

# REQUEST FOR PROPOSALS



## Chain of Custody Management Contract

**Forestry Development Authority and Liberia Forest Initiative  
Monrovia, Liberia**

**November 2006**

**REQUEST FOR PROPOSALS**  
**Management Contract to manage the Chain of Custody of log and wood products movement through a monitoring system**

Introduction: This Request for Proposals is issued jointly by the Government of Liberia (GOL) and MetiCorps Inc. to solicit proposals for the management of a new Chain of Custody System to be established within the Forestry Development Authority (FDA). During the first two years that the Chain of Custody System is in place, two contracts will govern its operation: one between the GOL and the Contractor, and a second between MetiCorps and the Contractor. The GOL/Contractor contract will establish the legal grounds for the arrangement and the nature of the work required. The MetiCorps/Contractor contract will provide for an initial subsidy to the Contractor for equipment and operations defined by the winning bidder's proposal, as the FDA is not yet generating revenues. Implementation of the MetiCorps/Contractor contract will be overseen by the United States Forest Service Representative in Monrovia, who will provide technical assistance and approve invoices for work completed under that contract. The GOL/Contractor contract will be governed by Liberian law; the MetiCorps/Contractor Contract will be governed by United States law.

Day-to-day oversight of the Chain of Custody System will be provided, first and foremost, by the FDA staff, with technical assistance provided by United States Forest Service Representatives as required and requested by the FDA.

**1. GENERAL ASPECTS**

1.1. Objective and characteristics of the process.

- (1) The Forestry Development Authority and the Liberia Forest Initiative, through the Procurement Committee, and with the authority granted by the FDA Board of Directors By-laws allowing the FDA to enter into contracts and agreements and in accordance with the Public Procurement and Concessions Act of 2005, have started a process to engage a company in a Management Contract to manage the chain of custody of log and wood product movement.
- (2) The Chain of Custody Service to be provided by the company shall address all the issues defined in ANNEX 5: Terms of Reference and have the following basic objectives:
  - (i) Ensure that illegal timber is identified immediately and does not enter the legal chain of custody;
  - (ii) Ensure that all holders of Forest Management Contracts and Timber Sale Contracts are in compliance with forest laws and regulations governing block maps, annual yield limits and chain of custody requirements;
  - (iii) Ensure that all forest taxes, fees, and charges are duly collected and remitted to the appropriate authorities; and
  - (iv) Ensure that the chain of custody service is sufficient to eventually facilitate certification of legal origin of timber and timber products.
- (3) In the case the Chain of Custody Contractor determines non-compliance with any of the objectives of Section (2) above, FDA staff shall execute legal action to remedy the legal transgressions. Additional information on the Chain of Custody legal procedures is attached in ANNEX 10: Draft Regulation on the Chain of Custody. A version of this Draft Regulation will likely be promulgated later in 2006 as part of the ongoing forest sector reform in Liberia.
- (4) Engaging in a management contract is consistent with the process to implement the Governance and Economic Management Assistance Program (GEMAP) and to increase the capacity and accountability at the FDA to establish an environment

where fees for timber and timber products are accurately assessed, captured and used for the benefit of all Liberians.

- (5) Contractor selection will be conducted through an International Competitive Bidding process according to the rules established in this Request For Proposals (RFP) and consistent with the Government of Liberia's legal framework under the Public Procurement and Concessions Act of 2005.

1.2. Definitions. Except otherwise stated in this RFP document and its Annexes, the following words shall have the meaning ascribed to them as defined below:

- (1) **"Affiliate Firm"** is a firm whose effective control is in the hands of a holding company, which has the same or similar line of business.
- (2) **"Authorized Agent"** is the person appointed by the bidder according to paragraph 2.2 of this RFP document to represent the bidder until the Legal Representative is designated.
- (3) **"Bid Security"** means the security provided by a bidder to secure the obligation of the bidder participating in the bid process, including the obligation to sign the contract in accordance with the requirement of the bid.
- (4) **"Bidder"** or **"Registered Bidder"** means a supplier of goods, services or works, or the applicant submitting a bid for the Management Contract of the COC. A bidder is registered after the bidder designates an Authorized Agent or a Legal Representative for the bid.
- (5) **"Closing Date"** is the date on which the delivery of the concession takes place after all the conditions established in the RFP have been fulfilled.
- (6) **"Chain of Custody"** is the process used to maintain and document the chronological history of wood products. It refers to the ability to guarantee the identity and characteristics of the product from harvesting through to final export, whether as log or as a finished product.
- (7) **"Contractor"** or **"Operator"** refers to the firm that shall provide the COC management services.
- (8) **"Day"** means working days excluding Saturday, Sunday, and public holidays.
- (9) **"Data Room"** includes a selection of relevant data to be accessible to Bidders or their representatives. The address of the Data Room, and other information considered relevant by the FDA (such as an inventory of materials, or dates, rules and procedures for access) shall be communicated to Bidders that communicated their intention to participate in the bidding process according to paragraph 2.1(1).
- (10) **"Dollars"** refers to the currency of the United States of America and accepted in Liberia as legal tender.
- (11) **"Domestic Business"** means a private sector entity or firm incorporated under the laws of the Republic of Liberia and operating in Liberia.
- (12) **"Due Diligence"** refers to the technical evaluation of all the information available related to the requested service made by the bidder in order to make a bid.
- (13) **"Economic Proposal"** is the irrevocable and unilateral declaration by a bidder, which contains the minimum payment required expressed as a percentage of the stumpage fee that the bidder is willing to accept for the delivery of the service.
- (14) **"Envelope N° 1"** is the envelope containing the documents specified in Section I of ANNEX 6.
- (15) **"Envelope N° 2"** is the envelope containing the documents specified in Section II of ANNEX 6.
- (16) **"Envelope N° 3"** is the envelope containing the documents specified in Section II of ANNEX 6.
- (17) **"Foreign Business"** means a private or public sector firm not incorporated under the laws of the Republic of Liberia.

- (18) **"Goods"** means tangible items in any form, including raw materials, products, equipment and objects in solid, liquid or gaseous form, as well as services incidental to the supply of the goods where the value of those incidental services is insignificant in relation to the value of the goods.
- (19) **"Holding Company"** is a firm that possesses the effective control of another firm.
- (20) **"Legal Representative"** is the person appointed by the bidder according to paragraph 2.3 to provide legal representation.
- (21) **"Liberian Business"** means a firm that has 51% or more ownership by Liberian citizens.
- (22) **"Lien"** refers to any right, charge or other appropriation or limitation to dominium of any kind, whether voluntary or forceful.
- (23) **"Management Contract"** is a contract by which a firm or a consortium of firms binds themselves to provide the services described in the Terms of Reference to the Government of Liberia.
- (24) **"Net income"** means the excess of revenues over costs, expenses and losses.
- (25) **"Panel"** refers to the Bid Evaluation Panel created by the Inter-Ministerial Concessions Committee responsible for the selection of the winning Bid for the Management Contract.
- (26) **"Procurement Committee"** refers to the committee established in the FDA to oversee the preparation of all bidding documents, including this RFP, and to ensure that all the bidding procedures established in the PPCA are accurately followed.
- (27) **"Procurement Unit"** refers to the unit established under the oversight of the Procurement Committee responsible for preparing the bid documents, receiving and responding to all communications on behalf of the FDA for the selection process.
- (28) **"Performance Security"** means a financial instrument submitted by a bidder to secure the bidders obligations under a concession contract in the form of a bank guarantee or performance bond.
- (29) **"Related Firm"** is a firm that has a relationship with another firm in the form of an Affiliate Firm or Holding company.
- (30) **"Request for Proposals"** refers to this procurement document which is used requesting proposals from prospective providers of COC services.
- (31) **"Schedule"** refers to the Bidding Schedule in ANNEX 2.
- (32) **"Services"** means activities which are of an intellectual, technical or advisory nature.
- (33) **"Stumpage Fee"** refers to the fee collected by the Government of Liberia, coming from charges on the commercial volume and species of logs scaled at log landings.
- (34) **"Tariff"** refers to the counterclaim that the Contractor shall receive for the delivery of the public service.
- (35) **"Technical Proposal"** is the declaration contained in the documents specified in Section II of ANNEX 6.
- (36) **"Timber and Timber Products"** means all round log and processed wood from all natural forests (both public and private) and plantation forests (both public and private).
- (37) **"Termination of the Contract"** means the termination of the Management Contract by any of the causes defined in the Contract.
- (38) **"Works"** means work associated with the construction, reconstruction, demolition, repair or renovation of a building or structure or surface and includes site preparation, excavation, assembling, installation of plant, fixing the equipment and laying out of materials, decoration and finishing, and any incidental activity under a works contract.

1.3. Acronyms. The following acronyms shall have the meaning ascribed to them in this article:

<b>ATIBT</b>	Association Technique Internationale des Bois Tropicaux
<b>COC</b>	Chain of Custody
<b>COCIS</b>	Chain of Custody Information System
<b>COCS</b>	Chain of Custody System
<b>ECOWAS</b>	Economic Community of West African States
<b>FDA</b>	Forestry Development Authority
<b>FM/TS</b>	Forest Management/Timber Sale Contracts
<b>FPEP</b>	Forest Products Export Permit
<b>FPER</b>	Forest Products Export Request
<b>GEMAP</b>	Governance and Economic Management Assistance Program
<b>LAIF</b>	Log Arrival Information Form
<b>LVIF</b>	Log Volume Information Form
<b>LWPGF</b>	Log Wood Product Grading Form
<b>MOF</b>	Ministry of Finance
<b>MPIF</b>	Mill Production Information Form
<b>PPCA</b>	Public Procurement and Concessions Act
<b>RFP</b>	Request for Proposals
<b>SSF</b>	Short Shipment Form
<b>TVIF</b>	Tree Volume Information Form

#### 1.4. Legal framework for the bidding process.

- (1) These proceedings are governed by the laws of the Republic of Liberia. Relevant legal instruments include, without limitation, the following:
  - (i) Executive Order N° 1, on Forest Sector Reform, issued by the GOL
  - (ii) Public Procurement and Concessions Act
  - (iii) By-Laws of the Board of Directors of the FDA
- (2) The process of instituting broad legal and institutional reform in the Liberian forestry sector remains underway as of the time of issuance of this RFP. It is expected that a new forestry law, together with new FDA implementing regulations, will be adopted--and thus become part of the body of law governing all Chain of Custody activities--later in 2006.

#### 1.5. Authority of the FDA Procurement Committee.

- (1) The Procurement Committee shall oversee the finalization of the Bidding documents as prepared by the Procurement Unit of the FDA.
- (2) The Procurement Committee is responsible for overseeing the selection process and ensuring that all legal procedures are followed to select the winning proposal.
- (3) The Procurement Committee is entitled, amongst other aspects, to direct, program, dictate, modify and supervise all the provisions necessary and pertinent to establish the RFP and the selection process. In that regard, it is the only body authorized to interpret, modify, complement or clarify and publicize the RFP or any document related to the process.
- (4) The Procurement Committee can approve extensions of the schedule for this process. It can also suspend or void the process without cause or incurring any liability.
- (5) The FDA Procurement Committee shall establish an FDA Procurement Unit that shall serve all functions as defined in the PPCA including but not limited to receiving the proposals and fielding inquiries from bidders.
- (6) The Procurement Committee shall serve a variety of other functions as defined in the Public Procurement and Concessions Act.

#### 1.6. Responsibilities of the Inter-Ministerial Concessions Committee.

- (1) Review and approve concession bid documents prior to the invitation of bids.

- (2) Review the evaluation reports to ensure that procedures were in strict conformity with the criteria, the Act and relevant regulations, approved or otherwise, the evaluation reports to enable the Concession Entity to continue with the next step of the process.
- (3) Approve the minimum benchmarks for the negotiations with the concessionaire as proposed by the Concession Entity.
- (4) If negotiations break down, and if acceptable, authorize the Concession Entity to negotiate with the next highest ranking bidder.
- (5) Constitute the Concession Bid Evaluation Panel and the Negotiations Team.

#### 1.7. Responsibilities of the Bid Evaluation Panel.

- (1) The Panel shall be responsible for the evaluation of Bids in accordance with the predetermined and published evaluation criteria as outlined to bidders in the bid documents in accordance with the PPCA when applicable.
- (2) The sole appointment of an Authorized Agent, document or communication implies the acceptance and binding from the bidder to the provisions in this RFP and all the modifying documents issued by the Committee.
- (3) The decisions of the Panel regarding paragraphs (1) and (2) of this Section are definitive, undisputable and shall not allow for any type of compensation.
- (4) The Panel shall establish a report of evaluation process and submit it to the Inter-Ministerial Concessions Committee upon completion of its mandate.

#### 1.8. Management Contract.

The Procurement Committee shall distribute draft Management Contracts along with this RFP (ANNEX 3 and 4). ANNEX 3 is the draft contract that will be executed by the Government of Liberia and the Contractor. Annex 4 is the draft contract that will be executed by MetiCorps and Contractor. Both contracts contain the same objectives, terms of reference, and schedule of deadlines. The prospective bidders may present suggestions on the contents of the draft contracts during the time stipulated in the Schedule, but the Procurement Committee is not in any way obliged to accept these suggestions and can, in its discretion, modify the final contract before and during negotiations, and before final contract signature.

#### 1.9. Schedule of the process.

- (1) The Schedule of the bidding process is established in ANNEX 2. Unless otherwise specified, all dates defined shall end at 18:00 hours Monrovia time.
- (2) Any date specified in the Schedule and on the RFP can be modified by the Procurement Committee and communicated to the interested parties.

## 2. DESIGNATION OF REPRESENTATIVES

### 2.1. Registration of Bidders.

- (1) Interested bidders shall communicate to the Procurement Unit in the FDA their intention to participate in the bidding process. The communication may be a letter identifying the company, its authorized agent(s) or Legal Representative and its interest in the Chain of Custody Management Contract. The letter may be in electronic or paper format.
- (2) The letter must be addressed to both:
 

Managing Director	Technical Assistant
Forestry Development Authority	USDA Forest Service
Painesville, Liberia	US Embassy
	Mamba Point, Liberia

*Or, a letter of intent under this Section may be emailed to: [fda\\_liberia@yahoo.com](mailto:fda_liberia@yahoo.com) and [simpsonrd@state.gov](mailto:simpsonrd@state.gov)*

*Go to the LFI website for additional information at: [www.fao.org/forestry/site/lfi](http://www.fao.org/forestry/site/lfi)*

## 2.2. Authorized Agents.

- (1) Each bidder, before granted access to and use of the Data Room, shall appoint through a simple letter up to two persons, with the same address in the city of Monrovia as its authorized agent(s) for the RFP proceedings. Authorized agents may respond in the name and representation of the bidder to any question that the Procurement Committee formulates regarding the bidder. Additionally, Authorized Agents may formulate questions regarding the RFP for the Procurement Committee, make recommendations, proposals and suggestions to the preliminary version of a Management Contract, and receive all communications and notifications related to these proceedings.
- (2) The physical address, telephone number, fax number and email address of the Authorized Agents must be provided in their appointment letter (simple letter from previous paragraph), and they must be the same for both.
- (3) The bidder may substitute the Authorized Agents at any time, as well as change their address, telephone and fax number, following the procedures stated in the precedent paragraph. The change takes effect only after it has been received, in writing, by the Procurement Committee.
- (4) Authorized Agents may also act as Legal Representatives.

## 2.3. Legal Representatives.

- (1) Each bidder should designate in their letter of interest from Section 2.1 (1) above and in Envelope N° 1 a Legal Representative to represent the bidder. The representative must either reside in Monrovia with a physical address, telephone number, and an email address, empowered to oblige and represent the bidder in the proceedings of this RFP evaluation process, or must be prepared to travel to Monrovia to represent the bidder.
- (2) The appointment of a new Legal Representative shall take effect only after the date the Procurement Unit receives the documents that duly formalize the appointment and opens the Envelope according to the proceedings of this RFP. The designation of the Legal Representative substitutes for that of the Authorized Agent.
- (3) The bidder shall appoint its Legal Representative through a simple letter. However, before the closing date, the bidder must demonstrate that the power of attorney for its Legal Representative is officially registered and that its Legal Representative is authorized to execute each Management Contract on the bidder's behalf.
- (4) If the bidder is a Consortium, it must have a common Legal Representative. Each of the parties shall sign the designation letter of the common Legal Representative.

## 3. GENERALITIES OF THE PROCESS

### 3.1. Confidentiality agreement.

The registered bidders are obliged to not reveal in any way whatsoever the information contained in this RFP or any other information they obtain in the data room or during the bidding process, except for that information that is already within the public domain. This obligation exists even after the proceedings are concluded. Failure to comply with the confidentiality agreement result in the ineligibility of the bidder in question to participate in this and any future public procurement proceedings.

### 3.2. Consultations.

During the time frame established in the Schedule, bidders may seek clarifications and present inquiries, in English, to the Procurement Committee about issues related to the procedures, the RFP, and the draft Management Contracts, according to the Queries Provisions contained in ANNEX 2.

### 3.3. Clarifications.

If the Procurement Committee deems it necessary to clarify, modify or complement this RFP, it shall issue a clarification to that effect that will be submitted to all bidders properly registered under Section 2.1 (1) of this document.

### 3.4. Visits.

A registered bidder may visit the facilities that would be part of the work under a contract, as well as the places where the information relevant to the project is stored, at its own expense and risk.

### 3.5. Disclaimers.

- (1) Independent decision of the bidders. All bidders shall base their decisions to present or not present their proposals solely on their own research, examinations, inspections, visits, interviews and other activities. In that regard, it is the individual bidders' obligation to review and evaluate the particular characteristics of the project, and bidders understand that they have no guarantee of future profits under these Management Contracts. All bidders waive their right to institute any action, claim, suit, accusation, or request for compensation against the parties tendering this contract. By designating their Authorized Agent and participating in the bidding process all bidders accept the contents of this Section 3.5 in their entirety.
- (2) Limited liability. The Procurement Committee, the Government of Liberia, the US Government, their staff and advisors do not guarantee, explicitly or implicitly, or otherwise warrant, the accuracy or the completeness, integrity, reliability, or fidelity of the information provided. In consequence, neither these parties, nor their representatives, are liable for the use that could be given to such information or for its inaccuracy or incompleteness, or for any other cause.
- (3) Scope of the liability limits. The limitations declared in the previous paragraph reach all information known, unknown and that which should have been known, including the possible errors or omissions incurred by the parties stated in the previous paragraph.
- (4) Acceptance of bidder. By designating their Authorized Agents the bidders accept the content of this article, and therefore resign unconditionally and irrevocably any action, claim, suit, accusation, or request for compensation against the parties mentioned here above.

### 3.6. Access to data room.

- (1) The registered bidders shall have access to the information related to the project in the data room according to the Schedule of the bidding process.
- (2) The bidders, through their Authorized Agents or Legal Representatives, shall indicate to the Procurement Committee the names of the persons authorized to access the Data Room.

### 3.7. Pre-bidding seminar.

A pre-bid conference shall be organized from December 14 to 15 in Monrovia to give prospective bidders the opportunity to seek clarification and to obtain

additional information on the requirements of the Management Contract or clarify issues set out in the bidding documents. This seminar will include a visit to the ports to assess working conditions.

### 3.8. Cost of Bidding.

The Bidder shall bear all costs associated with the preparation and submission of its Bid, and the FDA, Government of Liberia, US Government or other party or entity associated with the preparation of this RFP shall not be responsible or liable for any costs to the Bidder, regardless of the conduct or outcome of the bidding process.

## 4. FORMALITIES FOR SUBMISSION OF ENVELOPES

### 4.1. Opportunity and formalities for the presentation of envelopes

- (1) The submission of Envelopes will take place on the dates indicated in the Schedule of the proceedings. The place and time shall be communicated to all Bidders beforehand by the Panel. No envelopes sent via postal service, fax, email or any other means other than personal delivery will be accepted.
- (2) All three envelopes, N° 1, 2 & 3, shall be presented personally by the Legal Representative at the same time to the FDA Procurement Unit, and the Legal Representative shall also submit copies to MetiCorps or its representative.
- (3) The envelopes shall be submitted to the FDA Procurement Unit sealed and clearly marked on the front indicating the corresponding number of the Envelope as well as the name of the Bidder.
- (4) The documents required for Envelope N° 1, 2 & 3 shall be submitted in English. If the original of a legal document is in a different language, it must be accompanied by a certified translation to English.
- (5) All documentation submitted in the Envelopes must be legible and numbered in a clear and sequential way. An index of all documents submitted in the different envelopes must be submitted in Envelope N° 1.
- (6) All documentation submitted must not contain company logos or identifying marks on the any pages accept the cover page. No company logos or identifying marks shall be in headers or footers. Submissions with identifying marks other than in the cover letter or on the cover page may result in disqualification of the submission.
- (7) Submissions shall consist of one original and two copies of all documents. The original must be signed by the Legal Representative on every page, while the copy need be signed by the Legal Representative only on the first page. Each version must be marked as "original", "Copy 1" or "Copy 2" accordingly.
- (8) The required contents of Envelopes N°1, 2 & 3 are detailed in ANNEX 6.

### 4.2. Concerning the treatment and validity of documentation contained in the envelopes.

- (1) The Bid Evaluation Panel shall review the documents in Envelope N° 1 for errors or omissions on the date specified in the Schedule. If there are errors or omissions, the Bid Evaluation Panel shall notify the Legal Representative of the Bidder. The Bidder shall then have 72 hours to correct or clarify errors or omissions.
- (2) Each offer in Envelope N°3 shall remain valid for at least 30 days after the closing date, even if the Bidder submitting the best economic proposal is not declared the winner of the bid. Bids that present economic proposals with an earlier date of expiration shall be rejected.
- (3) The presentation of Envelope N° 3 by a bidder implies the acceptance by the bidder of all the terms and conditions of the draft contracts presented in ANNEX 3 and 4 of the RFP, without exceptions.

## 5. PROPOSAL RECEPTION PROCEDURES

### 5.1. Submission of Envelopes N° 1, 2 & 3 and opening of Envelopes N° 1 & 2.

- (1) Envelopes N°1, 2 & 3 shall be submitted in a public act in the presence of the Procurement Unit and Bid Evaluation Panel.
- (2) All envelopes must be sealed.
- (3) The Chairperson of the Procurement Unit or his representative shall receive, catalogue and hand over all submissions to the Panel. Once all of the registered bidders have presented their bids, the Notary shall open Envelopes N° 1 & 2 in the same order as they were received. The name of the bidder and the title of the essential supporting documents presented shall be read aloud and recorded by the Procurement Unit and the Panel.
- (4) The notary shall keep Envelope N° 3 unopened until the day established for its opening.
- (5) The copy of the records signed by all the members of the Panel present shall be handed to all bidders attending.
- (6) No decisions regarding disqualification or rejection of any bid shall be taken or announced in the session.

### 5.2. Clarifications.

- (1) The Panel may seek clarification from any bidder to facilitate evaluation but shall neither ask nor permit any bidder to change the price or any other substantial aspect of the bid.
- (2) If there is an arithmetical error, such error shall be rectified and the bidder notified to make the correction, but if the bidder refuses to accept such correction, its bid shall be rejected and the bid security forfeited.
- (3) If there is a discrepancy between figures and words in the information contained in any of the Envelopes, the amount expressed in words shall prevail unless the discrepancy is due to misplacement of a decimal point, in which case the mistake shall be rectified and the bidder notified.

### 5.3. Rejection or disqualification of Bids.

- (1) Bids that are incomplete, not signed, not accompanied by a bid security as prescribed in FORM N° 5 of ANNEX 1, or not accompanied by essential supporting documents required in this RFP shall be rejected and excluded from further evaluation.
- (2) Bidders who fail to clear the defects of the information provided within the established timeframe in ANNEX 2 shall have their bids rejected.
- (3) Any bidder making any unsolicited communication to the Panel or its members at any time in the evaluation process, or trying in any way to influence the Panel's examination or evaluation of the bids shall be disqualified from the evaluation unconditionally.

### 5.4. Evaluation of Firms. Envelop N° 1.

- (1) The Panel shall have no more than 10 days to evaluate the information contained in Envelope N° 1.
- (2) The decision of the Panel regarding the qualification of the content of Envelope N° 1 is undisputable and shall not allow for any type of compensation to the Bidder.
- (3) The composition and participation of the members of a consortium must remain unchanged until the closing date.

#### 5.5. Evaluation of Technical Proposals. Envelope N° 2.

- (1) The Panel shall have no more than 5 working days to evaluate the proposals contained in Envelope N° 2.
- (2) Only the bids that successfully fulfilled the requirements established in Envelope N° 1 shall have their Envelope N° 2 evaluated.
- (3) No criteria shall be used for evaluation that was not set out in the bid documents made available to bidders.
- (4) The Panel shall follow the procedures for bid evaluation and point allocation to each firm according to the procedures and criterion in ANNEX 7.
- (5) The Panel shall prepare an evaluation report detailing the examination and evaluation of bids.
- (6) If no firm meets the minimum requirements, the Procurement Committee can elect to engage directly in negotiations with the (2) two highest scoring firms in an effort to modify their proposals to an acceptable level. The Procurement Committee shall only do this after consultation and written approval from the Inter-Ministerial Concessions Committee.

#### 5.6. Evaluation of Economic Proposals. Envelope N° 3.

- (1) Only bids that have earned a minimum of 75 points during the evaluation of Envelope N°2 containing the technical proposal shall have their Envelope N° 3 evaluated.
- (2) Envelopes N°3 shall be opened in a public act with the presence of the Panel that will take place on the date established in the Schedule. Time and place shall be properly communicated to the bidders. The Chairperson of the Panel shall announce at the beginning of the session the names of the firms or consortiums that passed the evaluation of the technical proposal and who's Envelops shall be opened. For bids that have received fewer than 75 points, their Envelope N°3 shall be returned unopened to the bidders during this event. The name of the bidders and economic proposals shall be read out loud by the Chairperson of the Panel and recorded.
- (3) The Economic Proposal shall be evaluated on the criteria that the lowest percentage of the Stumpage Fee shall obtain the highest score.
- (4) The firm offering the lowest bid shall be registered as the "First Economic Proposal." In the case of a draw, the firm with the highest score in the evaluation of the Envelope N° 2 Technical proposal shall be registered as the "First Economic Proposal."
- (5) The firm receiving the "First Economic Proposal" shall be granted a bid award notice letter establishing that it has provisionally won the contract. The letter shall instruct the firm to proceed with negotiations and the signing of the contract.

#### 5.7. Negotiations.

The Inter-Ministerial Concessions Committee shall name a negotiations team that shall engage in negotiations with the bidder with the First Economic Proposal. Negotiations shall serve to provide an opportunity to clarify and improve the proposal as requested by the Procurement Committee to fully comply with the requirements of the COC Management System.

#### 5.8. Bid awarding.

- (1) The Panel shall establish official records of all procedures and results of the bid evaluation process and present a final bid evaluation report to the Inter-Ministerial Concessions Committee.

- (2) The Procurement Committee in the FDA shall perform a final due diligence check on the bidder with the First Economic Proposal prior to bid awarding and contract signature, based on PPCA requirements paragraph 116.
- (3) The company that obtains 75 or more in the technical proposal evaluation and offers the lowest cost in terms of percentage of stumpage fee shall be considered the provisional winning bid.
- (4) Before being awarded the chain of custody contract the provision bid winner shall complete:
  - (i) the post bidding contractor requirements as defined in ANNEX 8 and completion of final negotiations,
  - (ii) final due diligence on the company or consortium of companies identified as the provisional winning bid,
  - (iii) the FDA shall submit the bid evaluation report as required by the PPCA,
- (5) After the completion of the requirements in part (4) of this section, the Chairman of the Board of Directors for the Forestry Development Authority and the firm shall sign the Chain of Custody Management Contract. MetiCorps and the firm shall sign the Chain of Custody Management Support Contract.

#### 5.9. Suspension and cancellation of the bidding process

- (6) The Procurement Committee may:
  - (i) Reject all bids at any time prior to the acceptance of a bid;
  - (ii) Cancel the procurement proceedings if:
    - (a) The procurement need has ceased to exist or changed significantly;
    - (b) Funding results are insufficient for the procurement;
    - (c) There is a significant change in the required technical details, conditions of the contract or other details, such that the recommencement of proceedings is necessary;
    - (d) Insufficient or non-responsive bids are received;
    - (e) There is evidence of corruption, fraud, coercion or collusion among bidders; or,
    - (f) Cancellation is deemed to be in the interest of national security due to emergency or any other cause.
- (7) Except in the case of emergency, if the Procurement Committee receives a complaint from a bidder other than a request for further review, it shall suspend the proceedings for no more that 30 days if the complaint is not frivolous, contains a declaration which demonstrates that the bidder shall suffer irreparable damage if the suspension is not granted; and if in the Committee's view the complaint is likely to succeed and the grant of the suspension will not cause disproportionate harm to other bidders or the GOL.

#### 5.9. Oppositions

- (1) When a Bidder makes a complaint, the head of the Procurement Committee shall notify all bidders of the complaint, and a copy of the decision of the head of the Public Procurement and Concessions Commission with respect to the complaint shall be furnished to all bidders no later than 5 days after the issuance of the decision.
- (2) A summary of the decision shall be made available to the general public by the Procurement Committee.
- (3) The decision of the complaints, appeals and review panel is final and may be appealed only in a court of competent jurisdiction in Liberia.

## **6. SUBSCRIPTION OF THE MANAGEMENT CONTRACT**

### 6.1. Closing date.

- (1) The contract shall be signed by the Government of Liberia by and through the Managing Director of the FDA and the Chairman of the Board of Directors and the contractor no later than 30 days after the notification of the winning bid.
- (2) If the bidder fails to sign the written contract when required to do so, or fails to provide any additional required security for the performance of the contract within the prescribed time limit, the Committee shall accept the next ranked bidder from among the remaining bids that are in force.
- (3) In case the bid is awarded to a Consortium or to a Foreign Business, it shall register under the Laws of Liberia before the closing date, in the form of a firm with the same partners and the same distribution of participation existing within the Consortium or in the Foreign Business.

### 6.2. Execution of guarantees.

- (1) If the winner of the bid fails to fulfill his obligations for the closing date for reasons imputable to him, the Procurement Committee has the right to order the execution of the Bid Security immediately as a penalty and without having to notify the bidder first, and if the Procurement Committee deems it necessary to start any legal actions for the damages caused by the noncompliance.
- (2) In the case of noncompliance described in the previous paragraph, the Procurement Committee holds the right to accept the Second Economic Proposal instead of the First Economic Proposal. In this case, the Committee shall notify the new successful winner, informing it about the procedure for the new closing date.
- (3) In case the Procurement Committee prefers not to exercise this right, it may declare the proceedings void and call for a new bid.

## **7. FINAL PROVISIONS**

### 7.1. Jurisdiction

- (1) This RFP will be interpreted according to Liberian law governing contracts, as well as the Business Corporation Act of 1976, and any other applicable Liberian law.
- (2) All bidders accept irrevocably the jurisdiction of the Liberian Courts for any conflicts that may arise regarding this RFP, resigning to any diplomatic action or procedure through any other forum or jurisdiction.
- (3) This does not constrain the right of the Government of Liberia to the execution of judgment of a verdict from Liberian courts before international courts or in other jurisdictions.

### 7.2. Disqualification of bidders

- (1) Failure on the part of any bidder to fully disclose or accurately represent information presented to the Procurement Committee shall result in the immediate and unilateral decision to disqualify the proposal of the bidder.
- (2) Any effort to collude, communicate with other bidders outside of clearly established and defined partnerships, or manipulate the proposal submission and bidding process as defined in this RFP will result in the immediate and unilateral decision to disqualify the proposal of the bidder.

**Schedule of ANNEXES**

- ANNEX 1: Bid Envelope Number One Example Standardized Forms
- ANNEX 2: Bidding Schedule and Queries
- ANNEX 3: Draft Management Contract between the Government of Liberia and the Chain of Custody Management Contractor
- ANNEX 4: Draft Management Contract between MetiCorps and the Chain of Custody Management Contractor
- ANNEX 5: TERMS OF REFERENCE: the Chain of Custody Management Contractor
- ANNEX 6: Envelope Content Requirements
- ANNEX 7: Evaluation Criteria for Envelopes
- ANNEX 8: Closing Date Requirements
- ANNEX 9: Liberian Forest Cover, Commercial Species, Harvesting Projections and Current Checkpoints
- ANNEX 10: Forestry Development Authority Draft Chain of Custody Regulation
- ANNEX 11: Schedule of Penalties for Contract Non-Compliance

**Request for Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 1:**  
**Bid Envelope Number One Example Standardized Forms**

**FORM N° 1**

CORPORATE AFFIDAVIT

(Only for individual corporation submissions – Must be notarized)

By this sworn statement, we declare that \_\_\_\_\_ (*Name of Bidder*) is a corporation duly constituted and operative under the laws of \_\_\_\_\_ (*Name of country of origin*) according to the applicable legal provisions of the Country.

By this sworn statement, we declare that all the information submitted in envelopes N° 1, 2 and 3 is accurate to the best of our knowledge and understand that false information may result in the disqualification of the bidder.

Date,

Corporation: \_\_\_\_\_  
Bidder

Name: \_\_\_\_\_  
Bidder's Legal Representative

Signature: \_\_\_\_\_  
Bidder's Legal Representative

**FORM N° 2**

**CONSORTIUM AFFIDAVIT**  
(Only for Consortia – must be notarized)

By this sworn statement, we declare that:

1. \_\_\_\_\_ (*provide the name of each of the members of the consortium*) have associated through a consortium for the effects to participate in this tender.
2. \_\_\_\_\_ (*provide the name of each of the members of the consortium*) are firms constituted according to the legislation of \_\_\_\_\_ (*name of the country or countries*) and remain valid.
3. \_\_\_\_\_ (*provide the name of each of the members of the consortium*) are liable jointly and severally for satisfying the responsibilities and duties established by the provisions of the two Management Contracts required by these proceedings and the accompanying affidavits.

Date,

Corporation: \_\_\_\_\_  
Consortium

Name: \_\_\_\_\_  
Bidder's Legal Representative

Signature: \_\_\_\_\_  
Bidder's Legal Representative

Corporation: \_\_\_\_\_  
Party # 1

Name: \_\_\_\_\_  
Bidder's Legal Representative

Signature: \_\_\_\_\_  
Bidder's Legal Representative

Corporation: \_\_\_\_\_  
Party # 2

Name: \_\_\_\_\_  
Bidder's Legal Representative

Signature: \_\_\_\_\_  
Bidder's Legal Representative

Corporation: \_\_\_\_\_  
Party # 3

Name: \_\_\_\_\_  
Bidder's Legal Representative

Signature: \_\_\_\_\_  
Bidder's Legal Representative

**FORM N° 3****AFFIDAVIT OF CORPORATION OWNERSHIP** (for all submissions – must be notarized)

By this sworn statement, we declare that the percentage of participation of every stakeholder, partner or member is as follows:

If the Bidder is a corporation:

<b>I. Stockholder or Partner</b>	<b>Percentage of Participation in the Bidder</b> (only those holding over 5% participation)
<b>1.</b>	
<b>2.</b>	
<b>3.</b>	
<b>4.</b>	
<b>5.</b>	
<b>TOTAL</b>	

If the bidder is a Consortium:

<b>Members</b>	<b>Percentage of Participation in the Bidder</b>
<b>1.</b>	
<b>2.</b>	
<b>3.</b>	
<b>4.</b>	
<b>5.</b>	
<b>TOTAL</b>	

<b>Stockholders or Partners (only those holding over 5%) of the members of the Consortium</b>	<b>Percentage of Participation in the Bidder (only those holding over 5% participation)</b>
<b>Member 1</b>  1.  2.  3.	  1.  2.  3.
<b>Member 2</b>  1.  2.  3.	  1.  2.  3.
<b>Member 3</b>  1.  2.  3.	  1.  2.  3.

**FORM N° 4**  
ECONOMIC PROPOSAL PRESENTATION LETTER

Date, \_\_\_\_\_, 2006

Mr.  
Chairman  
Section Committee  
COC Management Contract  
**FOREST DEVELOPMENT AUTHORITY**

Bidder: \_\_\_\_\_

Reference: Chain of Custody Service Management Contract Tender

According to the provisions of Section III of ANNEX 6 of the RFP, we submit our economic proposal in the following terms:

We offer to charge a Tariff of \_\_\_\_\_ % of the Stumpage Fee collected, including all applicable taxes, levies and fees.

We declare that our Economic Proposal is irrevocable and shall be fully in effect at least 30 working days after the Closing Date, with the commitment to extend it if the Committee so requests.

Corporation: \_\_\_\_\_  
Bidder

Name: \_\_\_\_\_  
Bidder's Legal Representative

Signature: \_\_\_\_\_  
Bidder's Legal Representative

**FORM N° 5**  
**BID SECURITY**  
**(Bank Guarantee)**

\_\_\_\_\_ *[Bank's Name, and Address of Issuing Branch or Office]*

**Beneficiary:** Forestry Development Authority, Painesville, Liberia

**Date:** \_\_\_\_\_

**BID GUARANTEE No.:** \_\_\_\_\_

We have been informed that \_\_\_\_\_ *[name of the Bidder]* (hereinafter called "the Bidder") has submitted to you its bid dated \_\_\_\_\_ (hereinafter called "the Bid") for the execution of the Chain of Custody Management Contract.

Furthermore, we understand that, according to your conditions, Bids must be supported by a bid guarantee.

At the request of the Bidder, we \_\_\_\_\_ *[name of Bank]* hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of \_\_\_\_\_ *[amount in figures]* (\_\_\_\_\_) *[amount in words]* upon receipt by us of your first demand in writing accompanied by a written statement stating that the Bidder is in breach of its obligation(s) under the bid conditions, because the Bidder:

- (a) has withdrawn its Bid during the period of Bid validity specified by the Bidder in the Form of Bid; or
- (b) having been notified of the acceptance of its Bid by the Employer during the period of bid validity, (i) fails or refuses to execute the Contract Agreement; or (ii) fails or refuses to furnish the performance security, in accordance with the RFP.

This guarantee shall expire: (a) if the Bidder is the successful Bidder, upon our receipt of copies of the contracts signed by the Bidder and the performance security issued to you upon the instruction of the Bidder; and (b) if the Bidder is not the successful Bidder, upon the earlier of (i) our receipt of a copy your notification to the Bidder of the name of the successful Bidder; or (ii) 30 days after the expiration of the Bidder's Bid.

Consequently, any demand for payment under this guarantee must be received by us at the office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458.

\_\_\_\_\_  
*[signature(s)]*

*Note: All italicized text is for use in preparing this form and shall be deleted from the final product.*

**FORM N° 6**  
PERFORMANCE SECURITY  
**Option 1: (Demand Guarantee)**

\_\_\_\_\_ *[Bank's Name, and Address of Issuing Branch or Office]*

**Beneficiary:** Forestry Development Authority, Painesville, Liberia

**Date:** \_\_\_\_\_

**PERFORMANCE GUARANTEE No.:** \_\_\_\_\_

We have been informed that \_\_\_\_\_ *[name of Contractor]* (hereinafter called "the Contractor") has entered into Contract No. \_\_\_\_\_ *[reference number of the contract]* dated \_\_\_\_\_ with you, for the execution of a Chain of Custody Management Contract (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, a performance guarantee is required.

At the request of the Contractor, we \_\_\_\_\_ *[name of Bank]* hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of \_\_\_\_\_ *[amount in figures]* (\_\_\_\_\_) *[amount in words]*, such sum being payable in the types and proportions of currencies in which the Contractor Remuneration is payable, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, and a statement by the Independent Expert under the Contract *[insert name of Independent Expert]* stating that in his opinion there is prima facie evidence of the specified breach, without your needing to prove or to show grounds for your demand or the sum specified therein.

This guarantee shall expire, no later than the .... Day of ....., 2...<sup>2</sup>, and any demand for payment under it must be received by us at this office on or before that date. The Guarantor agrees to a yearly extension of this guarantee for a period not to exceed 5 years, in response to the Contractor making a written request for such extension, such request to be presented to the Guarantor before the expiry of the guarantee.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458, except that subparagraph (ii) of Sub-article 20(a) is hereby excluded.

\_\_\_\_\_  
*[signature(s)]*

**Note: All italicized text (including footnotes) is for use in preparing this form and shall be deleted from the final product.**

<sup>2</sup> Insert the date 30 days after the expected completion date.

**Option 2: Performance Bond**

By this Bond \_\_\_\_\_ as Principal (hereinafter called "the Contracted") and \_\_\_\_\_] as Surety (hereinafter called "the Surety"), are held and firmly bound unto Forestry Development Authority as Obligee (hereinafter called "the Contractor") in the amount of \_\_\_\_\_, for the payment of which sum well and truly to be made in the types and proportions of currencies in which the Contracted Remuneration is payable, the Contracted and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS the Contracted has entered into a written Agreement with the Contractor dated the \_\_ day of \_\_\_\_, 20 \_\_\_\_\_, for \_\_\_\_\_ in accordance with the documents, plans, specifications, and amendments thereto, which to the extent herein provided for, are by reference made part hereof and are hereinafter referred to as the Contract.

NOW, THEREFORE, the Condition of this Obligation is such that, if the Contracted shall promptly and faithfully perform the said Contract (including any amendments thereto), then this obligation shall be null and void; otherwise, it shall remain in full force and effect. Whenever the Contracted shall be, and declared by the Contractor to be, in default under the Contract, the Contractor having performed the Contractor's obligations thereunder, the Surety may promptly remedy the default, or shall promptly:

- (1) complete the Contract in accordance with its terms and conditions; or
- (2) pay the Contractor the amount required by Contractor to complete the Contract in accordance with its terms and conditions up to a total not exceeding the amount of this Bond.

The Surety shall not be liable for a greater sum than the specified penalty of this Bond.

Any suit under this Bond must be instituted before the expiration of one year from the date of the issuing of the Handback Certificate.

No right of action shall accrue on this Bond to or for the use of any person or corporation other than the Contractor named herein or the heirs, executors, administrators, successors, and assigns of the Contractor.

In testimony whereof, the Contracted has hereunto set his hand and affixed his seal, and the Surety has caused these presents to be sealed with his corporate seal duly attested by the signature of his legal representative, this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_.

SIGNED ON \_\_\_\_\_ on behalf of \_\_\_\_\_

By \_\_\_\_\_ in the capacity of \_\_\_\_\_

In the presence of \_\_\_\_\_

SIGNED ON \_\_\_\_\_ on behalf of \_\_\_\_\_

By \_\_\_\_\_ in the capacity of \_\_\_\_\_

In the presence of \_\_\_\_\_

**Request for Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 2:**  
Bidding Schedule and Queries

## BIDDING SCHEDULE

<b>ACTIVITY</b>	<b>START</b>	<b>FINISH</b>
RFP Publication	Nov 11, 2006	Nov 25, 2006
Access to Data Room	Nov 27, 2006	Jan 17, 2007
Pre Bidding Seminar	Dec 14, 2006	Dec 16, 2006
Inquiries about the RFP	Nov 27, 2006	Jan 17, 2007
Procurement Committee clears inquiries	Nov 27, 2006	Jan 19, 2007
Preparation of Proposals	Nov 11, 2006	Jan 31, 2007
Presentation of Envelopes N° 1, 2 & 3	Jan 31, 2007	Jan 31, 2007
Evaluation of Envelope N° 1	Feb 1, 2007	Feb 1, 2007
Notification for corrections of information contained in Envelope N° 1	Feb 2, 2007	Feb 2, 2007
Presentation of corrected information	Feb 2, 2007	Feb 7, 2007
Evaluation of Proposals Envelope N° 2	Feb 8, 2007	Feb 10, 2007
Official Declaration of Qualified Bidders	Feb 12, 2007	Feb 12, 2007
Opening of Envelope N° 3	Feb 12, 2007	Feb 12, 2007
Negotiations & Due Diligence	Feb 13, 2007	Feb 28, 2007
Closing date	Feb 28, 2007	Feb 28, 2007

### QUERIES ABOUT THE RFP

The time frame for formulating queries about the RFP is established in the Schedule. For a Bidder's question to be considered valid, *all* of the following conditions must be satisfied:

1. The Bidder must present its query through their Authorized Agent(s) or Legal Representative(s). Any query present by a person other than an Authorized Agent or Legal Representative will not be considered and will not receive a response.
2. The query shall be written in English and addressed to the Committee to both addresses:

Managing Director	Technical Assistant
Forestry Development Authority	USDA Forest Service
Painesville, Liberia	US Embassy
	Mamba Point, Liberia

*Or email queries to:* fda\_liberia@yahoo.com **or** simpsonrd@state.gov

### VERSIONS OF THE CONTRACT

3. This RFP includes an Annex containing drafts of the two relevant Management Contracts, which may be modified by the Procurement Committee or the Negotiation Team assigned by the Inter-Ministerial Concessions Committee according to the procedures of this RFP and the PPCA.
4. If the Bidder chooses to suggest changes to the draft contracts, the Bidder shall present its proposed changes to the Procurement Committee within the stipulated timeframe in the Schedule for comments to the RFP, through a simple letter. The Procurement Committee shall only consider those suggestions presented within the predetermined timeframe. Any such suggestions do not oblige the Procurement Committee to incorporate them into the final version of any draft contract.

**Request for Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 3:**

Draft Management Contract between the Government of Liberia and the  
Chain of Custody Management Contractor

### **Draft Chain of Custody Management Contracts**

DRAFT CONTRACT – the Contractor shall execute two separate contracts: one with the Government of Liberia, assigning the contract and responsibilities mandated to manage Chain of Custody operations within the Forestry Development Authority (FDA). The Contractor shall execute a second contract with the US Government-authorized contracting agency, MetiCorps, which shall distribute payments and provide field oversight for the initial phases of the contract. In the contract with MetiCorps, the Contractor shall agree to a set of deliverables to be attained with the financing made available to it.

### **ANNEX 3. Draft Contract between the Government of Liberia and the Chain of Custody Contractor**

This is a draft contract for the purpose of defining the basic contractual arrangement that shall be pursued by the FDA and Chain of Custody Operator. The FDA reserves the right to modify and clarify details of the contract before the contract is negotiated and signed.

### **Chain of Custody Management in Liberia**

This contract is entered into between:

Forestry Development Authority, the FDA hereafter, on the one part;

And

The Chain of Custody Operator, the Operator hereafter, on the other.

#### **1. GENERALITIES**

1.1. Legal framework for the bidding process – All activities invoiced under this contract shall be completed under the authority of the US Forest Service representative in Monrovia and shall be governed by the laws of the Republic of Liberia. Relevant legal instruments include, without limitation, the following:

- (1) Executive Order N° 1, on Forest Sector Reform GOL
- (2) Public Procurement and Concessions Act
- (3) Forestry Law of 2000 (or any amendments thereafter)
- (4) Forestry Regulations
- (5) Manual on Chain of Custody Operations

1.2. The process of instituting broad legal and institutional reform in the Liberian forestry sector remains underway as of the time of execution of this contract. It is expected that a new forestry law, together with new FDA implementing regulations, will be adopted--and thus become part of the body of law governing all Chain of Custody activities--later in 2006.

1.3. Definitions

- (1) Every reference made in this contract to "ANNEX", "Clauses", or "Sections" shall be understood to designate ANNEX, Clauses, or Sections of this contract, unless otherwise specified. All annexes of this contract are an integral part of it.

- (2) Any other term that is not defined in this contract shall have the meaning given to it in the RFP and its Annexes; if it is not defined in the RFP, it shall have the meaning assigned in the applicable laws, and if these sources are insufficient to define the term, it shall have the meaning given in the context of normal forestry operations in Liberia.
- (3) Any reference to a Government Authority shall be understood as made to it or any other institution that substitutes or succeeds it or the person that such authority designates to fulfill the acts indicated in this contract or under the applicable laws.
- (4) Except otherwise stated under this RFP, the following words shall have the meaning ascribed to them in this article:

**"Termination of the Contract"** means the termination of the Management Contract by any of the causes foreseen in the Contract.

**"Closing Date"** is the date on which the delivery of the concession takes place after all the conditions established in the RFP have been fulfilled.

**"Chain of Custody"** is the process used to maintain and document the chronological history of wood products. It refers to the ability to guarantee the identity and characteristics of the product from harvesting through to final export whether as log or as a finished product.

**"Contractor"** or **"Operator"** refers to the firm that shall provide the COC management services.

**"Dollars"** refers to the currency of the United States of America

**"Domestic Business"** means a private sector entity or firm incorporated under the laws of the Republic of Liberia and operating in Liberia.

**"Due Diligence"** refers to the technical evaluation of all the information available related to the requested service made by the bidder in order to make a bid.

**"Foreign Business"** means a private or public sector firm not incorporated under the laws of the Republic of Liberia.

**"Goods"** means tangible items in any form including raw materials, products, equipment and objects in solid, liquid or gaseous form, as well as services incidental to the supply of the goods where the value of those incidental services are insignificant in relation to the value of the goods.

**"Holding Company"** is a firm that possesses the effective control of another firm.

**"Liberian Business"** means a firm that has 51% or more ownership by Liberian citizens.

**"Lien"** refers to any right, charge or other appropriation or limitation to dominium of any kind, whether voluntary or forceful.

**"Management Contract"** is a contract by which a firm or a consortium of firms binds themselves to provide the services described in the Terms of Reference for the Government of Liberia.

**"Net Income"** means the excess of revenues over costs, expenses and losses.

**"Performance Security"** means a financial instrument submitted by a Bidder to secure the Bidder's obligations under a concession contract in the form of a bank guarantee or performance bond.

**"Related Firm"** is a firm that has a relationship with another firm in the form of an Affiliate Firm or Holding Company.

**"Request for Proposals"** refers to the procurement document used to request proposals from prospective sellers of COC services.

**"Services"** means activities which are of an intellectual, technical or advisory nature.

**"Tariff"** refers to the counterclaim that the Contractor shall receive for the delivery of the public service.

**"Technical Proposal"** is the declaration contained the documents specified in Section II of ANNEX 6 to the RFP document.

**"Timber and Timber Products"** means all round log and processed wood from all natural forests (both public and private) and plantation forests (both public and private).

**"Works"** means work associated with the construction, reconstruction, demolition, repair or renovation of a building or structure or surface and includes site preparation, excavation, assembling, installation of plant, fixing the equipment and laying out of materials, decoration and finishing, and any incidental activity under a works contract.

#### 1.4. Acronyms

(1) The following acronyms shall have the meaning ascribed to them in this article:

<b>ATIBT</b>	Association Technique Internationale des Bois Tropicaux
<b>COC</b>	Chain of Custody
<b>COCIS</b>	Chain of Custody Information System
<b>COCS</b>	Chain of Custody Service
<b>ECOWAS</b>	Economic Community of West African States
<b>FDA</b>	Forestry Development Authority
<b>FM/TS</b>	Forest Management/Timber Sale Contracts
<b>FPEP</b>	Forest Products Export Permit
<b>FPER</b>	Forest Products Export Request
<b>GEMAP</b>	Governance and Economic Management Assistance Program
<b>LAIF</b>	Log Arrival Information Form
<b>LVIF</b>	Log Volume Information Form
<b>LWPGF</b>	Log Wood Product Grading Form
<b>MOF</b>	Ministry of Finance
<b>MPIF</b>	Mill Production Information Form
<b>PPCA</b>	Public Procurement and Concessions Act
<b>RFP</b>	Request for Proposals
<b>SSF</b>	Short Shipment Form
<b>TVIF</b>	Tree Volume Information Form

#### 1.5. Object of the Contract

- (1) By this contract, the FDA grants the Management Contract to the Operator.
- (2) This contract fixes the rights and obligations of the parties with relation to the Operator's assumption and performance of Chain of Custody activities..

#### 1.6. Object of the Management Contract

- (1) The object of the Management Contract is to:
  - (i) Build, operate and transfer a Chain of Custody Service for the FDA.
  - (ii) Manage the Chain of Custody of all logs and wood products from stump to port of export and domestic markets, and develop and maintain a computerized information system for this purpose.
  - (iii) Manage the collection of all forest charges related to log and wood production and trade, and ensure that all payments are duly made by contractors to the appropriate government accounts in the Central Bank or a designated private banking institution before timber export permits are awarded.
  - (iv) Ensure that FDA staff and relevant government staff in the MOF, Central Banks, and Ports Authority are trained to manage and eventually monitor the Chain of Custody in terms of log and timber production and trade and forest revenue collection.

- (v) Assist and capacitate the FDA to manage field monitoring of the Chain of Custody, which includes both infrastructure and equipment support (ie. vehicles, building rehabilitation, etc).
  - (vi) Develop operating procedures for collaboration with independent third party monitors.
- (2) The works and services provided shall be in accordance to the provisions of this contract, the applicable laws of the Republic of Liberia, and international regulations governing forestry activities.

#### 1.7. Ambit of the Management Contract

The Management Contract is granted for the whole territory of the Republic of Liberia and shall apply to all commercial movement and export of timber and timber products.

#### 1.8. Period of the Management Contract

- (1) Period
- (i) This Contract shall extend for a period of three (3) years, until the Closing Date, subject to the fulfillment of the obligations that are assumed by the Operator under this contract..
  - (ii) The Operator shall have the option for two one-year renewals based on satisfactory execution and performance of the contract as reviewed by the FDA 90 days before the termination of the contract.
  - (iii) Each renewal shall be evaluated and signed at least 90 days before the end of the contract period.
- (2) Suspension
- (i) The period of the Management Contract shall be subject to suspension following causes as follows:
    - (a) Total or partial destruction of the overall infrastructure, if its repair costs more than ten percent (10%) of the projected investment for this contract;
    - (b) An agreement between all the signing parties, derived from circumstances different from the ones cited above.
  - (ii) Any of the signing parties can invoke the causes mentioned above through a letter directed to the other signing parties within 30 days after the cause occurred, at which time the receiving party shall have up to 30 days to express their conformance. In case of disagreement, the provisions for conflict resolution in Clause 17 of this Contract apply.
  - (iii) The suspension of the Management Contract shall give the Operator the right to receive an extension of the contract equal to the period of the suspension.

#### 1.9. Interpretation of the Contract

- (1) This contract shall be interpreted as a unit, and in no case each clause independently.
- (2) In case of discrepancies in the interpretation of the contract, the documents shall have the following preference:
  - (i) This contract and its Annexes.
  - (ii) The communications made by the Procurement Committee.
  - (iii) The RFP and its Annexes.

## 2. **THE OPERATOR**

### 2.1. Declaration

- (1) The Operator declares and guarantees that the Operator has fulfilled all the requirements, demands, and obligations established in the RFP and the applicable

laws in order to proceed to the signature of this Contract and to properly carry out the provisions of this contract.

- (2) This contract is signed taking into account the veracity of the statements and guarantees including in the preceding paragraph.

## 2.2. Conformation

- (1) Operator

The Operator shall carry out directly and principal operations of the COCS detailed in ANNEX 5 TERMS OF REFERENCE of the RFP. It shall maintain adequate and qualified staff according to the requirements of the position and with experience of no less than Five (5) years in similar positions.

- (2) Technical Advisors

The Operator can employ advisors, consultants, contractors or subcontractors and suppliers in the cases it deems convenient, stipulating that the Operator remains solely responsible for the total and complete execution of the obligations derived from this contract and the applicable laws.

- (3) Substitution

The Operator shall not substitute, suspend or in any other direct or indirect manner change the principal operator, nor modify its functions and responsibilities.

## 2.3. Capital stock

- (1) The capital stock of the Operator on the Closing Date is \_\_\_\_\_ (*WRITE AMOUNT*), according to \_\_\_\_\_ (*DOCUMENT, BYLAWS, ETC*).

- (2) The Operator is obliged to maintain such capital and its stockholders may not withdraw, it without the prior and written authorization of the parties to this contract.

## 2.4. Personnel

- (1) The Operator shall freely determine the number of workers that are necessary to perform the services. It has the right to select and manage workers.

- (2) The Operator shall first select appropriate staff from FDA that meet the competences required for COC management. After adequate candidates have been recruited from FDA, the Operator is free to recruit elsewhere within the Country and ultimately from abroad, according to the labor laws of Liberia.

- (3) COC workers are under a private regime as workers of the Operator.

- (4) The Contractor shall establish a pay scale appropriate for efficient operation, but considering the necessary provisions to insure a normal transition of the COCS to the FDA.

- (5) Staff hired by the Operator from the FDA cannot be paid a lesser amount than their salaries received at the FDA as of the Closing Date.

- (6) If the Operator terminates the labor relationship with an employee recruited from the FDA, the FDA shall grant the employee an opportunity to return to his previous or a similar position at the FDA.

## 3. **RIGHTS OF THE FDA**

### 3.1. The FDA reserves the right to:

- (1) Define the terms and fundamental conditions under which the COCS shall be provided.
- (2) Draft and implement COC regulations, when possible in consultation with the COC Operator.
- (3) Oversee operations of the COC Operator in accordance with this Contract and applicable laws and regulations.
- (4) Measure performance of the COC Operator.

- (5) Apply sanctions to the Operator if necessary, consistent with the terms of this Contract.
- 3.2. The Operator shall require previous, written authorization from the FDA before engaging in any of the following activities:
- (1) Incorporation or replacement of new partners through any modality; reduction of capital; issuance of obligations convertible to stocks; inscription of any series of stocks of the company in any stock exchange market; changing the social objective, transformation, merger, division or dissolution of the society;
  - (2) Constituting collaterals over assets of the corporation to back obligations from third parties;
  - (3) Yielding its contractual position, or in any way replacing the principal operator of the service;
  - (4) Reducing the participation of the principal operator in the capital of the Contractor.

#### 4. **ASSETS**

##### 4.1. Assets of the Management Contract

- (1) Assets of the Management Contract are all the goods (bona mobilia, and bona inmobilia) and property rights of the FDA that are part of the public infrastructure and public service described in ANNEX 9 to the RFP and that are surrendered by this contract to the Operator.
- (2) The FDA shall allow the Operator to use the infrastructure described in ANNEX 9 to the RFP. The Operator is obliged to improve and maintain the infrastructure for the proper operation of the COCS according to the specifications in the Terms of Reference in ANNEX 5 to the RFP.
- (3) All improvements made by the Operator to those assets are transferred to the FDA and become part of the assets of this Management Contract.

##### 4.2. Assets of the Operator affected by the Management Contract

- (1) All those assets belonging to the Operator that are not Assets of this Management Contract and that are essential to the provision of the service of the contract shall be transferred by the Operator to the FDA at the end of the contract. The transfer shall be done at their book value, as long as they have not been fully depreciated (in which case the transfer value shall be zero). Assets fully depreciated shall be replaced by the Operator at the end of the contract before returning the operations to the FDA, without additional cost to the GOL.
- (2) These assets cannot be transferred separately from the Management Contract or subject to lien of any type without the prior agreement of the FDA and the MOF.
- (3) On a monthly basis, the Operator shall provide the FDA and MOF a list of the Assets of the Operator affected to the Management Contract, indicating their location, date of acquisition or construction, acquisition or construction value and state of conservation.

##### 4.3. Assets of the Operator

All those assets belonging to the Operator that do not hold any direct relation to the Management Contract can be freely disposed by the Operator.

##### 4.4. Improvements

Under this contract, an improvement is any construction, repair, enlargement, modification or similar activity realized by the Operator regarding the assets of the Management Contract and those of the Operator affected by the contract, in order to make them more efficient or maintain their efficiency.

##### 4.5. Servitudes

The FDA shall offer its reasonable cooperation to the Operator to obtain the necessary servitudes for the occupation of the public goods or private property

necessary for the execution of this contract. The Operator shall make such request to the FDA in writing, setting for the adequate grounds.

#### 4.6. Protection of Assets

- (1) The Operator is obliged to maintain and protect the possession of the assets that are the subject of the Contract and those of the Operator affected by the Contract, utilizing all legal mechanisms available for these situations.
- (2) The Operator shall inform the FDA, in writing, of the acts of third parties that threaten or damage the possession of the assets of the Management Contract and those of the Operator, immediately after such acts come to the knowledge of the Operator.

#### 4.7. Transfer of assets

- (1) Property rights in all assets acquired, received or in any way used for the provision of the service shall be transferred to the FDA at the end of the contract for its legal use thereafter in the provision of the service.
- (2) The transfer of property rights requires no special additional compensation to the Operator. The cost of any property rights involved in the provision of the service is understood to be included within in the compensation provided for by this contract.

#### 4.8. Copyrights and Patents

- (1) All copyrights and patents acquired or established during the course of the contract and under its terms are owned by the FDA. The copyrights and patents in connection with any procedure, information system, or license acquired, used for, or specially designed for the delivery of the service object of this contract by the Operator, shall be retained by the FDA at the end of the contract for its legal use thereafter in the provision of the service.
- (2) The transfer of copyrights and patents requires no special compensation to the Operator. The cost of any copyrights and patents involved in the provision of the service is understood to be included in the compensations in this contract.

### 5. **THE WORKS**

#### 5.1. Works to execute

The Operator is obliged to improve the facilities provided through this contract by the FDA for the delivery of the COCS, performing the works necessary for its efficient and sustainable operations.

#### 5.2. Period

The improvements on the facilities shall be completed by the end of the first year of the Contract.

#### 5.3. Supervision of Works

The FDA shall supervise all works performed by the Operator and shall issue final approval.

#### 5.4. Cooperation of the FDA in case of public calamity

The FDA shall provide its reasonable cooperation to the Operator in the protection of works, facilities and equipment in order to allow for the continuity of operations in cases of public calamity, internal commotion or disturbance.

5.5 For failure to improve infrastructure and facilities as defined by the Terms of Reference in the contract, the FDA reserves the right to fine the Operator according to the penalties schedule set forth in ANNEX 11 to the RFP document.

### 6. **DELIVERY OF THE SERVICE**

#### 6.1. Scope of the service

- (1) The minimum characteristics of the services to be provided by the Operator are described in ANNEX 5 to the RFP and contained in the Technical Proposal of the Operator.

- (2) The services to be delivered are the following:
- (i) Build, operate and transfer a Chain of Custody Service for the FDA.
  - (ii) Manage the Chain of Custody of all logs and wood products from enumeration to port of export and domestic markets, and develop a computerized information system for this purpose.
  - (iii) Establish all invoices for forest charges related to log and wood production and trade, and ensure that all payments are duly made by contractors to the appropriate government accounts in the Central Bank before co-signing on any export permits.
  - (iv) Ensure that FDA staff and relevant government staff of the MOF, Central Bank, and Port Authority are trained to manage and eventually monitor the chain of custody in terms of log and timber production, trade and forest revenue collection.
  - (v) Assist and capacitate the FDA to manage field monitoring of the Chain of Custody.
  - (vi) Assist to develop operating procedures for corroboration by independent third party monitors.

6.2. Deliverables. The Contractor shall provide the following Deliverables:

- (1) COC DESIGNED & APPROVED
  - (i) Standard Operational Procedures Approved
  - (ii) Organizational Design Approved
  - (iii) Implementation Schedule
- (2) COC ESTABLISHED
  - (i) Staff Recruited
  - (ii) Equipment Procured & Maintained
  - (iii) Infrastructure Operative
  - (iv) Control Measures Made Operational
  - (v) COC Contractor's Staff Trained in COC System
- (3) COC OPERATIVE
  - (i) Block Maps from FM/TS Contractors Verified
  - (ii) Tree volume (TVIF) Verified & Data Registered
  - (iii) Log volume (LVIF) Measured & Registered
  - (iv) Trees Harvested Verified (control of stumps)
  - (v) Waybills for Logs and Wood Processed Issued
  - (vi) Log Transport (Waybill) Verified for Local or Exports Markets
  - (vii) Log Processing (LAIF) and Timber Products (MPIF) Verified
  - (viii) Timber products transport (Waybill) Verified for Local and Export Markets
  - (ix) Logs or Processed Timber Products Scaled and Graded at Designated Holding Sites (FPER) and Export Fees Payments Defined
  - (x) Export permit issued for logs or processed timber products (FPEP)
  - (xi) Local Sale Points Verified
  - (xii) Logs and wood product received in export point (PRF)
  - (xiii) Logs and Wood timber products verified at point of export (LWPGF & SSF)
- (4) COC INFORMATION SYSTEM DESIGNED
  - (i) Software requirements approved
  - (ii) Software design specifications approved
  - (iii) Software coded and implemented
  - (iv) Training provided in information system use
- (5) FOREST FEES ALL FULLY COLLECTED BY GOL
  - (i) Land Rental Fees collected
  - (ii) Stumpage Fees collected
  - (iii) Export Fees collected

- (6) TRAINING PROVIDED IN COC TO FDA & MOF
    - (i) Training in operative procedures provided
    - (ii) Training in information systems for volume control & fees collection provided
- 6.3. Quality standards
- (1) The Operator is obliged to fulfill the quality standards and international regulations regarding the service, in the terms established in its Technical Proposal and in the Terms of Reference.
  - (2) The Operator shall acquire and install first generation equipment with adequate technology for the delivery of the service according to this contract and the applicable laws. The Operator may neither buy nor install second-hand equipment for the delivery of the service. The FDA may reject the Operator's use of certain equipment not fulfilling the requirements of this Section.
- 6.4. Relations with the users
- (1) Non-discrimination principle
    - (i) The Operator is forbidden to apply unequal conditions for equivalent services that create disadvantages between competitors.
    - (ii) The Operator and its related firms are prohibited to engage in forestry activities in the country or to engage in international trade activities in forestry products serviced through this contract.
    - (iii) The Operator is obliged to follow the Forestry Law, the Regulation and FDA Manual on Chain of Custody and all other regulations that pertain to the functions required under the chain of custody and shall guarantee that the services provided are rendered to all users without discrimination of any sort.
  - (2) Neutrality principle:  
If the COCS happens to be the base for the delivery of other services, the Operator is obliged to not take advantage of such situation to deliver simultaneously other services in conditions of better advantage with prejudice to its competitors.
  - (3) Emergency or Crisis
    - (i) In case of an emergency situation or crisis declared by a government authority, the Operator shall continue providing the service as possible and according to the instructions of the FDA, giving priority to the actions necessary to the resolution of the emergency or crisis.
    - (ii) The FDA shall coordinate with the Operator to determine the actions required by each party during the duration of the emergency crisis. In any event the Operator shall follow the laws regarding security in case of emergency or crisis.

## **7. INCOME REGIME**

### **7.1. Tariffs**

The Operator will receive two sources of income for COCS Management, as provided by this Sections 7.1 and 7.3 of this Contract.

- (1) A Tariff of \_\_\_\_\_ (*insert here the percentage of the winning bid*) % of the stumpage fee. COC Contractor scalers measure at log landings all logs and complete LVIF for all FM/TS contracts. LVIF are the basis for stumpage fees paid by FM/TS contract holders.
- (2) An export forest fee of 1.4% of the FOB value of logs or processed timber products once scaled, graded and accepted at points of export.
- (3) FOB value shall be calculated subtracting Insurance and Freight costs to the CIF values.
- (4) These tariffs shall be paid as per law by the Forest Management Contract Holder to the Central Bank of Liberia.

- (5) The Chain of Custody Contractor shall, based on established percentages in this section, provide to the Government of Liberia invoices for services provided. The invoices shall be presented to the Forestry Development Authority and paid by the Ministry of Finance within thirty (30) days of invoice unless the Government of Liberia presents substantial justification for inaccuracy of the invoice. The Government of Liberia, through the Ministry of Finance, shall transfer the corresponding amounts to the Operator on a monthly basis.
- (6) Any disputes over invoices shall be addressed through the arbitration clause in the Section 17 of this Contract.

#### 7.2. Modifications

Tariffs shall not be modified for the duration of the contract.

#### 7.3. Grant by USG

- (1) The USG shall make available up to the amount of US\$ 1,640,000.00 to be delivered directly to the Operator, in the spirit of obtaining the lowest possible Tariff. The subsidy shall be allocated on an invoice basis. The implementation schedule shall be negotiated between the Chain of Custody Contractor and US Forest Service contracting agency MetiCorps through a separate contract.

### 8. **RELATIONS WITH THE FDA**

#### 8.1. Faculties of the FDA

- (1) The FDA has the right to execute the faculties and functions conferred by this contract and all applicable laws.
- (2) Amongst other attributions, it shall be the responsibility of the FDA to control the performance by the Operator of the following obligations:
  - (i) Control the fulfillment of the technical specifications defined in the Terms of Reference and the Technical Proposal for the delivery of the service,
  - (ii) Control the fulfillment of the quality, condition and level of service of the COCS,
  - (iii) Control the execution and implementation of the regulations regarding the COCS,
  - (iv) Control the provision of the services required through this Management Contract,
  - (v) Review the statistical information provided by the Operator,
  - (vi) Control the fulfillment of the economic conditions of the contract,
  - (vii) Control the fulfillment of the obligation of delivering information about the financial statements of the Operator,
  - (viii) Ensure the Contractor's compliance with applicable laws,
  - (ix) All other obligations related to the engineering of the works and services.

#### 8.2. The Operator shall provide the FDA:

- (i) Annual and bimonthly financial statements of the Contractor. The annual financial statements shall have been audited. The bimonthly information shall include the presentation of the General Balance, Profits and Losses, Cash Flows, and any other financial information reasonably required by the FDA.
- (ii) Reports about the organization and directive personnel of the Operator each time a staffing change occurs,
- (iii) Reports about environmental management, according to the provisions of the environmental management plan,
- (iv) Monthly reports about complaints presented to the Operator by COCS users, identifying the user and the claim presented,
- (v) Information about statistics, metrics and controls required to measure the performance of the standards of the Terms of Reference and the Technical Proposal as required by the FDA,
- (vi) Online access to market intelligence generated as required in deliverable 3.9 of the Terms of Reference,

- (vii) Any other additional information reasonably required by the FDA to ensure the adequate performance of the contract.

### 8.3. Sanctions

- (1) The FDA may assess sanctions against the Operator in case of noncompliance with obligations, as provided for by all applicable laws.
- (2) In exercising these faculties, the FDA shall be subject to the laws and regulations that govern it.
- (3) Any administrative sanctions assessed against the Operator are without prejudice to the contractual remedies that may be available under the terms of the Contract, and without prejudice of the obligation to be held accountable for the damages resulting from noncompliance.
- (4) Contractor understands that MetiCorps reserves the right under its separate contract with Contractor to withhold payment of contract amounts based on Contractor's non-compliance with the contract terms and obligations defined under either contract.

### 8.4. Relationship with the MOF

- (1) The FDA shall submit monthly reports to the MOF reporting on the status of the Management Contract, performance of the Operator, financial information of the Operator, penalties imposed and any other relevant information necessary to insure the transparency of COCS operations.
- (2) MOF has access to all information provided by the Operator to the FDA.

## 9. **FEE REGIME**

### 9.1. General provisions

The Government of Liberia has established three types of fees for forest related products: land rental, stumpage and export fees. The Operator shall monitor through the Chain of Custody and with oversight by the Chain of Custody Division at the FDA, the stumpage and export fees.

### 9.2. Inclusion in the fee

Fees paid to the Operator by the Government of Liberia are inclusive in the invoices billed to the individual logging companies and based on the statistics from the Chain of Custody System. The Operator shall not collect these fees directly, but rather shall issue an invoice to the Government of Liberia based on the percentages agreed upon in this contract.

## 10. **GUARANTEES**

### 10.1. Performance Security.

- (1) To back the fulfillment of all obligations established under this contract, the Operator shall provide to the FDA a Performance Security that must be an irrevocable and absolute guarantee in favor of the FDA according to FORM N° 6 in ANNEX 1 to the RFP document. The bond shall be issued by a local bank, or a bank otherwise acceptable to the FDA. The requirement may be fulfilled by a Performance bond. Such guarantee must be valid for the duration of the contract and in an amount of not less than US\$ 300,000.00.
- (2) The operator may substitute for this guarantee another guarantee issued by a different financial institution, as long as it has the same rating as the existing guarantee, is issued under the same conditions, and prior written authorization of the FDA has been obtained.
- (3) The substitution described in Subsection (2) of this Section is mandatory if the issuing bank suffers a loss in its qualification according to the FDA.
- (4) In the event of partial or total execution of the guarantee, the Operator shall provide a new guarantee in the original amount. If the Operator fails to do so within ten (10) days after execution on the previous guarantee, the FDA may

rescind the contract and declare the termination of the concession in due process of law.

10.2. In favor of third parties

(1) Allowed guarantees

- (i) The Operator has the right to allocate incomes derived from this contract as a guarantee of its obligations with allowed creditors with the prior authorization of the FDA.

## **11. INSURANCE**

11.1. Mandatory insurance. The Operator shall keep the following insurances:

- (i) A multi-risk insurance policy for material damages and loss of profits, which covers all assets of any kind as well as a description of the assets of the Management Contract, considering their replacement value. Such a policy shall include, amongst others, the following risks:

- (a) Fire
- (b) Earthquake
- (c) Explosion
- (d) Rain and flooding
- (e) Malicious damage, vandalism and terrorism
- (f) Civil Commotion or War
- (g) Dishonesty, robbery and theft
- (h) All risks for the equipment

- (ii) In case of damage with partial loss covered by the insurance, the Operator is obliged to use the compensation received to repair or restore the damaged assets.

- (iii) In case of total loss, the Operator's policy shall establish that the compensation shall be paid to the FDA as a beneficiary if the assets were FDA property. The deductible shall be paid by the Operator.

- (iv) A public liability policy for the damages caused by the activities performed by the Operator. Such a policy shall cover any material damage to the property of the FDA, the GOL or third parties, including personal damages.

11.2. Deductible and Uninsured Damages

(1) In case of damage, the deductible shall be paid in full by the Operator

(2) If the damage is not fully or partially covered by the policy, the Operator shall be fully responsible for the damage, and shall fully assume all damages, losses or indemnities. To that effect, the quantification of the damage, loss or indemnity shall be determined through the conflict resolution mechanisms established in this contract.

11.3. Obligation to notify

(1) Any policy acquired under this Contract must contain provisions requiring that the insurance company notify the FDA of any incompliance from the Operator in its obligations under the insurance policy, including with respect to the payment of premiums.

(2) Notice in case of damage.

- (i) In case of damage, the Operator shall report immediately to the insurance company and to the FDA.

- (ii) The Operator shall be directly responsible for damages if the insurance company declines payment.

11.4. Coverage reports

Before the end of each year, the Operator shall file a report with the FDA regarding the insurance policies taken during the year, indicating coverage, insurance company name, and claims presented during that period. It shall also include a certificate issued by the

authorized representative of the insurance company establishing that the Operator has satisfied the requirements of this Section.

## **12. ENVIRONMENTAL PROTECTION**

This service does not require an environmental revision or environmental impact assessment given that it does not produce environmental impacts.

## **13. CESSION**

- 13.1. The FDA may cede its rights, obligations or contractual position to another government entity that it deems appropriate, with the written authorization of the Operator which is granted in this act and is represented with the signature of this contract.
- 13.2. If the FDA cedes its contractual position to another government entity, cession shall only come into effect after the date that this transfer of authority has been communicated to the Operator.

## **14. FORCE MAJEURE**

- 14.1. As used in this Section, "force majeure" means acts of God, accidents, wars (whether declared or not), invasions, acts of public enemies, hostilities, unforeseen restrictions on trade or other activities of the Operator imposed by any sovereign, embargoes, blockades, revolutions, riots, civil commotion, sabotage, strikes and similar labor-related disputes (if not cured for more than 60 days), fires, explosions, earthquakes or other natural disasters, expropriation of facilities or goods, epidemics, and any similar cause beyond the reasonable control of the Operator.
- 14.2. An Operator that cannot meet its obligations to the FDA due to force majeure shall give notice in writing as soon as possible, but no later than within 30 days of the event or commencement of the event causing force majeure and in that notice shall describe the obligations affected and the specific nature of the force majeure.
- 14.3. Upon receiving notice and finding that the Operator's failure to meet obligations is due to force majeure, the FDA shall suspend those obligations during the continuance of the inability.
- 14.4. The Operator shall remedy the inability as quickly as possible or on a timeline jointly defined by the FDA and the Operator.
- 14.5. The FDA shall extend the contract for the time the Operator is affected by force majeure.
- 14.6. The Operator shall not invoke force majeure to excuse or delay the payment of monetary obligations that accrued before the commencement of force majeure, and the FDA shall not suspend those obligations.

## **15. NON PERFORMANCE AND PENALTY**

- 15.1. The Operator assumes the Management Contract and the obligations derived from this Contract at its own technical, economic and financial risk, and is solely responsible for the fulfillment of all the provisions established in this Contract and in the applicable laws during the period of the Management Contract.
- 15.2. The events or non-compliances that give rise to a penalty exist independently of intention or negligence by the Operator, or the people for whom the Operator shall respond.
- 15.3. The execution of the penalty shall not exempt the Operator from fulfilling the obligation. To that effect, and always that the noncompliance does not carry the termination of the Management Contract, when the Operator is notified of the penalty it shall be required to fulfill the obligation within the timeframe established by the communication.

- 15.4. Penalties assessed against the Operator for non-compliance with the contract are defined in the Schedule of Penalties in ANNEX 9 to the RFP document. Any issues of non-compliance that do not constitute a breach of contract, but are not directly addressed in the Schedule or in this contract shall be addressed based on the severity of the issue relative to the items cited in the Schedule.
- 15.5. If the Operator fails to pay the penalty imposed by the FDA within the required timeframe, the FDA may execute the Performance Security to cover the payment, or terminate the contract if failure to pay occurs multiple times.

## **16. TERMINATION OF THE CONTRACT**

- 16.1. The contract will terminate at the conclusion of the third year, unless extended according to the provisions of this Contract.
- 16.2. The Contract may be terminated at any time, by written agreement between the parties.
- 16.3. The FDA may revoke or terminate this contract in its entirety in the event that:
- (1) The Operator fails to commence operations as required,
  - (2) The Operator assigns to a third party the whole or part of the rights held by it under this agreement without previous, written consent of the FDA as required by this contract,
  - (3) The Operator has knowingly submitted to the FDA any false statement that was a material consideration for FDA in the execution of this agreement,
  - (4) The Operator fails to comply with a final decision of the Arbitration Panel in a controversy arising between the FDA and the Operator,
  - (5) There is another breach or non-observance by the Operator of any terms, obligations or conditions of this contract, or any law of Liberia, or;
  - (6) The Operator makes or enters into any arrangement or composition with its creditors or goes into liquidation, whether involuntary or voluntary,
- 16.4. The Government of Liberia may, subject to the procedural requirements of this Section, revoke or terminate this Contract.
- (1) In the event that the government deems it desirable to revoke this Agreement pursuant to Sub-Section (1) above for any Breach or Non-Observance by the Operator or any term, obligation or condition of this agreement, the Government of Liberia shall give to the Operator notice in writing specifying the particular breach or non-observance complained of and requiring the Operator within three (3) calendar months of such notice (or within an extended time period as may seem fair to the government with regard to the circumstances of the particular case) to remedy the same or make reasonable compensation to the FDA.
  - (2) If the Operator shall fail to comply with said notice, the Government of Liberia may, after the expiration of said three (3) calendar months or a designated extended time period, revoke this contract, provided, however, that if:
    - (i) The Operator disputes whether there has been any failure to comply with any term obligation or condition hereof, and
    - (ii) Such dispute is arbitrable under the provisions of this contract;
    - (iii) Then the Operator and FDA shall attempt to remedy the issue through arbitration agreed upon by both parties before proceeding to a court in Liberian jurisdiction.
  - (3) Upon termination of this Agreement by the FDA, every right of the Operator hereunder shall cease (save as specifically otherwise provided hereunder) but subject nevertheless and without prejudice to any obligation or liability imposed or incurred under this contract prior to the Effective Date or termination and to such rights as the FDA may have under the law.

**17. CONFLICT RESOLUTION**

- 17.1. Negotiation. Any conflict or discrepancy arising between the parties to this contract related to the interpretation, execution, fulfillment, or any other aspect related to the existence, validity, or nullity of this contract, shall be negotiated directly between them within a 45-day timeframe starting from the date of written formal communication of the controversy from one party to the others.
- 17.2. If a disagreement cannot be resolved as set forth above, the matter shall be referred to and resolved by an Arbitration Panel sitting in Liberia. The Arbitration Panel shall consist of three (3) Arbitrators. One Arbitrator shall be designated by each party hereto within fifteen (15) days following the day on which one party notifies the other in writing of its decision to submit the issue to arbitration, and a third Arbitrator, acting as President of the Panel, shall be designated by the other two members of the Panel no later than fifteen (15) days from the designation on the last member. If the party-designated Arbitrators fail to designate the third member, the third Arbitrator shall be nominated by the Chief Justice of the Supreme Court of the Republic of Liberia. The decision of the panel shall be adopted by simple majority and shall be final. A record of the proceedings shall be signed by the members of the Panel at each meeting. The parties shall be immediately informed of the decision taken by means of written notification signed by the President of the arbitration Panel. The expenses of the Arbitration Panel shall be borne equally by the parties, but each party shall bear its own costs.

**18. TERMINATION FOR CAUSE**

- 18.1. Termination by Government for Cause  
The Government of Liberia may terminate this Contract, or any part thereof, at any time for cause if the Contractor:
- (1) Defaults;
  - (2) Fails to comply with any Contract terms and conditions; or
  - (3) Fails to provide the Government, upon request, with adequate assurances of future performance.

**19. FINAL PROVISIONS**

- 19.1. Confidentiality  
The Operator shall not release any confidential or reserved information regarding the FDA to which the Operator has access to or knowledge of due to the RFP bidding process, the award of this Management Contract, or the subscription and implementation of this Contract.

**20. ETHICS**

- 20.1. Absent the FDA's prior written authorization, the Operator and his staff or any other company with which the Operator is associated or linked may not, even on an ancillary or subcontracting basis, supply other services or engage in other commercial engagements that could be viewed as a conflict of interest in light of the Operator's obligations under this Contract.
- 20.2. The Operator shall have no conflict of interest or must declare any potential conflict of interest before entering this contract. Failure to declare a conflict of interest at the beginning or during any time in this contract may result in the termination of the contract.
- 20.3. The Operator must at all times act impartially and as a faithful adviser in accordance with any applicable code of conduct or accepted norms governing the Operator's activities. The Operator shall refrain from making public statements about the project or services without the FDA's prior approval. The Operator may not commit the FDA in any way without its prior written consent.

- 20.4. For the duration of the contract, the Operator and its staff must respect human rights and undertake not to offend the political, cultural and religious mores of the beneficiary state.
- 20.5. The Operator may accept no payment connected with the contract other than that provided for therein, or through the clear and disclosed contract through the US Forest Service/MetiCorps that specifically defines all levels of funding. The Operator and its staff must not perform any activity or receive any advantage inconsistent with the Operator's obligations to the FDA.
- 20.6. The Operator and its staff are bound to maintain professional secrecy for the duration of the contract and after its completion. All reports and documents drawn up or received by the Operator during the performance of the contract are confidential unless the FDA otherwise provides in writing.
- 20.7. The Operator shall refrain from entering into any relationship likely to compromise its independence or that of its staff. If the Operator ceases to be independent, the FDA may, regardless of injury, terminate the contract without further notice and without the Operator having any claim to compensation.
- 20.8. The FDA reserves the right to suspend or cancel project financing if corrupt practices of any kind are discovered at any stage of the award process and if the Operator fails to take all appropriate measures to remedy the situation. For the purposes of this provision, "corrupt practices" include the offer of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from performing any act relating to the award of a contract or implementation of a contract already concluded with the FDA.
- 20.9. Extraordinary overheads or commissions not mentioned in the contract or not stemming from a properly concluded contract referring to this contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a recipient who is not clearly identified or commissions paid to a company which has every appearance of being a front company.
- 20.10. The Operator undertakes to supply the FDA, upon request, with all supporting documents relating to the conditions of the contract's execution. The FDA may carry out whatever documentary or on-the-spot checks it deems necessary to find or verify evidence in cases of suspected extraordinary overheads.

## **21. CHECKS AND AUDITS**

- 21.1. The Operator shall consent to record-based or on-the-spot inspections of financial records, the Chain of Custody Database and any other Chain of Custody Operations by FDA personnel or any representative identified by FDA. The Operator shall also consent to a complete audit of the accounts of the project on the basis of the supporting documents and accounting records and any other document concerning the financing of the project for up to five years from the payment of the balance.
- 21.2. The Operator undertakes to provide the staff of FDA, or their authorized representatives, with rights of access to the sites and premises in which the contract is performed, including access to computer systems, as well as access to all documents and computer files relating to the financial and technical management of the project, and to take all appropriate measures to facilitate their work. Access by authorized agents of FDA shall be kept strictly confidential with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be easily accessible and filed in a manner which allows for easy verification; the Operator is obliged to inform the Contracting Authority of the precise location in which they are kept.
- 21.3. The Operator shall ensure that the rights of the FDA representatives or named Auditors to conduct checks and audits are enforceable.

- 21.4. Failure by the Operator to provide access or cooperate fully with the terms of an audit under this Article is a breach under Section 16.3 of this Contract.

**22. MODIFICATION**

Contract modifications not covered by an administrative order must be formalized through an addendum to the contract signed by all parties. Routine changes of address or bank account may be made by the Operator, in writing, to the Forestry Development Authority

**23. FORUM SELECTION**

- 23.1. The parties agree that any claim or dispute that may arise out of this Contract and which is not fully resolved pursuant to Article 17 of this Contract, must be resolved by a court of competent jurisdiction in the Republic of Liberia. The parties agree to submit to the personal jurisdiction of the courts located in Monrovia, Liberia for the purpose of litigating all such claims or disputes.

**Request For Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 4:**

Draft Management Contract between MetiCorps and the Chain of Custody  
Management Contractor

## Draft Contract between MetiCorps and Chain of Custody Contractor

This is a draft contract for the purpose of defining the basic contractual arrangement that shall be pursued by the MetiCorps and Chain of Custody Operator. The MetiCorps reserves the right to modify and clarify details of the contract before the contract is negotiated and signed.

### Liberia Chain of Custody Management Support Contract

This contract is between the two assigned parties:

MetiCorps on the one part;

And

The Chain of Custody Operator, the Operator here after, on the other.

#### 1. GENERALITIES

1.1. Legal Framework – All activities invoiced under this contract shall be completed under the authority of the US Forest Service representative in Monrovia and shall not contradict any of the following laws, Regulations and Manuals of Procedures:

- (1) Executive Order N° 1, on Forest Sector Reform GOL
- (2) Public Procurement and Concessions Act
- (3) Forestry Law of 2000 (or any amendments thereafter)
- (4) Forestry Regulations
- (5) Manual on Chain of Custody Operations

#### 1.2. Definitions

- (1) Every reference made in this contract to "ANNEX", "Clauses", or "Sections" shall be understood to designate ANNEX, Clauses, or Sections of this contract, unless otherwise specified. All annexes of this contract are an integral part of it.
- (2) Any other term that is not defined in this contract shall have the meaning given to it in the RFP; if it is not defined in the RFP, it shall have the meaning assigned in the applicable laws, and if insufficient, it shall have the meaning given in the context of normal forestry operations in Liberia.
- (3) Any reference to a Liberian Government Authority shall be understood as made to it or any other institution that substitutes or succeeds it, or the person that such authority designates to fulfill the acts indicated in this contract or the applicable laws.
- (4) Except otherwise stated under this RFP, the following words shall have the meaning ascribed to them in this article:
  - "Termination of the Contract"** means the termination of the Management Contract by any of the causes foreseen in the Contract.
  - "Closing Date"** is the date on which the delivery of the concession takes place after all the conditions established in the RFP have been fulfilled.
  - "Chain of Custody"** is the process used to maintain and document the chronological history of wood products. It refers to the ability to guarantee the identity and characteristics of the product from harvesting through to final export whether as log or as a finished product.

**"Contractor"** or **"Operator"** refers to the firm that shall provide the COC management service.

**"Day"** means working days excluding Saturday, Sunday and public holidays.

**"Dollars"** refers to the currency of the United States of America

**"Domestic Business"** means a private sector entity or firm incorporated under the laws of the Republic of Liberia and operating in Liberia.

**"Due Diligence"** refers to the technical evaluation of all the information available related to the requested service made by the bidder in order to make a bid.

**"Economic Proposal"** is the irrevocable and unilateral declaration by a bidder, which contains the minimum payment required expressed as a percentage of the stumpage fee that the bidder is willing to accept for the delivery of the service.

**"Goods"** means tangible items in any form including raw materials, products, equipment and objects in solid, liquid or gaseous form, as well as services incidental to the supply of the goods where the value of those incidental services are insignificant in relation to the value of the goods.

**"Management Contract"** is a contract by which a firm or a consortium of firms binds themselves to provide the services described in the Terms of Reference for the Government of Liberia.

**"Net income"** the excess of revenues over costs, expenses and losses.

**"Performance Security"** means a financial instrument submitted by a bidder to secure the bidders obligations under a concession contract in the form of a bank guarantee or performance bond.

**"Related Firm"** is a firm that has a relationship with other firm in the form of Affiliate Firm or Holding company.

**"Request for Proposals"** refers to this procurement document used to request proposals from prospective sellers of COC services.

**"Services"** means activities which are of an intellectual, technical or advisory nature.

**"Timber and Timber Products"** all round log and processed wood from all natural forests (both public and private) and plantation forests (both public and private).

**"Works"** means work associated with the construction, reconstruction, demolition, repair or renovation of a building or structure or surface and includes site preparation, excavation, assembling, installation of plant, fixing the equipment and laying out of materials, decoration and finishing, and any incidental activity under works contract.

### 1.3. Acronyms

(1) The following acronyms shall have the meaning ascribed to them in this article:

<b>ATIBT</b>	Association Technique Internationale des Bois Tropicaux
<b>COC</b>	Chain of Custody
<b>COCIS</b>	Chain of Custody Information System
<b>COCS</b>	Chain of Custody Service
<b>ECOWAS</b>	Economic Community of West African States
<b>FDA</b>	Forestry Development Authority
<b>FM/TS</b>	Forest Management/Timber Sales Contracts
<b>FPEP</b>	Forest Products Export Permit
<b>FPER</b>	Forest Products Export Request
<b>GEMAP</b>	Governance and Economic Management Assistance Programme
<b>LAIF</b>	Log Arrival Information Form
<b>LVIF</b>	Log Volume Information Form
<b>LWPGF</b>	Log Wood Product Grading Form

<b>MOF</b>	Ministry of Finance
<b>MPIF</b>	Mill Production Information Form
<b>PPCA</b>	Public Procurement and Concessions Act
<b>RFP</b>	Request for Proposals
<b>SSF</b>	Short Shipment Form
<b>TVIF</b>	Tree Volume Information Forms

#### 1.4. Object of the Contract

- (1) By this contract, MetiCorps agrees to subsidize partial costs that are invoiced by the Management Contractor to operate the Chain of Custody Service.
- (2) This contract is of administrative nature and it fixes the rights and obligations of the parties with relation to the Management Contract.

#### 1.5. Object of the Management Contract

- (1) The object of the Management Contract is to:
  - (i) Build, operate and transfer a Chain of Custody Service for the FDA.
  - (ii) Manage the Chain of Custody of all logs and wood products from stump to port of export and domestic markets, and develop a computerized information system for this purpose.
  - (iii) Manage the collection of all forest charges related to log and wood production and trade, and ensure that all payments are duly made by contractors to the appropriate government accounts in the Central Bank or designated private banking institution before timber export permits are awarded.
  - (iv) Ensure that FDA staff and relevant government staff in the MOF, Central Banks, and Ports Authority, are trained to manage and eventually monitor the chain of custody in terms of log and timber production and trade and forest revenue collection.
  - (v) Assist and capacitate the FDA to manage field monitoring of the Chain of Custody which includes both infrastructure and equipment support (ie. Vehicles, building rehabilitation, etc).
  - (vi) Develop operating procedures for collaboration with independent third party monitors.
  - (vii) Completed all other tasks assigned within the chart of the scope of work defined in Annex 5: Terms of Reference of this Request for Proposal document.
- (2) The works and services provided shall be in accordance to the provisions of this contract and the applicable laws and international regulations of forestry activities.

#### 1.6. Ambit of the Management Contract

The Management Contract is granted for the whole territory of the Republic of Liberia and shall apply to all commercial movement and export of timber and timber products.

#### 1.7. Period of the Management Contract

- (1) Period
 

For the scope of this contract, the contract shall be granted for a period of two years (2) years subject to the fulfillment of the obligations that are assumed by the Operator in this contract.
- (2) Suspension
  - (i) The period of the Management Contract could be suspended by an agreement between all the signing parties, derived from circumstances different from the ones cited above.
  - (ii) The suspension of the Management Contract shall give the Operator the right to receive and extension of the contract equal to the period of the suspension.

- (3) Effective date of contract – The contract shall be in full force and effect upon the date of signature by both parties.

#### 1.8. Interpretation of the Contract

- (1) This contract shall be interpreted as a unit, and in no case each clause independently.
- (2) In case of discrepancies in the interpretation of the contract, the documents shall have the following preference:
  - (i) This contract and its Annexes.
  - (ii) The communications made by the Bid Evaluation Committee.
  - (iii) The RFP.

### **2. GENERAL PROVISIONS FOR PAYMENT**

- 2.1. The Operator shall invoice the MetiCorps for all costs incurred under the terms of this contract and shall be reimbursed for invoices upon the approval of the US Forest Service representative in Monrovia. Invoices shall be reimbursed to a maximum dollar value of (\$ 1,640,000 USD).
- 2.2. The Operator shall submit with all invoices a report defining progress to date on the operational objectives as outlined in the Terms of Reference, cost correlation between works completed and invoices and an outline of the future works to be undertaken.
- 2.3. Payment shall be made in US Dollars within 30 days of receiving the invoice unless MetiCorps identifies discrepancies in the works required and works completed, in which case the MetiCorps shall notify in writing the Operator within 30 days.
- 2.4. The Operator and MetiCorps shall resolve any outstanding issues or identified discrepancies in work requirements in the following manner:
  - (1) Remedy the issue between them through field verification, official explanation, or other communication;
  - (2) Agree to arbitration;
  - (3) Or finally, through a court of law under US jurisdiction.
- 2.5. The contract payments and effectiveness shall be maintained subject to continued availability of funds.

### **3. RELATIONS WITH THE GOVERNMENT OF LIBERIA**

- 3.1. The contractor shall respect all rights, responsibilities and obligations defined by the contract established between the Chain of Custody Operator the Government of Liberia. In instances where this contract may contradict the contract with the Liberian Forestry Development Authority this contract shall take precedence unless there is a contradiction with Liberian Law, in which case the Liberian Law shall take precedence.
- 3.2. The Operator shall completed all actions and responsibilities defined in the contract between the Government of Liberia and the Operator including the delivery of service and established timetable for implementation, works, assets management, penalties and environmental protection.
- 3.3. For all sections not explicitly cited in this contract, but that are established in the contract between the Government of Liberia and the Operator, the Operator shall be responsible, however, MetiCorps shall not hold any of the liabilities incurred under the said contract.

### **4. FORCE MAJEURE**

- 4.1. As used in this section, "force majeure" means acts of God, accidents, wars (whether declared or not), invasions, acts of public enemies, hostilities, unforeseen restrictions on trade or other activities of the Holder imposed by any sovereign, embargoes, blockades, revolutions, riots, civil commotion, sabotage, strikes and similar labor-related disputes (if not cured for more than 60 days), fires, explosions, earthquakes or other natural disasters,

expropriation of facilities or goods, epidemics, and any similar cause beyond the reasonable control of the Operator.

- 4.2. A Holder that cannot meet its obligations to the FDA due to force majeure shall give notice in writing to the FDA as soon as practicable and in that notice shall describe the obligations affected and the specific nature of the force majeure.
- 4.3. Upon receiving notice and finding that the Operator's failure to meet obligations is due to force majeure, the FDA shall suspend those obligations during the continuance of the inability.
- 4.4. The Operator shall remedy the inability as quickly as possible.
- 4.5. The FDA shall extend the contract for the time the Operator is affected by force majeure.
- 4.6. The Operator shall not invoke force majeure to excuse or delay the payment of monetary obligations that accrued before the commencement of force majeure, and the FDA shall not suspend those obligations.

## **5. NON PERFORMANCE AND PENALTY**

- 5.1. The Operator assumes the Management Contract and the obligations derived from this Contract at its own technical, economic and financial risk, and is solely responsible for the fulfillment of all the provisions established in this Contract and in the applicable laws during the period of the Management Contract.
- 5.2. In the event of non-compliance with any part of the contract the MetiCorps reserves the right to withhold funds, not pay invoices or nullify the contract.

## **6. MODIFICATION**

Contract modifications not covered by an administrative order must be formalized through an addendum to the contract signed by all parties. Changes of address or bank account may simply be notified in writing to the Representative to the Contracting Authority and made effective upon written acknowledgement of receipt from said Representative.

## **7. TERMINATION OF THE CONTRACT**

The following list constitutes acts that shall result in withholding funds, payment or termination of contract.

- 7.1. The contract shall be terminated at the conclusion of the second year.
- 7.2. The Contract can be terminated at any moment in time, by agreement between the parties.
- 7.3. MetiCorps shall reserve the right to revoke or terminate this contract in its entirety in the event that:
  - (1) The Operator fails to commence or implement requirements of the Management Contract Terms of Reference without written notice to MetiCorps from the Operator and receive prior written approval from MetiCorps,
  - (2) The Operator assigns to a third party the whole or part of the rights held by it under this agreement without previous written consent of the MetiCorps as provided in this contract,
  - (3) The Operator has knowingly submitted to the MetiCorps or the FDA any false statements which were a material consideration or the execution of this agreement,
  - (4) There is another breach or non-observance by the Operator of any terms, obligations or conditions of this agreement, or any law of Liberia not superseded by this contract, or;
  - (5) The Operator makes or enters into any arrangement or composition with its creditors or goes into liquidation whether involuntary or voluntary,
- 7.4. Then the MetiCorps may, subject to the provisions of this section, revoke or terminate this Contract.

- (1) In the event that the MetiCorps deems it desirable to revoke this Agreement pursuant to Sub-Section (1) above for any Breach or Non-Observance by the Operator or any term, obligation or condition of this agreement, the MetiCorps shall give to the Operator notice in writing specifying the particular breach or non-observance complained of and requiring the Operator within one (1) calendar month of such notice (or within an extended time period as may seem fair to the MetiCorps with regard to the circumstances of the particular case) to remedy the same.
- (2) If the Operator shall fail to comply with said notice, the MetiCorps may, after the expiration of said one (1) calendar month or a designated extended time period, revoke this agreement provided, however, that if:
  - (i) The Operator disputes whether there has been any failure to comply with any term obligation or condition hereof, and
  - (ii) Such dispute is arbitrable under the provisions of this contract.
  - (iii) Then the Operator and MetiCorps shall attempt to remedy the issue through arbitration agreed upon by both parties before proceeding to a court in United States jurisdiction.
- (3) Upon termination of this Agreement by the MetiCorps, every right of the Operator hereunder shall cease (save as specifically otherwise provided hereunder) but subject nevertheless and without prejudice to any obligation or liability imposed or incurred under this contract prior to the Effective Date or termination and to such rights as the MetiCorps may have under the law.

## **8. TERMINATION FOR CAUSE**

### **8.1. Termination by MetiCorps for Cause**

MetiCorps may terminate this Contract, or any part thereof, at any time for cause if the Contractor:

- (1) Defaults;
- (2) Fails to comply with any Contract terms and conditions; or
- (3) Fails to provide MetiCorps, upon request, with adequate assurances of future performance.

## **9. FINAL PROVISIONS**

### **9.1. Information**

The operator shall make all information relevant to this contract and management of the Chain of Custody available to MetiCorps, including but not limited to access to all statistics on the Chain of Custody, the database, progress reports, compliance and non-compliance issues, and access to all function of the contract.

## **10. ETHICS**

- 16.1 Without MetiCorps prior written authorisation, the Operator and his staff or any other company with which the Operator is associated or linked may not, even on an ancillary or subcontracting basis, supply other services or engage in other commercial engagements that could be viewed as a conflict of interest to the current contract.
- 16.2 The Operator shall have no conflict of interest or must declare any potential conflict of interest before entering this contract. Failure to declare a conflict of interest at the beginning or during any time in this contract may result in the termination of the contract.
- 16.3 The Operator must at all time act impartially and as a faithful adviser in accordance with the code of conduct of his profession. He shall refrain from making public statements about the project or services without the Contracting Authority's prior approval. He may not commit the Contracting Authority in any way without its prior written consent.
- 16.4 For the duration of the contract, the Operator and his staff must respect human rights and

- undertake not to offend the political, cultural and religious mores of the beneficiary state.
- 16.5 The Operator may accept no payment connected with the contract other than that provided for therein, or through a clear and disclosed contract through the Government of Liberia that specifically assigns the Operator to manage the Chain of Custody Operations. The Consultant and his staff must not exercise any activity or receive any advantage inconsistent with their obligations to the Contracting Authority.
- 16.6 The Operator and his staff are bound to maintain professional secrecy for the entire duration of the contract and after its completion. All reports and documents drawn up or received by the Operator during the performance of the contract are confidential unless otherwise stated.
- 16.7 The Operator shall govern the Parties' use of all reports and documents drawn up, received or presented by them during the execution of the contract.
- 16.8 The Operator must refrain from any relationship likely to compromise his independence or that of his staff. If the Operator ceases to be independent, the MetiCorps may, regardless of injury, terminate the contract without further notice and without the Consultant having any claim to compensation.
- 16.9 The MetiCorps reserves the right to suspend or cancel project financing if corrupt practices of any kind are discovered at any stage of the award process and if the Operator fails to take all appropriate measures to remedy the situation. For the purposes of this provision, "corrupt practices" are the offer of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the award of a contract or implementation of a contract already concluded with the MetiCorps.
- 16.10 Extraordinary overheads or commissions not mentioned in the main contract or not stemming from a properly concluded contract referring to the main contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a recipient who is not clearly identified or commissions paid to a company which has every appearance of being a front company.
- 16.11 The Operator undertakes to supply the MetiCorps on request with all supporting documents relating to the conditions of the contract's execution. The MetiCorps may carry out whatever documentary or on-the-spot checks it deems necessary to find evidence in cases of suspected extraordinary overheads.

## **11. CHECKS AND AUDITS**

- 17.1 The Operator shall consent to record-based or on-the-spot inspections of financial records, the Chain of Custody Database and any other Chain of Custody Operations by MetiCorps repetitive or any representative identified by MetiCorps. The Operator shall also consent to a complete audit of the accounts of the project on the basis of the supporting documents and accounting records and any other document concerning the financing of the project for up to five years from the payment of the balance.
- 17.2 To that end, the Operator undertakes to provide the staff of MetiCorps, or their authorised representatives, with appropriate rights of access to the sites and premises in which the contract is performed, including access to computer systems, as well as access to all documents and computer files relating to the financial and technical management of the project, and to take all appropriate measures to facilitate their work. Access by authorised agents of MetiCorps shall be kept strictly confidential with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be easily accessible and filed in a manner which allows easy verification; the Consultant is obliged to inform the Contracting Authority of the precise location in which they are kept.
- 17.3 The Consultant shall ensure that the rights of the MetiCorps representatives or named Auditors to conduct checks and audits are enforceable.
- 17.4 Failure to provide access or cooperate fully with the terms of the audit shall qualify as a breach per section 13.3 of this contract.

**Request for Proposals**  
**FDA Chain of Custody Management Contract**

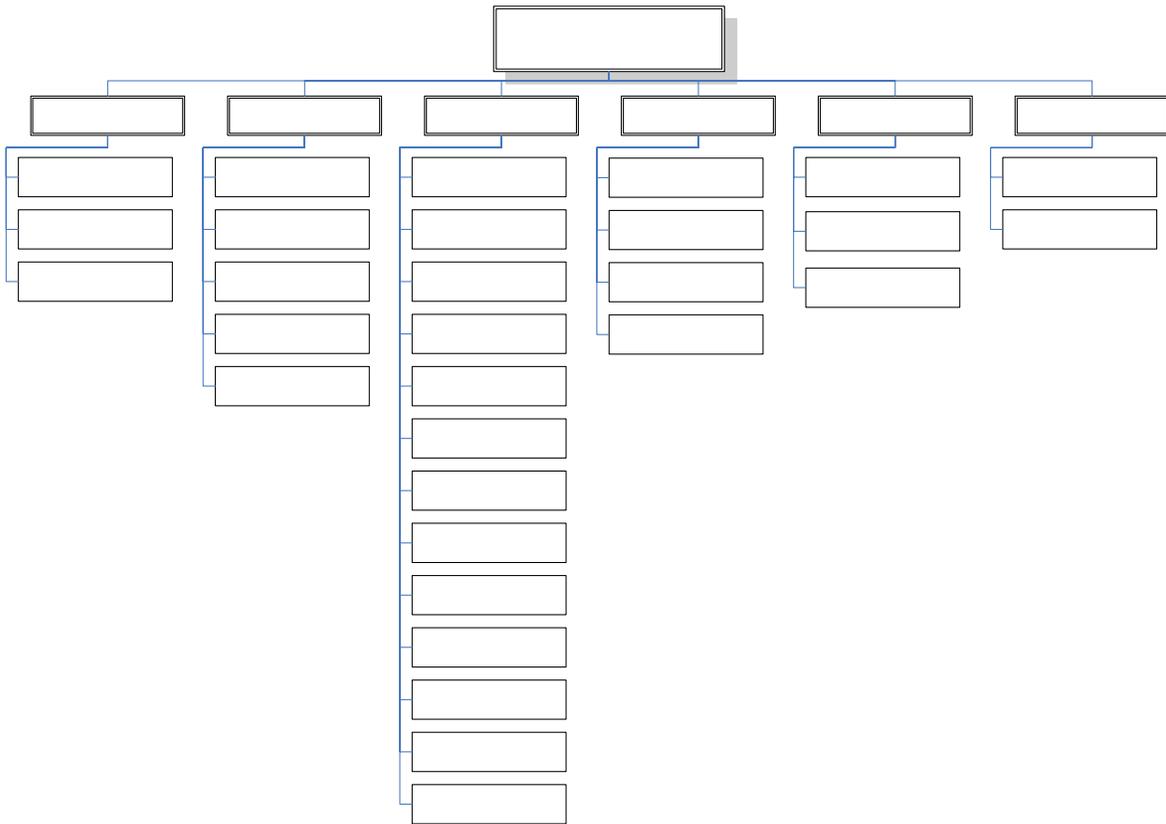
**ANNEX 5:**

TERMS OF REFERENCE: the Chain of Custody Management Contractor

**TERMS OF REFERENCE FOR THE CHAIN OF CUSTODY MANAGEMENT CONTRACTOR**

**1. WORK BREAKDOWN STRUCTURE**

The following is a deliverable-oriented hierarchical decomposition of the work to be executed by the Chain of Custody Service Management Contractor to accomplish the objectives defined in this RFP and create the required deliverables. This diagram organizes and defines the total scope of the COC Management Contract. Each descending level represents an increasingly detailed definition of the COC work.



**2. DICTIONARY OF THE WORK BREAKDOWN STRUCTURE, QUALITY STANDARDS, AND VERIFICATORS**

The Work Breakdown Structure (WBS) Dictionary describes each component in the WBS, including, for each component, a brief definition of the specific deliverable or work package, a summary of the associated activities, and the relevant quality standards for each component. The WBS also provides a list of verifiers that shall help to identify when the deliverable has been accomplished that may be used by the FDA when controlling the performance of the Operator.

The Operator is expected to provide the deliverables specified in the following table, and to do so according to the quality standards set forth for each deliverable. Failure to reflect attainment of these deliverables in the Technical Proposal shall constitute a failure to meet minimum content requirements.

COC DESIGNED &  
APPROVED [1]

COC ESTAB

Organizational Design

Control Measu

Approved [1.2] Page 55 of 96

Operationa

Standard Operational

<b>DELIVERABLE</b>	<b>DESCRIPTION</b>	<b>QUALITY STANDARDS</b>	<b>VERIFIER</b>
<b>1. COC DESIGNED &amp; APPROVED</b>			
1.1. Standard Operational Procedures Approved	Improvements suggested and approved to the COC Management Standard and Procedures included in RFP	FDA and COC Contractor operational standards. Within 3 months of contract signing	Improvements to COC Standard & Procedures approved by FDA Board
1.2. Organizational Design Approved	Design the organizational structure for the COC Contractor to function within the FDA structure	FDA personnel standards. Within 3 months of contract signing	Organizational structure approved by FDA Board
1.3. Implementation Schedule Approved	Schedule designed and approved for the implementation of COC activities based on progress in the allocation of Forest Management/Timber Sale (FM/TS) contracts	Information system, staffing levels, equipment and others ready to operate as harvesting recommences. Within 3 months of contract signing	Schedule approved by FDA Board
<b>2. COC ESTABLISHED</b>			
2.1. Staff Recruited	All technical and administrative staff hired by the COC Contractor for the FDA Main and Regional offices to function effectively and efficiently	Personnel hired by the COC Contractor under the GOL laws. Within 3 months of contract signing	Staff contracted and working for the COC Contractor as per the COC Implementation Schedule
2.2. Equipment Procured	All necessary vehicles, equipment, tools, and other resources purchased and maintained for operations	Following GOL & international donor regulations. Within 6 months of contract signing	Purchases completed as per COC Implementation Schedule
2.3. Infrastructure Operative	FDA Main office and Regional offices fully equipped and functional	FDA & COC Contractor standards. Within 6 months of contract signing	Main and Regional offices fully functioning as per schedule (Monrovia, Tubmanburg, Buchanan, Greenville, Harper)
2.4. Control Measures Made Operational	Control measures defined using a combination of mobile and fixed control points defined with FDA and Customs for border points. Controls also made operational in collaboration with Counties and Civil Society stakeholders	FDA & COC contractor standards. Within 6 months of contract signing	Control measures effectively controlling FM/TS logs and wood products COC flow
2.5. COC Contractor's Staff Trained in COC System	Design and carry out training program for the COC Contractor staff to effectively implement the COC system	COC Contractor training manual. COCIS staff trained, field scalers and port graders staff trained before harvesting commences	Staff understanding and able to implement the COC standards as per COC Implementation Schedule
<b>3. COC OPERATIVE</b>			
3.1. Block Maps from FM/TS Contractors Verified	Prior to harvesting commencing COC Contractor shall sign off on all annual Block Maps submitted by the FM/TS contract holder and that are approved by the FDA	FM/TS block maps meeting FDA standard	Prior to harvesting all annual Block Maps verified by COC Contractor in conjunction with

DELIVERABLE	DESCRIPTION	QUALITY STANDARDS	VERIFIER
			FDA. COC Contractor shall monitor COC in commercial harvesting operations from FM and TS, FDA shall be responsible for small harvesting permits & their COC control
3.2. Tree volume (TVIF) Verified & Data Registered	COC Contractor scalers sample Tree Volume Information Forms (TVIF) supplied by all FM/TS contract holders. Tree measurement and marking done by FM/TS contract holders. TVIF are issued, filled out and copies are distributed by FM/TS contract holder. TVIF data registered in COCIS; receive from contract holder TVIF completed forms and submit weekly reports to FDA. Inconsistencies reported to FDA for proper action.	FDA COC Standards & Procedures	TVIF data from FM/TS contracts verified by COC Contractor with at least 5% sample. Discrepancies reported to FDA. All TVIF data properly recorded in COCIS. Weekly summary reports to FDA
3.3. Log volume (LVIF) Measured & Registered	COC Contractor scalers measure at log landings all logs and complete the Log Volume Information Form (LVIF) for all FM/TS contracts. LVIF are the base for stumpage fees paid by FM/TS contract holders. COC Contractor issues weekly stumpage fee invoices that must be paid by FM/TS contract holders following FDA COC regulations. LVIF data registered by COC Contractor in COCIS and correlated against TVIF, submit weekly reports to FDA. Inconsistencies reported to FDA for proper action. LVIF are issued by COC Contractor and distributed to FM/TS contract holders in batches as per their compliance with stumpage fee payments and charges and other FDA COC regulations. COC Contractor keeps a ledger on issue, allocation and use of LVIF and distributes copies as per FDA COC procedures. Logs are marked with tree number by FM/TS contract holder using oil-based paint. COC Contractor may add additional log marking (e.g. metal tags, barcoded tags, others) to adopt more effective techniques.	FDA COC Standards & Procedures; Species correctly identified and logs accurately measured. LVIF accurately recording log measurements and species and invoices generated and paid as per FDA COC manual	All logs from FM/TS measured by COC Contractor scalers. Stumpage fees paid following FDA COC regulations. Inconsistencies reported to FDA. All LVIF data entered in COCIS and correlated to TVIF. Weekly summary reports.
3.4. Trees Harvested Verified (stumps control)	For FM/TS contracts, COC Contractor scaler check trees felled against FDA approved yield and check stumps against TVIF. Discrepancies reported to FDA.	FDA approved trees yield tables; FDA COC Standards & Procedures	At least 3% of stumps checked for FM/TS contracts. Discrepancies reported to FDA.
3.5. Waybills for Logs and Wood	Waybills issued by the COC Contractor and distributed to FM/TS contract holders and	FDA COC Standards & Procedures.	Waybills have been allocated to

DELIVERABLE	DESCRIPTION	QUALITY STANDARDS	VERIFIER
Processed Issued & controlled	wood processing facilities and others along the COC log or wood products flow. Keep ledger of waybills issued, allocated and used and submit weekly report to FDA. Ensure that Waybills are issued only if forest fees & charges are up to date and harvesting code is followed by FM/TS contract holder.	Waybills verified against LVIF	compliant contractors. Waybills allocation and usage reported weekly to FDA
3.6. Log Transport (Waybill) Verified for sales to Local & Export Markets	COC Contractor verifies logs transported using Waybills as per control measures in sawmills, log yards, others. Logs for exports checked by COC Contractor at exit points (port, overland). Log Waybills prepared by company scalers and endorsed by COC Contractor scalers. Company distributes copies of Waybills as per FDA COC procedures. Waybills data registered by COC Contractor in COCIS and weekly reports submitted to FDA. COC Contractor reports discrepancies to FDA.	FDA COC Standards & Procedures	Effective control of all logs transported from FM/TS for local or export markets; weekly reports to FDA. Discrepancies reported to FDA
3.7. Log Processing (LAIF) and Timber Products (MPIF) Verified	COC Contractor staff verify logs processed by companies using data from Log Arrival and Mill Production Information Forms (LAIF & MPIF). COC Contractor ensures that companies weekly submit LAIF, MPIF & production reports. COC Contractor verifies COC traceability system used by sawmills for wood processed. Verification includes checking consistency of logs processed with sawn timber produced & sold. Assess conversion rates (log to sawn wood) for each sawmill. Report discrepancies to FDA for applicable action. Register LAIF & MPIF data in COCIS and submit weekly report to FDA	FDA COC Standards & Procedures. LAIF & MPIF verified against processing capacity	All processing plants visited at least once per week. Conversion rates per sawmill defined. Weekly LAIF and MPIF data reported to FDA. Discrepancies reported to FDA as they occur.
3.8. Timber products transport (Waybill) Verified for Local and Export Markets	COC Contractor verifies products transported, using waybills, to local and export markets at control points and other locations as necessary. Report discrepancies to FDA.	FDA COC Standards & Procedures. Waybills verified against processing plants information	Effective control of wood products transported using Waybills
3.9. Logs or Processed Wood Products Scaled and Graded at Designated Holding Sites (FPER) and Export Fees	Exporting companies submit a Forest Products Export Request (FPER) to COC Contractor who then scales and grades logs or wood products for exports at storage facilities outside export points (port, inland). COC Contractor reconciles log numbers against COCIS database to verify chain of custody including origin, payment of forest	ATIBT Scaling Rules. Information Verified against COCIS. FPER processed according to FDA COC regulations. Export sales contract price information verified and export	All logs and wood products exported are scaled and graded by COC Contractor following FDA COC regulations. Market intelligence price information system for logs and

DELIVERABLE	DESCRIPTION	QUALITY STANDARDS	VERIFIER
<p>Payments Defined</p>	<p>fees and charges.            COC Contractor shall develop and maintain a market intelligence information system to gather international product pricing information needed for determining export fees. Prices may vary depending on region to which export is made. This information shall be shared online with FDA. The COC Contractor and FDA shall develop agreed-upon criteria for determining minimum prices acceptable for export fees purposes (e.g., FOB price no less than 10% of price identified by COC Contractor), provided that price information is updated by market intelligence information system.            Companies exporting shall submit to COC Contractor copy of sales contract at least 30 days before shipping. COC Contractor shall then reconcile for wood products and logs the species, grade, and price information against the COC Contractor market intelligence data. If value of product to export is not acceptable to the COC Contractor, the exporting company shall submit another FPER with a revised sales contract. The COC Contractor shall issue a report of compliance or non-compliance of the FPER. When compliance is verified, the COC Contractor shall issue a Forest Products Export Permit.            COC Contractor shall calculate export forest fees for logs or processed timber products once scaled, graded and accepted. The COC Contractor shall issue an export fee invoice for exporting companies to pay according to FDA regulations. This fee is in addition to port service charges.            COC Contractor registers data of FPER and export fees in COCIS and submits weekly report to FDA.</p>	<p>permit issued as per FDA COC regulations. FDA COC Standards &amp; Procedures (see COC Sequence for issuing forms for Log &amp; Processed Wood Exports)</p>	<p>wood products fully operational and online with FDA            All export fees invoiced and paid by exporters based on scaling &amp; grading verification and market information system developed</p>
<p>3.10. Export Permit Issued for Logs or Processed Wood Products (FPEP)</p>	<p>The COC Contractor issues a Forest Products Export Permit (FPEP) when exporting company has met the FDA requirements for chain of custody and the value of products is acceptable to the COC Contractor as per FDA COC regulations. The COC Contractor shall make available to the Port Inspector or export site the FPEP for the logs or processed timber products to be moved to the export point. Company exporting shall complete the export requirements and pay to port the export handling charges.            Register data in COCIS of FPEP and logs and processed timber products exported,</p>	<p>FPEP issued following FDA COC regulations &amp; timetable.            COC verified against COCIS.</p>	<p>All logs and wood products exported complying with FPEP requirements</p>

DELIVERABLE	DESCRIPTION	QUALITY STANDARDS	VERIFIER
	as well as fees paid by exporter.		
3.11. Local Market Sale Points Verified	COC Contractor shall monitor purchases by local market (in lumber yards, value added facilities, and others) of logs and processed wood products sold by FM/TS contract holders. Data shall be recorded in COCIS and analyzed for cross checking.	FDA COC Standards & Procedures. Sales to locals from FM/TS verified against local buyers using COCIS (see COC sequence of issuing forms for processed wood products domestic sales)	Purchases of illegal wood from local market minimized. COC controls established to control supply from FM/TS contract holders and other suppliers to the local market
3.12. Logs and Wood Products Received in Export Point (PRF)	COC Contractor conducts inspection and verification of logs and wood products against the export permit and waybill and issues Port Reception Form (PRF). Verify in port reception that logs and wood products to be exported are in accordance to the FPER product type, volume, grade, value.	PRF verified against COCIS	All logs and wood products received in export point following FDA COC regulations
3.13. Logs and Wood Products Verified at Point of Export (LWPGF & SSF)	COC Contractor verifies final agreement about logs and wood products to export using Log Wood Product Grading Form (LWPGF). Logs and wood products are passed to Port Authority for exports. Products rejected recorded on Short Shipment Form (SSF) and removed from port using Waybill.	FDA COC Standards & Procedures. Verification of COC completion. ATIBT standards	All logs and wood products exported verified in species, log grade or product type, volume value
<b>4. COC INFORMATION SYSTEM DESIGNED</b>			
4.1. Software requirements approved	Research and identify software requirements based on COC Management Standards and Procedures from the forest to export and local markets including fees collection, reporting and other requirements. Software must at least be capable of handling all data generated and information required through the COC flow for annual volume in excess of 1 million cubic meters, issuing all required COC forms, and handling fee and charges invoices and payments throughout the entire COC chain from forest to export. Software should contain a market intelligence information module for handling international pricing. Capable of online information sharing in real time between Main and Regional offices, handling information captured in all forms specified in FDA COC Standards and Procedures, capable of cross- referencing information from different forms, provide needed reports, working online with FDA, Central Bank, and Ministry of Finance, as necessary.	FDA COC Standards & Procedures. (see timber & fiscal flow model)	COCIS software requirement approved by the FDA Board. Software made in a widely know platform so that upgrades can be made by FDA personnel after COC Contract concludes
4.2. Software design	COC Contractor propose software design	FDA COC Standards &	COC Software

<b>DELIVERABLE</b>	<b>DESCRIPTION</b>	<b>QUALITY STANDARDS</b>	<b>VERIFIER</b>
specifications approved	specifications and obtain approval from FDA Board	Procedures	specifications and design approved by the FDA Board
4.3. Software Coded and Operational	Software codes designed and tested, and software fully operational. Software, including codes, shall be the property of the FDA upon conclusion of COC Contractor's contract. Software must be maintained and updated for free by Contractor during the life of the COC contract, but a fee may be charged to the FDA after the COC Contractor's contract terminates.	Software tested, fully operational, and endorsed by FDA staff following requirements in FDA COC Standards & Procedures	Software codes operational, updated as per contract and property of the FDA
4.4. Training Provided in Information System Use	Provide training to FDA in COC system management, and its maintenance, and others as necessary, such as COC volume tracking, fee payments controls to the GOL Central Bank, and coordination with the Ministry of Finance	FDA capable of running COCIS	FDA staff properly trained in COCIS use and maintenance
<b>5. FOREST FEES ALL FULLY COLLECTED BY GOL</b>			
5.1. Land Rental Fees Collected	Ensure that Land Rental Fees are collected from FM/TS contractors. Issue Land Rental Fee invoices to make payments in the designated accounts in the Central Bank and in coordination with the Ministry of Finance.	Land Rental Fees collected within FDA time allocation	All Land Rental Fees collected
5.2. Stumpage Fees Collected	Ensure that Stumpage Fees are collected from FM/TS contractors. Issue Stumpage Fee invoices to make payments in the designated accounts in the Central Bank and in coordination with the Ministry of Finance	Stumpage Fees collected within FDA time allocation	All Stumpage Fees collected
5.3. Export Fees Collected	Ensure that Export Fees are collected from logs and wood products exporters. Issue Export Fee invoices to make payments in the designated accounts in the Central Bank and in coordination with the Ministry of Finance	Export Fees for logs and wood products collected within FDA time allocation	All Export Fees collected
<b>6. TRAINING PROVIDED IN COC TO FDA &amp; MOF</b>			
6.1. Training in Operative Procedures Provided	Train FDA counterpart staff in operating the COCIS regarding processes to implement the COC management and operational standards	COCIS	FDA counterpart staff trained
6.2. Training in Information Systems for Volume Controls & Fees Collection Provided	Train FDA staff and MOF in using COCIS for volume controls and collecting fees from Land Rent, Stumpage, and Exports	COCIS	FDA and MOF counterpart staff trained

### 3. TARGET IMPLEMENTATION SCHEDULE FOR 3-YEAR COC CONTRACT

This targeted implementation schedule is presented as a guide to the expected timeframes for the execution times and completion dates of the deliverables.

**TARGET IMPLEMENTATION SCHEDULE FOR 3-YEAR COC CONTRACT**

	YEAR ONE				YEAR TWO				YEAR THREE			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
<b>1. COC DESIGNED &amp; APPROVED</b>												
1.1 Standard Operational Procedures Approved												
1.2 Organizational Design Approved												
1.3 Implementation Schedule approved												
<b>2. COC ESTABLISHED</b>												
2.1 Staff Recruited												
2.2 Equipment Procured												
2.3 Infrastructure Operative												
2.4 Control Measures Made Operational												
2.5 COC Contractor's Staff Trained in COC System												
<b>3. COC OPERATIVE</b>												
3.1 Block Maps from FM/TS Verified												
3.2 Tree Volume Verified & Registered												
3.3 Log Volume Measured & Registered												
3.4 Trees Harvested Verified (stumps control)												
3.5 Waybills for Logs and Wood Processed Issued..												
3.6 Waybills Verified for Local & Exports												
3.7 Log Arrival & Mill Production Verified												
3.8 Wood products transport (Waybill) Verified												
3.9 Logs & wood products scaled at Holding Site												
3.10 Export permit issued for timber products..												
3.11 Local market sale points verified												
3.12 Logs and wood product received in export point												
3.13 Logs & wood products verified at point of export												
<b>4. COC INFORMATION SYSTEM DESIGNED</b>												
4.1 Software requirements approved												
4.2 Software design specifications approved												
4.3 Software coded and operational												
4.4 Training provided in information system use												
<b>5. FOREST FEES ALL FULLY COLLECTED</b>												
5.1 Land Rental Fees collected												
5.2 Stumpage Fees collected												
5.3 Export Fees collected												
<b>6. TRAINING PROVIDED IN COC TO FDA..</b>												
6.1 Training in COC operative procedures												
6.2 Training in IS for Volume Controls & Fees Collection												

#### 4. DRAFT STANDARD OPERATION PROCEDURES, STRUCTURE OF THE CHAIN OF CUSTODY SYSTEM, AND CHAIN OF CUSTODY OPERATING REGULATION

The Draft Standard Operation Procedures, structure of the system, and regulations governing the forest sector are available on the Liberia Forest Initiative website at: [www.fao.org/forestry/site/lfi](http://www.fao.org/forestry/site/lfi)

## 5. TECHNICAL CRITERIA FOR EVALUATING PROPOSALS

Evaluation of the Technical Proposals shall take into account the criteria stated below. The Committee shall pursue an equitable evaluation of the proposals and shall consider the technical feasibility of each proposal, the effectiveness of the methods and resources to be deployed, the planned improvement over the concession period, and the parameters for technology transfer.

### 1 Financial and Technical Information

- 1.1 Net assets worth US\$ 10 million or more
- 1.2 *Documented evidence of experience in*
  - 1.2.1 Managing projects in developing countries, ECOWAS countries
  - 1.2.2 Designing and managing information systems for regulatory or tax collection agencies
  - 1.2.3 Revenue collection (management or advisory)
  - 1.2.4 Providing training to government agencies in COC, tax management, or equivalent
- 1.3 *Operational capacity*
  - 1.3.1 Administrative and technical staff allocation
  - 1.3.2 Personnel with related experience
- 1.4 Certification received by the firm

### 2 Scope of the Service

- 2.1 Description of products, services, and results to deliver based on TORs and proponent's goals

### 3 Master Plan for the COC

- 3.1 Description of the methodology to be used for the design of the COC system
- 3.2 Bidder's conceptualization of the COC management proposal and its basic design
- 3.3 Bidder's conceptualization of the COC revenue control management proposal and its basic design
- 3.4 Bidder's conceptualization on the staff requirements for the COC, competencies and improvement path, salary policies, and how successful staffing can be sustained upon transfer of COC activities to the FDA at the conclusion of the contract
- 3.5 Proposed list of resources to be used for the building and delivery of the service, including technologies, vehicles, communication systems, infrastructure, and other resources
- 3.6 Information systems and communications conceptualization, including an understanding of FDA's requirements and a basic design of the system
- 3.7 Organizational development plan for FDA and technology transfer, including training to be provided for FDA and MOF, and the exit strategy for returning the management of the service to the FDA at the conclusion of the contract
- 3.8 Stakeholder communications strategy, particularly with respect to Forest Management Units, contractors, local communities, FDA, and MOF
- 3.9 Risk management plan, including a list of identified risks, a risk response plan, and a monitoring system

### 4 Business Plan

- 4.1 Consistency in Business Plan between the short- and long-term objectives and the planned investments, expected costs, and incomes. Relationship between the investments planned and the quality standards required by the TOR
- 4.2 Soundness of Business Plan regarding market to serve, the business strategy,

short- and long-term goals, organizational structure, management and operational team, operations policy, pricing policy, required investments, forecasts, financing mechanism, projected profit or loss during the contract life, and others.

- 4.4 Business Plan shall take into account the US Government grant for fixed asset investments and personnel and shall reflect this in the contract costs and bid submission.

**5 Detailed Implementation Schedule**

- 5.1 Detailed schedule of activities from start up to transfer of service to FDA
- 5.2 Schedule related to satisfying quality requirements in the TOR
- 5.3 Schedule describes duration of each significant activity required to plan, design, build, or operate every deliverable included in the RFP
- 5.4 Schedule includes an estimate of all costs associated with the activities of the plan in Investments and Operative expenses including maintenance. Schedule provides a description, line item by line item, of the monthly flow for all types of expenses
- 5.5 Detailed analysis of the unitary costs of the implementation budget including line items for Materials, Labor, Equipment and Tools, Maintenance, and Other

**6 Maintenance Plan**

- 6.1 Maintenance Plan detailing how preventive maintenance shall be managed to safeguard the value of the assets of the contract, including software updates

**7 Improvements Suggested to COC Management Standards & Procedures**

- 7.1 Suggestions to improve the base system of structure and regulations drafted by the FDA to identify more efficient and innovative ways to achieve the objectives of the COCS, given the context of Liberia

**Request for Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 6:**  
Envelope content requirements

## CONTENTS OF ENVELOPES N° 1, N° 2 &amp; N° 3

The awarding of the bid shall be solely based on the information and documents included in the Envelopes. This Annex sets forth the content requirements for each of the three Envelopes.

**Section I.- Envelope N° 1: Information about the firm and legal requirements**

1. Legal Requirements
  - 1.1. Copy of bylaws of the bidding firm.
  - 1.2. Copy of the Articles of Incorporation of the bidding firm.
  - 1.3. If the bidder is a consortium, each consortium member shall provide the documents required by Paragraphs 1.1 and 1.2 of this Section.
2. Legal Representative
  - 2.1. A simple letter of interest designating a Legal Representative, as required by Section 2.3 of the RFP document.
3. Submission of all legal affidavits
  - 3.1. Company or Consortium Affidavit from Form N° 1 or 2 of ANNEX 1, duly signed by the Legal Representative of the bidder.
  - 3.2. Company Ownership Affidavit from Form N° 3 of ANNEX 1, duly signed by the Legal Representative of the bidder. If the bidder is a consortium, the bidder shall present a form for each consortium member.
4. Structure and general description of the bidding firm or consortium  
*(company size and structure, background and balance sheet for previous fiscal year, previous work history in Chain of Custody processes, CVs of employees that would be engaged in the contract, in no more than ten pages).*
5. Bid Security
  - 5.1. It guarantees the validity, duration and seriousness of the economic offer and must be an irrevocable, absolute, joint, and guaranteed in favor of the Forestry Development Authority (FDA).
  - 5.2. The bond must be issued by a bank and presented according to the terms in the model included in Form N° 5 of ANNEX 1. The FDA Procurement Committee may instead accept a simple standby letter of credit, if the letter has the characteristics required by Form N° 5 of ANNEX 1.
  - 5.3. The guarantee must remain valid for at least sixty (60) working days after the Closing Date. The FDA Procurement Committee may order the extension of the guarantee.
  - 5.4. The guarantee must be in the amount of US\$ 75,000.00 USD (Seventy-five thousand United States dollars).
  - 5.5. After declaring the winning bidder, the FDA Procurement Committee may order the execution of the guarantee presented by the bidder if, due to reasons imputable to the bidder, the bidder fails to comply with the obligations stipulated for the Closing Date.
  - 5.6. Guarantees presented by losing bidders will be returned no later than thirty (30) working days after the Closing Date.

**Section II.- Envelope N° 2: Technical proposal**

1. The bidder shall present a proposal describing how the bidder will satisfy the minimum criteria and parameters stipulated in the Terms of Reference. The proposal must, amongst other aspects, define the characteristics, design, estimated investments, and timing required for the successful initiation and execution of project operations.
2. The Bid Evaluation Panel shall evaluate and score each Technical Proposal based on the evaluation criteria from the specifications contained in Annex 5 (Terms of Reference) and

Annex 7 (Evaluation Criteria). In addition, the bidder shall ensure that its Technical Proposal meets each of the following requirements:

- (1) All monetary values must be expressed in US dollars as of April 2006.
- (2) All written and graphic material must be presented in English.

A bidder's failure to fulfill the minimum technical requirements will result in rejection of its bid, and Envelope N° 3 shall not be opened.

3. The Technical Proposal must, at a minimum, contain the specifications required by the Terms of Reference, this RFP, and the following paragraph. To fulfill the minimal technical requirements, the Technical Proposal must reflect the quality of the proposal and a sufficient level of detail for the Committee to evaluate it properly.
4. Minimum contents of the Technical Proposal. The Technical Proposal shall contain at least the following documents and information:

4.1. **Financial and Technical Information.** The bidder shall present evidence of net assets no less than US\$ 10,000,000.00 (Ten million United States Dollars) and sound technical experience. To satisfy this requirement, the bidder shall present at least the following information:

- (1) Income tax statements, Financial Statements, or the equivalent for the last three (3) years for the bidder, or, if the bidder is a consortium, for each member of the consortium. In this case, at least the Principal Operator of the consortium shall demonstrate net assets over the stipulated threshold.
- (2) Documented evidence of experience in all of the following areas:
  - (i) Management of projects in developing countries (ECOWAS countries a plus);
  - (ii) Design and management of information systems for regulatory or tax collection agencies;
  - (iii) Revenue collection (management or provision of advice);
  - (iv) Provision of training for government agencies in COCS, tax management, or the equivalent;
  - (v) Management of COCS controlling 500,000 m<sup>3</sup> of log and timber products per year, or equivalent services (if applicable).
- (3) Operational capacity
  - (i) Staff
    - (a) Total number of personnel, separating administrative staff from technical personnel, allocated by area, branch, or other form of organization of the firm.
    - (b) Personnel with related experience. Resumes may not exceed one page per employee.
- (4) Certifications received by the firm, especially those related to quality control processes (if any).

4.2. **Scope of the Service.** A detailed description of all products, services and results to be delivered by the Operator through the management of the COCS. The Scope must be based on both the technical description of the service contained in the Terms of Reference and the on the goals of the Management Contract.

4.3. **Master Plan for the COCS.** The plan must demonstrate how the bidder shall fulfill and implement the quality standards and requirements established in the Terms of Reference to accomplish the goals of the Management Contract. The Master Plan must include all of the following:

- (1) A description of the methodology to be used for the design of the COCS.
- (2) The bidder's conception of the COCS management proposal and its basic design.
- (3) The bidder's conception of the COC revenue control management proposal and its basic design.
- (4) The bidder's conception of the staffing requirements for the COCS competencies and improvement path, salary policies, and how successful staffing can be sustained when the COC activities are transferred to the FDA at the conclusion of the Management Contract.
- (5) A proposed list of resources to be used for the building and delivery of the COCS, including technologies, vehicles, communication systems, infrastructure, and any other required resources.
- (6) The bidder's conception of the necessary information systems and communications capacity, including an explanation of the bidder's understanding of FDA's requirements, and a basic design of the system.
- (7) An organizational development plan for FDA and a plan for technology transfer (including training to be provided for FDA and MOF staff), together with a sound exit strategy for returning the management of the COCS to the FDA at the conclusion of the Management Contract.
- (8) A strategy for communicating with stakeholders, with special emphasis on Forest Management Units, contractors, local communities, FDA, and MOF.
- (9) A risk management plan, including a list of identified risks, a risk response plan, and a monitoring system.

#### **4.4. Administrative and Commercial Plan (Business Plan).**

- (1) The Business Plan will be evaluated by the Bid Evaluation Panel, which shall consider the consistency between the short- and long-term objectives and the planned investments, expected costs, and incomes. The Business Plan must establish a clear relationship between planned investments and the quality standards required by the Terms of Reference.
- (2) The Business Plan must contain a detailed description of the market to be served, the bidder's business strategy, short- and long-term goals, the organizational structure to be implemented, and the strategy for assembling a skilled team to manage the project and provide the COCS, the operations policy, the pricing policy, and the required investments. The Business Plan must provide, in detailed tables, an annual forecast of operational incomes, financing mechanisms to be used, expenses, investment schedules, and profits and losses for the Operator during the life of the Management Contract, beginning with the Closing Date. The Business Plan must provide, line item by line item, for all categories of incomes and expenses for the COCS.
- (3) The Business Plan must include as Income a fictitious amount of "0" in order to insure confidentiality.
- (4) All tables from the Business Plan must be provided in Microsoft Excel format, in both printed and electronic form.
- (5) The Business Plan must anticipate a grant up to the amount of US\$ 1,640,000 that shall be provided to the winner of the bid by the United States Government for investments and personnel. All subsidies from the US Government shall be depended on the company demonstrating successful implementation of their approved business plan based on an agreed timeline for implementation.

#### **4.5. Detailed Implementation Schedule.**

- (1) The schedule must contain a detailed matrix of all activities to be performed by the Operator from the Closing Date of the contract to the date on which the Operator finally transfers operations of the COCS to the FDA.

- (2) The schedule must be tailored to the fulfillment of quality requirements in the Terms of Reference.
- (3) The matrix must describe the duration of each significant activity required to plan, design, build, or operate every Deliverable included in the RFP.
- (4) The matrix must include an estimate of all costs associated with the activities of the plan in Investments and Operative expenses, including maintenance. The matrix must provide a description, line item by line item, of the expected monthly flow for all types of expenses.
- (5) The bidder shall present the detailed analysis of the unitary costs of the implementation budget, including line items for Materials, Labor, Equipment and Tools, Maintenance, and Other.

#### **4.6. Maintenance Plan.**

The bidder shall provide a Maintenance Plan detailing how preventive maintenance will be managed to safeguard the value of the assets of the Management Contract, including software updates.

#### **4.7. Improvements Suggested to COCS Management Standards & Procedures.**

The bidder shall provide suggestions to improve the base system of structure and regulations drafted by the FDA in order to identify more efficient and innovative ways to achieve the objectives of the COCS, given the context of Liberia.

### **Section III.- Envelope N° 3: Economic proposal**

1. The economic proposal shall include two documents:
  1. A Business Plan, as required by Paragraph 4.4 of this Annex, but now also including expected annual cash flows. This document will not be evaluated.
  2. An Economic Proposal according to Form N° 4 of ANNEX 1.

**Request for Proposals**  
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**ANNEX 7:**  
Evaluation Criteria for Envelopes

## CRITERIA FOR EVALUATING INFORMATION CONTAINED IN ENVELOPES N° 1 &amp; 2

Following verification by the Committee that the bidder has satisfied all of the requirements for Envelope N° 1 and proven to have net assets of at least US\$ Ten (10) million (and that the bidder has provided the clarifications, if any, required by the Committee within the given time frame), the Committee shall determine the global fit of the bids in Envelope N° 2 to the requirements of the COCS. Next, the Committee shall assign scores for each item and group of items contained in the bidders' proposals, according to the technical merit that the Committee attributes to each item.

Only proposals obtaining at least 75% of the total available points may be admitted to the final stage of the selection process, corresponding to Envelope N° 3. The remaining bids will be disqualified. Similarly, each bid that fails to obtain the minimum score for any item will be disqualified.

The maximum and minimum points that the Committee may award for each item are detailed in the following table. Bidders are encouraged to reflect innovative Chain of Custody Management techniques in their proposals. Evaluations take into account any innovations that will improve revenue capture and product monitoring.

ITEM NUMBER	CRITERIA	MAXIMUM POINTS	MINIMUM POINTS	SCORING
<b>1</b>	<b>Financial and Technical Information</b>	<b>30</b>	23	
1.1	Net assets worth US\$ 10 million or more	5		
1.2	<i>Documented evidence of experience in</i>			
1.2.1	Managing projects in developing countries, ECOWAS countries	2		
1.2.2	Experience designing and managing information systems for regulatory or tax collection agencies	4		
1.2.3	Revenue collection (management or advisory)	2		
1.2.4	Providing training to government agencies in COCS, tax management, or equivalent	2		
1.3	<i>Operational capacity</i>			
1.3.1	Administrative and technical staff allocation	5		
1.3.2	Personnel with related experience	5		
1.4	Certifications received by the firm	5		
<b>2</b>	<b>Scope of the Service</b>	<b>5</b>	3	
2.1	Description of products, services, and results to deliver based on TORs and proponent's goals	5		
<b>3</b>	<b>Master Plan for the COCS</b>	<b>25</b>	19	
3.1	Description of the methodology to be used for the design of the COC system	2		

3.2	Bidder's conceptualization of the COC management proposal and its basic design	3		
3.3	Bidder's conceptualization of the COC revenue control management proposal and its basic design	3		
3.4	Bidder's conceptualization on the staff requirements for the COCS, competencies and improvement path, salary policies, and how successful staffing can be sustained when activities are transferred to the FDA at the end of the contract	3		
3.5	Proposed list of resources to be used for the building and delivery of the service, including technologies, vehicles, communication systems, infrastructure, and other resources	2		
3.6	Information systems and communications conceptualization, including bidder's understanding of FDA's requirements and a basic design of the system	5		
3.7	Organizational development plan for FDA and technology transfer, including training to be provided for FDA and MOF and the exit strategy for returning the management of the service to the FDA at the end of the contract	2		
3.8	Stakeholder communication strategy, especially related to Forest Management Units, contractors, local communities, FDA, and MOF	2		
3.9	Risk management plan, including a list of identified risks, a risk response plan, and a monitoring system	3		
<b>4</b>	<b>Business Plan (BP)</b>	<b>20</b>	15	
4.1	Consistency in BP between the short- and long-term objectives and the planned investments, expected costs, and incomes. Relationship between the investments planned and the quality standards required in the TOR	10		
4.2	Soundness of BP regarding market to serve, business strategy, short-	7		

	and long-term goals, organizational structure, management and operational team, operations policy, pricing policy, required investments, forecasts, financing mechanism, projected profit or loss during the contract life, and other related issues			
4.3	BP considers a USG grant for fixed asset investments and personnel and how this affects contract cost	3		
<b>5</b>	<b>Detailed Implementation Schedule</b>	<b>10</b>	7	
5.1	Detailed schedule of activities from start up to transfer of service to FDA	2		
5.2	Schedule related to the fulfillment of quality requirements in the TOR	2		
5.3	Schedule describes and foresees the duration of every significant activity required to plan, design, build, or operate every deliverable included in the RFP	2		
5.4	Schedule includes an estimate of all costs associated with the activities of the plan in Investments and Operative expenses, including maintenance. Schedule provides a description, line item by line item, of the monthly flow for all types of expenses	2		
5.5	Detailed analysis of the unitary costs of the implementation budget, including line items for Materials, Labor, Equipment and Tools, Maintenance, and Other	2		
<b>6</b>	<b>Maintenance Plan</b>	<b>5</b>	3	
6.1	Maintenance Plan detailing how preventive maintenance will be managed to safeguard the value of the assets of the contract, included software updates	5		
<b>7</b>	<b>Improvements Suggested to COCS Management Standards &amp; Procedures</b>	<b>10</b>	5	
7.1	Suggestions to improve the base system of structure and regulations drafted by the FDA to identify more efficient and innovative ways to achieve the objectives of the COCS, given the context of Liberia	10		

	<b>TOTAL</b>	<b>100</b>	<b>75</b>	
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**Request for Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 8:**  
Closing date requirements

### CLOSING DATE REQUIREMENTS

On the Closing Date, all of the following conditions must be satisfied:

1. The winning bidder shall provide to the representative of the FDA the following documents:

(1) A copy of the current bylaws of the company that will sign the Management Contract;

(2) A copy of the power of attorney of the Legal Representative of the Operator duly registered; and

(3) Documentation of a Performance Security that is an irrevocable, absolute, joint and several guarantee in favor of the FDA. The bond shall be issued by a local or foreign bank. Such guarantee shall be valid for at least one year after the Closing Date and shall be renewed on a yearly basis throughout the duration of the contract with the objective of satisfying the obligations of the Operator under the Management Contract. (See example from Form N° 6 of Annex 1.)

The amount of the Performance Security must be in the amount of US\$300,000 USD (three hundred thousand USD) for each year of the contract. This amount may be re-evaluated by the FDA and Operator from time to time.

2. The Operator and the FDA shall execute 3 original versions of the Management Contract, as well as all required accompanying documents; and

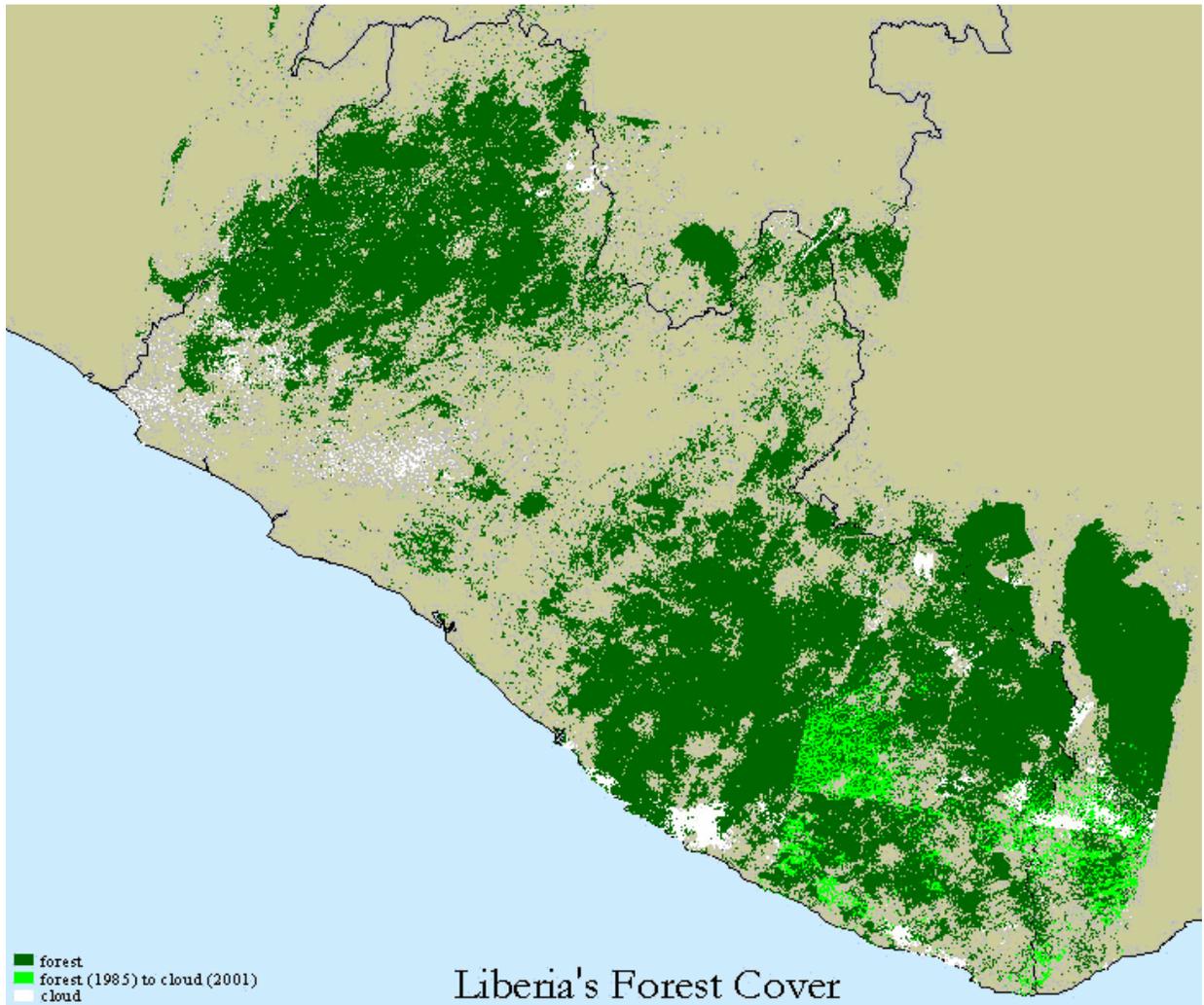
3. The Committee shall return the Bid Security to the Operator.

**Request For Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 9:**

Liberian forest cover, commercial species, harvesting projections and current checkpoints

MAP OF LIBERIAN FOREST COVER



For additional forest cover and quality information please see the FRM: State of the Forest Report 2004, on the Liberia Forest Initiative website ([www.fao.org/forestry/site/lfi](http://www.fao.org/forestry/site/lfi)).

## LIST OF HARVESTABLE TREE SPECIES

Abbreviation	Botanical name	LOCAL/TRADE NAMES LIBERIA	Class (stumpage fee)	Class (forest product fees)
HAL	<i>Hallea ciliata</i>	Abura (Bahia)	A	A
CAN	<i>Canarium schweinfurthii</i>	Aiele	A	A
GUI	<i>Guibourtia ehie</i>	Amazakoue (Bubinga)	A	A
ANI	<i>Anigeria robusta</i>	Aningre (Annegre)	A	A
GUA	<i>Guarea cedrata</i>	Bosse	A	A
CEI	<i>Ceiba pentandra</i>	Ceiba (Fromager)	A	A
PIP	<i>Piptadeniastrum africanum</i>	Dahoma	A	A
AFZ	<i>Afzelia</i> spp (bella, africana)	Doussie (Afzelia, Apa)	A	A
LOP	<i>Lophira alata</i>	Ekki (Azobe)	A	A
TES	<i>Terminalia superba</i>	Frake (Limba, Afara)	A	A
TEI	<i>Terminalia ivorensis</i>	Framire (Baji, Emire)	A	A
CHL	<i>Chlorophora</i> spp (regia, excelsa)	Iroko (Odum, Kambala)	A	A
KHA	<i>Khaya anthotheca</i>	Khaya (Acajou blanc)	A	A
KHI	<i>Khaya ivorensis</i>	Khaya (Acajou d'Afrique)	A	A
ENTC	<i>Entandrophragma candollei</i>	Kosipo (Abourd, Kro)	A	A
NAU	<i>Nauclea diderrichii</i>	Kusia (Bilinga, Opepe)	A	A
GIL	<i>Gilbertiodendron preussii</i>	Limbali	A	A
LOV	<i>Lovoa trichilioides</i>	Lovoa (Dibetou)	A	A
TIE	<i>Tieghemella heckelii</i>	Makore (Baku, Douka)	A	A
DIS	<i>Distemonanthus benthamianus</i>	Movingui	A	A
BRA	<i>Brachystegia leonensis</i>	Naga	A	A
TAR	<i>Heritiera utilis</i>	Niangon (Whismore)	A	A
TRI	<i>Triplochiton scleroxylon</i>	Obeche (Samba, Wawa)	A	A
ENTCY	<i>Entandrophragma cylindricum</i>	Sapele (Sapelle, Aboudikro)	A	A
ENTU	<i>Entandrophragma utile</i>	Sipo (Utile)	A	A
TET	<i>Tetraberlinia tubmaniana</i>	Tetra (Sikon)	A	A
ENTA	<i>Entandrophragma angolense</i>	Tiama (Edinam)	A	A
PER	<i>Pericopsis elata</i>	Afromosia	B	B
CHR	<i>Chrysophyllum</i> spp	Akatio (Longui)	B	B
ANT	<i>Antiaris africana</i>	Ako	B	B
RHO	<i>Rhodoguaphalon brevicuape</i>	Alone (Kondrotti)	B	B
CYN	<i>Cynometra ananta</i>	Apome	B	B
TUR	<i>Turraeanthus africanus</i>	Avodire	B	B
HAP	<i>Haplormosia macrophylla</i>	Black gum (Idewa)	B	B
BOM	<i>Bombax buonopozense</i>	Bombax	B	B
DID	<i>Didelotia idea</i>	Bondu	B	B
NES	<i>Nesogordonia papaverifera</i>	Danta (Kotibe)	B	B
DAN	<i>Daniella thurifera</i>	Faro	B	B
PYC	<i>Pycnanthus africanus</i>	Ilomba	B	B
ANO	<i>Anopyxis klaineana</i>	Kokoti	B	B
PTE	<i>Pterygota macrocarpa</i>	Koto (Ake)	B	B
MAM	<i>Mammea africana</i>	Mammea (Oboto)	B	B
MAN	<i>Mansonia altissima</i>	Mansonia (Bete)	B	B
OLD	<i>Oldfieldia africana</i>	Oldfieldia (Dantoue)	B	B

SAC	<i>Sacoglottis gabonensis</i>	Ozouga	B	B
ERY	<i>Erythrophleum ivorensis</i>	Tali (Sassawood)	B	B
COM	<i>Combretodendron macrocarpum</i>	Abale	C	C
ONG	<i>Ongokea gore</i>	Angueuk (Kuwi)	C	C
ANH	<i>Anthonotha fragrans</i>	Anthonotha (Kibokoko)	C	C
ARA	<i>Araliopsis tabouensis</i>	Araliopsis (Grenian)	C	C
CAL	<i>Calpocalyz aubrevillei</i>	Badio (Calpocalz)	C	C
CEL	<i>Celtis</i> spp (aldolfi-friederiei)	Celtis (Lokenfi)	C	C
DIA	<i>Dialium</i> spp	Dialium (Eyoum)	C	C
ALS	<i>Alstonia boonei</i>	Emien	C	C
COP	<i>Copaifera salikounda</i>	Etimoe	C	C
FAG	<i>Fagara macrophylla</i>	Fagara (Olondu)	C	C
FUN	<i>Funtumia elastica</i>	Funtumia (Mutundu)	C	C
HAN	<i>Hannoa klaineana</i>	Hannoa (Effeu)	C	C
BEI	<i>Beilschmiedia mannii</i>	Kanda	C	C
KLA	<i>Klainedoxa gabonensis</i>	Klainodoxa (Eveuss)	C	C
AMP	<i>Amphimas pterocarpoides</i>	Lati (Bokanga)	C	C
PAR	<i>Parinari excelsa</i>	Parinari (Songue)	C	C
PAK	<i>Parkia bicolor</i>	Parkia (Lo)	C	C
BER	<i>Berlinia confusa</i>	Pocouli (Ebiara)	C	C
UAP	<i>Uapaca guinensis</i>	Uapaca (Rikio)	C	C

## PROJECTED HARVESTABLE VOLUMES AND POTENTIAL REVENUE SCENARIO

	<b>FY1</b>	<b>FY2</b>	<b>FY3</b>	<b>FY4</b>	<b>FY 5+</b>
Forest Management Contract (no.)	4	8	11	13	13
Timber Sales Contract (no.)	5	8	12	12	12
Area (ha)	690,000	1,474,000	2,086,000	2,336,000	2,336,000
Log production (m3/yr)	<b>266,000</b>	<b>544,000</b>	<b>776,000</b>	<b>856,000</b>	<b>856,000</b>
-Log exports % production	70%	70%	60%	50%	30%
-Exports wood products % production	15%	15%	25%	35%	55%
-Domestic wood products % production	15%	15%	15%	15%	15%
Total forest fee revenue (US\$)	<b>5,832,000</b>	<b>12,009,000</b>	<b>16,658,000</b>	<b>17,923,000</b>	<b>17,607,000</b>
Land rental fee (US\$)	855,000	1,830,500	2,589,500	2,902,000	2,902,000
Production fee (US\$)	4,977,300	10,179,300	14,069,000	15,021,200	14,705,400
-Stumpage fee	2,977,600	6,089,600	8,686,600	9,582,100	9,582,100
-Log export fee	1,838,100	3,759,100	4,596,300	4,225,100	2,674,100
-Wood product export fee	161,600	330,600	786,100	1,214,000	2,449,200
Total export value (US\$)	<b>26,288,000</b>	<b>53,762,000</b>	<b>74,498,000</b>	<b>79,760,000</b>	<b>90,183,000</b>

The type and number of contracts is projected for each fiscal year (FY), which includes a complete logging season (October-June), from which log production has been estimated. All the forest management contracts will have been allocated and be in operation by FY4. Log production will rise to approximately 850,000 cubic meters. Forest fee revenues will rise to about US\$17-18 million per annum (excluding the timber fees from competitive bidding) and a projected export value of US\$90 million.

### FDA INFRASTRUCTURE AND CURRENT CHECKPOINTS THAT COULD BE USED BY COC CONTRACTOR

The FDA currently has five main checkpoints established which correspond to the main regional offices of the FDA. The regional offices are in a state of disrepair, but have at least one refurbished several room building per region. Currently, the Forestry Development Authority and the UN Mission in Liberia control these checkpoints. However, the contractor would be required to propose the best forms of verification for all legal documents and the points for completing this process. The option for mobile patrols should be addressed as these tend to be the most effective means of effectively patrolling areas.

#### MAIN CHECKPOINTS:

Tubmanburg  
Monrovia  
Buchanan  
Greenville  
Harper

The following is a list of current secondary checkpoints being maintained by the UN Mission in Liberia. The Forestry Development Authority does not currently have personnel posted at all of these check points:

Voinjama  
Zarzar  
Gbarnga  
Salala  
Ganta  
Saniquellie  
Kakata  
Zwedru

The contractor company will be required to make general improvements to some facilities to ensure infrastructure for managing the chain of custody process.

**Request For Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 10:**  
Forestry Development Authority Draft Chain of Custody Regulation

DRAFT REGULATION AND MANUAL OF OPERATING PROCEDURES FOR THE CHAIN OF CUSTODY SYSTEM

IMPORTANT: The following regulation is a draft that is currently being vetted in Liberia. The finalized Chain of Custody regulation will be established based on comments received and the final contract arrangements for the Chain of Custody Operator. This is not a final version of the regulation.

**Forestry Development Authority**  
**(DRAFT) Regulation No.**  
**Regulation on Establishing a Chain of Custody System**

[FDA invited to add Preamble.]

WHEREAS, civil society organizations, forest-dependent communities and other communities affected by forestry operations, and other third parties must play an active and independent role in the monitoring and oversight of the Republic's new chain of custody system to ensure its effectiveness and transparency;

NOW, THEREFORE, the Forestry Development Authority does hereby rule and regulate as follows:

**PART I: DEFINITIONS; PURPOSE**

**Section I. Definitions**

In this Regulation, the following terms have the meaning indicated, unless the context otherwise requires:

- (a) Abandoned Logs: Logs not marked with a chain of custody identification number and outside of an area where lawful harvest activities are underway.
- (b) Authority: Forestry Development Authority.
- (c) Diameter: Measurement of a Log taken from inside the bark to inside the bark; the average of four measurements: the smallest and largest distances measured through the center at one end of the Log, and the smallest and largest distances measured through the center at the other end of the Log.
- (d) Log: a portion of a tree, with or without side limbs and bark removed, otherwise substantially intact and intended for further processing.
- (e) Timber: sawn wood or Logs.
- (f) Wood Product: a processed item made substantially of wood, including poles, sawn lumber, plywood, veneer, particleboard, pulp, wood chips, paper, firewood, or charcoal.

Other terms used in this Regulation have the meaning established in the National Forestry Reform Law of 2006, as amended.

**Section II. Purpose**

This Regulation provides for the establishment and operation of a nationwide chain of custody system under the supervision of the Authority. This system will—

- (a) Ensure that illegal Logs and Timber are identified and that they do not enter the legal chain of custody;
- (b) Ensure that all holders of Forest Resources Licenses are in compliance with laws and regulations governing block maps, annual yield limits, and chain of custody requirements;
- (c) Ensure that all forest fees, taxes, and charges are accurately assessed and timely remitted to the appropriate authorities; and
- (d) Facilitate the eventual certification of legal origin for all Logs and Timber originating in the Republic.

### **Sections III to XX. Reserved**

## **PART II: ESTABLISHMENT; ADMINISTRATION; GENERAL PROHIBITIONS; AND RESPONSIBILITIES OF AUTHORITY AND SYSTEM USERS**

### **Section XXI. Establishment, Scope, and Administration**

- (a) The Authority shall establish and operate a chain of custody system to track Logs, Timber, and Wood Products from forest to processing to export or market.
- (b) The Authority shall establish and maintain an electronic chain of custody database containing—
  - (1) Information on all Logs, Timber, and Wood Products tracked under the chain of custody system; and
  - (2) Information on fees and taxes assessed and paid on all Logs, Timber, and Wood Products, and in connection with any associated Forest Lands.
- (c) The Authority may delegate day-to-day operation of the chain of custody system and maintenance of the chain of custody database to a private contractor, subject to oversight by the Authority.
- (d) The chain of custody system established by this Regulation shall begin operating on January 1, 2007.

### **Section XXII. Logging Activities Outside of Chain of Custody System Prohibited**

- (a) No person shall harvest Timber for Commercial Use without—
  - (1) Entering the Timber in the chain of custody system using forms or means established under this Part; and

(2) Marking the Timber with the identification assigned by the Authority through the chain of custody system.

(b) No person shall process Logs, Timber, or Wood Products into a substantially different form without—

(1) Entering the processed Logs, Timber, or Wood Products in the chain of custody system using forms or means established under this Part; and

(2) Marking the processed Logs, Timber, or Wood Products with the identification assigned by the Authority through the chain of custody system.

(c) No person shall transport or possess the following unless it has been entered into the chain of custody system using forms or means established under this Part and bears identification prescribed by the Authority through the chain of custody system:

(1) Unprocessed Logs of greater than ten centimeters diameter, except for recently felled Logs within a kilometer of their place of lawful harvest.

(2) More than three cubic meters of Wood Products, except for recently processed Wood Products at the site of processing.

(d) No person shall attach false or misleading identification to Logs, Timber, or other Wood Products.

### **Section XXIII. Forms**

(a) The Authority shall publish and from time to time revise standard forms and instructions for entry of information into the chain of custody database.

(b) The information collected for initial entry into the database must be sufficient to identify for each tracked item the place of harvest, the person authorized to harvest, the forest resources license under which the harvest was made, the volume of the item, and its unique identification mark.

(c) The Authority may provide for entry of data through paper forms, electronic forms, or oral reporting to an agent that the Authority has authorized.

(d) If the data entered into forms or reported to an authorized agent affects or reflects the amount of fees or taxes owed to the Government, the Authority shall require the person providing the data to swear to or affirm the accuracy of the data, under penalty of perjury.

### **Section XXIV. Identification—Assignment and Marking**

(a) The Authority shall establish and from time to time revise standard methods for assigning identification to Logs, Timber, and Wood Products, and for properly marking the Logs, Timber, and Wood Products with this identification.

(b) The Authority shall publish a document listing the current standard methods for assigning identification and for marking Logs, Timber, and Wood Products with this identification.

- (c) For Logs, the chain of custody system must assign a unique identification to each Log.
- (d) For Timber and Wood Products other than Logs, the chain of custody system may assign unique identification either to each individual item, or to a group of items physically packed, joined, or contained together for sale or transport. Where a single identification is assigned to a group of items, the chain of custody system must include safeguards allowing persons to determine easily whether any items have been added to or removed from the group.

#### **Section XXV. Toward Forest Certification**

The Authority shall cooperate with forest certifiers to attempt to make the Republic's chain of custody system supportive of or acceptable as a wood tracking system for use in forest certification.

#### **Section XXVI. Scaling Standards**

In measuring the volume of Logs and Timber for purposes of assessing fees and taxes, or for entering the Logs or Timber into the chain of custody system, all persons shall use the Association Technique Internationale des Bois Tropicaux (ATIBT) Rules of Mensuration of 2005 for gross or solid volume, with the following exceptions and allowances—

- (a) No person shall take deductions in volume for unfresh wood.
- (b) For purpose of calculating export fees, a person exporting Wood Products under a contract that reduces the sales price for defects may present the contract to the Authority and request, in writing, that the Authority rescale the shipment to reflect the deductions for defects specified in the contract.

#### **Section XXVII. Grading Standards**

- (a) In private transactions, persons may use any grading system upon which they mutually agree.
- (b) If not otherwise agreed upon or controlled by contract, the “Grading rules for tropical logs and sawntimber” of the Association Technique Internationale des Bois Tropicaux (ATIBT) govern grading within the Republic.

#### **Section XXVIII. Tax Information and Cooperation with Fiscal Authorities**

- (a) The Government shall mark each receipt for payment of fees and taxes assessed by the Authority with a unique identification number to facilitate tracking of the receipts in the chain of custody database.
- (b) The Authority shall design the chain of custody database so that the identification number for a particular Log or group of Wood Products links to all of the following information:
  - (1) The place where the wood was harvested, and whether land rental fees have been paid for the year of harvest;
  - (2) Whether stumpage fees have been paid for the wood; and
  - (3) Whether forest products fees (including export fees) have been paid for the wood.

(c) Any person in possession of proof of payment of any of the fees listed in Subsection (b) of this Section may present the proof to the Authority or its agent, and, upon being satisfied that the proof is genuine, the Authority or its agent shall enter the payment information in the chain of custody database.

(d) The Authority shall include in the chain of custody system safeguards to ensure that persons cannot mistakenly or fraudulently rely upon a proof of payment to cover Logs, Timber, or Wood Products not legitimately covered by the payment.

**Sections XXIX to XXX. Reserved**

**PART III: TRANSPORT**

**Section XXXI. Transport or Acceptance of Logs Without Waybills Prohibited**

(a) No person shall consign Logs for transport upon public roads, send Logs to a facility for processing, or send Logs to a port for trans-shipment or export unless the person has completed a waybill for the load of Logs.

(b) No person shall transport a load of Logs upon the public roads, transport Logs to a facility for processing, or transport Logs to a port for trans-shipment or export unless the person is in possession of a completed waybill for the load of Logs.

(c) No person shall accept delivery of a load of Logs unless the load is accompanied by a completed waybill.

**Section XXXII. Content of Waybills**

A waybill is deemed completed only if it includes all of the following information:

(a) The place of harvest of the Logs.

(b) The chain of custody identification numbers of the Logs.

(c) The total volume of all Logs, by species.

(d) The day, month, and year that the Logs were loaded, and the day, month, and year that they are scheduled to arrive.

(e) The place where the Logs were loaded.

(f) The destination of the shipment and acceptable route of transport.

(g) The printed name and signature of—

(1) The person (or the person's authorized agent) who harvested the Logs; and

(2) The person accepting the Logs for transport.

Above each of these signature lines, the waybill must include the following declaration:

*“By signing this waybill, I swear or affirm, under penalty of perjury, that I have made a reasonable effort to ensure the accuracy of the information entered here and that the contents are accurate to the best of my knowledge.”*

- (i) The printed names of the business or individuals authorized to transport or accompany the Logs.

### **Section XXXIII. Copies**

- (a) Each waybill form must consist of one original and four copies, to be distributed as follows:

(1) The person consigning the shipment shall retain one copy and give the original to the Authority.

(2) The person transporting the shipment shall keep one copy, give one copy to the recipient of the shipment, and give one copy to the Authority following delivery of the shipment.

- (b) The Authority shall make books of blank, numbered waybills available upon payment of the fee specified in the Regulation on Forest Fees.

### **Section XXXIV. Logs in Chain of Custody System But Without Completed Waybill**

If the Government discovers Logs in transport without a proper waybill, but the Logs bear chain of custody identification, the Government shall arrange to return the Logs to the place of harvest and bill the harvester for the reasonable costs of the return.

### **Section XXXV. Transport by Night**

(a) No person shall transport Logs, Timber, or Wood Products on public roads during the night, from fifteen minutes after sunset until fifteen minutes before sunrise, unless the shipment is accompanied by written permission from both the Authority and the local police, specifically permitting that particular shipment to be transported by night.

(b) If the Government discovers Logs, Timber, or Wood Products being transported in violation of this Section, they are deemed abandoned, even if registered in the chain of custody system, and the Government shall seize the Logs, Timber, or Wood Products and transfer custody to the Authority, which shall arrange for their sale or disposal as if they had been abandoned under Subsections (e) through (h) of Section LI of this Regulation.

### **Sections XXXVI to XL. Reserved**

## **PART IV: EXPORT AND IMPORT**

### **Section XLI. Cooperation of Port and Customs Officials in Export**

(a) Government officials in charge of ports and customs shall not allow bulk shipments of Logs, Timber, or Wood Products to be loaded on vehicles, vessels, or aircraft for export unless the officials can verify all of the following:

- (1) The Logs, Timber, or Wood Products are entered into the chain of custody system.
  - (2) The chain of custody database indicates that all stumpage fees, land rental fees, and forest product fees (including export fees) have been paid.
  - (3) The chain of custody database indicates that the Logs, Timber, or Wood Products have not already been exported.
- (b) Government officials shall promptly and fully inform the Authority of the export of all Logs, Timber, and Wood Products covered under the chain of custody system.
- (c) Government officials shall promptly notify the Authority of any irregularities in shipment that may suggest illegal activity or a problem with the chain of custody system or database.
- (d) The Authority may issue standard forms to facilitate reporting under this Section.
- (e) The requirements of this Section apply to all ports of entry in the Republic, including all border crossings (with Ivory Coast, Sierra Leone, and Guinea), seaports, and airports.

#### **Section XLII. Import**

A person importing Logs, Timber, or Wood Products shall abide by the following conditions:

- (a) Before importing Logs, Timber, or Wood Products, the person must register with the Authority as an importer and renew the registration annually.
- (b) The person must arrange for the Authority to scale each shipment at the entry port, assign each Log or group of items an identification number, and enter the Logs or groups into the chain of custody system.
- (c) For Logs, the person must follow the requirements for waybills set forth in Part III of this Regulation, indicating the port and date of entry, along with all other required information, to the extent known.

#### **Sections XLIII to L. Reserved**

### **PART V: ABANDONED LOGS**

#### **Section LI: Abandoned Logs**

- (a) If the Government discovers abandoned Logs, it shall promptly notify the Authority.
- (b) If the Authority discovers abandoned Logs within the area covered by a valid Forest Resources License—
  - (1) The Authority shall notify the Holder, and the Holder may claim the Logs by registering them in the chain of custody system within 14 calendar days.
  - (2) If the contract holder does not register the Logs in the chain of custody system within 14 calendar days, the Authority may seize the Logs.

(c) If the Authority discovers abandoned Logs in a Communal Forest, a Community Forest, or on deeded lands outside of any area covered by a valid Forest Resources License—

(1) The Authority shall notify the community or deed holder, and the notified person may claim the Logs by registering them in the chain of custody system within 14 days.

(2) If the notified person does not register the Logs within 14 days, the Authority may seize the Logs.

(d) If the Authority discovers abandoned Logs on land not covered by Subsection (b) or (c) of this Section, the Authority may seize the Logs.

(e) The Authority shall transport all seized Logs to a safe location and, within five days, petition a court sitting in the county where the Logs were seized to verify that the Logs are abandoned and oversee disposal of the Logs by public auction.

(f) The winner of the public auction may take possession of the Logs after presenting to the court proof of payment to the Central Bank of Liberia of the auction price and the stumpage fee for the Logs.

(g) Payment of sums required under Subsection (f) of this Section extinguishes all claims of other persons to the Logs.

(h) Upon request of the winner of the public auction, the Authority shall enter the Logs in the chain of custody system with an appropriate notation indicating that they were abandoned and sold at auction.

(i) If no one bids for abandoned Logs, the court shall arrange to have the Authority give the Logs to a local community or civil society organization for non-commercial use.

**Sections LII to LX. Reserved**

## **PART VI: ACCESS AND ACCURACY**

### **Section LXI. Public Access**

All information contained in the chain of custody database is a matter of public record, and the Authority shall allow members of the public convenient means to search and review the information at Authority offices during normal business hours.

### **Section LXII. Corrections**

(a) Any person wishing to correct or contest information contained in the chain of custody database may present evidence to the Authority and request a change in the database.

(b) The Authority shall approve or deny the request in writing within ten business days of receiving the request.

(c) If the Authority approves the request, the Authority shall make the requested change in the database within 24 hours of granting approval.

(d) If the Authority denies the request or fails to act within the time limits established by this Section, the person may ask a court to consider evidence from the person, the Government, or any other interested party, and, if appropriate, the court may order the Authority to correct the database.

**Sections LXIII to LXX. Reserved**

**PART VII: FOREST MONITORING**

**Section LXXI. Monitoring by Civil Society, Communities, and Independent Third Parties**

(a) Except as otherwise allowed by law, no person shall interfere with representatives of civil society organizations, forest-dependent communities and other communities affected by forestry Operations, or independent third parties seeking to—

- (1) Obtain information with respect to any aspect of the chain of custody system;
- (2) Verify the accuracy of information provided by the Authority, the Holder of a Forest Resources License, or any other Person, with respect to any aspect of the chain of custody system; or
- (3) Personally inspect any forest area, forestry facility, or shipment of Logs, Timber, or Wood Products that is the subject of a Forest Resources License.

(b) Authority staff and Holders of Forest Resources Licenses shall, upon request, use best efforts to assist representatives of civil society organizations, forest-dependent communities and other communities affected by forestry Operations, and independent third parties seeking to perform any of the activities described in Paragraphs (1), (2), and (3) of Subsection (a) of this Section.

**Part VIII: REPEALS AND EFFECTIVE DATE**

**Section LXXXI. Repeals**

The following regulations are repealed, in their entirety:

- (a) Regulation 1, concerning waste of forest resources, including abandonment of Logs.
- (b) Regulation 3, concerning waybills.

**Section LXXXII. Effective Date**

(a) This Regulation is effective on \_\_\_, 2007.

(b) The Authority shall announce this Regulation and make it available to the public and the media.

**SIGNED:**

**Managing Director  
Forestry Development Authority**

**Request for Proposals**  
**FDA Chain of Custody Management Contract**

**ANNEX 11:**  
Schedule of Penalties for Contract Non-Compliance

## SCHEDULE OF PENALTIES

TYPE OF FAULT	SEVERITY OF FAULT	PENALTY <sup>1</sup>
1. COCS not operating correctly to control COC flow of logs and wood products when FM/TS contractors commence logging.	Major	Fine in the estimated amount of losses of revenue to the GOL for not operating. Breach of contract if not remedied in 3 months.
2. COC key data from required COC system forms not recorded in the COCIS within appropriate timeframe or consistent with defined procedures.	Major	Fine in the estimated amount of losses of revenue to the GOL. Possible breach of contract if repeated.
3. Stumpage or export fees not being accurately assessed.	Major	First time, fine in the estimated amount of losses of revenue to the GOL. Breach of contract if repeated.
4. Stumpage volumes from the FM/TS contract holders not being controlled by the COC Contractor when FM/TS contractors commence operations.	Major	Fine in the estimated amount of losses of revenue to the GOL.
5. Volumes and grades of logs or wood products exported not being controlled by the COC Contractor when exports commence.	Major	Fine in the estimated amount of losses of revenue to the GOL.
6. COC Contractor's needed scalers and logs graders not trained and available to verify logs and wood products before exports commence.	Major	Fine in the estimated amount of losses of revenue to the GOL.
7. FDA staff unable to operate the COCIS for controlling wood flow and fees by end of Year One of the Management Contract.	Minor, but if not corrected within 2 months becomes major	Fine in the estimated amount of losses of revenue to the GOL.
8. COCIS codes, structure, user rights have been made the property of the FDA by end of Year One of the Management Contract.	Minor but if not corrected within 2 months becomes major	Fine in the estimated amount of losses of revenue to the GOL.
9. By end of Year One of the Management Contract, COCIS not fully functional online, with complete integration among	Minor, but if not corrected within 2 months becomes major	Fine in the estimated amount of losses of revenue to the GOL.

<sup>1</sup> THE AMOUNT IN THE PENALTY SHALL BE FIXED IN RELATION TO THE VALUE OF THE BUSINESS. ALL ESTIMATES SHALL BE DETERMINED JOINTLY BY THE GOVERNMENT OF LIBERIA AND THE METICORPS REPRESENTATIVE.

FDA Main office, FDA Regional offices, Central Bank, and Ministry of Finance.		
10. Market intelligence information system not functioning by end of Year One of the Management Contract.	Minor, but if not corrected within 6 months becomes major	Fine of 10,000 usd.
11. By end of Year One of the Management Contract, FDA Main and Regional offices not staffed by COC Contractor with qualified personnel who can effectively and efficiently operate the COC system.	Minor, but if not corrected within 4 months becomes major	Fine of 10,000 usd for not operating appropriately in any Region. Fines shall be imposed after 4 months if not corrected.
12. By end of Year One of the Management Contract. one or more FDA Regional offices not yet properly equipped to function effectively.	Minor, but if not corrected within 4 months becomes major	Fine of 10,000 usd for not operating appropriately in any Region. Fines shall be imposed after 4 months if not corrected.