awareness. FPC governance structure: community members, FDA, civil society, encompass all communities and all social groupings</p>

² Provided that commercial or multiple use includes agricultural development; Compliance with FPIC involves formation of governance bodies before selection of forest (resource) use

³ Case studies Zor and Leagbala are similar types of CBSM

	<p>3. COP farm level committee (COPC): focal point for communities on production, assess activities, monitoring and reporting and advising to PPA-MSB. COPC governance structure: communities, GVL, civil society, encompass all communities and social groupings</p> <p>4. considerations: terms for elected officials for these governance bodies should relate to the 15 year PPA loan period; through elections monitored by the FDA and civil society; capacity building for communities in negotiating skills as well as participatory inclusion in governance bodies (gender equality in governance bodies is greatly helped by written and non-written measures (e.g. theater) to optimize active participatory inclusion of women and their opportunities within the governance structure⁴)</p>
<p>Penalty system</p>	<p>1. communities: gradual sanctioning system for non-compliance with PPA executed by the PPA-MSB, for example: Step 1: resolve within the community Step 2: 10% reduction of benefit package if inadequately solved Step 3: 50% reduction of benefit package Step 4: termination of the PPA</p> <p>2. points of attention: utilize existing social structures in the design of the monitor- and sanctioning system for optimal effectiveness; involve communities in sanctioning process (calculation of reduction and procedures) to ensure system is understood and recognized as legitimate; reduction of benefit package should exclude basic services such as healthcare and education; communicate to communities the distinction between violation of the PPA and violation of overarching national laws and subsequent legal action to safeguard sense of justice/legitimacy</p> <p>3. company: in case of non-compliance with the PPA the company, in addition to PPA obligations, will pay a fine to the host communities to be invested in community benefits</p> <p>4. point of attention: design sanctioning systems for accountability for all stakeholders, <i>especially</i> implementing partners, to keep widespread commitment to the PPA process</p>
<p>Dispute resolution</p>	<p>1. PPA-MSB is focal point for complaints (with officers available within the communities to note complaints)</p> <p>2. PPA-MSB develops dispute resolution guidelines for PPA related complaints plus external grievance mechanism for complaints on MSB governance</p> <p>3. provide capacity building for conflict management and mitigation to communities</p> <p>4. guidelines can benefit from the set-up by GVL and CFMA Zor</p>

Recommendations for the REDD+ MRV Framework

Liberia has committed to developing a national REDD+ strategy for implementation. The REDD+ program is structured into three phases:

1. Readiness and capacity building

⁴ Other recommendations to ensure inclusion of women: establish women’s groups (e.g. saving facility) to influence social norms and perception on women’s abilities and strengthen female collective identity and self-confidence (in public and on household level); make governance bodies mixed (50/50) from establishment in order to avoid feelings of entitlement; collective action when transgressing the norm on gendered task division

2. Implementation of policies and measures
3. Payment for performance

In light of phase 3, this report on community benefit-sharing mechanisms (the distribution of payments) is highly relevant for the effective implementation of the national REDD+ strategy for Liberia. The 6 case studies in this report (input, performance, national and sub national) are complementary and support the design of a successful REDD+ MRV framework in Liberia in different ways:

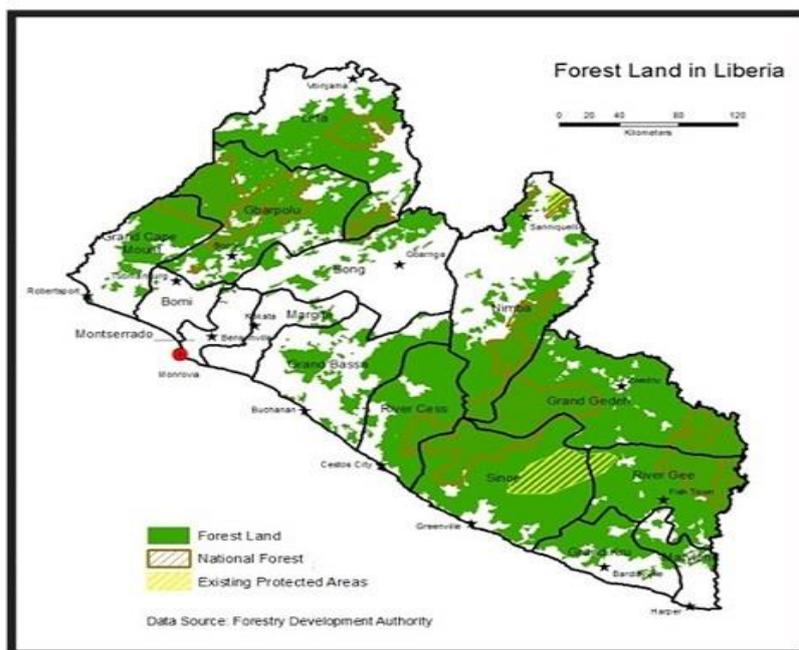
- Performance-based mechanisms (cases: Zor, Leagbala) are excellent test cases for REDD+ phase 3. The design, implementation and results from these mechanisms can feed into the design of a REDD+ MRV framework for Liberia;
- Input-based mechanisms (cases: Rivercess, Nitrain, NBST, CSDF) accelerate REDD+ readiness on the level of phase 1 and 2. Through policy-making, institutional reform and capacity building these mechanisms prepare for phase 3 of REDD+. Furthermore, input-based mechanisms are fit-for-purpose in the context of Liberia where national MRV capacity is low at the moment. Also, benefits stemming from input-based mechanisms can be an incentive for REDD+ supportive policy-making and facilitate the shift to performance-based payments;
- National mechanisms (NBST) are an excellent test case for distribution of payments for performances at a national level on the road to the national REDD+ strategy implementation;
- Sub national mechanisms (cases: Zor, Rivercess, Leagbala, Nitrain, CSDF) are the product of bottom-up needs and interests regarding REDD+ objectives, providing a wealth of contextual information and increasing effectivity; needs institutional REDD+ needs and the relatively small scale of the mechanism allow for flexibility and improvement through trial and error to accelerate the REDD+ projects towards phase three

2. INTRODUCTION

This report supports professionals working towards sustainable forest management in Liberia by engaging and incentivizing communities living and working in these forests through benefits. In this report, a community benefit-sharing (CBSM) framework is provided to redesign existing CBSM, design a CBSM within the context of the Production-Protection approach (PPA), as well as feed into current MRV processes of developing a national plan for engaging in REDD+ in Liberia.

Liberia's Forests to Mitigate Climate Change

Liberia is home to 43% of the remaining rainforest of West Africa⁵ and this poses threats as well as opportunities for Liberia and the world. Increasingly, deforestation and forest degradation as a result of activities such as agriculture and mining⁶ pose a threat to the Liberian rainforest and its vulnerable forest-dependent communities. Furthermore, deforestation and forest degradation are the second largest cause of climate change.



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Liberia's forests also represent the opportunity to reduce greenhouse gas emissions and empower and built resilient communities for sustainable development. The Liberian government (GoL) has long acted upon this potential through policy-making (e.g. the 3C policy) and now IDH joins GoL as a partner through landscape programs. IDH's Production-Protection approach, a new model for concession agreements, links forest conservation to increased agricultural production through smallholder production to achieve sustainable development.

CBSM: How to Incentivize Communities Living and Working in the Forest

In recent years financial incentives and compensation are at the center of anti-deforestation and forest restoration policy and practice. Providing financial incentives to communities living and/or working in the forest is seen as key to replace degrading practices with alternative livelihoods, promote fair and equitable business practice, and conserve the forests. These financial incentives or

⁵ Source: World Bank LFSP April 2016 Project Appraisal Document

⁶ At industrial and subsistence level

benefits are distributed through a community benefit-sharing mechanism (CBSM) and entail the transforming of funds from forest resources into fair and equitably allocated benefits with additional and permanent outcomes for communities.

Community benefit-sharing mechanisms refer to fair and equitable arrangement aimed at distributing revenues in the forest sector to local communities, a stakeholder group traditionally disenfranchised and holding limited decision-making power in the value chain. Examples of benefits are cash payments, livelihood development and community facilities.

There are different types of financial incentives or "benefits", ranging from monetary and non-monetary, productive and non-productive, conditional and input-based etc. These benefits, distributed through a CBSM, aim to empower communities and generate sustainable economic development. Below an overview of types of benefits (Pesket 2011):

BENEFIT TYPE*	MONETARY/ NONMONETARY	FORM OF DISTRIBUTION
Rent		
Forest rent (i.e., direct profit from the sale of timber or nontimber forest products)	Monetary	<ul style="list-style-type: none"> ■ Cash payments
	Nonmonetary	n.a.
Incentives		
Compensation of opportunity costs (e.g., forest landowners protect forest rather than convert to crop production and in return receive monetary or nonmonetary compensation value equal to the per hectare commercial value of the crop)	Monetary	<ul style="list-style-type: none"> ■ Cash payments ■ Tax relief
	Nonmonetary	<ul style="list-style-type: none"> ■ Goods and materials (e.g., seedlings and fertilizers) ■ Capacity building and training (e.g., forest management) ■ Social infrastructure and infrastructures (e.g., schools, rural irrigation) ■ Access to loans on preferential terms ■ Access to microfinance on preferential terms
Incentives and support for sustainable land use and livelihoods (e.g., funding and capacity building for the establishment of fruit tree agro-forestry for smallholder farmers)	Monetary	<ul style="list-style-type: none"> ■ Salaries ■ Cash payments ■ Tax relief
	Nonmonetary	<ul style="list-style-type: none"> ■ Formal land titles ■ Formal access or concession rights ■ Goods and materials (e.g., seedlings and fertilizers) ■ Capacity building and training (e.g., forest management) ■ Increased market access for premium products (e.g., forestry or agricultural commodity certification) ■ Price guarantees ■ Cost-sharing arrangements ■ Access to loans on preferential terms ■ Access to microfinance on preferential terms
Support for forest governance and institutional development (e.g., provision of training to district forestry officers in how to improve support services for communities and the enforcement of community forestry law)	Monetary	<ul style="list-style-type: none"> ■ Improved salaries for government staff, NGOs, and community groups to increase retention and reduce relative appeal of bribes
	Nonmonetary	<ul style="list-style-type: none"> ■ Capacity building and training (e.g., organizational development, financial management, anticorruption measures, community support) ■ Provision of capital inputs needed for more effective forest law enforcement (e.g., vehicles) ■ Formalization of forest governance working groups at national or subnational level ■ Organization of regular forest governance and community forestry workshops and consultations ■ Additional employment benefits for forest department staff

The Production-Protection Approach⁷

The IDH Production-Protection approach refers to combining investment into improved agricultural productivity as an incentive for with forest conservation. The Production-Protection Agreement is a legal contract⁸ between communities and concession holder to ensure sustainable business practice with regards to forests as well as empower communities. The first PPA project will be implemented in 2017⁹ in Sinoe county in collaboration with GVL, an oil palm company, and its host communities. In exchange for performance in terms of conservation targets, the host communities will receive a loan, technical support and conditional income of max. 50 US dollar per planted ha. of community oil palm¹⁰ (COP) per year¹¹. These benefits will need to be distributed in a fair, equitable and transparent way. This report will provide recommendations for the design of a fair and efficient community benefit-sharing mechanism.

Structure of the Report

The report is built around the following research question:

“What solutions can existing community benefit-sharing mechanisms (CBSM) in Liberia provide to accelerate the Production-Protection Agreement (PPA) planning process in Liberia?”

By assessing existing community benefit-sharing mechanism in Liberia, this report will provide recommendations to inform CBSM arrangements in Liberia, specifically in the context of the Production-Protection approach.

Following an executive summary and introduction, this report is structured as follows: chapter three deals with the context of the Liberia forest sector and community benefit-sharing mechanisms. Chapter four will give an overview of community benefit-sharing mechanisms in Liberia with legal basis. The following chapter will elaborate on the research approach, selection of case studies and methods used. Chapter six provides in-depth case studies including main results. In conclusion, the final chapter will provide recommendations for community benefit-sharing mechanism design for the Production-Protection approach and suggestions for future research.

By the end of this report the reader will have a broad overview of CBSM's in Liberia including an assessment of the characteristics, opportunities and pitfalls of the six case studies under review. The recommendations and CBSM framework provided can be used to redesign existing CBSM, design a CBSM within the context of the Production-Protection approach (PPA), as well as feed into current processes of developing a national plan for engaging in REDD+ in Liberia. The CBSM framework as presented in this report is not static, for CBSM design and implementation requires an iterative and context-sensitive approach.

⁷ As part of the landscape program of IDH: <https://www.idhsustainabletrade.com/landscapes/liberia/>

⁸ The PPA contract regulates conservation requirements, performance standards and conditional income based on conservation targets

⁹ IDH's funding for the PPA project Liberia stresses a 4-year period

¹⁰ COP outgrower model: communities are provided with materials and assistance; management of the project will be transferred from GVL to communities within 15 years

¹¹ With a minimum of 12.500 US dollar per year (an economically viable COP farm is 250 ha min.)

3. CBSM IN LIBERIA: A GENERAL OVERVIEW

Community benefit-sharing is an integral part Liberia's forest operations, as it is recognized as one of ten core principles of national forest laws and regulations. The Forestry Development Authority (FDA) of the government of Liberia acknowledges the need for fair and equitable benefit-sharing and its potential for sustainable economic growth. Examples of policy outcomes have been the increased decision-making power of communities (e.g. CFMA), obligatory fees for concessionaires and the establishment of mechanisms such as the National Benefit Sharing Trust (NBST) and the County Social Development Fund (CSDF).

The 3C Policy: from Extraction to Asset in the Path to Sustainable Development

Since 2006, Liberia has made a shift from an extractive and top-down approach to forest management to a holistic and participatory approach to forest resource management. Recognizing the potential for sustainable development of Liberia, the government of Liberia approved a number of enabling and supportive forest sector reforms such as the National Forestry Reform Law (NFRL) and Policy and Implementation Strategy of 2006, the Ten Core Regulations and Forest Management Strategy of 2007, the Community Rights Law of 2009 and Wildlife Law.

Instead of the traditional focus on the commercial potential of forest resources, the NFRL¹² of 2006 represents a *holistic* approach to forest management by engraining its different functions: **Commercial**¹³, **Conservation**¹⁴ and **Community**¹⁵ use of the forest. This "3C policy" takes the following approach:

- Transparency and accountability
- Decentralization of forestry administration
- Involvement and participation of local communities in decision-making process
- Sustainable forest management
- Equitable sharing of benefits accrued from the forest sector

Community Benefit-sharing Mechanisms in Liberia

One of the outcomes of policy reforms is the establishment of a wide variety of community benefit-sharing mechanisms (CBSM). These mechanisms vary in terms of enforceability, activities (e.g. agriculture, commercial forestry, conservation or mining), scale of operations (sub national, national or international projects and frameworks) and stage of implementation.

In Liberia, there are currently 6 types of activities subject to laws on community benefit-sharing: agricultural concessions, 3 types of commercial forest permits, conservation projects, and mining concessions¹⁶. Below a comprehensive overview:

¹² Source: <http://www.fao.org/forestry/16151-05fd47b845599b5d3a594a9b0240dacff.pdf>

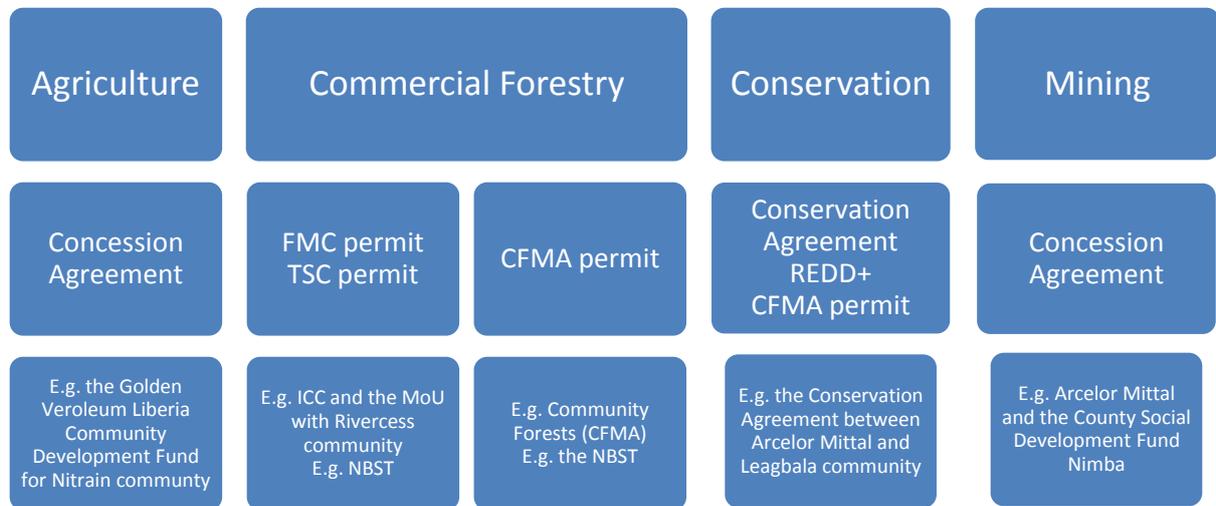
¹³ E.g. transparent public bidding process for forest concessions

¹⁴ Designation of 30% of Liberia as conservation area

¹⁵ Empowerment and public participation in the forest governance process

¹⁶ Silas Kpanan'AYoung Siakor, personal communication, September 2016

CBSM in Liberia



In this report, we will assess 6 different mechanisms through case studies conducted with the Rapid Rural Appraisal (RRA) research approach. As of November 2016, most of the operational mechanisms have reached the level of design, disbursement of funds and allocation of types of benefits. This provides rich data on institutional, governance and financial challenges and opportunities in the implementation phase of a community benefit-sharing. The coming years will provide us with comprehensive data on the level of effectiveness of these mechanisms for community development in terms of transforming and impacting communities.

4. RESEARCH APPROACH

The aim of the report is to assess the different mechanisms linked to the different forest sector activities through case studies conducted with the Rapid Rural Appraisal (RRA) research approach. The RRA approach fits the action-oriented purpose of this report, which is to inform and accelerate the IDH PPA design and planning process on the path to GVL Sinoe project implementation in 2017.

This chapter serves to illustrate the operationalization of the research question. The RRA tools, activities and output are the results of careful consideration of research project aim, context of the research project, availability of data on CBSM in Liberia and the context of the individual cases.

Rapid Rural Appraisal for Action Research¹⁷

The Rapid Rural Appraisal Approach (RRA) emerged as a reaction to traditional time-intensive research methods representing a mismatch between academic research and the project planning and implementation process. Although there is no standard definition of RRA, it can be characterized as structured but flexible, integrated and interdisciplinary, action-oriented, sensitive to bias, aimed at accelerating the planning process and in interaction with and learning from local people by using a combination of different tools in an iterative process. RRA tools and methods include secondary data review, workshops, ranking and classification techniques, diagrams and graphics, mapping techniques, community meetings, structured observation and interview techniques¹⁸.

Selection of Case Studies and RRA Tools

“What solutions can existing community benefit-sharing mechanisms (CBSM) in Liberia provide to accelerate the Production-Protection Agreement (PPA) planning process in Liberia?”

The goal of the research is to a) map out the different mechanisms for community benefit-sharing, b) understand how funds are distributed and on what conditions and c) provide recommendations for CBSM design in the context of Liberia. After quick review of CBSM types operational in Liberia, 6 case studies were selected that represent the spectrum of benefit sharing approaches in Liberia. Based on aspects such as accessibility, conditions for disbursement, types of benefits, availability of data and status of implementation, 3¹⁹ case studies were selected to be studied in depth. As most community benefit-sharing mechanisms are in the inception phase, providing recommendations based on a wide range of operational mechanisms best suits the aim of informing PPA design.

As the case studies vary in terms of implementation level, the case studies are linked to different research objectives:

Three-step process to develop the framework	Zor	Rivercess	Leagbala	Nitrain	NBST	CSDf
CBSM mapping and implementation level						
Community perspective (members, governance bodies, liaisons) on effectiveness of CBSM						

¹⁷ Research limitations relate to scope and timeline of the research, strengths and weaknesses of the RRA approach and the lack of data available on CBSM in Liberia.

¹⁸ Source: Chambers 1994

¹⁹ The Zor, Rivercess and Leagbala case studies include fieldwork

Observations on effectiveness of CBSM in practice						
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The following RRA tools were utilized to gather research data:

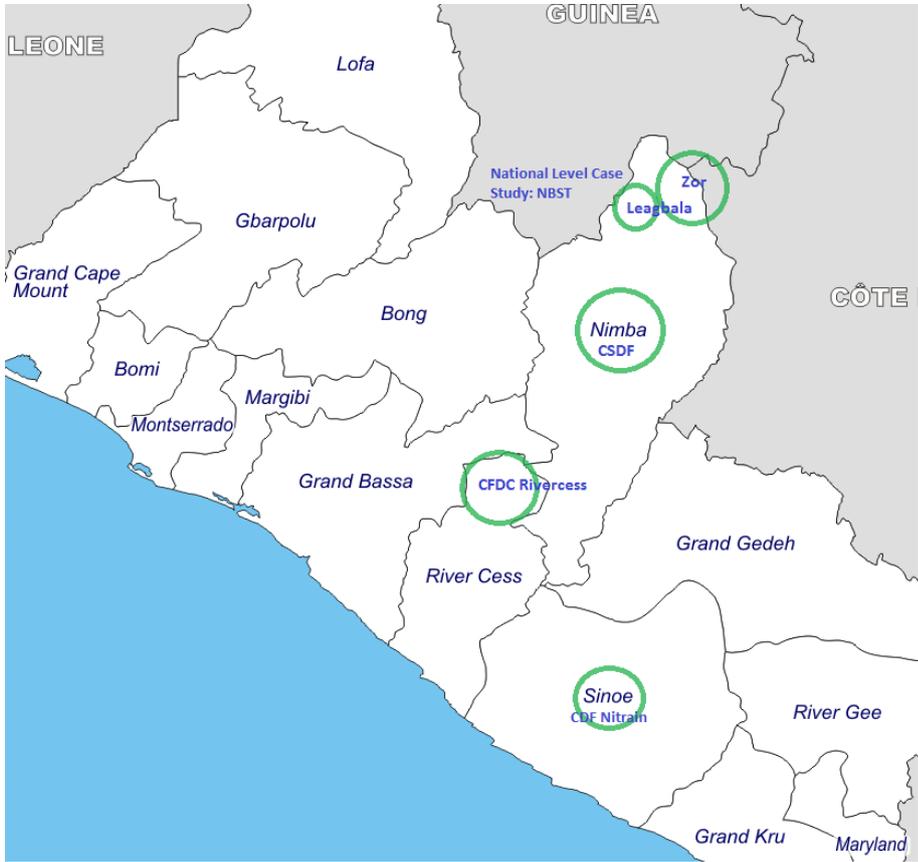
Interviews (individual)	Interviews (group)	Community meetings	Workshops	Informal conversation	Observation	Secondary data review
Zor	Zor	Zor	Zor	Zor	Zor	all
Rivercess	Rivercess	Rivercess		Rivercess	Rivercess	all
Nitrain	Leagbala	Leagbala		NBST	Leagbala	all
NBST					NBST	all
CDF						all

5. CBSM CASE STUDIES

This chapter highlights the main opportunities and challenges associated with the 6 case studies. The case studies encompass the range of CBSM in Liberia. The lessons learned from the 6 case studies form the basis of the recommendations framework. The author wishes to thank everyone who made these case studies possible by making available their time, knowledge, information and network.

Case Study Selection

There are currently 6 types of forest-related activities subject to laws on community benefit-sharing in Liberia (see chapter 3). To explore these 6 types, the following case studies were selected: Zor, Rivercess, Leagbala, Nitrain, CSDF and NBST. The Zor, Leagbala and Nitrain case studies represent community-level mechanisms, whilst the Rivercess and CSDF mechanisms are operational at county and concession level. The NBST is a national-level community benefit-sharing mechanism. Below a map of Liberia wherein the 6 case studies are localized:



Overview of Case Studies

In this chapter, we will explore the 6 case studies more in depth. The case studies vary in terms of enforceability, legal framework²⁰, participatory governance, sources of funding and gatekeepers in the process. Below a overview of the main characteristics of the 6 case studies:

Community Benefit-Sharing Mechanisms in Liberia				
Activity	AGRICULTURE	COMMERCIAL FORESTRY	CONSERVATION	MINING

²⁰ An activity can be regulated by several laws and institutions

Case study	Nitrain	Rivercess NBST	Leagbala Zor	CSDF
Legal framework	Concession Agreement	Concession Agreement / Community Forest Management Agreement	Community Forest Management Agreement / Conservation Agreement	Concession Agreement
Designated area	Concession	Forest Management Contract (FMC), Timber Sales Contract (TSC), Community Forest Contract (CFC) with a commercial focus ²¹	Protected areas, Community Forest Contract with a conservation focus, HCV/HCS forest within concession areas, REDD+	Concession
Source of funds for benefits	Share from land rents, royalty	Timber production / harvesting (cubic meter fee, land rental fee)	Project/program support funds, carbon credits (future)	Iron ore extraction
Case Studies (contracted party)	Golden Veroleum Liberia, Nitrain community in Sinoe concession	International Consulting Capital, communities of FMC Rivercess NBST (national mechanism)	AML and Leagbala community (ENNR) Community Forest Zor (CFMA)	ArcelorMittal and Nimba county (concession)
Benefit-sharing mechanism	Community Development Fund (CDF)	National Benefit-Sharing Trust Board (NBST), Community Forest Development Committee (CFDC ²²) and Community Forest Management Body (CFMB ²³) Fund	Biodiversity Conservation Program (BCP) and the Conservation Agreement Committee (CAC) Fund, Community Forest Management Body (CFMB) Fund	County Social Development Fund (CSDF)
Status Nov. 2016	Nitrain CDF: putting institutional framework in place for benefit disbursement	NBST: fund is recovering from a transfer 'freeze'; first project proposals for benefit implementation have been approved (October 2017) CFDC/CFMB: first proposals approved	CFMA: Nimba projects fully operational (benefit implementing phase) Conservation Agreements: implementation phase of benefits (IPs)	CSDF: fully operational since 2007, scaling down due to global iron ore market collapse

²¹ 30% in case of TSC/FSC permits (governance: CFDC); 55% in case of CFMA's (governance: CFMB)

²² In case of FMC/TSC

²³ In case of CFMA

The 6 case studies were selected based on their added value:

- the *Zor and Leagbala performance-based mechanisms* are innovative schemes in terms of their participatory nature in governance and implementation, the MRV framework for conservation performance, and the gradual sanctioning system linked to conservation and conditional benefits;
- the *Rivercess mechanism* points towards the importance of capacity building for negotiating social contracts, and for the critical factors (e.g. capacity building) that make up the level of “fairness” and “equity” of the community benefit-sharing mechanism;
- the *Nitrain mechanism’s* strength lies in active community representatives, being in touch with local realities and being allowed the freedom to come up with innovative ideas in terms of types of benefits (e.g. generator for rent);
- the added value of the *CSDF mechanism* is its embeddedness in regional and district structures in terms of benefit distribution and development priorities and goals;
- lastly, the *NBST* mechanism is exemplary for CBSM structuring in terms of laws and regulations, actors, roles and responsibilities, governance structures and in monitoring prioritization²⁴ and implementation of projects.

Case Study Categorization

For the sake of analysis the 6 case studies have been categorized into 4 typologies according to condition or disbursement (performance or input) and scale of operations (national or subnational)²⁵:

CBSM typologies	Input-based	Performance-based
National	NBST	
Subnational	CSDF, Nitrain, Rivercess	Leagbala, Zor

A *performance-based mechanism* is a set-up whereby benefits are distributed on the condition that affected communities receive the benefits upon achievement of predefined, measurable, and verifiable performance standards against a baseline (e.g. conservation of 20.000 ha). With an *input-based mechanism*, benefits are distributed up front to affected communities on the basis that they provide enabling conditions for adoption of specific practices. Benefit distribution is not linked to measurement and monitoring of performance of beneficiaries. In case of a *national level mechanism* there is a national regulatory framework in place that is managed by the national government. *Subnational level mechanism* refer to a private contractual framework at subnational (regional, county, concession) or project level with direct benefit transaction from funder to beneficiaries.

In this chapter you will find in-depth descriptions and assessment of the individual case studies and typologies.

²⁴ Communities receive funds based on project proposals

²⁵ Source: PwC 2012

CASE STUDY 1: CFMA ZOR CBSM and CONSERVATION FORESTRY

A Community Forest Contract (CFC) or Community Forest Management Agreement (CFMA) is 1 of 3 active permits authorized by the Forestry Development Authority (FDA) “for commercial and noncommercial purposes to further develop and enhance livelihoods”²⁶. This contract between government and communities puts forest communities at the heart of forest governance.



Source: ..

USAID PROSPER²⁷ together with the FDA and Nimba pilot communities Zor, Gba and Blei designed the CFMA application process as well as the CFMA governance framework for all stakeholders. The CFMA approach is based on 3 components:

1. Education, outreach and awareness
2. Forest management and biodiversity
3. Livelihood and enterprise development

Applicant communities for the Authorized Community Forest status complete a 9-step CFMA process²⁸, requiring the establishment of community governance bodies and consensus on CFMA objectives and regulations. After completion of the CFMA process communities select their preferred way of forest use: commercial, conservation or multiple use²⁹, and work out management of the forest resources in detail in a 5-year Forest Management Plan.

Zor Community Forest

The Zor community forest (2011) is an 1112 ha³⁰ area located in Northern Nimba, Gbehlay-Geh administrative district³¹, bordering Ivory Coast.

²⁶ Source: CRL 2009 and CRL Regulations of 2011

²⁷ USAID PROSPER will transfer tasks to FIFES from April 2017

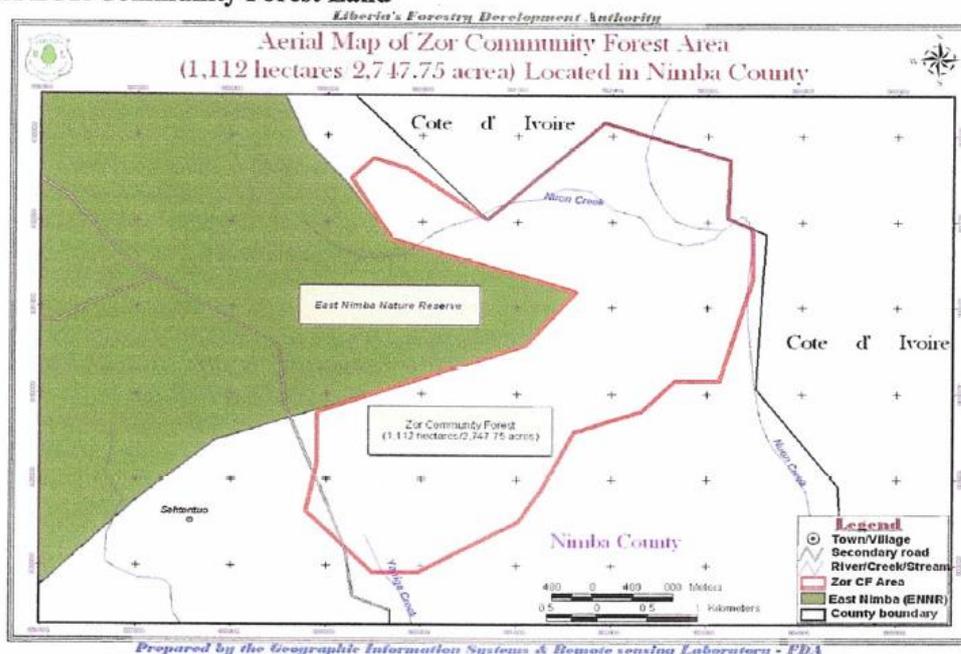
²⁸ Process can take up to 400 days

²⁹ Focus is selected after establishment of community governance structures to ensure participatory decision-making (FPIC)

³⁰ 152 ha of the Zor CF (included in CFMA Zor) is subject to a border dispute with Ivory Coast

³¹ Gbehlay-Geh District: 4 clans and 70 towns and villages; administrative headquarters in Zorghowee; Gio and Mano clans

Map of ZOR Community Forest Land



Zor community focuses on conservation (motto: “biodiversity conservation is our goal”) and prioritized to the following objectives: protect tree and animal species, protect the East Nimba Nature Reserve (CF Zor as buffer zone), reforestation, create alternative land use of harvested lands; create 200 jobs. As CF Zor functions as buffer zone for the East Nimba Nature Reserve (ENNR) -the environmental offset area for Arcelor Mittal (AML) operations- AML supports CF Zor by enabling the CFMB office and operations, forest inventory, CF guard GPS data collection training and stipends for patrol and compensation for ENNR-CF Zor boundary cleaning.

The CBSM characteristics of the Zor CFMA

CBSM Zor	
Objective	Co-management (with FDA) of forest resources by communities
Administrative Bodies	Community Assembly, Executive Committee, Community Forest Management Body, Forest Management Committee
Beneficiaries	Zor community: 18 towns ³² ; 3 clans; population estimate 13.263; livelihood activities related to forests and land use include farming (shifting cultivation), hunting, fishing, artisanal mining, and collection of non-timber forest products (NTFP) ³³
Types of benefits	Infrastructure (roads, generators etc.), education (scholarships, school construction), capacity building (skill development and technological input), healthcare (clinics, nurses), livelihood and enterprise development (crop diversification and intensification, piggery, chicken farms),

³² Towns: Zorgowee, Zortapa, Gorpa Zualay, Yolowee, Geipa, Kpolay, Nyantuo, Dulay, Sehtontuo, Kentorkporglay, Goagoutuo, Yeaplay, Gayeplay, Lepula, Ganaglay, Kialay and Gbarplay

³³ Source: CFMA Zor Constitution

	conservation capacity (patrol, monitoring), permit fees, ecosystem services, timber harvesting, NTFP sales
Implementing partner	LRCFP/USAID PROSPER and ACIDI/VOCA FIFES, AGRHA, CJPS, NAEAL, CI, ASNAPP
Institutional requirements	CFC permit, CFMA, CFMB, Forest Management Plan
Public or private sector led	Public-private partnership
Input or performance-based CBSM	Performance-based CBSM (baseline studies in draft)
Source of funds	Program support funds / public or private donor funding
Fund management	The Executive Committee of the Community Assembly is responsible for Community Forest Fund (CFF) management. Annual allocation of community benefits and budget approval, period external audit
National or subnational CBSM	Subnational CBSM
Penalty Framework	<p>“In case of violation of the constitution of by-laws of the Community Assembly charges are made in writing and delivered to the Assembly. The Executive Committee shall investigate each charge and, in the case of minor offenses, may take disciplinary action by warning or a small monetary fine of not more than L\$500. In cases that might warrant harsher penalty such as suspension or expulsion from the Assembly, the Executive Committee shall submit its findings and recommendations to the Assembly in its next meeting. The Secretariat shall give notice in writing to any member against whom a charge has been preferred, of the particulars of such a charge and shall give reasonable notice to the member concerned, of the date, time and place at which the hearing of the charge shall take place, together with such further notices as may be necessary to dispose of the charge. If a member against whom a serious charge has been laid does not attend the hearing as required, the hearing may proceed in his/her absence. The member so charged shall forthwith be notified in writing of the decision of the Executive Committee or the Assembly, depending on which body hears and renders judgment in his/her case. A member reprimanded by the Executive Committee shall have the right to appeal the decision at a meeting of the Community Assembly by giving adequate notice in writing of such appeal prior to the meeting of the Assembly. The general membership may, by a two-thirds (2/3) vote of the Assembly, adjust or reverse the decision.”³⁴</p>
Monitoring framework	<p>In and around the ZCF and its buffer zone, enforcement shall be carried out by patrols of trained forest guards. Special emphasis will be placed on distinguishing between CFMB rules (which will be dealt with at the community level) and violations of Liberia law (which will be dealt with by FDA or the appropriate authority).</p> <p>Three types of reports are expected to be made to designated committees in a given time interval. These are</p>

³⁴ Source: Zor community assembly constitution 2010

The toothpick incident

In April 2016 three board members of the EC and CFMB Zor were dismissed on account of taking bribes and allowing illegal activities in the Zor CF by Ivorian loggers. Signalling and reporting of this violation of the CFMA was greatly helped by cross-border social and familial networks. The violators will be taken to Nimba court.

	reports on unauthorized incidences (e.g. chainsaw logging, new trails), minutes of meetings on the various aspects of forest resource use and management and progress reports (to the FDA and the Community Assembly). Biomonitoring (ongoing) Annual CFMB audit Every 5 years: assessment Forest Management Plan
Dispute resolution	Conflict management plan in progress: members receive specialized training in conflict management and mitigation.

Fund Management

The Zor Community Forest Fund (CFF) has the following characteristics³⁵:

- Established by the FMC in consultation with the communities
- Local commercial bank account
- Withdrawal requires 3 signatories: CFMB chairman and finance officer and EC president
- Financial management by CFMB: transparency and accountability through budgeting, expenditure approval, financial accounting, periodic reporting and periodic audits
- External CFF account audit commissioned by Community Assembly (CA sub commission on administration and finance)
- CFF funds are spent on activities under the Forest Management Plan. The Forest Management Plan has its own finance management structure: annual work plan and budget (FMC designed, CA approved); accounting and reporting (CFMB records transactions);

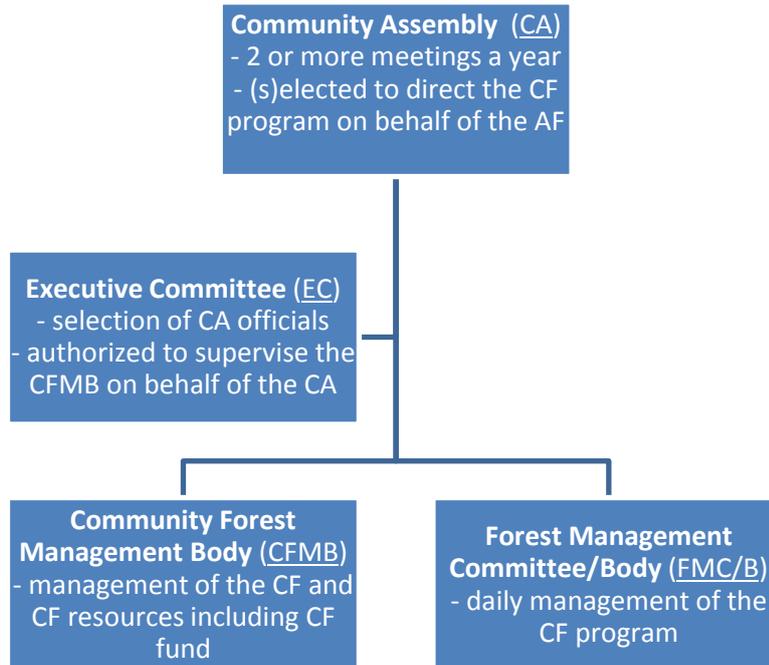
³⁵ Source: CFMA Zor 2011

periodic reporting by CFMB to CA (monitoring); CA reviews and approves FMP fund allocation and report

Funds can be used for community projects such as infrastructure, education, capacity building, healthcare, livelihood and enterprise development and conservation capacity.

Governance

Authorized forest communities under a CFMA are organized into the following community governance bodies:



The Community Assembly (CA) is the highest community decision-making body on community forestry matters. All Zor community members are eligible for election, provided that each town and each gender and social grouping provides officials. In addition, members of both houses of National Legislature of Nimba County may hold a position in the CA, albeit not in CA leadership positions and without the right to vote. The CA headquarters is in Dulay in Gbehlay-Geh Statutory District, Nimba County. The CA meets a minimum of twice a year within Zor territory to consult Zor community in decision-making regarding allocation of funds generated from the CF resources. The last CA selection within Zor community occurred on October 9th 2016. The Executive Committee (EC) of the CA is authorized to supervise the CFMB when the CA is in recession. EC officials consist of a selection of CA members. The new EC was inducted on October 9th 2016.

The Community Forest Management Body (CFMB) is authorized to manage the CF resources, including CF management plan, rules, guidelines on tree and animal species, patrol, forest use permits, NTFP. The CFMB is comprised of 5 members (at least 1 woman, 1 youth representative and 2 rangers) with the role of chief officer, secretary, treasurer, 2 members that serve a term of 2-5 years.

The Forest Management Committee (FMC) has the mandate to manage the day-to-day affairs regarding CF resources. The FMC consists of 5 members and is elected by the CA.

Effectiveness

The strength of the CFMA Zor CBSM lies in its elaborate community-based governance structures, monitoring and reporting framework, and its sanctioning framework to ensure inclusive decision-making, transparency and accountability (see table p.18). Furthermore, the implementation process of the CFMA Zor is of great relevance to the PPA CBSM design, as both CBSM are performance-based mechanism centered around forest conservation.

Gorpa town benefit package implementation

In exchange to commitment to the Community Forest program, Gorpa town has received investments into a livelihood project (component 3). Gorpa town commits to conservation actions such as protection of animals and trees, patrolling and chemical-free agriculture and permits for NTFP collection. In return, 10 acres of Gorpa land will be used for agriculture provided that Gorpa town presents a tribal land certificate. Gorpa town already brushed the designated area and acquired seeds. Planting will start end of 2016 (dry season). The inhabitants of Gorpa town receive business and enterprise training. Furthermore, they were taken on a field trip to a CFMA sister project in Tapeta, lower Nimba. This exchange inspired Gorpa inhabitants in showing the potential of the CFMA approach and increased levels of commitment to the livelihood project.

The Zor case study furthermore yielded the following **key findings**:

- Field trips to sister projects are a great tool to accelerate adoption of the new livelihood projects and increase commitment and involvement amongst community members
- Especially within the context of border disputes, it is necessary to streamline forest patrol policies and practices to increase law enforcement capacity and effectivity and limit chances for violators
- Monitoring and reporting frameworks should be embedded into existing social structures to optimize monitoring capacity
- Good communication on (and involvement in) national sanctioning mechanisms³⁶ vis-a-vis communities is essential for creating understanding and transparency within the CBSM sanctioning framework
- Clear communication on community governance structure and participation thresholds³⁷ is essential to increase active participation of all social groupings

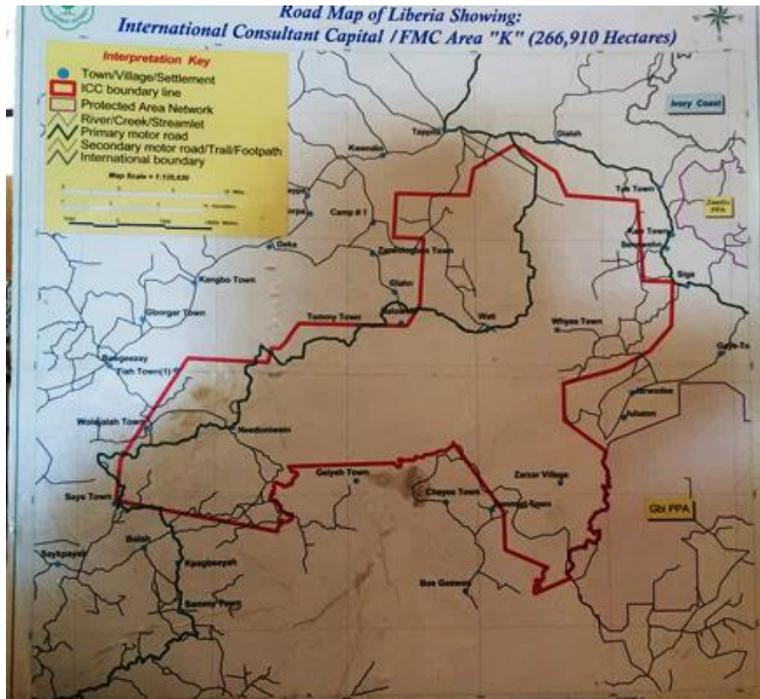
³⁶ In case of national law violations such as the tooth pick incident

³⁷ Misinterpretation of gender quorum in Zor CFMB leads to "participatory exclusion" (Agrawal 2011)

CASE STUDY 2: CFDC RIVERCESS CBSM and LOGGING

A Forest Management Contract (FMC)³⁸ is one of three active forest permits authorized by the Forestry Development Authority and refers to a contract between concessionaire and the government. Through concession agreement, concessionaires are obliged to negotiate a social agreement with the affected communities of their concession before starting operations³⁹. In this social agreement, issues such as fees and benefit-sharing mechanisms are arranged. The government evaluates the company's performance in relation to the social agreement per 5 years.

Map of the ICC logging concession (FMC-K)



In 2009, the FDA has granted logging company ICC a FMC spanning 266.910 ha in the counties of Rivercess, Nimba and Grand Gedeh. The concession agreement is valid for 25 years, and ICC has been harvesting logs since 5 years. Due to proximity to Buchanan port, Rivercess is the first of three counties to be harvested, hence the receive benefits from ICC operation. For the duration of the contract ICC is obliged to pay a number of taxes and fees, and parts of these fees are designated for communities affected by ICC operations⁴⁰. The communities of Rivercess are currently receiving a cubic meter fee of 1.5 USD per m³. Before harvesting a log, concessionaires have to meet certain requirements, amongst others compartmentation for regeneration, a minimum of 55 cm diameter, SGS reporting and approval and FDA supervision. The cubic meter fee is based on the volume of the

³⁸ "FMC's are long-term contracts for large areas of up to 400,000 hectares. Small FMCs (50,000-100,000 hectares) are reserved for majority-owned (51%) Liberian companies – although they represent an opportunity for joint ventures between domestic and foreign partners. There are no restrictions on company ownership for larger FMCs". Source: John T. Woods et.al 2008

³⁹ "...community benefits or Social Agreements have been introduced where forest concessions have been awarded on public land that is already customarily occupied and used by communities. In exchange for ceding usage 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" (FDA Regulation 105-7)

⁴⁰ Inhabitants of the concession area or within the buffer zone of 3.5 km

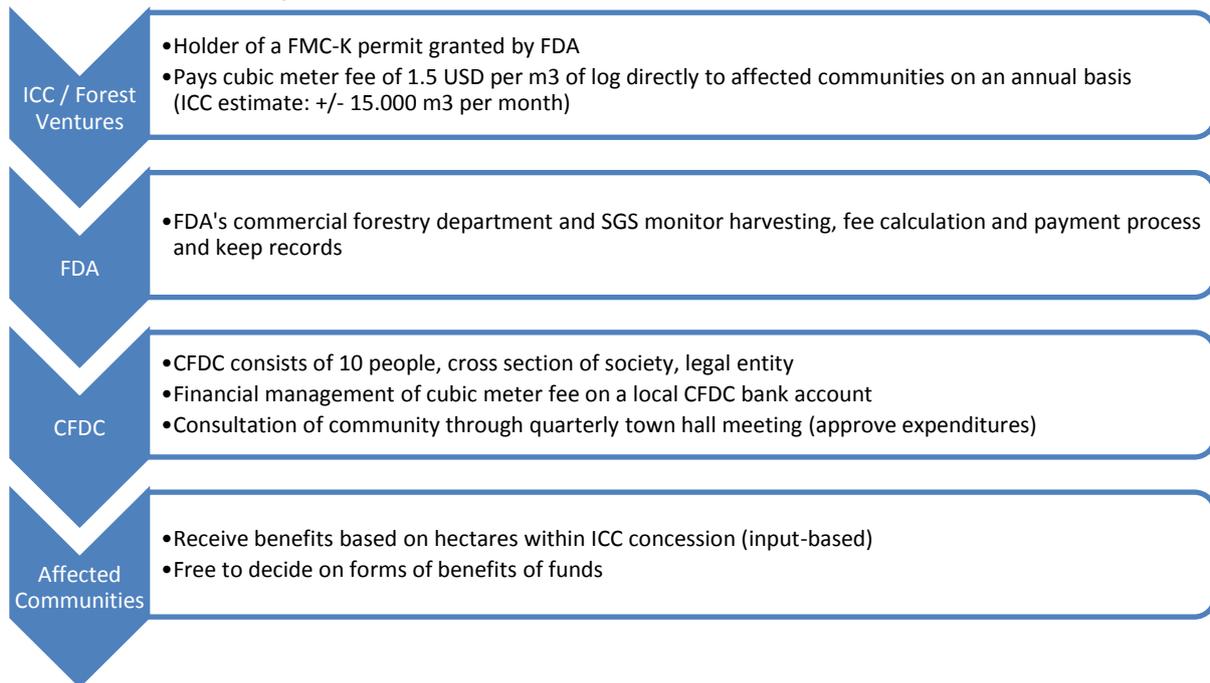
harvested logs.

The main characteristics of the Rivercess CBSM

CBSM Rivercess	
Objective	Compensation of affected communities for forest resource harvesting
Administrative Bodies	Community Forest Development Committee (CFDC), town hall assemblies, community relations managers ICC
Beneficiaries	Rivercess community: 22 towns; 4 clans ⁴¹ ; within concession area or within 3.5 km buffer zone
Types of benefits	Infrastructure (roads, generators etc.), education (scholarships, school construction), healthcare (clinics, nurses), saw mill, water pumps, provision of cash and timber products for construction and events
Implementing partner	External agents
Institutional requirements	Concession agreement; social agreement with the communities (FDA Regulation 105-07)
Public or private sector led	Private sector led
Input or performance-based CBSM	Input-based CBSM; CFDC receives fee directly and accounts for expenditure afterwards
Source of funds	Timber harvesting (cubic meter fee of 1.5 US dollar per m3)
Fund management (timing, transfer)	The CFDC is responsible for CFDC fund management; CFDC organizes the project bidding process and oversees implementation; fund disbursement on project-basis; inter and intra CFDC (national union) structures for capacity building, monitoring and evaluation; support by external agents
National or subnational CBSM	Subnational CBSM
Penalty Framework	In line with FDA regulation 105-7, rights, responsibilities and sanctions regarding concessions are arranged in the Code of Conduct included in the social agreement. The Code of Conduct (p.9) covers community responsibilities to balance agricultural activities with ICC harvesting operations and grievance mechanisms. No mention of sanctions in case of noncompliance
Monitoring framework	Companies including ICC report to LEITI Chain of Custody (FDA, SGS, EU VPA FLEGT) Concession monitoring (NBC, FDA): monitor compliance with procedures, performance of compliance reviews, and other performance indicators with regards to social obligations
Dispute resolution	Grievances are addressed by the CFDC. The FDA or local government officials will act as neutral party. Last option is arbitration in court

⁴¹ Clans: Duah, Teekpah, Saw Pue and Central Morweh

The mechanism is **set up** as follows:



Saw Pue Clinic

As of September 2016, the Rivercess CFDC will implement its first project to the benefit of the community with funds from the concession holder (cubic meter fee). The Saw Pue clinic project is supervised by the CFDC Rivercess and entails construction of the clinic as well as staffing and vocational training. The project approval process was subject to competitive bidding (PPCC authorization) and project application required application letter, floorplan, budget, proof of business registration and proof of land transfer to CFDC for project purposes.

CFDC Rivercess agreed that projects funded from fee revenues should serve the community needs and interests. The first project, the Saw Pue clinic, is approved and will be implemented at the end of 2016. The procedure of project selection is as follows:

1. Identification of community needs (consultation)
2. CFDC sets priorities and presents a proposal to enabling institutions
3. CFDC put out a bid for a project (PPCC supervision)
4. Prospective contractors apply for the project (requirements/documents)
5. CFDC selects contractor to execute the project

Governance

Communities within TSC or FMC concessions have organized themselves into Community Forest Development Committee (CFDC). Liberia has 27 different CFDCs which regularly come together in the form of the National Union of CFDC's to exchange experiences and built capacity for community development. CFDC Rivercess is organized in the following way:

- Election; terms of 5 years (last election: February 2016)

- 10 members , cross section of the adult community members
- Monthly CFDC meetings (open to community members): update, grievances
- Community consultation through quarterly town hall meetings. Town hall meetings take 3 days; host 200 people (CFDC, 8 representatives per community, heads of town); are financially supported by ICC and prepared by the CFDC; location depends on accessibility and accommodation
- Ad hoc meetings in case of pressing issues
- Annual stakeholder meeting with CFDC, FDA, ICC: annual operational plan, grievances

The ICC social agreement was renegotiated in 2016, as the previous social agreement did not provide clear goals and planning as a result of lack of negotiation skills within the community, leading to miscommunication and friction

Effectiveness

The Rivercess case study provides the following ***key findings***:

- Ensure accountability for neglect or mismanagement of funds⁴² through penalty system. This will increase likelihood of funds reaching beneficiaries and will motivate parties to keep to benefit sharing agreements and keep good relations;
- Built capacity amongst communities for negotiation social agreements with companies to ensure feasibility and sustainability of the agreement and empower local communities;
- Explore potential of community leaders as liaisons between company and community, provided that integrity is not compromised by company payments (screening)

⁴² Delay in land rental fee payments via the national NBST mechanism caused friction between beneficiaries and concessionaire ICC and damage to ICC property of an estimated 3500 USD per incident

CASE STUDY 3: CONSERVATION AGREEMENT LEAGBALA and CONSERVATION FORESTRY

The Conservation Agreement (CA) mechanism is a sub nationally managed benefit-sharing agreement between Conservation International and communities. Aiming to “help people choose conservation”, a CA is a co-management agreement that links specific forest conservation actions to performance-based benefits for livelihood improvement. The first CA’s in Liberia were signed in 2015 with 8 communities east and west to the East Nimba Nature Reserve (ENNR), a protected area.



ENNR (Gill 2016)

The East Nimba Nature Reserve is the designated offset area for Arcelor Mittal (AML) mining operations. To ensure protection of the ENNR, communities living or working in or near the ENNR are incentivized towards forest conservation. The Conservation Agreements can be seen in the context of AML’s Biodiversity Conservation Program (BCP; 2010), a corporate social responsibility (CSR) program aimed at compensating damage from AML mining operations. CA’s have been negotiated with 8 communities west of the ENNR (Yarmen district). The communities have completed this 5 step negotiation process:

1. Rapid feasibility assessment
2. Full feasibility assessment
3. Engagement phase⁴³
4. Implementation of CA’s

From the perspective of forest conservation, the CA represents a new approach that goes beyond mere protection of forest towards a more holistic landscape management approach that includes aspects to a landscape, including production by private sector and communities. AML and CI are

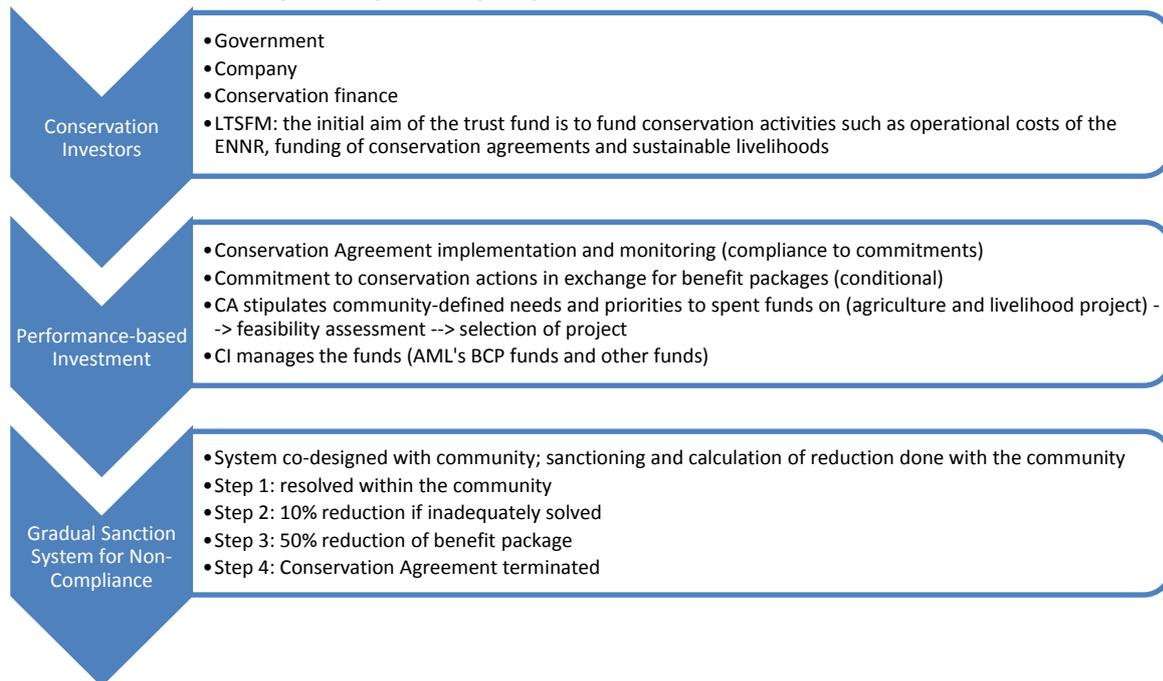
⁴³ Source: Nimba Western Range DSO Iron Ore Project, Liberia Environmental and Social Studies, 2008-2015 Biodiversity Conservation Programme – Annual Report, 2015 (p.30-41)

working with government policy makers at all levels to achieve the aim of scaling up the CA approach as a model for sustainable development across Liberia.

In the table below the *main characteristics* of the Conservation Agreement CBSM:

CBSM Leagbala	
Objective	Incentivize communities towards forest conservation with performance-based benefits
Administrative Bodies	CA committee (middleman, oversight, management of the CA)
Beneficiaries	Yarmen district (Leagbala and 7 other towns); selection based on proximity of farms to the ENNR, and on account of their livelihood practices (slash and burn agriculture) threatening the ENNR
Types of benefits	Livelihood development; support for 'eco-assistants'
Implementing partner	SADS, RICCE, CI
Institutional requirements	Conservation Agreement
Public or private sector led	Funded by private sector
Input or performance-based CBSM	Performance-based CBSM
Source of funds	Project support funds (donors, private sector, funding facilities and philanthropic)
Fund management (timing, transfer)	Funds managed by the CA committee. Investments in priority areas identified by the community (priorities defined and calculated in the CA)
National or subnational CBSM	Subnational CBSM (site level)
Penalty Framework	Breach in agreement leads to gradual sanctions (4 steps) from conflict resolution to termination of CA
Monitoring framework	CA places emphasis on self-monitoring; CA committee monitors progress on CA actions; the government is ultimately responsible for monitoring the CA; monitoring in the form of perception-based assessment (surveys on perceptions of participatory decision-making) and annual project evaluation
Dispute resolution	Conservation International designs the grievance mechanism

The mechanism is **set up** in the following way:



Kind of benefits

The Conservation Agreement negotiation process is highly collaborative and inclusive. During the establishment phase, communities identify priority areas for investment. These priority areas are cemented into the eventual CA, including calculation of funds for benefits. In case communities achieve forest conservation performance standards⁴⁴, they will receive benefit packages such as:

- Investment in social services: health, education, water sanitation
- Livelihoods: new agroforestry products, small scale tourism, hospitality ventures
- Training, equipment, stipends for the community efforts made to protect natural resources
- school fees, educational materials and investments to improve agriculture or other livelihoods
- Conservation jobs: awareness, monitoring assistance, boundary cleaning ENNR, eco-assistants for compliance monitoring; patrol and collect data⁴⁵
- Hunting and fuelwood collection

Governance

Communities are represented through the CA committee. After the signing of the CA by the town chief, the community elects a CA committee to manage the CA on a daily basis. The CA committee consists of a cross section of the community, and the CA committee rules are set by the community itself. The CA committee serves to represent community needs and interests vis-a-vis other stakeholders, as well as raise awareness within the community on the rights and responsibilities associated with the CA. Furthermore, the CA committee tracks the progress made on conservation

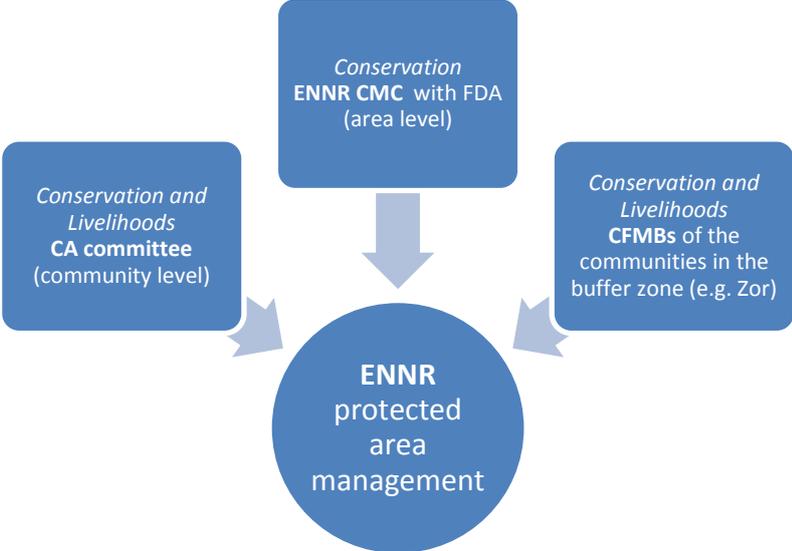
⁴⁴ Examples: no hunting, fishing, farming or making fire in the reserve, participation in forest management activities

⁴⁵ Data collection training: mapping trails to establish patrol route, GPS training, standardization of recording by identifying species and establishing agreed upon vernacular

performance standards and livelihood project implementation. Besides the CA committee, there are several subcommittees and projects groups around the different agriculture and livelihood projects.

Aside from the CA committee representing community-level needs, all 8 communities are also represented in the ENNR Co-management Committee (CMC). The ENNR CMC is a high level co-management body comprised of FDA and community officials with the mandate to improve forest conservation and protected area management in and around ENNR.

An overview of governance bodies involved in the management of the ENNR:



Furthermore, an overview of the different stakeholders involved in the CA implementation process:



Effectiveness

The emergent case of the CA Leagbala will provide guidance and good practice for PPA design in Sinoe, as this mechanism is performance-based and forest conservation focused. The fieldwork in Leagbala community yielded the following key lessons:

- Solidifying priority areas and calculating benefit packages for livelihood improvement pre-CA-signing through collaborative is vital to generate commitment to the Conservation Agreement
- Monitoring and reporting of performance of the IPs in delivering the benefit packages to the communities is essential to “help people choose conservation”
- Penalty systems in case of CA breach is of the utmost importance to ensure commitment and accountability
- Gender equality in governance bodies is greatly helped by written and non-written measures (e.g. theater) to optimize active participatory inclusion of women and their opportunities within the governance structure

Leagbala swamp rice project

There has been some dissatisfaction with the progress made by IPs amongst the Leagbala community members. IPs supposedly did not deliver promised material thereby breaching the CA. This caused grievances regarding the choice for forest conservation over livelihoods. Such incidents can pose a threat to commitment to the CA and embarrass community representatives, who take upon them a responsibility in signing the CA.

CASE STUDY 4: CDF NITRAIN CBSM and AGRICULTURE

Concession agreements in agriculture are legal documents signed between government and the agricultural company, and stipulate amongst others the fees and royalties designated for affected communities and the government. In 2010, Golden Veroleum Liberia (GVL) has leased 350.000 ha of forested land in the South-East of Liberia for a period of 65 years for the development of palm oil. As part of the concession agreement, GVL negotiated a social agreement and memorandum of understanding with host communities on benefit sharing and other community priorities. The Community Development Fund (CDF) is a community-level benefit-sharing mechanism to ensure that the land rental fees or royalties are used to the benefit of the host communities.



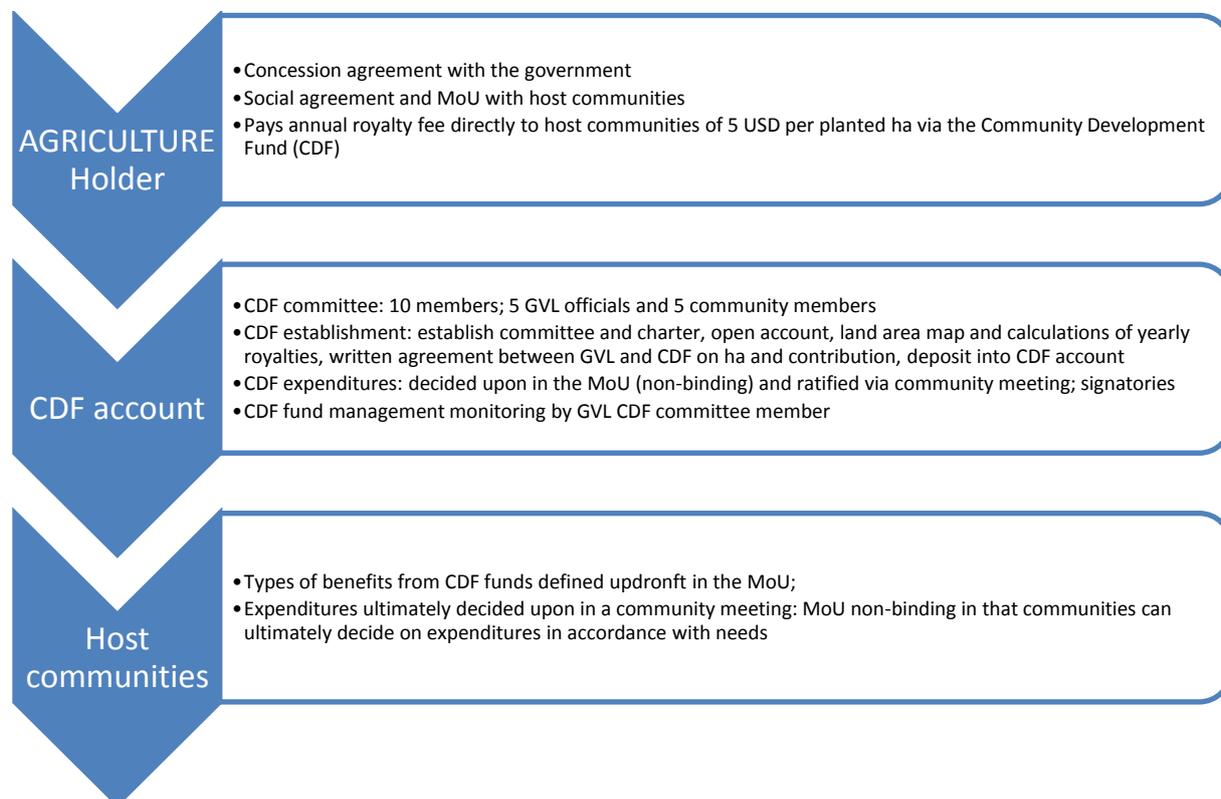
GVL concession

Nitrain community is located in Sinoe and is host community to GVL operations. GVL signed a social agreement and MoU with the Nitrain Development Association, and in 2016 a CDF committee has been founded to manage the royalties; a charter and the first projects are underway. In the table below the main characteristics of the Nitrain community CBSM:

CBSM Nitrain	
Objective	Compensate affected communities for land lease on the condition of land development
Administrative Bodies	Nitrain Development Association(NDA), Community Development Fund(CDF) Committee
Beneficiaries	Nitrain community consists of 10 towns
Types of benefits	t.b.a. (ideas: rental generator, dorm room Greenville)
Implementing partner	t.b.a.
Institutional requirements	Concession agreement, social agreement, MoU, CDF charter
Public or private sector led	Private sector led
Input or performance-based CBSM	Input-based CBSM
Source of funds	Share from land rents / royalties (concession agreement article 19.7)
Fund management (timing, transfer)	The CDF committee (GVL/Nitrain) is responsible for CDF charter establishment and fund management (tba); communities may decide on expenditures based on MoU or ad hoc needs
National or subnational CBSM	Subnational CBSM

Penalty Framework	GVL Grievance, Dispute & Conflict Management SOP ⁴⁶
Monitoring framework	External audit of CDF (paid for by GVL)

The mechanism is **set up** in the following way:



The process for establishing a CDF committee and fund is as follows:

1. Establish committee and charter
2. Open CDF account
3. Land area map and planted land assessment (clarity on which ha is planted/developed and which is not, GIS, verification by community)
4. Calculation of yearly royalties (based on year, planted ha, rate, currency, amount)
5. Written agreement between CDF and GVL on amount of planted ha and contribution
6. Deposit of funds into CDF account (receipt confirmation by communities in writing)

Governance

The community of Nitrain is represented by the Nitrain Development Association (NDA) and the fund-specifically, by the Community Development Fund (CDF) committee:

⁴⁶ See annex

NDA

- Comprised of local leadership and Monrovia-based leadership (appointed)
- Meetings: monthly. In addition, the local leadership meets regularly in palava huts around Nitrain area. Monrovia leadership holds monthly general meetings and executive committee meetings.
- Tasks: negotiate MoU, establish CDF committee and other specialized committees

CDF

- CDF tasks: administer CDF funds
- CDF consists of 10 members; 5 GVL employees and 5 Nitrain community members; quarterly meetings and ad hoc in case of pressing issue
- 5 Nitrain community members are nominated during general assembly monitored by GVL (most recent: September 2016 Kabada); members are partly based in Monrovia (2; visit Sinoe twice a year) and in Sinoe (3; focal point community concerns) and are in continuous contact
- 5 GVL employees consist of senior officer, finance officer and 3 employees from the community
- GVL ensures sound transparent fund management (from withdrawal to meeting goals of income generation and impact) and annual independent audits

Furthermore, GVL and the Nitrain communities have their own company and community liaison.

Converting funds into benefits: fee calculation and disbursement in Nitrain

Due to the establishment of a CDF bank account end of 2016, Nitrain community is able to receive the funds to finance input-based benefits. GVL will disburse funds of 6610 USD to the CDF account in January 2017. These calculations are based on development of Nitrain land for GVL operations between 2014 and 2016 (1322 ha total) and a royalty rate of 5 USD per planted ha. Nitrain community is in the process of identifying eligible projects, e.g. a generator rental service and a dorm in the provincial student town of Greenville

Effectiveness

The case study on the Community Development Fund Nitrain yielded the following key lessons:

- Defining community benefits upfront in an MoU is a good practice to make communities aware of priorities; and the non-binding nature of the benefits defined provides the flexibility to evolve and make expenditures creative and tailor-made
- Developing disputed lands can threaten the sustainability of the investment, intensify community grievances and create unrealistic expectations with regards to local employment
- The CDF committee is a good example of synergistic co-management of community and company to reform and innovate templates and processes to local needs (CDF charter development, regular meetings)

CASE STUDY 5: NBST CBSM and COMMERCIAL FORESTRY

The National Benefit Sharing Trust (NBST) is a nationally managed benefit sharing mechanism to regulate revenues from commercial forestry, specifically the timber sector’s land rental fees. A land rental fee is an annual fee paid by logging companies to stakeholders affected by their activities. The National Benefit Sharing Trust was established in 2011 to hold the fees in trust for the affected communities and manage distribution “to ensure that fees paid by companies are fairly and equitably distributed to legitimate representatives of affected communities”⁴⁷.



ELI publication 2013 Washington

NBST CBSM	
Objective	To ensure that a fair and transparent procedure for allocating a designated percentage of land rental fees to communities entitled to benefit under forest resource licenses
Administrative Bodies	National Benefit Sharing Trust Board, Community Forestry Development Committee
Beneficiaries	Communities living within of 3.5km from a FMC/TSC/CFC concession area
Types of benefits	Community benefits (schools, roads, vocational training centers, clinics, guesthouses, smallholder farming ⁴⁸)
Implementing partners	EU VLEGT VPA, SDI, ELI, FDA, LRCFP

⁴⁷ Source: Annual Work Plan of the National Benefit Sharing Trust Board 2015-2016

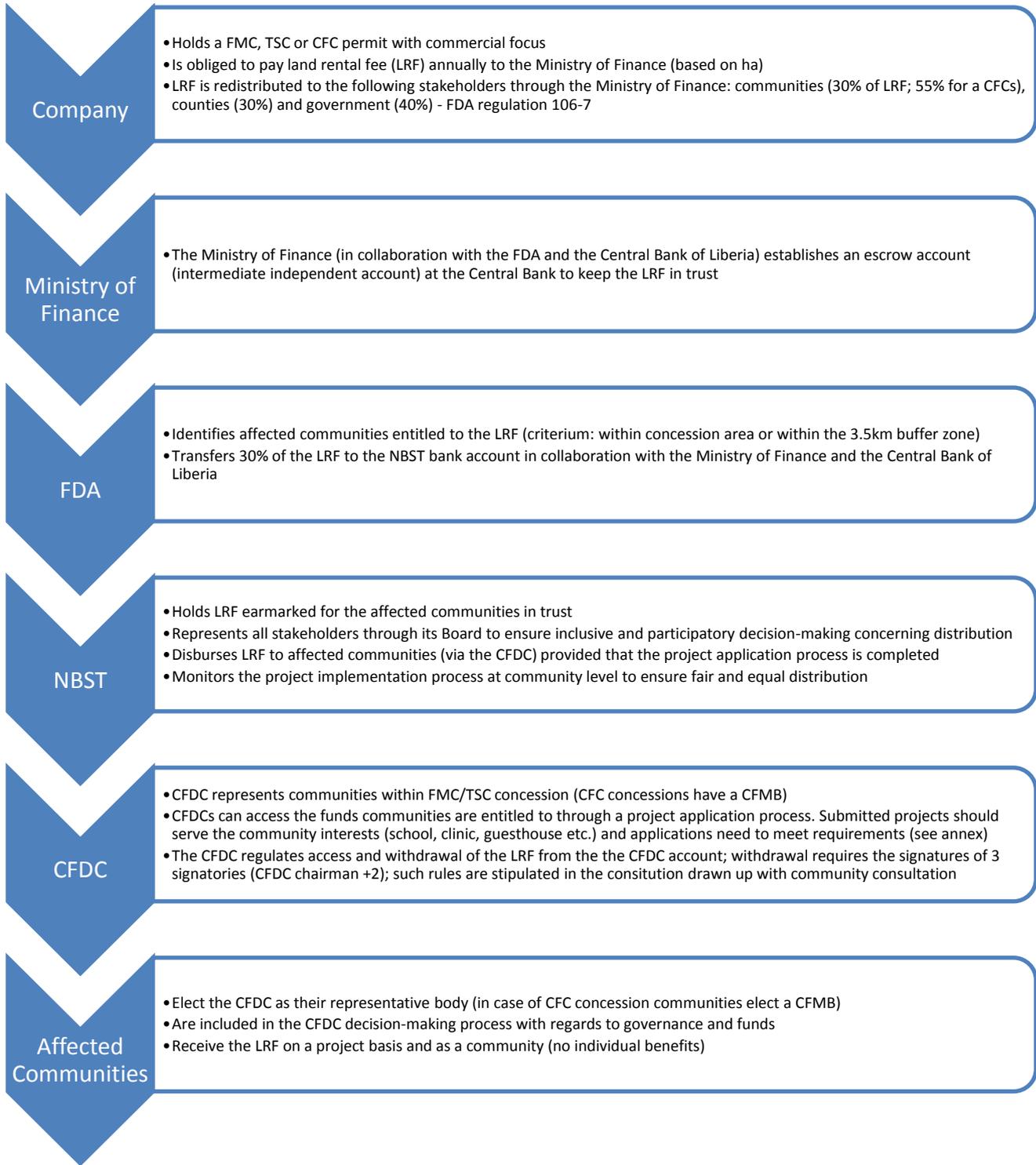
⁴⁸ See annex for overview projects (d.d. October 2016)

Institutional requirements	FMC, TSC or CFC permit with commercial focus
Public or private sector led	Private sector funding, public sector led
Input or performance-based CBSM	Input-based CBSM
Source of funds	Share from land rents / royalties ⁴⁹
Fund management (timing, transfer)	The NBST Board (escrow account) and the CFDC (CFDC account) are responsible for transparent fund management. Funds allocated to communities are held in trust by NBST and only after project approval funds are transferred to the CFDC
National or subnational CBSM	National CBSM
Penalty Framework	It is important to state that the NBST will never withhold project funds from the communities. The communities are entitled to their LRF, regardless of previous performance in project implementation. In case of a bad track record in project implementation, the NBST board will tighten monitoring (M&EC) and provide additional training if requested/required
Monitoring framework	The NBST Board monitors the LRF benefit flow from company ⁵⁰ to affected community and reports at least quarterly. NBST regulates effective use of funds through project application and monitoring. Monitoring and evaluation occurs on the level of a project (quarterly update), the CFDCs and the NBST board (external audit)
Dispute resolution	The NBST will draft binding independent arbitration procedures in accordance with Section 17.1 of the National Forestry Reform Law of 2006 to resolve disputes between and within stakeholders, including the NBST Board itself

⁴⁹ Provided that concession holder pays LRF; LRF per community dependent on hectares under concession

⁵⁰ See annex for overview of payments of LRF per concession

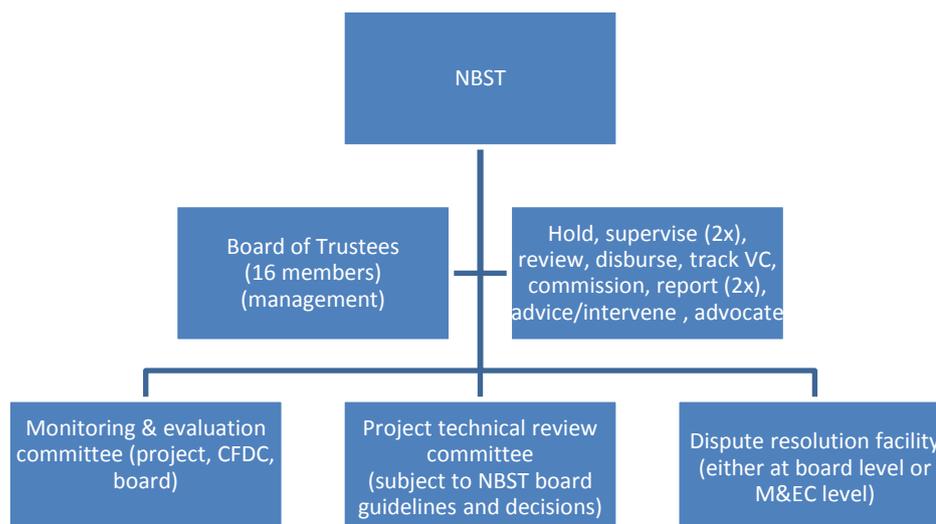
The mechanism is **set up** as follows:



Governance

To ensure inclusive and participatory decision-making and govern the land rental fee (LRF) in a transparent and accountable way, the NBST as well as the communities are organized in multi stakeholder governance bodies. Below an organogram of the NBST institution⁵¹:

⁵¹ For annex for NBST regulations



NBST Board members serve a term of max. 3 years (last election September 2015). The NBST Board consists of sixteen members including three ex officio members:

- Government (FDA, Ministry of Finance, Ministry of Internal Affairs) 3
- Communities (National Union of CFDCs, paramount chiefs) 8
- Civil Society Organizations 1
- Business (timber association) 1
- Monitoring (donor organization/INGO) 1
- ex officio members through election 2

Communities – the CFDCs

Communities are represented⁵² at NBST level through the paramount chiefs⁵³ and CFDC representatives⁵⁴. Community Forestry Development Committees (CFDCs), elected officials⁵⁵, are united in the National Union of CFDC's, a collaborative platform for the 22 CFDCs of Liberia. Communities are also traditionally represented through paramount chiefs.

A CFDC consists of 10 members representing the different

stakeholder within a community and provide communities with opportunities to engage in the decision-making process, from needs identification to project evaluation. CFDC's consult and inform communities regarding election, charter and fund establishment, annual LRF amount, needs identification and ongoing consultation in light of monitoring and evaluation of project. These consultation moments aim at aligning actions with community needs and interests and are reported in writing to the NBST secretariat.

After delay of disbursal between 2008 and 2015, the first badge of LRF was released to all 23 CFDC communities in 2015, irrespective of holder payment. The feedback from communities on the disbursal process led to capacity building for communities on fund application and disbursal. As of October 19th 2016, the NBST has disbursed the first badge of LRF according to NBST protocol to the CFDC's with approved project proposals

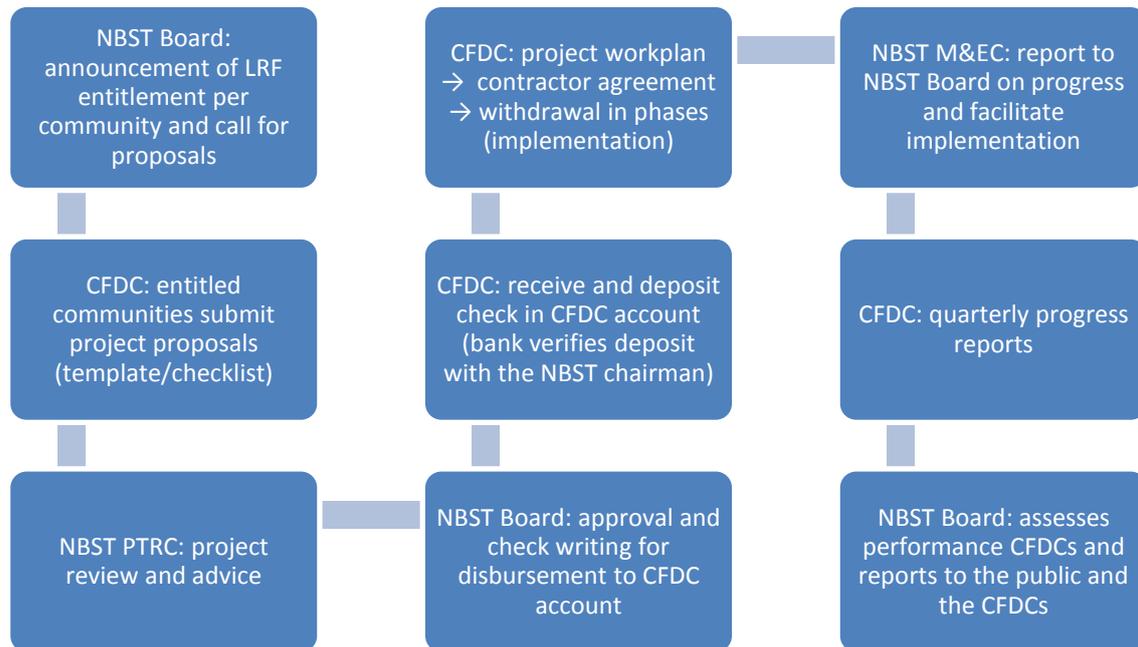
⁵² Selected individuals should reside within the affected communities during the NBST tenure period

⁵³ Paramount chiefs are selected by their communities. Paramount chiefs amongst themselves then select 2 representatives for the NBST board in consultation with the National Traditional Council, the MoIA and the FDA

⁵⁴ The NUCDFC selects 2 representatives per region (3 total) for the NBST Board under supervision of the FDA and CSO's

⁵⁵Representing all social groupings such as youth, elderly, women etc.

The conversion of fees to community benefits works as follows:



Effectiveness

This case study yielded the following best practices on effectiveness of the NBST mechanism:

- The broad representation of stakeholders within the NBST board demonstrate a level of understanding of rights and obligations for all stakeholders involved;
- Broad and high level support for the mechanism accelerated design and implementation of the NBST mechanism
- The NBST committees and detailed proposal process enables assessment of alignment of projects with local priorities as well as broader development priorities
- Strong cross-institutional oversight with distinct roles, responsibilities and sanctions, as well as harnessing funds from externalities and transfer of funds from holder to beneficiary in uniform currency is crucial in a national-level and multi-actor mechanism such as NBST. This to avoid misunderstandings and to ensure smooth transfer of fees to beneficiaries upon taxation
- Simplified calculation, project application and PPCC procedures in combination with clear communication are essential for communities to understand the mechanism

CASE STUDY 6: CSDF NIMBA CBSM and MINING

The County Social Development Fund (CSDF) is the Liberia’s first benefit-sharing trust fund. The CSDF pre-2011 was comprised of two different revenue streams with different bank accounts⁵⁶. President Sirleaf Johnson merged the two funds together in 2011 into one fund management structure (CSDF). Due to the 2015 global collapse of iron ore market this type of mechanism is downscaling in Liberia.

The CSDF entails a public-private partnership between mining companies and the government. The CSDF is a county-level benefit-sharing mechanism to assure revenues from mining to reach the communities in affected counties. The CSDF Nimba is guided by the Mineral Development Agreement (MDA) of 2005 between Arcelor Mittal (AML) and the government. This agreement stipulated AML to give an annual social contribution of 3 million USD to the counties in which they’re operational, e.g. through sourcing or transport.



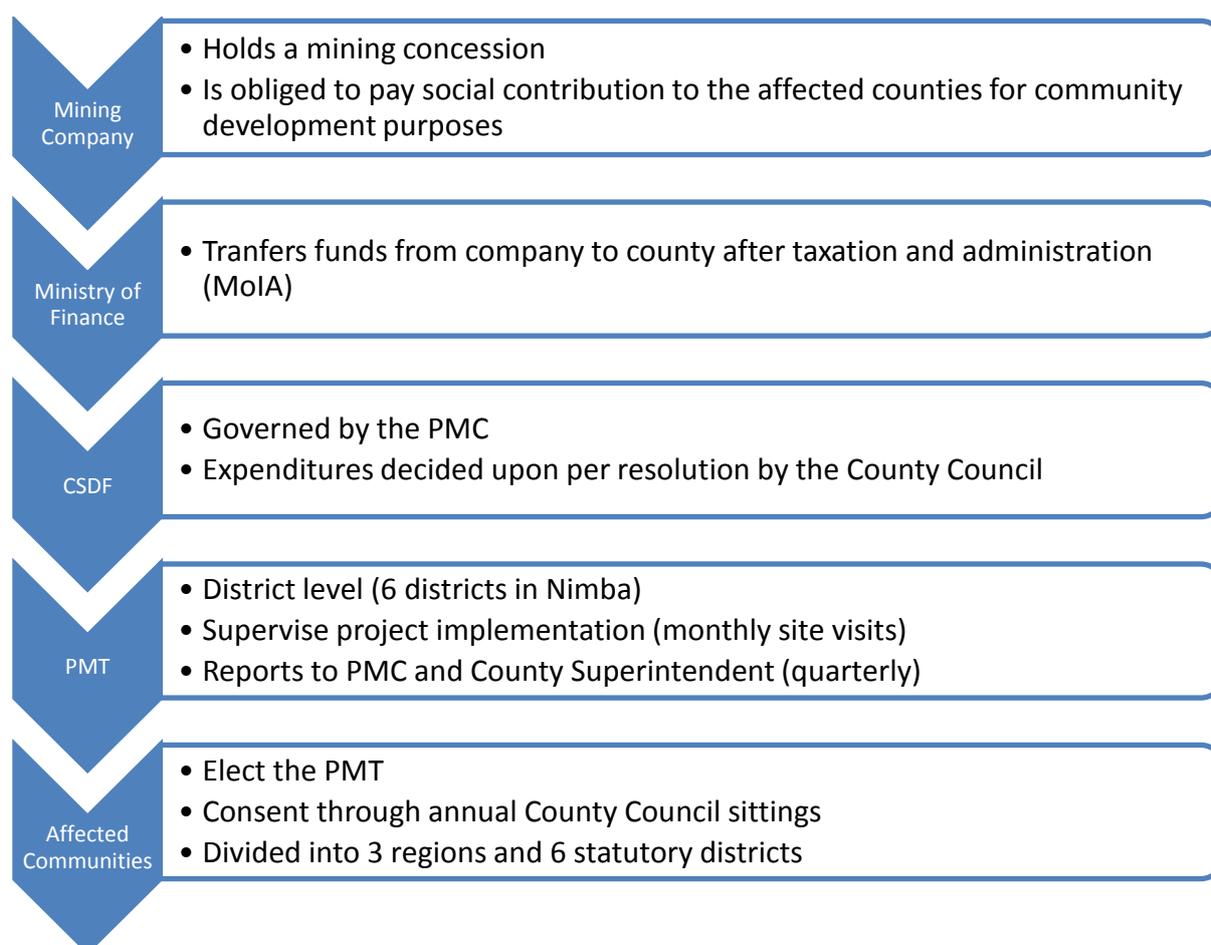
AML website

CSDF CBSM	
Objective	Progress the County Development Agenda (livelihoods, poverty reduction strategy pillars)
Administrative Bodies	Dedication Funds Committee (DFC) or County Council, County Development Management Committee (CDMC) or Project Management Committee (PMC), Project Management Team (PMT)
Beneficiaries	Communities living within Nimba, Grand Bassa and Bong County. Nimba receives 50% (sourcing County), whilst Grand Bassa and Bong receive 33.3% and 16.7% each
Types of benefits	Community benefits (schools, roads)
Implementing partners	-
Institutional requirements	Concession agreement
Public or private sector led	Private sector led

⁵⁶ CDF distributed via the government; SDF distributed via counties

Input or performance-based CBSM	Input-based CBSM
Source of funds	Minerals extraction / mining
Fund management (timing, transfer)	See the MDA and the MoF budget law section 9
National or subnational CBSM	Subnational CBSM
Penalty Framework	Contractors pre-finance the project (in phases) and will suffer financial loss in case of misconduct
Monitoring framework	PMT monitors implementation of the project and reports <i>in writing</i> to the Nimba Caucus, County superintendent, district commissioner, district sitting and the PMC (frequent meetings)
Dispute resolution	Communities can address grievances via the County Sitting (period) and the Project Monitoring Team (PMT) of every district (ongoing). The PMT reports on misconduct and grievances in project implementation to the various stakeholders

The **set up** of the CSDF mechanism is as follows:



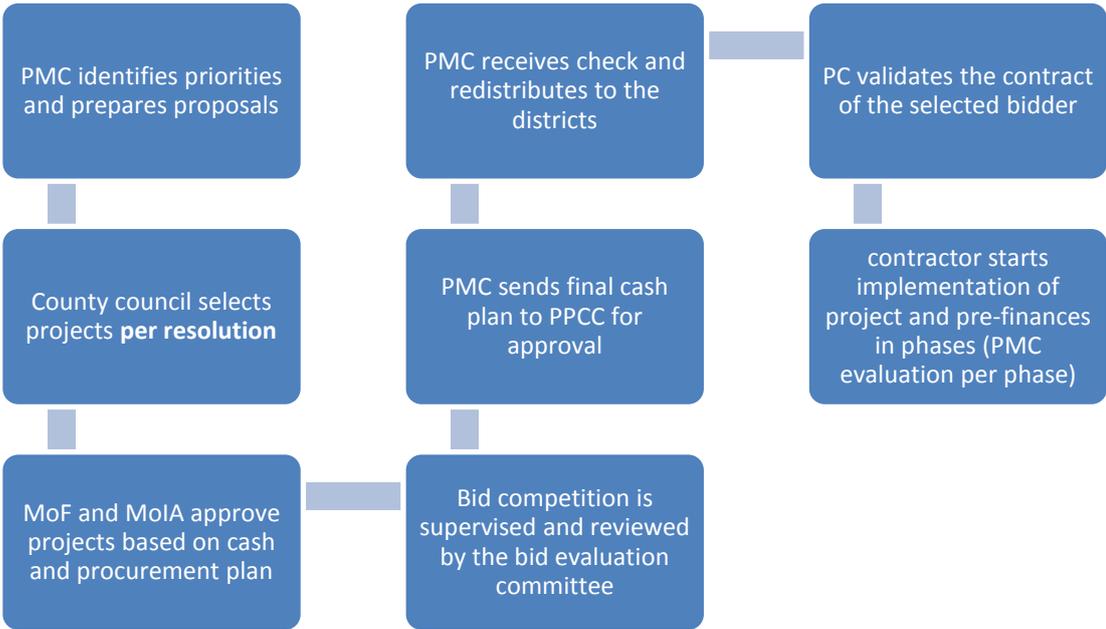
Governance

Nimba County's CSDF governance structure and fund governance to ensure inclusive and participatory decision-making and govern the social contribution in a transparent and accountable way is arranged as follows: the PMC and PC at county level, the PMT at district level and the bid

evaluation committee at project-level. These bodies are governed by the County Council, an 5-year term elected body representing the communities that hosts public gatherings (county sittings) where CSDF resolution can be taken. The PMC reports back to the County Council at the annual meetings. The governance structure of the Nimba CSDF is as follows:

1. Project Monitoring Committee/PMC: act upon resolutions accepted at the annual public County Sittings by the County Council. PMC serves a 3y term; elected; consists of 4 members at county level with 4 supportive personnel plus 7 members and 75 casual laborers at district level
2. Procurement Committee/PC: validate the contract for the selected bidder; members include the PMC chairman as regular member and the County Superintendent as chairman (statutory)
3. Bid Evaluation Committee: appointed by County Superintendent (project-basis)
4. Project Monitoring Team: meet regularly with PMC; report to County Superintendent (district level); focal point for grievances regarding project

The conversion of CSDF funds into benefits aligned with the County Development Agenda goes as follows:



Thus, to apply for CSDF funds PPCC authorization is required to ensure transparency and integrity. Furthermore the selected contractor has to provide pre-financing for every next phase of the project⁵⁷. The PMC applies flexibility though: the bidding process should be accessible to all interested and capable bidders, regardless of finance options.

⁵⁷ The PMC co-finances per phase and returns pre-financed amount upon completion of phase. Fund withdrawal though reporting to GoL, permission for check release from the MoIA, and withdrawal in Monrovia

Implementing road work - CSDF funds for machinery and technical assistance

The Nimba Community Development Agenda prioritizes health, roads and education, and as such has invested in WASH, microloans, school fees, scholarships and vocational training. In 2016 the County Council decided on “road work” per resolution as the next expenditure for CSDF funds. Hereupon, the PMC did an assessment of roads and produced a priority list per region. Each district received tools (yellow machine, flatbed) for 3 years and technical assistance from the PMC

Effectiveness

The CSDF mechanism yielded the following key lessons:

- The CSDF as the first benefit sharing trust fund set the stage for the creation of the NBST mechanism and other mechanisms⁵⁸
- Requiring contractors to provide pre-financing of the project ensures good conduct and commitment to transforming CSDF funds into benefits for the community
- There is a need to work out the grievance processes and dispute resolution in detail to ensure inclusion and accountability (no reports of misconduct of grievance by PMT since CSDF establishment)
- There is a need to work out the institutional framework to ensure that:
 - the CSDF functions independent of political control, e.g. through election instead of appointment of the various bodies
 - extended influence is limited (County Superintendent has decision-power within the PMT, BEC and PC)
 - all stakeholders commit to and comply with rules through sanctioning of mismanagement (e.g. delay of disbursement by ‘middleman’)

In the next chapter, the best practices from the 6 case studies will be accrued into concrete recommendations for CBSM design in the context of the PPA and the REDD+ MRV framework.

⁵⁸ Source: J. D. Waugh (2010)

6. RECOMMENDATIONS

This final chapter will provide recommendations on designing a CBSM in the context of the PPA in Sinoe county, Liberia. The recommendations are also applicable in the context of the REDD+ MRV framework, as well as for improving the CBSM projects under review. Furthermore, this report contributes to the advancement of knowledge on CBSM in Liberia.

Recommendations for the PPA

The recommendations for the PPA benefit-sharing mechanism are the result of the key findings of the 6 case studies aggregated.

In this report, case studies have been categorized based on 4 different types (see chapter 3). Based on the case study result, which CBSM type fits the PPA best?

The PPA links conservation targets to benefits in the form of agricultural productivity. The PPA is to become the new model for concession agreements where simultaneously forest conservation targets are met as well as smallholder production boosted. The current phase is a pilot project in collaboration with Golden Veroleum Liberia at the concession level. Thus, in this stage of the PPA intervention, IDH with its partners⁵⁹ is best to focus on establishing a performance-based, sub national mechanism to ensure that the benefits derived from conservation translate into community development in the form of increased smallholder production. A subnational mechanism allows for context-specific arrangement and flexibility regarding the benefit-sides/for incentivization and the project allows for subnational level MRV capacity to make sure conservation targets are met. These subnational mechanisms then also function as test cases for upscaling and embedding it into the national REDD+ MRV framework for forest conservation. There are 2 main points of attention with regards to a performance-based and subnational mechanism:

- For a performance-based mechanism to work it is important to ensure match between resource characteristics (e.g. boundaries what if we are dealing with migratory species or non-compliance from within or adjacent communities) and measurement and verification options or account for the weaknesses/risks
- A subnational mechanism ensures transfer directly from funder to beneficiary (whilst national mechanisms have more actors involved with the role of integrity and checkpoints). Such a direct transfer mechanism with less actors involved then needs to ensure participatory and equitable governance bodies for fund management

Hereafter a framework to inform IDH in PPA CBSM design and implementation. This CBSM framework for the PPA provides advice on the different aspects of a CBSM based on best practices.

<i>PPA characteristics</i>	<i>Recommendations</i>
Beneficiaries	1. GVL host communities involved in forest conservation and/or eligible for COP production. Include <i>all</i> communities working or living in/near the forest in setting criteria for eligibility for benefit package, irrespective of (soil) suitability for COP production 2. to limit grievances apply a 3.5 km buffer zone

⁵⁹ The design process should be participatory and context-based involving communities, civil society, GVL and FDA, MoA, EPA and other relevant government bodies

<p>Type of benefits</p>	<ol style="list-style-type: none"> 1. type: productive, non-monetary benefits: investments in community oil palm (outgrower scheme) 2. importance of a mix of benefit types: investments in productive benefits serve to achieve additional and long term outcomes. Productive investments (PPA's SME support) support policies on private sector development for sustainable economic growth and empower communities by creating jobs, direct income and increase profit upstream. In addition, non-monetary, non-productive benefits such as roads and healthcare as seen in majority of case studies are important enabling conditions for community development 3. agreement on benefits: beneficiaries should be involved in decision-making on the type, criteria, amount and transfer process of the benefit packages <i>before</i> signing the PPA
<p>Monitoring and Reporting</p>	<ol style="list-style-type: none"> 1. who: multi stakeholder body (PPA-MSB: communities, company, civil society and government) as the highest body to monitor and report on PPA compliance and performance (multi-stakeholder to ensure all actors subscribe to the rights and obligations of the PPA); PPA-MSB is subject to monitoring through annual external audit 2. who: forest protection committee (FPC: community, FDA, civil society) to (bio)monitor and report on unauthorized incidents and violations in the forest (logging, hunting, new trails) to the PPA-MSB 3. who: COP committee (COPC: community, GVL, civil society) to assess and monitor COP production related activities and report to PPA-MSB 4. point of attention: in this pilot stage, it is of utmost importance to closely monitor benefit package <i>implementation</i> progress to sustain commitment <i>especially</i> from communities for the PPA
<p>Institutional Framework</p>	<ol style="list-style-type: none"> 1. Production-Protection Agreement (PPA), a legal document authorized by the government of Liberia between concession holder and host communities 2. institutional arrangements: community as permit holder (e.g. CFMA permit⁶⁰), community permit pertaining to a minimum of 400 ha of land (minimum for COP farm), duration/term of agreement between concession holder and communities in line with PPA/COP program cycle
<p>National or Sub national mechanism</p>	<p>Sub national mechanism (GVL concession level)</p>
<p>Input-based or Performance-based Mechanism</p>	<ol style="list-style-type: none"> 1. performance-based mechanism⁶¹ (PPA principle: forest conservation in exchange for investments in COP production) 2. performance-based mechanism requires initial/start-up funds to help communities choose conservation in exchange for productive investments 3. a performance-based mechanism (its principles and actions and the link with conditional income) are better understood, integrated and safeguarded if communities engage in self-monitoring 4. wider significance of PPA: this performance-based mechanism can feed into the national REDD+ MRV framework
<p>Fund Management</p>	<ol style="list-style-type: none"> 1. who: PPA-MSB creates charter, appoints signatories, establishes bank account, responsible for financial management (budgeting, expenditures, financial accounting, periodic reporting and periodic audits) 2. amount: annual calculation with communities present; estimated annual

⁶⁰ Provided that commercial or multiple use includes agricultural development; Compliance with FPIC involves formation of governance bodies before selection of forest (resource) use

⁶¹ Case studies Zor and Leagbala are similar types of CBSM

	<p>amount per community should be stipulated in the PPA upon signing</p> <p>3. distribution/transfer: stipulate transfer dates upfront in the PPA; clear communication on amount and transfer date via radio and community liaisons of utmost importance; distribution on the basis of activity proposal</p> <p>4. point of attention: limit the amount of “middlemen” in the transfer process from source to beneficiaries provided that accountability and transparency are ensured; if conservation performance are delivered communities are entitled to the benefits, thus incorrect implementation of benefits should be met with increased assistance and monitoring in future activities, not with withholding benefits</p> <p>5. contractors: adopt simplified PPCC procurement process (integrity element) to ensure accessibility and keep process fit-for-purpose; pre-financing conditions for contractors ensure commitment and accountability</p> <p>6. enabling conditions: PPA mechanism should be supported by national banking system that can be successfully accessed in rural areas (or via Monrovia diaspora)</p>
<p>Governance</p>	<p>1. PPA Multi Stakeholder Body (PPA-MSB) as the highest decision-making body responsible for holding funds in trust (signatories) and fund management, community consultation, dispute resolution, quarterly monitoring and evaluation, activity and expenses approval, commissioning annual external audit. PPA-MSB governance structure: communities, company, civil society and government</p> <p>1. PPA level forest conservation committees (FPC): focal point for communities on conservation, annual forest conservation plan, monitoring and reporting and advising to PPA-MSB next to community self-monitoring, outreach and awareness. FPC governance structure: community members, FDA, civil society, encompass all communities and all social groupings</p> <p>3. COP farm level committee (COPC): focal point for communities on production, assess activities, monitoring and reporting and advising to PPA-MSB. COPC governance structure: communities, GVL, civil society, encompass all communities and social groupings</p> <p>4. considerations: terms for elected officials for these governance bodies should relate to the 15 year PPA loan period; through elections monitored by the FDA and civil society; capacity building for communities in negotiating skills as well as participatory inclusion in governance bodies (gender equality in governance bodies is greatly helped by written and non-written measures (e.g. theater) to optimize active participatory inclusion of women and their opportunities within the governance structure⁶²)</p>
<p>Penalty system</p>	<p>1. communities: gradual sanctioning system for non-compliance with PPA executed by the PPA-MSB, for example:</p> <p>Step 1: resolve within the community</p> <p>Step 2: 10% reduction of benefit package if inadequately solved</p> <p>Step 3: 50% reduction of benefit package</p> <p>Step 4: termination of the PPA</p> <p>2. points of attention: utilize existing social structures in the design of the monitor- and sanctioning system for optimal effectiveness; involve communities in sanctioning process (calculation of reduction and</p>

⁶² Other recommendations to ensure inclusion of women: establish women’s groups (e.g. saving facility) to influence social norms and perception on women’s abilities and strengthen female collective identity and self-confidence (in public and on household level); make governance bodies mixed (50/50) from establishment in order to avoid feelings of entitlement; collective action when transgressing the norm on gendered task division

Dispute resolution	<p>procedures) to ensure system is understood and recognized as legitimate; reduction of benefit package should exclude basic services such as healthcare and education; communicate to communities the distinction between violation of the PPA and violation of overarching national laws and subsequent legal action to safeguard sense of justice/legitimacy</p> <p>3. company: in case of non-compliance with the PPA the company, in addition to PPA obligations, will pay a fine to the host communities to be invested in community benefits</p> <p>4. point of attention: design sanctioning systems for accountability for all stakeholders, <i>especially</i> implementing partners, to keep widespread commitment to the PPA process</p>
	<p>1. PPA-MSB is focal point for complaints (with officers available within the communities to note complaints)</p> <p>2. PPA-MSB develops dispute resolution guidelines for PPA related complaints plus external grievance mechanism for complaints on MSB governance</p> <p>3. provide capacity building for conflict management and mitigation to communities</p> <p>4. guidelines can benefit from the set-up by GVL and CFMA Zor</p>

Recommendations for the REDD+ MRV Framework

Liberia has committed to developing a national REDD+ strategy for implementation. The REDD+ program is structured into three phases:

4. Readiness and capacity building
5. Implementation of policies and measures
6. Payment for performance

In light of phase 3, this report on community benefit-sharing mechanisms (the distribution of payments) is highly relevant for the effective implementation of the national REDD+ strategy for Liberia. The 6 case studies in this report (input, performance, national and sub national) are complementary and support the design of a successful REDD+ MRV framework in Liberia in different ways:

- Performance-based mechanisms (cases: Zor, Leagbala) are excellent test cases for REDD+ phase 3. The design, implementation and results from these mechanisms can feed into the design of a REDD+ MRV framework for Liberia;
- Input-based mechanisms (cases: Rivercess, Nitrain, NBST, CSDF) accelerate REDD+ readiness on the level of phase 1 and 2. Through policy-making, institutional reform and capacity building these mechanisms prepare for phase 3 of REDD+. Furthermore, input-based mechanisms are fit-for-purpose in the context of Liberia where national MRV capacity is low at the moment. Also, benefits stemming from input-based mechanisms can be an incentive for REDD+ supportive policy-making and facilitate the shift to performance-based payments;
- National mechanisms (NBST) are an excellent test case for distribution of payments for performances at a national level on the road to the national REDD+ strategy implementation;
- Sub national mechanisms (cases: Zor, Rivercess, Leagbala, Nitrain, CSDF) are the product of bottom-up needs and interests regarding REDD+ objectives, providing a wealth of contextual

information and increasing effectivity; needs institutional REDD+ needs and the relatively small scale of the mechanism allow for flexibility and improvement through trial and error to accelerate the REDD+ projects towards phase three

Suggestion for Further Research

More research on community benefit-sharing mechanisms in Liberia is needed. The understanding of the variety of emerging CBSM arrangements and their alignment with and embeddedness in parallel projects will prove crucial in safeguarding sustainable forest use and management of Liberia's forests in the coming years. Topics for future research can be identified as the following:

- In depth case study research into effectiveness of operational performance-based mechanisms (PPA, CFMA's, conservation agreements) to improve these mechanisms and inform the REDD+ MRV framework for payment for performance;
- Streamlining different CBSM arrangements with the REDD+ MRV framework

7. ANNEXES

Annexes available upon request.