



global witness

# BLOOD TIMBER

HOW EUROPE HELPED FUND WAR IN THE  
CENTRAL AFRICAN REPUBLIC

—  
JULY 2015

# CONTENTS



<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>RECOMMENDATIONS</b>	<b>6</b>
<b>CHAPTER 1: HOW THE LOGGING INDUSTRY FUNDED WAR IN THE CENTRAL AFRICAN REPUBLIC</b>	<b>8</b>
<b>CHAPTER 2: CAR'S TIMBER INDUSTRY: AN ILLEGAL AND CORRUPT BUSINESS</b>	<b>22</b>
<b>CHAPTER 3: HOW ILLEGAL AND CONFLICT TIMBER WAS BOUGHT AND SOLD ON INTERNATIONAL MARKETS</b>	<b>29</b>
<b>CHAPTER 4: THE EU'S FLAWED POLICY FOR CAR</b>	<b>35</b>
<b>CONCLUSION: LEARNING LESSONS THE HARD WAY</b> LEARNING LESSONS FROM THE LIBERIAN EXPERIENCE: FOREST GOVERNANCE, ACCOUNTABILITY AND POST-WAR RECONSTRUCTION	<b>41</b>
<b>ANNEX</b>	<b>43</b>
<b>END NOTES</b>	<b>48</b>



©James Oatway/Panos Members of Seleka's Red Brigade on the outskirts of Bangui

## EXECUTIVE SUMMARY

Since 2013 the Central African Republic (CAR), a fragile and unstable country of 4.6 million inhabitants, has been faced with the most serious crisis in its history. In March of that year, a coalition of armed rebel groups, named the Seleka, came to power by deposing President François Bozizé. Under the leadership of Michel Djotodia, the Seleka held the reins of power until January 2014, committing grave human rights violations and killing thousands of people, while brazenly profiting from the country's many natural resources.

Today, even though the Seleka is no longer in power, CAR is mired in chaos. Armed groups roam the landlocked country, corruption appears rampant, and the transitional authorities lack the political will and capacity to ensure CAR's natural resources are managed sustainably, according to the law, and on the basis of respect for the rights of the country's impoverished population.

It remains to be seen whether a recently signed peace deal with some of the country's armed groups will change the all-too-present security threats on the ground. Given the repeated cycle of coups, violence and destruction that have beset CAR since the country's independence in 1960, cutting the lifelines of armed groups - those willing to collaborate with them for personal profit - is an imperative.

### THE COMPLICITY OF LOGGING COMPANIES IN FUNDING CAR'S CONFLICT

Global Witness - an organisation that has worked on breaking the links between timber, conflict and corruption for over twenty years - has found that during the Seleka's rule, Chinese, French and Lebanese companies continued to log CAR's rainforest at scale and for significant profit. Despite thousands of innocent civilians being tortured and murdered by the Seleka, international timber traders, in particular those in Europe and China, continued to sell and trade Sapelli, Sipo, Iroko and other Central African wood species.<sup>1</sup> Logging companies were able to continue operating and exporting thanks to lucrative financial arrangements concluded with Seleka leaders, by which they paid an estimated EUR 3.4 million in total, for example for "protection" services, allowing the Seleka to maintain armed rebels on the ground and procure weapons.<sup>2</sup>

Since then, despite the rout of the Seleka in 2014, these companies have continued to contribute to the country's instability, by making an estimated EUR 127,864 in payments to "anti-balaka" militias, the Seleka's successors in CAR's forested areas. Though the sums are lower than in the Seleka period, they still help the anti-balaka maintain their presence in the forested South-West.

These logging companies have financed groups who have committed the worst kind of human rights abuses. They should be held responsible as accessories to the crimes of their protectors.

### NO ACTION AGAINST CONFLICT TIMBER

Although the international community took steps (albeit ineffective) to try to stop the trade in CAR diamonds, which also

financed the conflict, it has remained mute on the question of timber. Thanks to the suspension of CAR's official diamonds trade, timber has become CAR's number one export. A United Nations report of July 2014 noted that logging companies were making payments to CAR's armed men. But no action has been taken by any UN Member State. This is all the more surprising as it's a well-known fact, since at least 2001 when the term "conflict timber" was first coined,<sup>3</sup> that the ease with which timber is logged and traded has made it a choice source of revenue for armed groups and their leaders.<sup>4</sup>

Given the substantial payments made by the industry to the Seleka, the timber traded from April 2013 to January 2014 should also be classified as "conflict timber", where the sale of timber funded the commission of serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law. As this report shows, wood exported by the major logging companies in CAR is illegal, harvested in violation of the country's laws.

Donors often point to the timber sector's role in the economy, which might explain why no measure was taken against the sector - it currently boasts 2,717 direct jobs and generates revenues in the region of EUR 3.7 million for the state. But the employment and development benefits of the timber industry have long been exaggerated by the donor community and are far outweighed by the sector's abuses and costs in CAR as in Liberia, another country whose timber business fuelled corruption, illegality and conflict. It also compares extremely poorly to the diamonds sector - which employed 400,000 people and brought in EUR 6.2 million in tax revenues before the Kimberley process suspension.<sup>5</sup>

### **THE EUROPEAN UNION AND ITS MEMBER STATES ARE PARTY TO THE PROBLEM**

The EU and its member states hold a large degree of responsibility for the current situation. EU companies have been trading large quantities of CAR wood since the beginning of the conflict, by ignoring European legislation tailored to fight the illegal timber trade - the EU Timber Regulation (EUTR). Furthermore national authorities - including France, Germany and Belgium, known importers of Central African timber - have also proved to be either uninterested in or incapable of upholding EU and national laws on illegal timber.

Not only is the EU failing to enforce its laws to prevent the trading of illegal timber, it is at the same time moving to legitimise CAR's timber industry. It does so by continuing to work with companies party to the EU's timber trade agreement with CAR (known as the Voluntary Partnership Agreement or VPA), despite these actors contributing to the conflict and fuelling the corruption that has weakened CAR's state.

Of all EU countries, France is most involved in CAR's logging sector. It has a policy of supporting logging companies, based on the flawed belief that they can sustainably manage the country's tropical forests. But even if industrial logging of rainforests were sustainable - it is not, according to a number of scientists - in the context of a fragile or failed state, it is not realistic: CAR's authorities have neither the means nor the commitment to supervise the activities of logging companies, and the latter are not capable or interested in self-regulation.

In fact, the French Development Agency (AFD) has financially supported CAR's logging companies, involved in both illegally logging this most precious of rainforests - vital to the climate and to thousands of forest-dependent and indigenous peoples - and funding the conflict French troops were sent to stop. As this continues, French citizens and consumers perversely foot the bill three times over - paying for timber, troops and aid - for this vicious cycle of destruction to start again. French development policy and trade directly perpetuate the impunity of these companies.

### **THE INTERNATIONAL COMMUNITY MUST END THE IMPUNITY OF CAR'S LOGGING INDUSTRY**

It is urgent that the international community ends its silence and passivity. It is well known that the instigators of CAR's five coups d'état since 1960 - not to mention the authors of its many unsuccessful attempts - have consistently sought to take control of the country's natural resources and misappropriate its financial returns. The single-minded zeal of companies to commercialise timber, without hesitating to fund militias and their leaders responsible for massacres and other crimes, is an incentive for any armed group to take control of the capital Bangui and the forested South-West of the country. These companies have formed part of a criminal enterprise and must be held accountable for it. We must end their impunity and remove the risk of repeat offending.

Indeed, a persistent climate of corruption and illegality in the timber sector maintains the fragility of CAR's state, poverty and under-development, making conflict and complicity with armed groups more likely in future. Any framework of action applied to CAR in the present should establish accountability as a priority.

UN-mandated experts and international institutions with a mission in CAR should closely examine the links between the timber trade and the funding of armed groups and bring the perpetrators of crimes to justice. More broadly, the international community must reflect on lessons from past experience, highlighted in this report, in relation to natural resource governance for stabilisation, reconstruction and peace within CAR.



### **CENTRAL AFRICAN REPUBLIC: A BETTER FUTURE?**

Today, the path to general elections is being prepared in CAR, which could result in a new era in the country's history. CAR's authorities should make sure that those responsible for abuses committed in the logging sector are held accountable and that this never happens again. That also necessarily involves a wholesale evaluation and reform of the management of forests, to the benefit of Central Africans and their environment.

CAR deserves full and extensive support from the international community in this process. It is one of the gravest examples of the fragile state phenomenon and deserves the same level of support given to a country like Liberia over a decade ago. Cutting ties with corrupt, illegal and unsustainable practices requires fundamental rethinking of forest management models that have contributed to state fragility and under-development and have helped make conflict financially viable and more likely in the long run. New forest management models that strengthen the forest and land rights of dispossessed local populations are more likely to contribute to preserving forests, reducing poverty and furthering sustainable development. This is the realisation that some international actors have come to in Liberia, which experienced a conflict funded by timber, the biggest land grab in its history and a decade-long failure to establish a bona fide logging industry before committing to promoting community rights and community-managed forests. Similarly,

government and donors in CAR have not prioritised the establishment of community forests, leaving local populations to await a trickle-down of development benefits from industrial exploitation that has never materialised. Building local capacity, ownership and accountability in new community forest models may well promote sustainability, development and the rule of law better than an industry associated with numerous past abuses, and an almost unbroken record of putting short-term profit before all else, including the law. Civil society and local and indigenous communities must be placed at the heart of this project to build a better future.

# RECOMMENDATIONS

## TO THE AUTHORITIES OF THE CENTRAL AFRICAN REPUBLIC:

- Establish a Forest Sector Review Committee to conduct a full evaluation of the financing of armed conflict by logging permit-holders (paying due regard to the continuing work of UN-mandated bodies), corruption in the sector, the legality of permits and compliance with the Forest Code and the rule of law. The review criteria should be based on the rule of law and established prior to evaluating any company. The Committee should have a writ of search and seizure so that it can collect evidence, including company bank records. It should be chaired by a respected expert independent of government, include representatives of civil society, and allow for evidence to be taken from local and indigenous communities. The Committee should be mandated to make recommendations for reforms of the concession system and the forest sector overall. Attention should also be paid to lessons learned in other conflict-affected timber producing states like Liberia.
- Establish a moratorium on all industrial logging operations pending the completion of the work of the Forest Sector Review Committee. The moratorium should not be lifted until a series of governance objectives have been met; this means it should not be time-limited but based on actual progress, measured by specific indicators. In the framework of the moratorium, support measures and alternatives should be identified for forest sector workers, in partnership with the sector's international donors.
- Commit to sound economic governance and anti-corruption practices for stabilisation, reconstruction and peace-building, investigate and take action against those engaged in corrupt and illegal practices, and engage in dialogue and full cooperation with international institutions and donor governments on proposed governance initiatives.

## TO CIVIL SOCIETY ORGANISATIONS ACTIVE IN THE CENTRAL AFRICAN REPUBLIC:

- Develop a civil society position and proposals on CAR's natural resource and forest governance, addressing questions of accountability and the rule of law.
- Set up a civil society unit to enable monitoring and accountability of CAR's governance of natural resources and forests.
- Participate in and support the work of the proposed Forest Sector Review Committee once

established. Civil society organisations must play a leading role in advocating for improved natural resource governance for the good of the country and its people.

## TO THE UNITED NATIONS AND UN-MANDATED BODIES, INTERNATIONAL CONTACT GROUP ON THE CENTRAL AFRICAN REPUBLIC (ICG-CAR), DONOR GOVERNMENTS AND INSTITUTIONS:

- Consider taking further action to address economic governance in the context of stabilisation, reconstruction and peace-building efforts in CAR, examining the appropriateness of models such as the Governance and Economic Management Assistance Program (GEMAP) implemented in post-war Liberia. Risks of corruption and mismanagement of natural resource revenues should be seriously examined to ensure the country's long-term prospects are not compromised.
- Recommend and financially support the establishment of a Forest Sector Review Committee by CAR's transitional government to determine the full extent of corruption and mismanagement of the forest sector and to make recommendations for reform. This should draw upon lessons learned in other cases of conflict-affected fragile states such as Liberia.
- The UN Panel of Experts should examine the links between the timber industry and trade with the financing of armed groups, including evidence contained in this report, and make recommendations, including any measures pursuant to UNSC Resolution 2127, to ensure accountability and prevent recidivism.
- Provide support for civil society capacity-building and the involvement of forest-dependent, indigenous communities in forest governance processes, notably in the framework of the multi-donor Fonds Békou.

## TO THE EUROPEAN UNION AND ITS MEMBER STATES:

- Participate actively in the adoption, implementation and enforcement of measures proposed above, as members of the United Nations, the ICG-CAR and multilateral institutions, with a view to enabling peace, stability and reconstruction of CAR.
- Suspend the EU's VPA with CAR in the absence of the necessary pre-conditions for the implementation of this agreement in a failed state – as

described in this report - and in recognition of the need for the timber industry to be properly addressed by justice and accountability processes to end impunity and build long-term prospects for peace and reconstruction. In lieu of the VPA, the EU should contribute to the setting up of a Forest Sector Review Committee, and support forest sector reforms; civil society and community capacity-building notably through the Fonds Békou.

- Enforce the EU Timber Regulation (EUTR) against all operators having placed CAR timber or derived products on the EU market since March 2013.
- Adopt specific measures to address conflict timber in EU policies and instruments – for example in the context of an EU framework of action. This should include mainstreaming conflict-sensitivity approaches in dialogue and agreements with third countries such as the EU's Voluntary Partnership Agreements; and addressing any actual or potential loopholes associated with the interpretation of "operators" under the EUTR as well as updating European Commission guidance on the EUTR to address conflict timber.
- Address in dialogue with China the triangular trade in illegal and/or conflict timber or derived products from CAR and other at-risk or conflict-affected producer countries.

## TO FRANCE AND THE FRENCH DEVELOPMENT AGENCY (AFD):

- End all grants, subsidies and technical support destined to support CAR's industrial logging sector in view of its role in financing armed conflict, fuelling corruption and illegal logging in the country.
- Revise the AFD's forest sector programme in CAR to end its focus on private sector enterprises and to promote the measures proposed herein, including capacity-building of civil society and the involvement of local and indigenous communities in forest governance processes.
- Enforce the EUTR and any other relevant legislation against companies based in France commercialising timber or derived products from CAR.

## TO CHINA:

- Participate actively in the adoption, implementation and enforcement of the measures proposed above, as a member of the United Nations, the ICG-CAR and multilateral institutions, with a view to enabling peace, stability and the reconstruction of CAR.

- Introduce legislation that prohibits the import of illegal timber. This would help protect Chinese companies conducting legitimate business, enable exporters to comply with US and EU legislation and protect forests in producer countries. It would empower Chinese Customs and other law enforcement officials, who are currently unable to act, even when confronted with imports of timber that were clearly illegally harvested.
- In its forthcoming guideline for companies trading timber, the State Forest Administration (SFA) should state clearly that Chinese companies that import, trade and process wood must not purchase illegal timber and that companies using timber from high risk areas must carry out thorough due diligence on their supply chains. The SFA should publish detailed guidance for Chinese companies on how to carry out this due diligence as a means of meeting their responsibility not to buy illegal timber. It should also introduce a system of monitoring and public reporting on implementation of the new guideline and also the existing 2009 guideline on sustainable overseas forest management.



©William Daniels/Panos Civilians displaced by fighting between the Seleka and anti-Balaka.

## CHAPTER 1: HOW THE LOGGING INDUSTRY FUNDED WAR IN THE CENTRAL AFRICAN REPUBLIC

### THE CENTRAL AFRICAN REPUBLIC: A CHRONICALLY UNSTABLE COUNTRY RUN BY A PHANTOM STATE

The conflict that has devastated the Central African Republic since 2013 did not take place in a vacuum. Since its independence in 1960, the former French colony has suffered chronic political instability, armed rebellions, and repeated coups d'état. François Bozizé became President by putsch in 2003 and ruled for ten years until he was deposed in exactly the same way in March 2013. The country's administration has always lacked the resources and knowledge to properly govern the country. CAR's leaders have traditionally managed the revenues from the country's many natural resources in a neo-patrimonial fashion, to reward and secure the loyalty of family and clan members. Without oversight, they have successfully captured the revenues of the State for themselves.

In all sectors of the economy, corruption and bribery are part and parcel of doing business. By 2013 Transparency International ranked CAR as the 144<sup>th</sup> most corrupt place on earth out of 177 countries examined. The consequences have been devastating: even before this latest crisis, almost two thirds of CAR's population were living under the poverty line, and the country ranked as one of the poorest

countries on earth: 180 out of 186 in the 2013 UNDP Human Development Index. In 2012, the International Monetary Fund (IMF) noted that "CAR has one of the highest poverty rates in sub-Saharan Africa at 63 percent, and it is unlikely to meet any of the Millennium Development Goals (MDGs) by 2015", adding that "the human development indicators, while characteristic of a post-conflict and fragile state, are particularly weak when compared to other low-income sub-Saharan African countries, and some indicators have deteriorated."<sup>6</sup>

Over the course of several decades, CAR has become "worse than a failed state: it (is) virtually a phantom state, lacking any meaningful institutional capacity."<sup>7</sup> Before the fall of Bozizé, around 60 percent of the country's territory was beyond the central government's control.<sup>8</sup> Groups of armed bandits – the zaraguinas – were active in the North-West of the country, looting and kidnapping the region's inhabitants, the North and East were under the control of various armed groups, and the South-East suffered incursions by the Lord's Resistance Army from Uganda.<sup>9</sup>

### CALENDAR:

- 2012 - August**  
*Creation of the Seleka*
- 2012 - December**  
*Conflict starts as the Seleka takes control of the north and centre of CAR.*
- 2013 - January 11th**  
*Libreville, Gabon peace accord*
- 2013 - March 24th**  
*Seleka stages a coup d'état, President Bozizé flees to Cameroon.*
- 2013 - March 25th**  
*Djotodia declares himself president. Coup d'état condemned by the UN, US, EU, France and the African Union.*
- 2013 - April 14th**  
*National Transitional Council appoints Djotodia president by acclamation*
- 2013 - April 18th**  
*Djotodia declared transitional head of the CAR*
- 2013 - May 23rd**  
*Kimberley Process suspends CAR, prohibiting the export of rough diamonds.*
- 2013 - November 21st**  
*French Foreign Minister Laurent Fabius declares "The country is on the brink of genocide [...] Today there is absolute disorder. France, neighbouring countries, the international community are worried". The US also speaks of a situation of "pre-genocide".*
- 2013 - December 5th**  
*UN adopts resolution 2127 that reinforces the protection of civilians, introduces an arms embargo, and creates a mandate to impose targeted measures against those "supporting the illegal armed groups or criminal networks through the illicit exploitation of natural resources".*
- 2014 - January**  
*Djotodia resigns and a transitional government is established. Catherine Samba-Panza becomes President.*
- 2015 - May 10th**  
*A disarmament, demobilisation, reintegration and repatriation agreement is signed between transitional government and many armed groups.*
- 2015 - June**  
*Violence continues, with regular incidents and wounding of peacekeepers.*

The arrival of the Seleka, with financial and military support from neighbouring Chad,<sup>10</sup> considerably aggravated the country's already dire situation. Created in August 2012, this coalition of five Central African rebel groups,<sup>11</sup> assisted by Chadian and Sudanese mercenaries, departed Birao (North-East CAR) in December 2012 and took control of several towns.<sup>12</sup> Although a peace treaty was signed in Libreville, Gabon, on 11 January 2013, the Seleka renewed hostilities two months later. It took control of the capital Bangui on 24 March 2013; the then President Bozizé was toppled, fleeing to neighbouring Cameroon. Michel Djotodia, the head of one of the Seleka factions, declared himself president the following day.<sup>13</sup> He immediately dissolved the government and suspended the constitution, and three weeks later a "National Transitional Council" appointed Djotodia as president by acclamation.<sup>14</sup>



Michel Djotodia, head of the Seleka coalition, self-declared President of CAR, March 2013-January 2014.

Michel Djotodia was formally sworn in in August 2013, and promised elections within 18 months. However, Djotodia was never recognized by the international community. The UN, EU, France and the USA condemned the coup. The African Union went even further, suspending CAR from its organisation and imposing sanctions against seven Seleka members, including Djotodia. However, though Djotodia had no legitimacy either nationally or internationally, dialogue continued between the international community and Djotodia, resulting in his agreement to adopt a "Constitutional Charter for the Transition".

### AN OVERVIEW OF SELEKA'S MASS CRIMES

UN experts concluded that the Seleka had committed criminal acts including indiscriminate violence and killings in "a concerted, planned and systematic and methodical" manner, adding that "leaders of the coalition planned the savagery that accompanied the advance of the Seleka into Bangui".<sup>15</sup> The International Federation of Human Rights, for its part, wrote that Seleka forces were "responsible for murders, assassinations, abductions, arbitrary arrests and detentions, abuse and torture, sexual crimes, forced recruitment of minors, armed robbery,



©William Daniels/Panos



©Getty

systematic and general looting and destruction of property.<sup>16</sup> Thousands of civilians in Bangui and across the country were killed during Seleka's time in power. Despite its official dissolution by Djotodia in September 2013, the Seleka remained active<sup>17</sup> under the leadership of Noureddine Adam, Djotodia's second-in-command and head of CAR's intelligence service<sup>18</sup> - and continued to commit atrocities.

Civil society activists, including those from environmental and human rights NGOs, were among the many victims of the violence which engulfed the country. In May 2013, an NGO reported that "leading civil society activists are under threat from rebels and offices have been looted and cars and computers stolen".<sup>19</sup> The NGO *Maison de l'enfant et de la femme pygmées* wrote about the death of one of its members, Julius Bertin Kokassa tortured and killed on 13 January 2014, and of the massacre of eight family members of an employee of the NGO Aboubacar Yamsa on 10 January 2014.<sup>20</sup>

The violence escalated when the "anti-balaka" self-defence groups, constituted to fight the Seleka,<sup>21</sup> also started committing human rights abuses. On 5 December 2013 the United Nations (UN) had to reinforce its peacekeeping presence - the African-led International Support Mission to the Central African Republic (MISCA) - to ensure "the protection of civilians and the restoration of security and public order."<sup>22</sup>

#### A "MILITARY-COMMERCIAL ENTERPRISE"

Djotodia's Seleka regime began plundering the country's coffers and took control of its natural resources as soon as it reached power. In Bangui, Seleka leaders grabbed anything they could get their hands on.<sup>23</sup> Elsewhere, soldiers, who were not paid, began pillaging the state administration, private and public corporations, and households. Djotodia even encouraged them to do so: "Djotodia told them to help themselves anywhere they could find anything valuable," according to UN experts.<sup>24</sup>

The rebels took control of the country's diamond and gold deposits, and poached elephants for ivory, which they then began illegally selling on international markets through a well-organised system. This has been described as "a military-commercial enterprise, with networks in both Sudans, and in Chad".<sup>25</sup> For maximum efficiency, the Seleka instituted a decentralized system of military governance across the country to manage the trade flows.<sup>26</sup> "Under the Seleka, bad governance inherited from former regimes worsened. Its leaders looted state resources and controlled the country's illicit economic networks," reported the International Crisis Group.<sup>27</sup> Chadian and Sudanese towns bordering CAR became veritable "markets of thieves", selling the goods pillaged by the Seleka.<sup>28</sup>

#### HIGH ON SELEKA'S LIST OF TARGETS: CAR'S RAINFOREST

CAR's rainforest timber was also coveted by the Seleka. It became the country's largest export by revenue after the Kimberley Process suspended CAR's certified diamonds trade. Even before the coup d'état, the Seleka coalition showed a particular interest in the logging sector. It placed its third-in-command, General Mohammed Moussa Dhaffane, in the post of Minister of Forests in the "national unity" government formed as a result of the Libreville peace agreement in January 2013.<sup>29</sup>

In April 2013, it took control of the forested region of the South-West of the country, which also has gold and diamond deposits. Seleka's presence there was premeditated and well-planned.<sup>30</sup> In the weeks which followed the capture of Bangui, over a hundred Seleka forces captured Berbérati, the principal town in the region and the country's second largest.<sup>31</sup> It also took control of all the other towns and villages in the South-Western Mambéré-Kadéï prefecture where export-oriented logging takes place.

Seleka made sure that it drew revenues from both the artisanal logging and industrial logging sectors at central and local levels. Dhaffane, who remained Minister of Forests after the coup, signed a decree in May 2013 which revoked artisanal logging permits granted under former President Bozizé, allowing him to

make money in exchange for granting new permits.<sup>32</sup> He then put in place a new network of artisanal loggers harvesting timber to supply to Chad.<sup>33</sup> He also personally made a seizure of timber from Bangui's Magalé market, accompanied by men from his private militia.<sup>34</sup> However, instead of auctioning these goods, as is legally required, he stored them in a government warehouse, before selling them to Chad.<sup>35</sup>

Other witnesses and documents show how Seleka military commanders in the country's South-West delivered artisanal logging permits in exchange for cash.<sup>36</sup> For example, Ahmat Dagache Nama, Seleka's "Head of Operations of the Number 2 Brigade", granted logging permits to individuals in Salo and Liboko, both in the Sangha-Mbaéré area. Some of these permits allowed the loggers to fell in concessions already attributed to logging companies.<sup>37</sup> At least some of these products were sold to Chad.<sup>38</sup>

On 23 May 2013, during an official visit to Chad, Djotodia reached a "timber for oil" agreement with Chadian President Idriss Deby to trade CAR timber for Chadian oil.<sup>39</sup> According to one report, this deal "was negotiated by Moussa Dhaffane (of Sudanese origin) minister for water and forests", amongst others.<sup>40</sup>

## BOX 1: CAR'S FORESTRY SECTOR

An estimated 15 percent of CAR's territory is covered by forests, part of the Congo Basin rainforest, vital to the regional and global climate as the second largest tropical forest in the world after the Amazon.<sup>41</sup> Located in the South-West and South-East of the country, these forests are a vital source of livelihood for an estimated 15,800 forest-dependent peoples including thousands of indigenous people.<sup>42</sup> The forests are exploited by both artisanal and industrial loggers.

The artisanal sector is mostly informal, generating 33,000 cubic meters of sawnwood for the local market, but a further 6,000 cubic meters, most of it illegal, is exported to Chad.<sup>43</sup> The sector answers to the needs of local populations, 90 percent of whom use wood for their energy needs.<sup>44</sup> Before the 2013 crisis, it employed an estimated 2,000 people.<sup>45</sup>

The industrial sector, on the other hand, commercially exports roundwood (logs) and sawnwood, mainly to China and the European Union.

Seleka quickly targeted the industrial logging sector. At first, the offices and sites of the six companies operating in the country (IFB, SEFCA, SCAD, SCAF, SCD and Vicwood) were looted by the Seleka.<sup>49</sup> The logging sites of SEFCA in Mambélé and Mbairé (South-West) were vandalised by rebels.<sup>50</sup> SEFCA's Bangui office was also targeted by Seleka. In a letter addressed to its clients, SEFCA complains about "having lost a number (of its) vehicles following the coup d'état".<sup>51</sup> IFB said that some 60 percent of its material had been destroyed by the Seleka, and that its installations in Ngotto, also in CAR's South-West, had become unusable.<sup>52</sup>

However, some then received better treatment than others thanks to more privileged relationships with Seleka. A former senior CAR government official explained that SEFCA greatly benefited from the fact its bosses, of Lebanese origin, could speak Arabic, just like the Seleka leadership, of Chadian and Sudanese origin, including minister Daffhane, who apparently sent Seleka soldiers to "protect" SEFCA after the initial pillaging.<sup>53</sup>

While some companies – SEFCA, IFB, and VICA of Vicwood group – were allowed to continue their logging operations throughout Seleka's term in power, other companies – SCAD, SCAF and SCD – had their logging and forest management permits (permis d'exploitation et d'aménagement or PEA) revoked by the Council of Ministers.<sup>54</sup> SCD's director complained in an email to the French embassy in Bangui, on 11 October 2013, that, "after having been a victim of the greed of Bozizé's family...[SCD is] now a victim of the greed of others," referring to the Seleka. Indeed, Global Witness' investigation found that if SEFCA, IFB and Vicwood were allowed to continue, it is because they

In 2013, six logging companies operated in CAR in 11 concessions: IFB, SEFCA, SCAD, SCAF, SCD and VICWOOD group (its subsidiaries Vica, Thanry Centrafrique and Sofokad hold logging titles). Active in the country's South-West, these companies are owned by foreign investors, and due to the country's very low levels of economic development, hold an outsized influence in the country. Before the war, they were responsible for slightly more than forty percent of export revenues,<sup>46</sup> 10 percent of its GDP, and generated revenues of around EUR 3.5 million a year, which apparently accounted for 34 percent of government revenues.<sup>47</sup> Before the crisis, the sector employed approximately 4,000 people, and apparently supported 6,000 indirect jobs, a figure now in constant decline (currently 2,717 direct jobs) according to the Minister of Forests. The war is believed to have reduced the sector's turnover by half.<sup>48</sup>

reached a series of lucrative financial arrangements with the armed group.

Logging companies paid an estimated EUR 3.4 million to the Seleka through, inter alia, payments for "protection services", and the payment of illegal taxes at numerous Seleka checkpoints.<sup>56</sup>

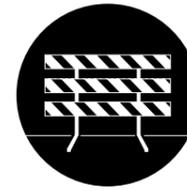
Minister Dhaffane seemingly played a key role in these financial agreements. He personally travelled to the forest region to meet company representatives. Following his dismissal from office in June 2013, the Minister of Communications Christophe Gazam Betty, said that Dhaffane "had enriched himself by [taxing] loggers".<sup>57</sup>

## PAYMENTS FOR PROTECTION

Having created violent chaos in the country, Seleka sought to reap the financial rewards of its mayhem by offering "protection" services to logging companies. Global Witness' research has established that between April 2013 and January 2014, industrial loggers paid hundreds of thousands of euros to Seleka for such "protection",<sup>58</sup> involving the deployment of Seleka soldiers to guard the companies' personnel, installations and areas of operation. For example, between 15 and 60 Seleka soldiers safeguarded SEFCA's Mambéré site until January 2014.<sup>59</sup> IFB, for its part, had four or five Seleka soldiers guarding the entrance and as many guarding the exit of its Batalimo concession site.<sup>60</sup> Sources also testify to the presence of the Seleka at Vicwood group sites and to payments made.<sup>61</sup> Vicwood, in an email to Global Witness, denied having made payments to any armed group, but explained that "for many years in CAR, we have security personnel, police and gendarmerie on site to



Payments for protection of installations and personnel  
Global Witness estimate  
EUR 1,770,000



Payments to pass roadblocks  
Global Witness estimate  
EUR 1,200,00



SEFCA's direct payment to Djotodia's Regime  
EUR 380,876



Payments for armed escorts  
Global Witness estimate  
EUR 33,755



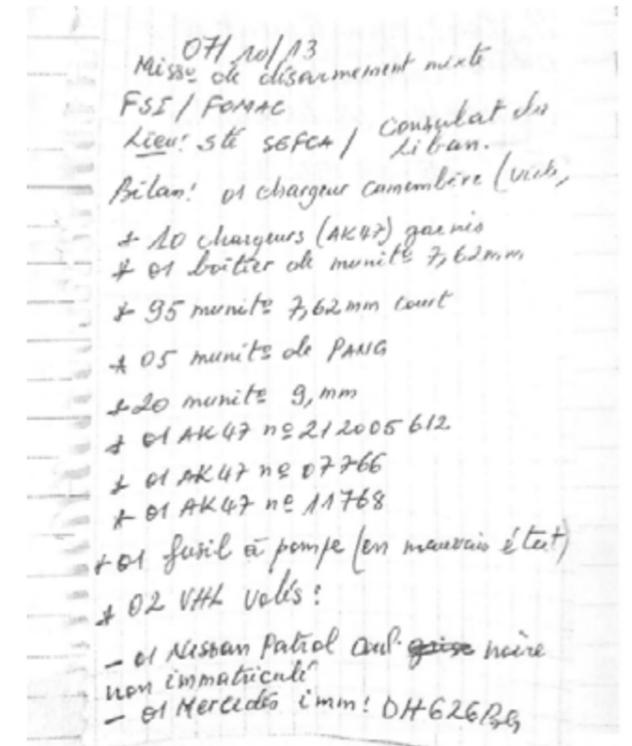
Average cost of a grenade  
Conflict Armament Research  
EUR 0.5-1

Source: Payments for 2013, based on data and source testimony collected by Global Witness.

provide security and maintain social peace to our site and its neighbouring area."<sup>62</sup> There is no suggestion that these companies colluded with each other to make deals with the Seleka.

The companies made a monthly payment of CFA 100,000 to CFA 500,000 (EUR 150 to 760) to Seleka generals and colonels, and CFA 25,000 to CFA 50,000 (EUR 38 to 76) to soldiers safeguarding their installations.<sup>63</sup> The companies also furnished the Seleka with food, fuel, and lodgings.<sup>64</sup> The commander of the Nola region, represented by "Brigadier General" Nama Ahmat Dagache, also requested from SEFCA monthly deliveries of wood,<sup>65</sup> as illustrated by one of his letters addressed to SEFCA, Thanry Centrafrique (Vicwood Group) and WWF.<sup>66</sup>

The UN Panel of Experts noted that "some logging companies paid Seleka commanders protection money of up to 6,000 USD per month for their facilities in Bangui".<sup>67</sup> During a field mission by the Force Multinationale de l'Afrique Centrale (FOMAC,



Hand-written note detailing Seleka munitions found at the SEFCA offices and Lebanese consulate, Bangui, 7 October 2013.

a multinational force composed of members of the Economic Community of Central African States) and CAR security forces on 7 October 2013, five Seleka soldiers were found in SEFCA's Bangui headquarters.<sup>68</sup> FOMAC also found and seized weapons and munitions belonging to the rebels, as well as stolen vehicles.

Global Witness estimates that in the course of 2013 approximately EUR 1.77 million in total was paid by logging companies in protection payments for their offices and installations.

SEFCA did not respond to Global Witness' requests to respond to these facts. But in a letter sent to one of its French traders, the company admitted it had hosted Seleka forces. "Like other companies active in CAR, to guarantee the security of our installations, even in normal times, SEFCA usually hosts a detachment of public forces at its sites. This practice was maintained under Djotodia, to prevent looting [...] Still today it is representatives of UN forces that ensure security here".<sup>69</sup>

## BOX 2: THE THREE LOGGING COMPANIES WHICH OPERATED IN CAR IN 2013

### - Société d'exploitation forestière centrafricaine – SEFCA

The country's biggest logging company, both in terms of production and exports. It belongs to the Lebanese group Sahely, owned by the brothers Nessrallah and Jamal El Sahely. The company operates two logging concessions, with a total area of 721,419 hectares, of which 576,891 hectares are exploitable. SEFCA has its own transport company, Exotica.

### - Industrie forestière de Batalimo – IFB

A French company, IFB operates three logging concessions with a total area of 613,221 hectares, of which 348,215 hectares are exploitable.

### - Vicwood Group

This Chinese group owned three subsidiaries in CAR in 2013: Thanry Centrafrique, Sofokad and Vica. Together, these companies work in three logging concessions with a total area of 784,306 hectares, of which 501,317 are exploitable. More recently, Vicwood created a new subsidiary, called Sinfocam, which obtained a fourth logging permit that has increased the Group's total area of forest to 1,018,771 hectares. Vicwood Group also operates several logging concessions in Cameroon close to the border with CAR.<sup>70</sup>



## PAYMENTS TO PASS CHECKPOINTS

Logging companies also made payments at checkpoints that the Seleka installed on the main roads.<sup>73</sup> The UN Panel of Experts found that logging trucks transporting goods between CAR and Cameroon had been "systematically subjected to illegal tax levying during the Seleka's time in power".<sup>74</sup> In their report, they concluded that the Seleka received USD 30,000 (EUR 28,432) per month in 2013 from the logging industry. But this data is incomplete.

It appears many different roadblocks were established during this time. The research group International Peace Information Service (IPIS) obtained information indicating that different Seleka groups had set up informal roadblocks between the Cameroonian border and Bangui, and that every truck paid CFA 20,000 (EUR 30) to pass each roadblock.<sup>73</sup>

However, according to information gathered by Global Witness, for every trip from the forested area of CAR to Douala, Cameroon – through which CAR's timber exports reach international markets – logging trucks had to pay between CFA 150,000 and CFA 200,000 (EUR 230 to 300) to transport their goods out of the country depending on the road they took.<sup>74</sup> More specifically, on the transport route which links CAR's South-West to Cameroon – used by Vicwood and SEFCA – each truck had to pay CFA 200,000. On the road which links

Bangui and Beloko – mostly used by IFB – each truck had to pay CFA 150,000. We can therefore estimate that these informal taxes alone benefited Seleka to the tune of EUR 1.2 million between April 2013 and January 2014.<sup>75</sup>

The Seleka also took control of the CAR-Cameroon border posts of Gamboula and Beloko, the former used by SEFCA and Vicwood, the latter mostly by IFB. The Seleka benefited from this strategic presence, pocketing the day's takings of taxes and other funds from vehicles and passengers wanting to cross the border. They did this in the presence of state officials.<sup>76</sup> According to IPIS, between 30 and 40 trucks crossed into CAR from Garoua-Boulai every week, and each paid between USD 200 to 1,000, and also fuel.<sup>77</sup>

These logging companies also participated in the payment of armed convoys organised by the Seleka between September 2013 and January 2014, following strikes by hauliers.<sup>78</sup> When hauliers refused to leave Garoua-Boulai in Cameroon to return to CAR in July 2013 because of the insecurity and the generalized racketeering in CAR, Seleka government ministers – allegedly led by Nouredine Adam, Minister for Security, and second-in-command to Djotodia, according to one source – came to negotiate with them and persuade the hauliers to return to work.<sup>79</sup> The Seleka put in place a system of armed escorts for hire to accompany trucks transporting goods to

and from Bangui in order to secure the trade and its corresponding flow of revenues.

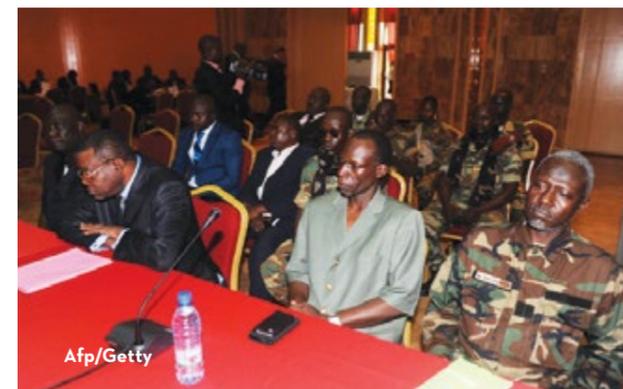
For every convoy of 10 to 15 trucks, the Seleka would mobilize two armed pick-ups. Each haulier would have to pay CFA 5,000 (EUR 8) per pick-up, and provide food and fuel to the Seleka men.<sup>80</sup> The Seleka organised this system of convoys until January 2014, when they were replaced by MISCA (now MINUSCA) forces on the country's road axis linking Bangui and the Cameroonian border. Global Witness estimates that approximately EUR 33,755 of payments were made by logging companies for these convoys in the course of 2013.

## SEFCA MAKES A DIRECT PAYMENT TO DJOTODIA'S REGIME

Certain companies also made large additional payments to Djotodia's regime. SEFCA, responsible for over 60 percent of the country's wood exports, made an "advance" of CFA 250 million (EUR 380,876) to the Seleka government in May 2013.<sup>81</sup> The agreement stipulated SEFCA would be reimbursed, through customs tax rebates; any dispute regarding repayment would be resolved "out-of-court". It is worth noting the context in which this transaction was made. First, at that point, the Seleka were blatantly syphoning state coffers, and were committing human rights violations in Bangui and across the country. Secondly, CAR's government owed SEFCA approximately EUR 2 million in VAT reimbursements.<sup>82</sup> The company agreed to fund Djotodia's regime, even though there was little chance it would be used for legitimate state

## BOX 3: SELEKA MINISTER OF WATER, FORESTS AND FISHERIES GENERAL MOHAMED MOUSSA DHAFFANE

A co-founder and the third most powerful Seleka member, General Mohamed Moussa Dhaffane is also the head of the *Convention patriotique du salut du Kodro* (CPSK), an armed group created in June 2012. He became CAR's Minister of Forests in February 2013, as part of Bozizé's "National Unity" government.<sup>86</sup> Dhaffane and his men are responsible for serious human rights abuses against civilians. For example, according to eye witnesses, he participated in a massacre in the Gobongo neighbourhood of Bangui, considered a Bozizé stronghold.<sup>87</sup> On 28 June 2013, local inhabitants were demonstrating against a murder committed the day before by Seleka soldiers. Global Witness met a witness who said that, after demonstrators started throwing rocks at him, Dhaffane "took a gun from his aide de camp and starting shooting" indiscriminately on the crowd, killing the witness' brother.<sup>88</sup> The fifty Seleka members who accompanied Dhaffane then also started using their guns, and looting the neighbourhood. Dhaffane and his men killed a least six people that day, and wounded many more.



General Mohamed Moussa Dhaffane (far right), third-in-command of the Seleka coalition, pictured with his co-leaders Michel Djotodia (far left) and Mahamat Nouredine Adam (middle).

functions or the population's benefit; indeed in full view of the serious risk it would serve the contrary purpose.<sup>83</sup>

## PAYMENTS TO THE FINANCE MINISTRY

At the same time, a report of the Ministry of Finance in September 2013 indicates that Djotodia's government was making efforts to collect tax arrears from logging companies. All the companies that were operating at the time – SEFCA, IFB, SOFOKAD (Vicwood Group), SCAD, VICA (Vicwood Group), Thanry (Vicwood Group) – made payments totalling CFA 78,027,306 (EUR 118,760) between June and August 2013.<sup>84</sup> A subsequent Ministry report the following year suggested that logging companies had officially made tax payments of EUR 3.7m in 2013.<sup>85</sup>

Dhaffane's men also looted his Ministry during the week that followed Djotodia's putsch.<sup>89</sup> A CAR Ministry of Water, Forests and Fisheries report, valued at CFA150 million (EUR 230,000) the material and equipment which was damaged or stolen, and at CFA 2.477 billion (EUR 3.8 million) the weapons and munitions – used by park rangers and other forestry officials during field missions – stolen by the Seleka.<sup>90</sup> Furthermore, CAR's 600 kg stock of seized illegal ivory – with a value of USD1.5 million in Asian markets – was also stolen.

Dhaffane was sacked by his Seleka peers in June 2013, the official reason being his involvement in "embezzlement... racketeering... recruiting combatants... and buying weapons".<sup>91</sup> He was replaced by Michel Djotodia's nephew, Rizigala Ramadane, who stayed on until Djotodia's departure in January 2014.

After Dhaffane left power, he made a few statements partly recognising the Seleka's crimes. "That it should not surprise anyone that it is I, second vice-president of the Seleka, who condemns today in the strongest possible terms (...) all the odious exactions and crimes committed by a part of the Seleka," he said during a press conference on 20 February 2014.<sup>92</sup>



©William Daniels/Panos Anti-Balaka militias return from an operation



©James Oatway/Panos Abandoned ordnance near the presidential palace, Bangui

## THE ANTI-BALAKA REPLACE THE SELEKA

On 10 January 2014, Djotodia resigned under pressure from the international community, following outrage over a series of massacres committed by his troops in Bangui and the complete anarchy in the country.<sup>95</sup> He was forced out of the country and replaced on 23 January 2014 by a businesswoman and former mayor of Bangui, Catherine Samba-Panza, who became head of the National Transition Council. A new government was formed, this time recognised by the international community and tasked with restoring peace and assuring stewardship of the transition until general elections, to be held in 2015. But the country remains mired in chaos. In its final report, published December 2014, the UN Commission of Inquiry on the Central African Republic said it had not travelled to the centre of the country because of the high degree of insecurity.<sup>94</sup>

It remains to be seen whether a new peace deal, signed on 11 May 2015, between the transitional government and several of the country's armed groups, will end the violence and set the conditions for restoring government control of the country's territory.<sup>95</sup> Gunfire and grenade explosions continued to be heard in the capital Bangui after the deal was announced. Previous ceasefires have failed.<sup>96</sup>

Even though the Seleka withdrew from Bangui and the South of the country in January 2014, it still

controls the East. The West is partly controlled by the anti-balaka, joined by former members of the CAR armed forces of the Bozizé era (FACA - *Forces armées centrafricaines*). Although they are less organized than the Seleka, they have managed to take control of diamond and gold mining areas around Berbérati, Carnot, Yaloké and Boda.<sup>97</sup> Human Rights Watch has described the deplorable conditions of the region's Muslim populations, who are often the target of deadly attacks.<sup>98</sup> The anti-balaka, who are often Christians or Animists, are known to have carried out reprisals against Muslims suspected of being linked to the Seleka, which is majority Muslim.

The UN Commission of Inquiry reported that the anti-balaka had committed mass crimes, just like the Seleka had done before them.<sup>99</sup> To escape the violence, many Muslims have tried to reach Chad or Cameroon. Since roads are controlled by the anti-balaka, many have tried to flee through the forests, where they are also sometimes ambushed. Thousands have been killed. The UN Commission of Inquiry stated in its report that it had sufficient proof to consider crimes committed by the anti-balaka against Muslims in Bangui and the territories it controlled as "crimes of persecution".<sup>100</sup>

In October 2014, violence once again erupted for several days in Bangui. A MINUSCA patrol was even attacked by the anti-balaka, wounding four peacekeepers. Since then, security threats are constant. The UN Panel of Experts estimates that some 2,000

former Seleka fighters, excluding the elements cantoned in Bangui, and some 1,500 militiamen associated with the anti-balaka movement, continue to pose a permanent threat to the peace, security and stability of the country.<sup>101</sup>

## THE LOGGING INDUSTRY FOLDS TO ANTI-BALAKA DEMANDS

In the forested regions of the South-West of the country, the anti-balaka reinstated the system of checkpoints initiated by the Seleka, including on roads used by hauliers transporting timber to Cameroon. In 2014, over 20 barriers were counted between Bangui and Berbérati (458km), regularly used by logging companies.<sup>102</sup> To cross a roadblock, every vehicle must pay between CFA 1,000 and 3,000 (EUR 1.50 and EUR 4.50).<sup>103</sup> Even small sums such as these have an impact, allowing militias on the ground to survive and to purchase weapons. The most popular grenades, used by both the Seleka and the anti-balaka, cost between EUR 0.50 and EUR 1, according to Conflict Armament Research.<sup>104</sup> Global Witness estimates that logging companies have paid approximately EUR 127,864 to anti-balaka at checkpoints in the course of 2014.<sup>105</sup>

According to UN experts, the logging companies are playing along, just as they did with the Seleka.<sup>106</sup> In an email to Global Witness, Vicwood explained that "In numerous Africa (sic) countries, included Cameroun (sic) and RCA (sic) there are check points on the

main road set up by Government to check and collect fee (sic) from vehicle and truck passing the road."<sup>107</sup> The problem is that anti-balaka roadblocks are illegal and that funds do not go to state coffers. In fact, these illegal checkpoints appear to be the anti-balaka's only source of revenue. According to anti-balaka interviewed by CAR's association of human rights journalists: "It is because they lack resources that they have multiplied the number of checkpoint controls on roadblocks". One militia chief explained that "these formalities allow us to operate. We don't have other sources of revenue. These are young people, who are manning the roadblocks, and they need to be fed."<sup>108</sup>

**BOX 4: CENTRAL AFRICAN REPUBLIC, A NEW CASE OF “CONFLICT TIMBER” AND STILL NO ADEQUATE INTERNATIONAL RESPONSE**

The relationship between natural resources and conflict is still poorly understood by the international community, though the link is now routinely recognised in UN resolutions. According to Interpol and the United Nations Environment Programme as many as 40% of intrastate conflicts over the past sixty years have been linked to natural resources.<sup>109</sup> Conflicts involving natural resources last longer and have a greater chance of reigniting after resolution than other types of conflicts.<sup>110</sup> Lessons relating to the natural resource dimension of conflict are still to be properly consolidated for the design of resource-sensitive conflict prevention, transition and post-war reconstruction strategies. This is particularly pertinent to CAR, a country extremely rich in natural resources (bearing diamonds, gold, timber, oil and uranium), which remains one of the poorest countries on earth, having suffered violent unrest and numerous coups d'état since independence in 1960. Its natural resource wealth has been at the centre of competing claims for power, but the relationship between natural resources and the country's repeated conflicts has been barely examined until recently. Timber is one of CAR's most prized industries, harvested in part of the world's second largest rainforest. As this report shows, it has not been spared the attentions of armed groups.

Understanding of the phenomenon of “conflict timber” has evolved as cases have garnered international attention over the past twenty years.<sup>111</sup> The timber trade has financed conflict while fuelling corruption and illegality in many countries, notably Cambodia, Ivory Coast, Myanmar and Liberia.

Following the imposition of sanctions on diamond exports, as President of Liberia, convicted war criminal Charles Taylor was dependent on the logging industry to prop up his regime and fund his war effort, including support for the Revolutionary United Front (RUF) in Sierra Leone, infamous for hacking the limbs off thousands of civilians.<sup>112</sup> This timber trade was finally halted by the imposition of UNSC sanctions. Timber buyers, including European companies DLH and Danzer, continued to buy Liberian timber right up until the sanctions came into effect, although in full knowledge of the implications of their trade.<sup>113</sup>

Cambodia's notorious Khmer Rouge rebel group earned between USD \$10-20 million per month from trading timber with Thailand, before international pressure helped close the Thai Cambodia border.<sup>114</sup> When the subsequent resurgence of this trade in 1996 showed that the Phnom Penh government and the Khmer Rouge were actually collaborating with their enemies, the IMF withdrew from Cambodia.<sup>115</sup>

Tropical timber is a highly prized and lucrative commodity, which is easier to track than other conflict resources such as diamonds but still not regulated internationally other than via sanctions regimes. Laws governing the trade in illegal timber or derived products adopted by the EU, USA and Australia have variable levels of enforcement and have as yet not been applied to conflict-related trading.

Global Witness defines conflict resources as natural resources whose systematic exploitation and trade in a context of conflict contribute to, benefit from or result in the commission of serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law.<sup>116</sup> “Conflict timber” results from the following scenarios:<sup>117</sup>

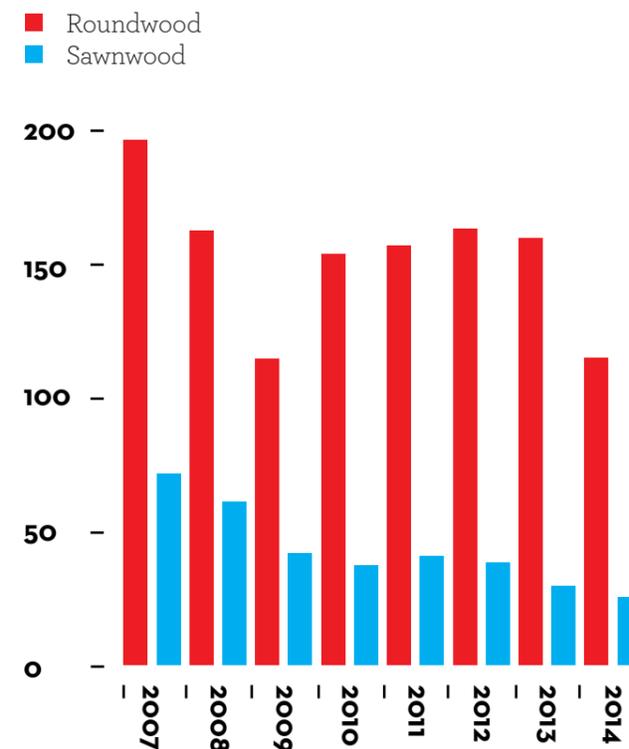
- Where timber is harvested and/or traded at any point of the chain of custody by state-backed or non-state armed groups.
- Where timber harvesting and trade involves payments in cash or in kind by corporate or artisanal loggers to state-backed or non-state armed groups or to illegitimate governments installed and supported by armed groups. This may include the leasing of concessions and/or authorising of trade in return for money, weapons or equipment.
- Where the harvesting and sale of timber creates conflict arising from disputed rights over timber or other forest resources, for example between forest-dependent communities and logging companies.

No international framework of action or definition has as yet been developed for conflict timber either by the UN or members of the international community. Country case examples, including Liberia and Cambodia cited herein, show that while taking immediate action to sever the links between the timber trade and conflict is essential – through sanctions and the application of international timber trade regulations for example – in itself it is insufficient to assure the sector contributes to peace, stability and good governance in a transition and post-conflict period. Indeed, a persistent climate of corruption and illegality in the timber sector perpetuates the fragility of the state, poverty and under-development, making conflict and complicity with armed groups more likely in future. The international community has persistently failed to learn lessons from past experience, despite these being well documented. It has an opportunity to do so now in CAR. Any framework of action applied to CAR in the present should hence establish accountability for conflict financing, illegality and corruption, assuring a break with the past in relation to the actors involved and the ways in which forests are managed.

**POSITIVE RETURNS FOR SOME, CATASTROPHIC IMPACTS FOR OTHERS**

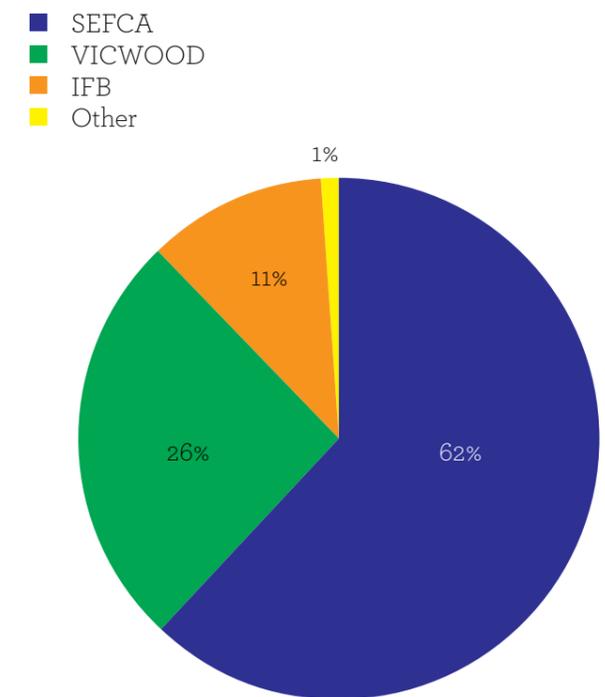
Logging companies benefited from the financial arrangements they reached with the Seleka as it allowed them to continue trading; their 2013 exports hardly felt the effect of the chaos in the country, falling by a mere 6.1 percent. These exports can be valued at approximately USD \$50 million (EUR 45 millions).<sup>118</sup> With SEFCA representing 62 percent of total production, Vicwood 26 percent and IFB 11 percent, these three companies exported 190,000 cubic meters of roundwood and sawnwood in 2013, compared to 202,235 cubic meters in 2012.<sup>119</sup> It should be noted that the fall in exports in 2014 was a result of technical problems at the Cameroonian port of Douala (the main export route for CAR timber) and the priority given to incoming shipments of military equipment. CAR timber continues to stream onto international to this day.

**CAR Timber Exports 2007-14 (cubic meters)**



Source: BIVAC<sup>120</sup> Annual Report, 2014

**CAR Wood Exports by Company 2013**



Source: BIVAC 2013

But while these companies have continued to do business under the protection of the militias, thousands have been killed, in a setting so chaotic that an exact figure cannot be reached. The various estimates so far range from 3,000 to 6,000 deaths since 1 January 2013, but the UN Commission of Enquiry “considers that such estimates fail to capture the full magnitude of the killings that have occurred.”<sup>121</sup>

In addition, hundreds of thousands of people have been forced to flee. 650,000 people had been displaced by March 2014, including 232,000 to Bangui, and over 290,000 refugees to neighbouring countries, according to the UN.<sup>122</sup>

The millions of euros paid by logging companies to the Seleka contributed to these crimes, allowing the rebel coalition and their leaders to maintain their grip on the country, giving them the possibility to purchase weapons and pursue their campaign of violence.<sup>123</sup> The companies implicated in these arrangements

cannot in any way plead ignorance to this reality, just like SEFCA could not ignore the strong likelihood that its cash “advance” to Djotodia's regime would be misappropriated for criminal purposes.

Given the substantial payments made by the industry to the Seleka, the timber traded from at least April 2013 to January 2014 should be classified as “conflict timber”, where the sale of timber funded the commission of serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law.

By accepting the rules imposed by the Seleka, SEFCA, Vicwood and IFB are accessories to the crimes of their protectors. Since then, while not providing funds in the same order of magnitude as before, the trade forms part of a conflict economy that helps sustain the presence of anti-balaka militias in the South-West of the country.



©James Oatway/Panos A French peacekeeper on patrol

## THE SILENCE OF THE INTERNATIONAL COMMUNITY

The international community is also partly responsible for the situation in CAR. No government questioned why CAR's logging industry could continue, business as usual, during the country's conflict. Only one report, by the UN Panel of Experts, mentions payments by logging companies to Seleka and anti-balaka, briefly in its annex. Its revelations have so far not given rise to any action on the part of the UN or its Member States.

Yet this is not the first time the timber trade has funded armed groups. Since 2000, a number of reports and studies have shown that timber is easy to exploit and sell, and has become a "resource of choice" for armed groups and criminal networks.<sup>124</sup> Indeed the timber trade can provide the means to pursue and prolong warfare, and "in return, government and insurrectional groups reward those who aided them with forest concessions."<sup>125</sup> CAR shows how logging companies, keen for a quick return, will fund rebel groups and illegitimate governments – financing the commission of mass crimes along the way – as long as they can keep doing business and profiting out of it. For this reason, the activity should be qualified as the pursuit of a criminal enterprise.

Past experience also shows that large-scale forest exploitation for timber threatens stabilisation and reconstruction efforts, while having a lasting negative

impact on the environment, in fragile or conflict-affected states. It is for this very reason that the UN Security Council (UNSC) imposed sanctions on Liberian timber in 2003. Liberia's embargo remained in place for years after the conflict in order to allow the set-up of infrastructure to control logging operations. It is worth noting that attempts to establish a bona fide timber industry in Liberia have ultimately proved to be a failure despite comprehensive governance reforms. In Cambodia, on the other hand, the UNSC endorsed the country's moratorium on logging and a ban on trading with neighbouring countries in 1992; the premature lifting of these measures fuelled massive corruption and undermined good governance.<sup>126</sup> This example teaches an important lesson: "even when natural resource governance may not pose an immediate threat of renewed violence, it undermines development and democracy in a way that poses risks to stability over the medium to long-term".<sup>127</sup>

The risks highlighted by these past cases were ignored in CAR. Five months after the conflict began the possibility of diamonds funding the hostilities was taken seriously, but not timber. In May 2013, CAR, which exported EUR 62 million worth of diamonds in 2012, was suspended from the Kimberley process.<sup>128</sup> This measure was followed by concrete actions, such as the seizure by Belgian authorities of CAR diamonds in Antwerp in May 2014.<sup>129</sup> The same month, the UNSC imposed sanctions on Seleka's number two, CAR's former Minister of Security and Djotodia's

head of intelligence, Mahamat Nouredine Adam,<sup>130</sup> accusing him of "providing support for armed groups or criminal networks through illegal exploitation of natural resources".<sup>131</sup> As the sanctions committee noted at the time, Adam "actively directs ex-Seleka, the former Seleka forces that were reportedly dissolved by Djotodia in September 2013, and directs operations against Christian neighborhoods and continues to provide significant support and direction to the ex-Seleka operating in CAR". His role in diamond trafficking has been well established by the UN and NGOs.<sup>132</sup> It appears any potential relationship with the timber trade was not examined.

The decision to sanction Nouredine Adam was taken pursuant to resolution 2127, adopted by the UNSC in December 2013. This resolution states a "strong intent to swiftly consider imposing targeted measures, including travel bans and assets freezes, against individuals who act to undermine the peace, stability and security [...] [by] supporting the illegal armed groups or criminal networks through the illicit exploitation of natural resources, including diamonds, in the CAR".

Global Witness' findings illustrate how CAR's logging business falls within the scope of UN resolution 2127: first, because it supported armed groups, and second because there was a very high risk that logging would be conducted outside legal frameworks, as we will see below.

Today, UN peacekeeping troops, MINUSCA, enable the transport of timber: because of the frequent, violent attacks by sometimes unidentifiable armed groups on roads, MINUSCA provides armed escorts since January 2014 in order to secure the transport of goods between CAR and Cameroon. IFB trucks join Minusca convoys that leave from Bangui towards Beloko (there are around two to three escorts per week). Although MINUSCA does not offer security services on the South-West road axis to Gamboula, taken by SEFCA and Vicwood, it does sometimes organise exceptional convoys that it charges for.<sup>133</sup>

It is urgent and imperative for the international community to break its silence and passivity. It's well known that the authors of coups d'état (five since 1960) - and the numerous other putsch attempts that regularly happen in CAR - always aim to control and profit from the country's natural resources. In this context, the willingness of foreign companies to exploit and commercialise timber at any cost - without hesitating to finance militias that have massacred the population - is an incentive to any armed group to take over Bangui and the forested South-West. One former Seleka leader told Global Witness, in an undercover interview, that he would covet the Forest Ministry, which held great power, if he ever had the opportunity to enter government. This vicious circle must be stopped and any risk of repeat offending removed.

Economic actors that have financially supported the presence of armed groups in order to protect their commercial interests must be held accountable. The international community should adopt a holistic approach that takes account of all natural resources in its peace-building efforts.



## CHAPTER 2: CAR'S TIMBER INDUSTRY: AN ILLEGAL AND CORRUPT BUSINESS

### CLIENTELISM, BRIBES AND RACKETS

Since the arrival of Catherine Samba-Panza at the helm of the presidency in January 2014, the management of CAR's natural resources has remained chaotic, challenged by the absence of control over the country's territory, the collapse of administrative capacity and high levels of corruption.<sup>134</sup> In unstable countries like CAR, political leaders favour the short term at the highest levels of government, especially when "transitional" authorities are in power.

Indeed, Samba-Panza has been mentioned in cases of illicit enrichment and embezzlement of public funds. In October 2014, the weekly *Jeune Afrique* and other media outlets reported that part of a USD 10 million grant from Angola "to support the transitional government and to respond to the humanitarian crisis" had been stolen; more precisely, a quarter of it, USD \$2.5m (EUR 2.3m), had been transferred to a private account instead of the treasury.<sup>135</sup> This was perhaps foreseeable: "In post-conflict states affected by the absence or weakness of political institutions, and with budgetary constraints, corruption is even more pronounced," according to a UN-sponsored forum on governance in post-conflict states, which

took place in Chad in December 2013.<sup>136</sup>

The logging sector does not escape the generalized context of clientelism, racketeering and corruption, in evidence before the latest conflict.<sup>137</sup> A high-ranking government official, interviewed in 2014, explained that logging companies habitually made gifts to new leaders whenever there was a change in government. These companies "run after" the new ministers to offer them whatever they need to "get settled" in their new life, for example, by offering them "a freezer. If they do not have an enclosure [to their house], they send them bags of cement with envelopes of five to ten million CFA francs (EUR 7,620 to 15,240)".<sup>138</sup> Once the minister is settled, the companies "come back with their demands". Said minister would have no choice but to satisfy the demands of the companies. "During ministerial councils, the majority of ministers defend [these companies]", and "[cash] envelopes are given every month by the companies to the people who protect them afterwards".<sup>139</sup> An official of an international donor institution told Global Witness that it was apparently well known that the special forest tax fund CAS-DF was used by Ministers to pay

for their foreign travel.<sup>140</sup> Forest Ministry officials concur that logging revenues have been habitually misappropriated, one of the reasons for the absence of government controls of the sector.<sup>141</sup>

The director of a logging company provides the following example of typical bribery in the sector: "you have a document which needs to be signed off by Paul. But he will not sign. He will push you to give him money to sign. These are amounts that can easily be absorbed, [these are] not big amounts. If you pay reasonably well, you have all the official papers, up-to-date, and it's done. A few officials will come and tell you, 'I'm broke, I need CFA 100,000, 150 or 200 euros, it's all I need' (...) He comes over on the weekend, he wants a whisky, beer, 200 Euros, you pay".<sup>142</sup> Global Witness' investigation has shown that bribery and corruption almost entirely pervade the sector.<sup>143</sup>

On occasions companies have gone into business with those in power. SEFCA, for example, was in business with Ange-Félix Patassé, president between 1993 and 2003, by managing a concession of 652,000 hectares held by his logging company, La Colombe Forêt SN.<sup>144</sup> Furthermore, SEFCA obtained a permit to operate in a concession on the same day as La Colombe Forêt SN, on 17 July 1998. Those were the only two titles granted that day.<sup>145</sup> Today, SEFCA employs as its legal representative, Nicolas Tiangaye, Prime Minister under Seleka President Michel Djotodia and also a potential candidate in the next presidential elections.<sup>146</sup>

### NO EFFECTIVE CONTROLS OF LOGGING OPERATIONS

The close relationship between the private sector and the country's leaders, as well as the absence of the rule of law, has prevented effective controls over the logging industry. The state forestry administration has never been given the means to properly do its job. In 2012, a group of NGOs noted that the administration suffered a chronic lack of human resources and equipment (vehicles, fuel, GPS, etc) and that its staff was not properly trained.<sup>147</sup> The NGOs also noted that government agents conducted their inspections more in the manner of monitoring and observation exercises, and referred to the logging companies as their "partners".<sup>148</sup> In fact, it is the logging companies that pay for inspection missions. One government agent explained in 2014 that "we can only go [to conduct inspections] where it's OK since there is a conflict of interest."<sup>149</sup> Interviewed by Global Witness in 2014, high-ranking officials at the Ministry of Water, Forests and Fisheries mentioned some checks undertaken five years before, but stressed that there had never been any genuine inspections of the logging sector, which could ensure companies respected national laws.<sup>150</sup>

The war has degraded the capabilities of the forestry administration even further. Not only does the government not have territorial control of the South-West of the country— due to the presence of armed

groups – but the ministry is even more severely under-equipped, and Seleka’s looting has had a lasting impact by destroying the ministry’s administrative system: all its archives have been lost.<sup>151</sup>

## ILLEGAL PRACTICES

The complete absence of government controls has obviously increased the likelihood of logging companies engaging in illegal and hence harmful practices in the country’s rainforest. A number of illegalities have been recorded in recent years. In 2012, an audit conducted in the framework of a WWF project showed that SEFCA and IFB were not following laws regulating labour conditions, harvesting practices, environmental protection, etc.<sup>152</sup> In the case of SEFCA, there were 16 cases of major non-conformity identified; it indicated major illegalities, including in its logging operations. The audit also identified 23 cases of major non-conformity at IFB (at its Batalimo site). Neither of the companies was respecting their forest management plans, which under CAR’s forest code is sanctioned and can result in the withdrawal of the company’s permit for repeated non-compliance.<sup>153</sup> The adoption and application of a forest management plan is a legal requirement to ensure their concessions are sustainably managed. The report suggests a strong potential for destruction of the forest and its ecosystems and a high risk of pollution because of the absence of waste management. It is obviously highly likely that these practices have continued, or even worsened, during and since the Seleka’s rule.

According to a CAR official, since there are no effective field inspections, it is impossible to determine whether logging companies are now respecting their forest management plans.<sup>154</sup> However, in addition to the particular cases of SEFCA and IFB’s non-compliance highlighted in their audit report of 2012, there are strong grounds to suspect that logging companies are under-reporting the amount of timber they are felling. The current reporting system relies solely on what the companies themselves choose to report, and the state administration does not (or cannot) verify these figures. Several officials interviewed by Global Witness stated they were sure logging companies under-reported production figures to the state administration.<sup>155</sup> Yet it is based on these figures that the government calculates felling and reforestation taxes.<sup>156</sup> And it also again raises questions of environmental sustainability in terms of degradation of the tropical forest ecosystem, the brunt of which is suffered by the country’s forest-dependent peoples alongside the broader climate and biodiversity impacts. In the absence of state control, it is obviously extremely difficult to know how widespread the problem is. In February 2015, the minister of forests indicated companies had not provided the forestry administration with the volumes they had felled,<sup>157</sup> as they are required to do.<sup>158</sup> In an email to Global Witness, Vicwood stated: “Vicwood works in a professional way and always declare all our

production to Government. We follow forest code, labor law, custom and tax payment. Vicwood had not deal with illegal timber in our operation (sic).<sup>159</sup>

Logging companies are also not respecting a law that requires them to process seventy percent of the main timber species they log.<sup>160</sup> Since 1990 CAR’s forest law requires logging companies to establish a processing unit and process a percentage of the main timber species they harvest, with the objective of increasing state revenues and creating jobs. None of the companies seem to be respecting the law. By 2013, out of a total of 380,259 cubic meters of all wood harvested, companies were processing only 9.4 percent of their production.<sup>161</sup> And, of the 189,874 cubic meters exported that year, only 15.6 percent was processed.<sup>162</sup> A report by the WTO in June 2013 recognised the law was being breached (it estimated a higher processing rate of 48 percent), and that “companies were not sanctioned”.<sup>163</sup> Breaching this law should have entailed fines of CFA 50 to 100 million (EUR 76,000 to 152,000), and the withdrawal of logging and forest management permits in cases where a company was repeatedly failing to meet its obligations.<sup>164</sup> But no repercussions have been felt by the companies despite many years of non-compliance.

VICA, a subsidiary of Vicwood, CAR’s second most important company in terms of production and exports, has been operating in CAR for eleven years, but does not have any facility to process wood.<sup>165</sup> Instead, it is one of Vicwood’s other subsidiaries, Sofokad, which processes some of its logs. “There were delays in the construction of our sawmill due to recurring instability events. We resumed the construction activity early this year when security improved. We shall process 70% of our production when the facility is completed,” Vicwood told Global Witness in an email.<sup>166</sup> The crisis, however, did not prevent Vicwood or IFB or SEFCA from felling and exporting logs in breach of the law.

It should also be noted that Vicwood’s breaches of CAR law contravene the Chinese government’s “Sustainable Overseas Forests Management and Utilisation by Chinese Enterprises”, which states that “Chinese enterprises shall fully respect the ownership of the host country to its forest resources and strictly observe its laws, regulations and policies when managing and utilising the forest resources in foreign countries”.<sup>167</sup>

## TAX ARREARS

Logging companies have owed tax arrears to the CAR state for a number of years. Logging companies have to pay a series of taxes to the treasury, to the Ministry of Forests (through a Special Forestry Account: Forestry Development – CAS-DF) and for local development through a tax hypothecated to local authorities in forested areas.

In December 2014, the CAR Minister of Water, Forests,

Hunting and Fisheries Isabelle Gaudeuille told a meeting with the European Union delegation in Bangui that “for the past two years, logging companies have not regularly paid their taxes.” According to Gaudeuille, logging companies did not pay taxes owed to the CAS-DF in 2013, and did not pay the taxes owed to local authorities either in 2013 and 2014.<sup>168</sup> These arrears amounted to CFA 2.2 billion (EUR 3.3 million) in July 2014.<sup>169</sup> However, CAR’s Forestry Code requires logging companies to pay all their taxes before their products are exported.<sup>170</sup> And a finance law adopted in 2012 allows the government to shut down establishments which do not acquit themselves of all the taxes they owe.<sup>171</sup>

COMPANY	TAX ARREARS (2012 – 2013) IN CFA
SEFCA	750,146,005
IFB	459,017,375
SCAD	177,457,300
SCAF	253,568,606
SCD	88,360,230
VICA (Vicwood)	240,697,420
SOFOKAD (Vicwood)	62,767,426
THANRY (Vicwood)	166,190,880
<b>TOTAL CFA</b>	<b>2,198,205,242</b>
<b>TOTAL EUROS</b>	<b>3,351,142</b>

Source: Ministry of Finance figures, July 2014

The situation in 2013 and 2014 was obviously exceptional because of the war. But in reality logging companies have been allowed to avoid paying their tax dues for a long time. A FAO study, conducted in partnership with the CAR government, already underlined in 2004 that “tax collection from the forestry sector is not optimal, because of the insufficient follow-up of tax arrears.”<sup>172</sup>

CAR’s government appears to share the private sector’s non-respect of CAR’s tax laws. It has also not fulfilled its obligations to these companies by failing to reimburse VAT for certain expenses. According to Ministry of Finance figures, the total amount owed to logging companies in 2014 was CFA 1,829 million (EUR 2.8 million). Indeed, companies use the failure to reimburse VAT as a justification to not pay their taxes. “We had no outstanding tax before 2013 and for the year 2013 the balance is about EUR 280,000, we retain this amount to set off our VAT credit”, Vicwood told Global Witness in an email.<sup>173</sup> But Ministry of Finance figures show that in July 2014 Vicwood group companies were owed CFA 15,376,749 (EUR 23,441) in VAT reimbursements, but the group had total tax arrears for 2012 and 2013 of CFA 469,655,726 (EUR 715,984); a difference of EUR 692,543.<sup>174</sup>

## NO GENUINE POLITICAL WILL

The transitional government has made several declarations giving the impression that it wanted to regain control of the logging sector. On 11 February 2015, CAR’s Minister of Water, Forests, Hunting and Fisheries, Isabelle Gaudeuille, said she had “noted that for a while now timber exports or local sales of wood have not been accompanied by the necessary documents, notably certificates of origin, and documents pertaining to timber flows. Furthermore, an increase in illegal and anarchic harvesting of wood has been observed, which, on the one hand, impacts government revenues, and, on the other hand, leads to a deterioration of the quality of life of neighbouring populations.”<sup>175</sup>

But in practice the political will to properly manage the sector appears very weak. The way in which new harvesting and management permits (PEAs) were granted in 2013 and 2014 is a perfect illustration. The procedure, initiated by Djotodia’s government in November 2013, was marked by illegalities and “enormous shortcomings”, according to two official reports.<sup>176</sup>

Initially, the objective was to allocate five PEAs via a public call to tender. As soon as Djotodia left office, the Samba-Panza administration decided to carry forward the process. The Interministerial allocation commission (Commission interministérielle d’attribution – CIMA) met on 17 January 2014, one week after Djotodia’s departure, in the midst of a deep political, security and humanitarian crisis.<sup>177</sup>

Eight companies expressed an interest in the new permits: Exotica Centrafrique, Timberland Industries, Société de transformation de bois en Centrafrique (STBC), Thanry Centrafrique, Alpica, Sinfocam, Sefica and Société de transformation et d’exploitation de bois (STEB). Many of these companies were until then unknown. On 19 April 2014, the permits were attributed to Alpica,<sup>178</sup> Timberland Industries,<sup>179</sup> and STBC.<sup>180</sup> The decrees officialising the permits were signed by President Samba-Panza, Prime Minister André Nzapayéké and the Minister of the Forest Economy, Environment and Tourism, Hyacinthe Touhouye.

However, the permit attributed to Alpica had to be reallocated because the French-Italian company withdrew at the last minute. One of the company’s representatives told Global Witness that: “The group’s board considered that the political, military and security situation in CAR could not justify the taking of a financial and corporate risk, in the context of the [group’s] restructuring. It will take at least a year for the situation to normalize, and for there to be a climate favourable to resuming business.”<sup>181</sup> Alpica’s permit was reallocated to Sinfocam on 13 June 2014.

The whole process was marked by illegalities. Four major problems can be highlighted, as follows.

## ILLEGAL PERMITS

First on the list: the applications submitted by the companies were deficient in various ways. The documents submitted by some of the companies did not provide information on company ownership and the origins of their shareholders. Many essential documents were also absent, inter alia: tax payment certificates, bank guarantees, proof of at least five years of experience in the logging sector, corporate affiliations. One CIMA official later admitted to Global Witness that he had no idea what the nationalities of the selected companies were or where their capital came from, and that no-one had cared either. The official did not know, for example, that Timberland Industries was affiliated to the Malaysian Taman Industries Limited (ITL), which has been accused by the Independent Observer of being involved in a number of cases of illegal logging in neighbouring Republic of Congo.<sup>182</sup> In 2012, the official Independent Observer found its operations were not sustainable, stating that “at this rate, the entirety (of the Banda forest concession) will have been harvested in four years, for a concession which is meant to last fifteen.”<sup>183</sup> The Observer also suspected the company of laundering timber.<sup>184</sup>

Secondly, SEFCA and Vicwood circumvented a law, which prohibits companies that already have more than 300,000 hectares of exploitable forest area from bidding for new permits. At the time, SEFCA held 721,419 hectares of concessions, of which 576,891 were exploitable, and Vicwood held 784,306 hectares, of which 501,317 were exploitable. Yet both companies bid for the new permits, by using the name of a different entity or creating a subsidiary. SEFCA submitted two bids through Exotica Centrafrique and Sefica, and Vicwood through Thanry Centrafrique and Sinfocam.<sup>185</sup>

Thanks to its fourth permit granted to Sinfocam in 2014, Vicwood now holds 1,018,771 hectares of forest concessions, of which 694,420 can be harvested.

Thirdly, the affected communities, notably indigenous populations, were not consulted over the allocation of the permits, as is required by CAR’s Forest Code, the United Nations Declaration on the Rights of Indigenous peoples, to which CAR is party, and Convention 169 of the International Labour Organisation, which the country has also ratified.

Fourthly, strong suspicions of corruption hang over the whole process. At least one company which submitted a bid was approached by government agents, promising support in exchange for bribes.<sup>186</sup> Several sources claim high level officials had intervened to push for the allocation of the permits; the President of the National Transitional Council, Alexandre Ferdinand N’Guendet, openly lobbied, on behalf of Vicwood, for the permit to be allocated to Sinfocam.<sup>187</sup> Indeed, Vicwood’s director came from Hong Kong to meet CAR authorities;<sup>188</sup> the company paid CFA

4,450 million (EUR 686,000) to be granted the permit initially allocated to Alpica. This sum corresponds to three years of rent for the concession. The authorities did not consider Vicwood’s tax arrears of CFA 469,655,726 (EUR 715,984) as an obstacle to it gaining a new permit.<sup>189</sup> In principle Sinfocam’s permit should also only have been allocated following a new call for tender.

Vicwood Group responded to Global Witness’ allegation as follows: “Sinfocam is an independent legal entity and was not in violation of forest law to receive a new concession. [...] we received this concession due to the first bid winner decided to abandon the project. We did not use bribery”.<sup>190</sup> While Alexandre Ferdinand N’Guendet wrote in a letter to Global Witness: “It is therefore [because of the relevant legal provisions] a matter for the Executive to apply the legal and regulatory texts in this matter. The President of the National Transitional Council, that I am, cannot interfere in this process, above all as the CIMA is composed of all the representatives of the relevant Ministries and the Presidency only confirmed by decree the final report submitted by the CIMA”.<sup>191</sup>

“There was an intention [among those involved in the allocation process] to sell-off, to make money. They did not respect the procedures. [...] These permits are illegal, tainted,” according to one parliamentarian.<sup>192</sup> For the state, however, the permit allocations would have brought in some cash to state coffers: by law, the companies would each have had to pay three years’ worth of rent, or CFA 1.6 billion (EUR 2.5 million).<sup>193</sup> CAR’s Forest Ministry has launched a new call for tender to allocate more logging permits in 2015.<sup>194</sup>

## THE SILENCE OF THE INTERNATIONAL COMMUNITY

The international community did not object to these flagrant illegalities, unlike during a similar case ten years previously. In 2003, the World Bank, the EU and France did not hesitate to put pressure on the then president Bozizé to abandon a similar process to allocate logging permits soon after he came to power.<sup>195</sup> At the time, the Ambassador of France and the head of the European Commission Delegation wrote that “CAR’s development partners recently learned that the permit numbers 188 and 189 were attributed by presidential decree numbers 07311 and 07312 on 2 November 2012, to LCBT and SEFAC respectively. However, according to reliable and corroborated information, it is clear these companies do not meet international good governance standards in terms of the harvesting and commercialisation of timber, notably with respect to World Bank criteria”.<sup>196</sup> Bozizé immediately and indefinitely suspended the process. So why did the international community remain silent in 2014?



## LOGGING FORESTS AT THE EXPENSE OF THE STATE, CENTRAL AFRICAN CITIZENS, AND THE ENVIRONMENT

It is important to stress that even if the government had the genuine political will to control its logging sector and to establish legal and transparent practices, it would not be able to do so as long as CAR remains a failed state. It is also clear that CAR cannot guarantee the legality of this sector. Today, all actors working in the sector agree that the state is completely absent from the forested South-West of the country.<sup>197</sup>

Industrial scale logging continues in spite of the country's laws, and therefore to the detriment of its workers, local communities, the state, the environment, and the forests themselves. A report mandated by the CAR government on the allocation process described the companies that bid for the permits as follows: "a lot of them [...] seem to have little or no concern for sustainable forest management, forestry certification schemes, and community rights".<sup>198</sup> In 2011, an evaluation of the French Development Agency's (AFD) forest sector programme had already stressed that there was no "guarantee of real commitment to sustainable forest management" on the part of logging companies in CAR.<sup>199</sup>

The AFD report also questioned the environmental sustainability of industrial logging in the Congo Basin rainforest – vital to the regional and global climate – of which CAR's forest is a part: "Current scientific knowledge does not allow us to guarantee that the techniques used [by the logging industry] [...] will actually allow a sustainable management of the [forest] resource. The impact of human intervention in a complex natural environment is far from understood and the results of research will still take years before providing all the necessary analytical evidence".<sup>200</sup> This highlights increasing scientific evidence that suggests that industrial logging operations are environmentally unsustainable, fragmenting and critically compromising tropical forest ecosystems as well as contributing to climate change.<sup>201</sup> Furthermore, the same AFD report highlighted the absence of positive socio-economic and institutional impacts of AFD's twenty years of intervention in the Congo Basin's logging sector, including weak benefits for local populations. "Even if the rules and regulations have evolved, state-private sector relations can more often than not be characterized as 'business as usual'".<sup>202</sup>

Even discounting serious environmental, social and political (in the form of corruption and weakening of state institutions) impacts, it also appears doubtful that CAR's industrial logging sector is economically viable and can make the economic contribution expected of it. A report of the Prime Minister's unit in October 2013 highlighted that "having proceeded to the partial payment of taxes since 2009, [the companies] have accumulated debts towards the

State in order to prioritise the costs of logging, in order to avoid closing down completely, as is the case of several companies".<sup>203</sup> Logging companies were complaining of "strong" fiscal pressure and asked for "a reduction in logging charges".<sup>204</sup>

Today, the outlook is worse than ever. CAR's transitional government has illegally allocated more tracts of intact rainforest. Sinfocam's new permit neighbours the country's national park Dzanga-Sangha, where some of the last forest elephants of Central Africa are edging closer to extinction every year.<sup>205</sup> Industrial scale logging, by cutting roads deep into the forest, is known to accelerate deforestation and can make it easier for poachers to access endangered species.<sup>206</sup>

On 2 March 2015, two parliamentarians from CAR's Sangha M'Baéré province summarised the situation as follows: "since independence, logging by generally foreign owned companies, and the fight for control of our various national riches, have resulted only in the destruction of the ecosystem and the continued degradation of the living standards of our people. The contribution of resources to socio-economic development of our country, particularly in the economic Shanga, renamed Sangha-M'Baéré, has remained marginal because of fraud and trafficking, but also the opaque management of different regimes and the shameless exploitation, including of our forests, by unscrupulous wheeler-dealers with no concern at all for the development of the region and the improvement of people's living conditions."<sup>207</sup>

## CHAPTER 3: HOW ILLEGAL AND CONFLICT TIMBER WAS BOUGHT AND SOLD ON INTERNATIONAL MARKETS

### THE BUYERS OF CAR'S TIMBER: THE EUROPEAN UNION AND CHINA

If SEFCA, Vicwood and IFB were able to continue operating during the crisis, it was also because the international timber market remained open to CAR wood.

Even though there is no reliable traceability system (neither CAR's government, nor BIVAC – mandated to control timber exports – know for sure the destination of the goods),<sup>208</sup> several pieces of information point to the EU, a historical client of CAR timber, as the biggest buyer.<sup>209</sup> The CAR Forest Ministry estimates the European market represents 59 percent of exports, with most of it going to Germany (32 percent) and France (20 percent). Belgium, Spain, the UK, the Netherlands, Denmark, Italy and Portugal are also apparently amongst the buyers.<sup>210</sup>

Asia is just behind the EU, with 39 percent of total exports, most of which goes to China (32 percent of total exports).<sup>211</sup> Some companies say they sell up to 70 percent of their products to China,<sup>212</sup> while others contend they mostly export to Europe.<sup>213</sup> Vietnam, Japan and India also feature amongst Asian buyers.<sup>214</sup> The USA imports timber directly from CAR in smaller quantities.

Global Witness has identified a number of European companies, which traded CAR timber since March 2013: Tropica-Bois (France),<sup>215</sup> Johann D Voss (Germany),<sup>216</sup> F. Jammes (France),<sup>217</sup> Bois des Trois Ports (France) and Peltier Bois (France). CAR timber, namely that of SEFCA, has also been found in early 2015 in the logyard of Byttebier Hout (Belgium), a major timber importer. It is striking that F. Jammes was already cited in a 2002 Global Witness report as one of the two French companies which traded conflict timber that contributed to the financing of Liberia's civil war.<sup>218</sup>

Global Witness' investigation found that SEFCA wood is to a large extent traded by Tropica-Bois. The French company sells between 45,000 and 50,000 cubic meters of CAR timber every year,<sup>219</sup> or approximately 25 percent of the country's 2013 exports. Despite the war in CAR, the company's profits rose that year.<sup>220</sup> In fact, Tropica-Bois' financial results show that profits rose 247 percent between 2010 and 2013, with 2013 being a truly exceptional year.

### Tropica-Bois Annual Financial Results

YEAR	REVENUE (EUR)	PROFIT (EUR)
2013	20,499,485	668,719
2012	22,225,929	603,888
2011	18,626,594	288,491
2010	15,479,172	271,178

Source: Registry of the Nice commercial court

No CAR timber has been seized in any European port since the start of CAR's conflict. Even today, despite the chaos in which the timber is logged, CAR wood continues to arrive in Europe without hindrance, despite an EU law against illegal timber: the European Union Timber Regulation (EUTR).

### BOX 5: CAR TIMBER EXPORTS TO CHINA: AN ABSENCE OF RULES AND REGULATIONS

Even though European companies seem to be at the forefront of the international trade in CAR timber, Chinese clients are purchasing ever greater quantities of the product.

Tropica-Bois told Global Witness, in an undercover interview, that it did not have the same constraints to prove the legality of its timber when dealing with Chinese clients. China does not have an equivalent of the EU Timber Regulation, and traders there can import timber of dubious origin. However, China is now the world's biggest timber processor. According to Tropica-Bois, CAR timber exported to China is then resold as finished goods, mostly furniture, in Western markets. Such imports of processed goods also have to conform to international laws like the EUTR and the Lacey Act in the USA, though it may be more difficult to detect the origin of the wood. There is a real risk that ever greater quantities of timber will be exported to China and then sold on to European and US markets without hindrance. This poses a serious challenge to the sustainability of CAR's forests and to those of other timber producing countries with weak governance.



### A TIMBER REGULATION TO FIGHT ILLEGAL TRADE

The EUTR entered into force on 3 March 2013 to stop the trading of illegally harvested timber in the European Union.<sup>221</sup>

The EUTR imposes three main rules: first, it prohibits the placing on the EU market of illegally harvested timber or derived timber products. Secondly, EU companies who first place their timber or derived products on the EU market are required to exercise “due diligence”. Thirdly, traders who buy and sell timber or timber products already on the EU market must identify their suppliers and clients, to guarantee the traceability of the timber or derived wood product.<sup>222</sup>

Importers, known as “operators” under the EUTR, are thus held accountable for their supply chains: they have to prove they took the necessary steps to mitigate the risk of illegality of products they import. “Due diligence” consists of evaluating the risks that timber or derived products are of illegal origin, and to mitigate those risks to a “negligible” level. According to an EU Commission guidance document,<sup>223</sup> which has legal interpretive value before the European Court of Justice, the risk factors to be taken into account include:

- Where was the timber harvested? Is illegal logging prevalent in the country, or sub-region, or concession from where the timber originates? Is the specific tree species involved particularly at risk of illegal logging?
- Are there sanctions imposed by the UN Security Council or the Council of the European Union on timber imports and exports?

- Is the level of governance of concern? The level of governance might undermine the reliability of some documents indicating compliance with applicable legislation. Thus the country’s corruption level, business risk indices, or other governance indicators should be considered.
- Are all documents indicating compliance with applicable legislation made available by the supplier, and are they verifiable? If all possible documents are readily available, there is a stronger likelihood that the product’s supply chain has been established. There should be well founded confidence that the documents are genuine and reliable.
- Are there indications of involvement of any company in the supply chain in practices related to illegal logging? There is a greater risk that timber purchased from a company that has been involved in practices related to illegal logging will have been illegally harvested.
- Is the supply chain complex? The more complex the supply chain the harder it may be to trace the origins of the wood in a product back to the logging source. Failure to establish necessary information at any point in the supply chain may increase the possibility of illegally harvested timber entering the chain.

The EUTR clearly applies to CAR timber imports.

As this report describes, timber exported from CAR since 2013 is illegal, harvested in contravention and outside the framework of national laws. Furthermore, given the substantial payments made by the logging industry to the Seleka in 2013, the timber traded from April 2013 to January 2014 should be classified as “conflict timber”. Conflict timber is by definition

Photos of CAR logs taken in Cameroon, China and France, 2014.

illegal as the sale of timber is funding the commission of serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law (regardless of logging practices and permits).

## COMPANIES ARE NOT COMPLYING WITH THE LAW

Global Witness has found that several companies trading CAR timber understand the terms of the EUTR, including the prohibition on importing illegal timber and the requirement to conduct due diligence.<sup>224</sup> Germany has introduced fines of up to EUR 50,000 and up to one year's imprisonment for infringements,<sup>225</sup> while in France these are punishable by two years' imprisonment and a EUR 100,000 fine.<sup>226</sup>

Bois des Trois Ports, Johann D Voss (JDV) and Tropica-Bois claim to have exercised "due diligence" in relation to CAR timber. They also say the wood is legal.

French trader, Tropica-Bois, and German trader, JDV, presented a "certificate of fiscal conformity" to prove SEFCA's timber is legal. This document was prepared on 19 January 2015 by a CAR official from the Ministry of Finance for SEFCA. It says that SEFCA is up to date with its tax dues. JDV also presented "legality" certificates issued by CAR's Forest Ministry in October 2013, and in January and February 2014. However, it is abundantly clear that due to the lack of on the ground inspections, the corruption affecting the state apparatus, and the failed nature of the CAR state, it is impossible to trust documents issued by the CAR administration as proof of legality. For example, on SEFCA's website ([www.sefca-rca.com](http://www.sefca-rca.com)), one can find a "certificate of fiscal conformity" dated 20 June 2013, and signed by the Director of Taxation and Lands, Hyacinthe Touhouye, later appointed Minister of the Forest Economy for some months in 2014. The document states that the company paid all of its taxes. However, several documents obtained by Global Witness would appear to undermine the veracity of this certificate: according to a report of the Ministry of the Forest Economy, Environment and Tourism, between January and September 2013, SEFCA had tax arrears of CFA 608,553,326 (EUR 928,876) owed to the government forest tax account (CAS-DF) and CFA 727,354,177 (EUR 1,109,000) in taxes owed to local authorities.<sup>227</sup> Furthermore, Ministry of Finance figures state that, as of July 2014, SEFCA owed the state CFA 750,146,005 (EUR 1,143,590) in "rent, and felling and reforestation arrears" for 2012 and 2013.<sup>228</sup> These documents support the Forest Minister Isabelle Gaudeville's statement on 5 December 2014 that none of the country's logging companies had paid taxes owed to the CAS-DF in 2013, and none had paid their tax dues for local development in 2013 and 2014.<sup>229</sup> The 2013 and 2014 certificates therefore do not correspond to the ministry's own figures and statements. One can also question the

legality of official documents issued by the Seleka administration, which usurped the constitution and operated outside constitutional and legal frameworks. We do not know whether SEFCA paid all its tax arrears between December 2014 and January 2015 in order to justify the issuing of a tax certificate on 19 January 2015. Even so, extreme caution is warranted.

Nevertheless, such paperwork does not offer proof of due diligence or legality by European timber importers as they fail to answer the many serious risks of illegality in CAR, including risks of fraud and corruption in the process of issuing documents, or how these could be mitigated.

Furthermore, a flagrant conflict of interest compromises SEFCA's main trader, Tropica-Bois. French wood processing company, Bois des Trois Ports, claimed in a letter to Global Witness that its supplier, Tropica-Bois had a due diligence system in place, which enables it to guarantee the legality of the wood it sells. Tropica-Bois trades timber harvested by SEFCA almost exclusively, amounting to around 45,000 to 50,000 cubic meters of timber (logs and sawnwood), around 25 percent of CAR's entire global timber trade.<sup>230</sup> The reason for this is simple: Tropica-Bois' statutes show that the company is fifty percent owned by the Lebanese Nessrallah Sahely and Jamal Sahely - SEFCA's owners. The remaining fifty percent belongs to the Sahely brothers' business partner and Tropica-Bois' manager, Jean Claude Billaud. The corporate configuration obviously creates a conflict of interest, and clearly undermines the application of an effective due diligence system to exclude illegal timber from the company's supply chain.<sup>231</sup> The three men received a dividend of EUR 668,000 in May 2014 for their trading of timber harvested by SEFCA.<sup>232</sup>

Some importers also provide, as proof of legality, documents issued by BIVAC, the company tasked with registering timber exports in CAR.<sup>233</sup> But this is also problematic: BIVAC, a subsidiary of Bureau Veritas, based in Paris, has been responsible for "securing" customs duties on CAR timber exports since 2005. Its contract indicates that its objectives include "reducing customs fraud" and "fighting against illegal timber harvesting".<sup>234</sup> But BIVAC is in no way responsible for inspecting concessions or verifying the legality of the timber they register for export. The responsibility for controlling CAR's logging sector lies entirely with the CAR state.

Bois des Trois Ports also justifies its purchase of CAR timber by the absence of international political or economic sanctions against CAR. "There have been no international sanctions or embargoes on CAR's forestry sector," it told Global Witness in a letter on 4 February 2015. SEFCA issued a statement to its buyers on 5 February that: "it is true the international community has declared the coup d'état illegitimate, but it is just as true that this same community has endorsed the N'Djamena, Libreville and Brazzaville accords, which constitutes the backdrop of CAR's



transitional constitutional charter. This, we believe, is what allowed Prime Minister Djotodia and Nicolas Tiangaye to speak at the United Nations." However, UN Security Council and EU sanctions on CAR timber imports and exports are but one factor among many detailed in the EUTR, which requires the risk of illegality to be "negligible", a feat that is impossible to achieve in the CAR context since at least March 2013

when the EUTR entered into force.

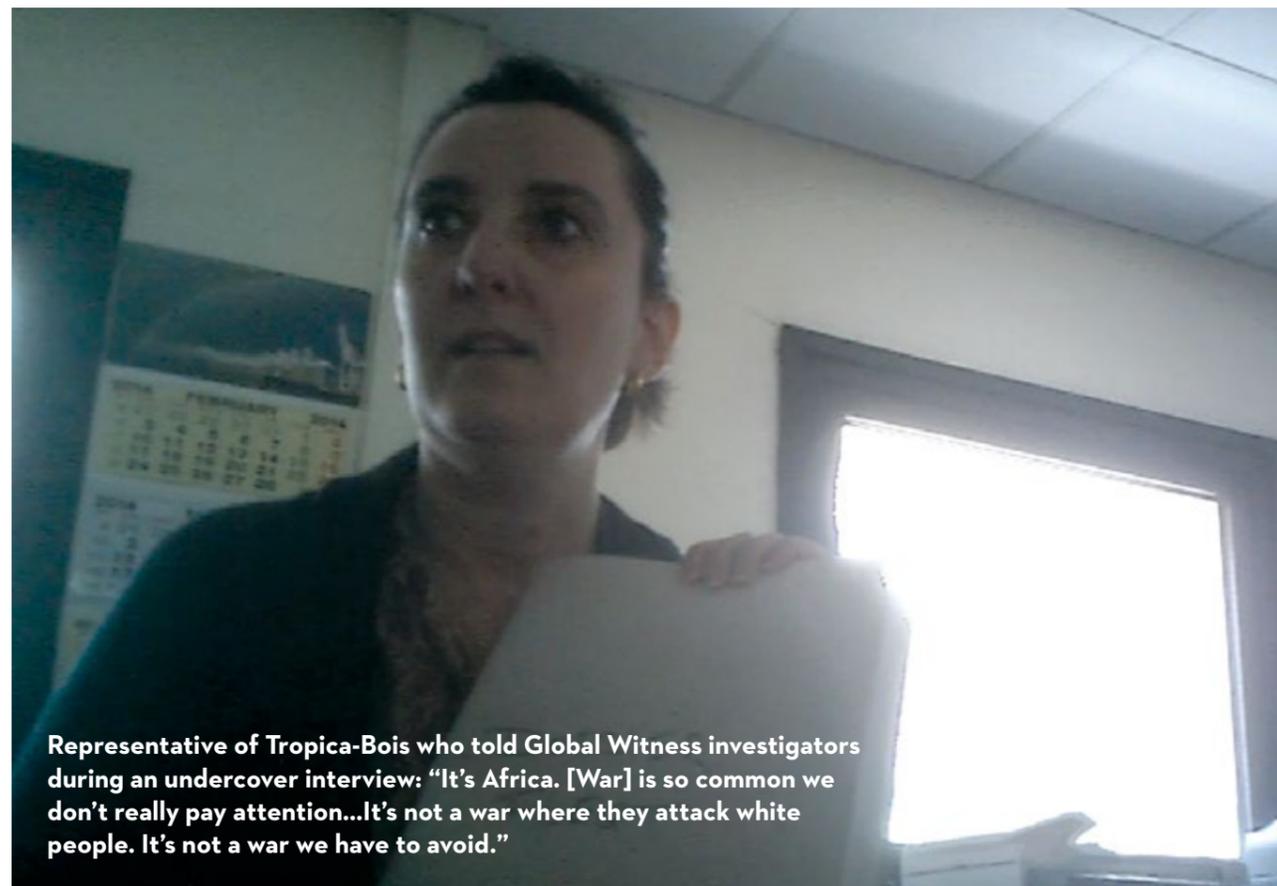
As this report shows, timber traders and importers have chosen to continue doing "business as usual", without modifying their practices, rather than adopt a comprehensive approach to risk assessment and mitigation, as required by EU law.

### BOX 6: THE AMBIGUOUS ROLE OF BIVAC

The role played by Bureau Inspection Valuation Assessment Control (BIVAC) in CAR's timber trade raises a number of questions. A subsidiary of the Paris-based Bureau Veritas, this company has, since 2005, been mandated to "secure" customs duties and fees on CAR's timber exports.<sup>238</sup> It is important to note that BIVAC does not certify the legality of timber in CAR.

In 2013 and 2014, it decided to continue operating on the ground in CAR, even though it had been targeted during the country's chaos. Some of its offices were looted, including those in Ngotto and Gamboula, near the Cameroonian border. Its Gamboula office was then occupied by armed groups, "leaving the inspectors to continue doing their work under trees for almost a year".<sup>239</sup> This did not prevent BIVAC from maintaining its presence at three checkpoints at the border with Cameroon and in the logging sites of SEFCA, IFB Balatimo and Vicwood, then under Seleka "protection". BIVAC's uninterrupted presence had an important consequence: international traders of CAR timber could present the logging sector as properly regulated to their buyers,<sup>240</sup> which was obviously not the case.

Another problem is that BIVAC registers illegal timber for export and profits from it. Its role is to calculate and levy taxes, based on the volume and species of timber exported. The company obtains one percent of the free on board (FOB) taxes. This means that the more companies export high value species, the more BIVAC profits. The legality of the timber does not matter: BIVAC registers the exports of companies that have engaged in illegal logging as is the case with SEFCA, IFB and Vicwood. It remains to be seen whether BIVAC will accept to register the exports of those companies that have illegally obtained logging permits in the recent allocation process (Timberland Industries, STBC, and Sinfocam, the subsidiary of Vicwood).



Representative of Tropica-Bois who told Global Witness investigators during an undercover interview: "It's Africa. [War] is so common we don't really pay attention...It's not a war where they attack white people. It's not a war we have to avoid."



©William Daniels/Panos Displaced people fleeing the Seleka, 2013

## FLAWED IMPLEMENTATION

If companies have not complied with the EUTR, it is also true that competent authorities in EU member states have failed to enforce the law against importers of CAR timber. Germany introduced its implementing legislation as soon as the EUTR entered into force.<sup>235</sup> France used a Ministerial circular to establish how to enforce the EUTR for relevant French authorities until a full implementing law passed in October 2014, which then gave the Ministry of Ecology responsibility for EUTR inspections on importers.<sup>236</sup> None of these measures have resulted in any action so far against CAR imports.

In March 2015, Greenpeace France denounced the inaction of French authorities. "For the past two years the French government has been dragging its feet in implementing the European regulation. Even though a law was adopted in France last October, no inspection has been undertaken, and (Minister of Ecology) Ségolène Royal has not yet nominated a chief inspector," it said in a statement.<sup>237</sup>

In addition, the EUTR may also have several shortcomings. First, timber traders based in the EU do not have to exercise "due diligence" with respect to the timber they sell to companies outside the EU. Yet, a European trader like Tropica-Bois markets significant volumes of CAR timber and their main commercial partners are Chinese companies that have no legal

obligation concerning the origin of their timber.

Secondly, the EUTR has no provision with regard to timber originating from war zones. The European Commission guidance document does not mention the risks posed by armed conflict, and does not advise on the treatment of documents issued by failed or weak states or by governments established outside constitutional frameworks following a coup d'état. But the EUTR should clearly cover such cases if it is to be effective against the illegal timber trade.

## CHAPTER 4: THE EU'S FLAWED POLICY FOR CAR

### THE EUROPEAN UNION: A MAJOR ACTOR

The European Union has, since 1990, arguably played the leading role amongst CAR's aid donors in the forest sector. In the 1990s and 2000s, it financed the regional ECOFAC programme,<sup>241</sup> which supported the logging industry to develop sustainable management plans for their logging concessions. Before the latest conflict sparked by the Seleka, its policies were principally based on an instrument called the Voluntary Partnership Agreement (VPA), which, along with the EUTR, forms part of the Forest Law Enforcement, Governance and Trade (FLEGT) action plan.<sup>242</sup> Adopted in 2003, the plan aims to fight illegal logging and associated trade.<sup>243</sup>

The EU and CAR signed a VPA in 2011. As part of the agreement, CAR pledged to fight illegal logging and to adopt a number of measures to export legal timber to the EU and other international markets. In exchange, the EU agreed to facilitate access for CAR wood to its market by authorising a dedicated agency in CAR to issue "FLEGT licenses" serving as certificates of legality.

The VPA requires several actions, including: ensuring the CAR government administration has the training and means to do its job (human and material resources); improvements in the legal framework; and a legality assurance system and traceability system. Several millions of Euros have been spent under the umbrella of the EU's FLEGT programme in CAR since 2003.<sup>244</sup> The VPA was ratified in July 2012, and the EU hoped the country would be among the first to issue FLEGT permits in 2014.<sup>245</sup> The war put an end to these hopes.

Today, the European Commission is trying to restart the process. This means that the EU is not only failing to enforce regulations to prevent the trading of illegal timber, it is at the same time moving to legitimise CAR's timber industry in an environment where CAR has no hope of meeting VPA requirements. In December 2014, it organised a meeting on VPA implementation with the transitional government, logging companies, and civil society. However, even though it is clearly necessary to improve forest governance, a relaunch of the VPA process is problematic for five reasons.

## THE ABSENCE OF LINKS TO STABILISATION, JUSTICE AND PEACE-BUILDING

First, the VPA threatens to undermine a number of efforts towards peace-building and stabilisation currently being pursued by CAR's multilateral partners. In particular, the VPA sits outside international processes of justice and accountability. In January 2015, the term of the UN Panel of Experts on CAR was extended for another 13 months, to continue examining, inter alia, the links between natural resource exploitation and the financing of armed groups. The International Criminal Court (ICC) has opened a second investigation in CAR with respect to crimes allegedly committed since 2012.<sup>246</sup> A Special Criminal Court is now also being created in CAR, which will complement the work of the ICC.<sup>247</sup> The timber industry – having financed serious crimes that break both national and international laws – should also be investigated under these processes, not further subsidised or legitimised through a relaunch of the VPA process.

Moreover, the European Union is involved in supporting CAR as a pilot country of the “New Deal” for fragile states, which aims to “effect fundamental change in the way the international community works in countries emerging from conflict or at risk of it, recognising that these states have been poorly served by aid approaches designed for non-fragile environments”.<sup>248</sup> A VPA in CAR would appear at odds with this goal. At present, the situation in CAR remains extremely fragile, and aid donors must seriously consider evidence suggesting that a premature relaunch of economic activity through a few basic commodities is counterproductive where these products have been involved in the funding of conflict. As a general rule, the relaunch of the timber trade before a country has stabilised, or peace and good governance have been re-established, undermines development and threatens the stabilisation process. A USAID report on forests and conflict found that “the greatest damage to forests often occurs after a conflict” where forest concessions, for example, are allocated and “the need to obtain foreign currency reduces political will to protect forests”.<sup>249</sup> The report adds that “good forest sector governance should be established before opening it to post-conflict exploitation.” These lessons are not being heeded in CAR: security risks are real, prominent Seleka militia leaders like Dhaffane - who have a keen interest in the timber trade - move freely in the capital, the government has no territorial control over the forested South-West, and increased risks to forests and the rights of forest-dependent peoples have materialised, for example through the illegal allocation of logging permits last year. Bilateral programmes, like the VPA, which have not been designed for fragile environments, should be reconsidered, and more appropriate policies should be established.

## A FAILURE TO REACT

Secondly, it is troubling that the EU failed to react during or after Djotodia's time in power to the risks associated with continued logging and exports of timber outside all legal frameworks. Worse, the European Union decided to relaunch implementation of its VPA with CAR's transitional government on 5<sup>th</sup> December 2014 in the second joint implementation committee, to which logging companies were invited as stakeholders.<sup>250</sup> Though CAR's civil society organisations welcomed the relaunch of the process, hoping that it might address deficiencies in forest governance, they also questioned whether the “political will of the two parties [the EU and CAR's transitional government] is really genuine”.<sup>251</sup> In this respect, civil society actors underlined that the EU delegation in Bangui had not reacted to the report by the Independent Observer on the allocation of the three permits, mentioned previously, despite obvious irregularities and illegalities.<sup>252</sup> CAR's transitional government hopes to more than double CAR's timber exports thanks to these illegal permits.<sup>253</sup> The matter goes to the very heart of whether the signatory parties have any real commitment to the VPA. What, for example, are the consequences of breaches of the spirit and letter of the agreement by the signatory parties or its industry beneficiaries? Indeed, no criteria have been set for the suspension of the agreement, and there is no provision for its cancellation.<sup>254</sup>

Furthermore, the EU did not react to the report of the UN Panel of Experts, which referred to payments made by the logging industry to the Seleka and the anti-balaka, which called into question the very legitimacy of the VPA's main beneficiary: the timber industry.<sup>255</sup> In fact, conflict timber is one of the seven priorities of the FLEGT plan, but the EU has never made any effort to address this issue, except for its support for UN sanctions.<sup>256</sup>

The European Commission took no action following warnings by Global Witness, in a letter in December 2014, of the links between the logging industry and armed groups in CAR, and of European trading of illegal and conflict timber.<sup>257</sup>

## CAR'S FOREST-DEPENDENT AND INDIGENOUS COMMUNITIES: NOT THE PRIORITY

Thirdly, the VPA sees forest governance through the prism of the timber trade, rather than local and indigenous communities or the rainforest on which they depend. Indeed, local forest-dependent communities were not even consulted on the agreement. The Africa Community Rights Network (ACRN) noted in 2014 that “whereas civil society saw itself as a defender of communities, and has often successfully represented and defended its interests as best as it could, and to communicate with them developments in the process, it is nevertheless



regrettable that governments and the EU as well have not taken the time to involve communities directly.” It added that “it is still usual for consultation [with civil society] to be synonymous with information-sharing,” explaining that “the launch of a reform process does not necessarily translate into a real improvement of rights”.<sup>258</sup> People neighbouring logging concessions already live in disastrous conditions, according to an official of an important aid donor.<sup>259</sup> Yet, the VPA is further anchoring industrial scale logging in CAR’s forests, and promoting the timber trade, through continued implementation.<sup>260</sup> It will therefore have a significant impact on the day-to-day lives of forest communities and a significant impact on the rainforest ecosystem on which they depend. Neither the social nor the environmental impacts appear to have been properly evaluated by the EU.

For CAR’s civil society, the priority is not to boost the trade in timber. They believe “the most important challenge [...] [is] how to ensure that land rights and resources are returned to forest communities.”<sup>261</sup> They consider securing land rights as one of the keys for the reconstruction of the country. And if they have expressed support for the relaunch of the VPA, it is in large part because they see it as one of the rare opportunities to finance their activities, and currently have no alternative means for engaging an international donor like the EU to address

### **BOX 7: THE TEN PRINCIPLES OF TIMBER LEGALITY (ANNEX 2 OF THE CAR FLEGT VPA)**

- 1 – The company has a legal existence;
- 2 – Legal access rights to forest resources in its area of operation;
- 3 – Compliance with environmental legislation;
- 4 – Rights of workers, local and indigenous communities;
- 5 – Legislation on timber harvesting;
- 6 – Processing of forest products;
- 7 – General and forest taxation;
- 8 – The transport and traceability of timber forest products are in accordance with the regulations;
- 9 – Compliance with contractual obligations;
- 10 – Relations with sub-contractors in activities other than timber production.

Source: Voluntary Partnership Agreement between the European Union and the Central African Republic on forest law enforcement, governance and trade in timber and derived products to the European Union (FLEGT)

deforestation. However, the EU obviously has the capacity to develop new support programmes where existing instruments are ill-adapted or non-existent, as it has done with the creation of the multi-donor Fonds Bêkou for CAR.

### **CAN A PHANTOM STATE IMPLEMENT A TRADE AGREEMENT?**

Fourthly, CAR’s governance problems have deepened even further since the signature of the agreement. Even without considering issues of political will and corruption, CAR’s authorities are now obviously incapable of implementing a trade agreement like the VPA. In December 2014, during a meeting in Bangui with the EU delegation, even logging companies highlighted the problem. “Taking into account the degenerate situation of the country, it seems to us today to be completely illusory to carry on with the implementation [of the VPA], while trying to ensure a normal atmosphere that could favour governance beyond all reproach,” the companies told the meeting.<sup>262</sup> The companies called on those involved in the VPA to revise the legality grid and the legality assurance system (Annex 5 of the FLEGT VPA), with the aim of lowering current standards. This is obviously an outrageous proposal, and, above all, shows the companies’ enduring lack of commitment to compliance with CAR’s laws. Indeed, in 2011, an AFD report noted: “It is not certain that FLEGT will achieve its objectives, the mechanism resting on an administration which, in its majority, still has not shown tangible signs it is changing its practices.”<sup>263</sup>

### **THE LOGGING INDUSTRY: A LEGITIMATE STAKEHOLDER?**

Finally, the EU assigns the logging industry and its trade a role which should not be theirs. At the time the VPA was signed, the European Commission said that it aimed “to prevent illegal wood imports to EU from Central African Republic and to boost the country’s timber sector”.<sup>264</sup> Today, the Commission justifies its decision to resume FLEGT-VPA implementation with CAR, by saying that it is “a means to understand the current state of the forest sector and how this sector can contribute to stabilizing the country towards a strong peace-building process”.<sup>265</sup> But is it really appropriate to “stabilize” CAR by supporting the logging sector, when it is implicated in the financing of armed groups? Equally, is it wise, considering their track record and antecedents, to invite logging companies as “stakeholders” to meetings to reform CAR’s forestry sector, as the EU did in 2014 in Bangui, or in March 2015 in Brussels? Is treating logging companies, which funded armed groups, as actors and partners in policy-making processes not a way of perpetuating impunity?

Today, it is no longer possible to showcase the industrial logging sector as an important or indispensable lever in CAR’s economic and social development, as the EU continues to do.<sup>266</sup> The latter appears to believe that it is not possible to ignore the sector, because of its role in CAR’s economy: it officially employs 2,175 people (down from 4,000 previously),<sup>267</sup> and has fiscal revenues in the order of EUR 3.7 million per year.<sup>268</sup> However, the Kimberley



©Jean Catuffe/Getty CAR President Catherine Samba-Panza meets Francois Hollande, 2014

process suspended CAR, despite the diamonds sector employing 400,000 people and bringing in EUR 6.2 million in tax revenues.<sup>269</sup>

**In fact, the EU has not properly evaluated the real impacts or contribution of the timber industry. For a correct appraisal, you would need to take account of the costs of corruption in the sector, the resulting weakening of CAR’s state and the rule of law, the environmental impacts of its activities, its impact on land and customary rights, access to land and forest resources of local and indigenous communities and obviously also the industry’s willingness to support armed groups and illegitimate power-holders.**

CAR is confronted with huge peace-building and reconstruction challenges. Breaking the links between the exploitation of natural resources, conflict and corruption, which damages the long-term viability of peace, development and stability, is the biggest of these challenges. **The cycle of coup and counter-coup, misappropriation of natural resources and destruction of environments and endangered species, must stop. CAR deserves international support to reach these objectives, including debt reduction and significant budgetary support.**<sup>270</sup>

### **FRANCE SHOULD END ITS SUPPORT OF INDUSTRIAL LOGGING**

Since CAR’s independence in 1960, France, its former colonial master, has kept a strong presence in the country. It remains CAR’s biggest investor, and many French companies operate there, such as Bolloré (logistics and river transport), and Total (stocking and distribution of petrol).<sup>271</sup> In 2014, France declared that it had spent EUR 35 million in aid to the country.<sup>272</sup> As a member of the UN Security Council, it also played an important role in the adoption of resolutions to redress the situation in CAR.

In the logging sector, France, like the EU, is influential in many ways. For a long time, the main logging companies operating in CAR were French.<sup>273</sup> French authorities also intervened on many occasions during the allocation of logging permits. In 2007, France was among those that pushed Bozizé to suspend the allocation of three logging permits. In 2010, the French Development Agency (AFD) encouraged the government to relaunch the process.<sup>274</sup> But the World Bank recommended that the government refrain from restarting the process, by invoking the lacklustre general economic outlook.<sup>275</sup>

Starting in the 1990’s, France adopted a “policy against the tide” of other aid donors, by working directly with private companies.<sup>276</sup> It had bet on reforming the logging sector to achieve “sustainable

forest management” by starting with the reform of the private sector. The AFD began by financing the Société d’exploitation forestière de la Sangha-Mbaéré (SESAM), a subsidiary of the French Bolloré group in the beginning of the 1990’s.<sup>277</sup> Since 2000, it has committed EUR 8.5 million in technical assistance and subsidies for the revision of forestry laws and development of “forest management plans” for CAR’s logging companies, through its PARPAF project.<sup>278</sup>

France’s choice of the private sector to ensure sustainable management of rainforests is naïve at best, and especially inappropriate in the CAR context. An enduring problem is the fact that a failed or fragile state cannot properly regulate the activities of companies. Furthermore, these companies are not capable of self-regulation or self-discipline. The projects supported by the AFD have therefore had a very weak impact. In fact, given the lack of any evidence that forests are being sustainably managed by these companies, it appears that French funds have principally benefited the French consultancies responsible for writing the plans.<sup>279</sup> An evaluation of AFD’s programme to support forest management plans over a 20 year period in the Congo Basin did not find the results encouraging.<sup>280</sup> This lack of success can partly be explained because the policy assumed the existence of a state administration capable of supervising the activities of logging companies. According to the director of one company operating in CAR: “the presence of the AFD and the management plans [...] is of no importance”.<sup>281</sup>

Both IFB and SEFCA have benefited from AFD support to develop a forest management plan. In a letter addressed to Tropica-Bois in early 2015, SEFCA

explained that it was “consolidated in 2006, following the signing of a logging and management convention, under the aegis of the French administration, 70 percent through its own funds, and 30 percent from the AFD”. In fact, the company received CFA 915 million (EUR 1.4 million) from the AFD over 3 years.<sup>282</sup> But an audit conducted in 2012 showed that both SEFCA and IFB’s forest management plans were not being applied.<sup>283</sup>

Despite these poor results, and the unfavourable context in the country, the AFD seems keen on continuing to support the private sector. It intended to reimburse the VAT owed by CAR to logging companies.<sup>284</sup> Before the war, it planned to do so by using funds from its budgetary aid to the country. The coup d’état of 2013 interrupted implementation of its plans. The AFD had intended for the subsidy to allow these companies to pay off their taxes, in particular those due to local communities, and the government’s CAS-DF fund.<sup>285</sup> The AFD is now planning to continue its previous support of these companies.<sup>286</sup> But if the AFD uses its development aid in this way, it will be supporting companies implicated in illegal logging and financing of armed groups. This will perpetuate the impunity of these companies.

All the evidence suggests that it is unreasonable to support private entities not subject to any type of control, and with links to a criminal and illegitimate regime. Just like it is not prudent to entrust CAR’s fragile rainforest ecosystems to companies only interested in short-term profit. Such a scenario is not imaginable in Europe, neither should it be in the Central African Republic.



## CONCLUSION: LEARNING LESSONS THE HARD WAY

### LEARNING LESSONS FROM THE LIBERIAN EXPERIENCE: FOREST GOVERNANCE, ACCOUNTABILITY AND POST-WAR RECONSTRUCTION

Liberia’s civil war lasted from 1990 and 2003. The logging industry, comprising companies with close ties to Charles Taylor’s regime, played a major role in both funding the conflict and in trafficking arms. This natural resource dimension of the conflict was recognised late in the day, resulting in the imposition of sanctions on exports of diamonds in 2001 and of timber in 2003; these remained in place until 2007 and 2006 respectively.

The international community took its most assertive action to date in Liberia, against a logging industry that had financed conflict and fuelled illegality and corruption, in order to assure the country could build lasting peace, stability and a sustainable economy.

The UN required Liberia’s transitional government to establish a Forestry Concession Review Committee to determine which logging concessionaires had operated within the rule of the law and to make recommendations for reforms. The Committee comprised members of Liberian civil society, government agencies, the United States government, the United Nations Mission in Liberia (UNMIL) and the European Commission. The Committee’s report, published in July 2005, documented extensive corruption and abuse in the industry and recommended the cancellation of all existing forest concessions as “no individual concession holder was able to demonstrate sufficient level of legal compliance”.<sup>287</sup>

Liberia’s first post-war elected President, Ellen Johnson Sirleaf, acted on the Committee’s recommendations within two months of taking office, issuing an executive order in February 2006 declaring null and void all claims to forest concession agreements signed by previous regimes. The timber sector had previously employed an estimated 6,150 people, 1,197 of whom were expatriates.<sup>288</sup>

In 2005, the international community also signed a Governance and Economic Management Assistance Program (GEMAP) with the transitional government of Liberia and its international partners including the US Government, the European Union, the United Nations, the Economic Commission of West African States, the African Union, the World Bank, and the International Monetary Fund.<sup>289</sup> The programme was created to assist the Government of Liberia to create and institutionalise effective financial and asset management policies and procedures, tackle corruption, and improve overall economic governance. It was prompted by alarm at the

corruption in government, particularly the loss of revenues and an explosion in illegal procurements. The Forestry Development Authority participated in the programme, which gave co-signatory powers to appointed internationally recruited Financial Controllers.<sup>290</sup> The programme came to an end in 2010 and is cited as “innovative”<sup>291</sup> and “a model for building economic governance in post-conflict environments”.<sup>292</sup>

The international community chose to back large-scale industrial logging as a strategy for economic development. This was based on flawed figures from the Taylor period, which stated that the forests could contribute 60 percent of the country’s foreign exchange earnings, but ignored the fact that at that time the country was under UNSC sanctions for diamonds and was a pariah state at war, with a virtually dead economy<sup>293</sup>; at the time, the timber trade was unsustainable, illegal and the only international trade Liberia was involved in, other than their shipping registry. Before it restarted logging in 2008, Liberia was regarded as having “the most advanced legal framework in the forest sector in Africa”, an extensive traceability system, and UN-backed control mechanisms.<sup>294</sup> The World Bank expected the Liberian forestry sector to be “the main engine of rural economic growth”, contributing 14% to 15% GDP, with government revenues growing from USD \$1.77 million in 2007/08 to USD \$26 million in 2009/10.<sup>295</sup>

Liberia’s timber industry came back into the spotlight soon enough, beginning with court action to reduce their contractual tax liabilities, underpayment of tax dues, illegal logging and a growing culture of impunity. In 2012, logging companies corruptly colluded with officials in the Forestry Development Authority to obtain illegal logging rights, known as Private Use Permits (PUPs), to 40% of the country’s forests, or 25% of the country’s total land area; this illegal land grab was a scandal of global significance.<sup>296</sup> PUPs were cited as a potential new avenue for conflict finance by the UN Panel of Experts.<sup>297</sup>

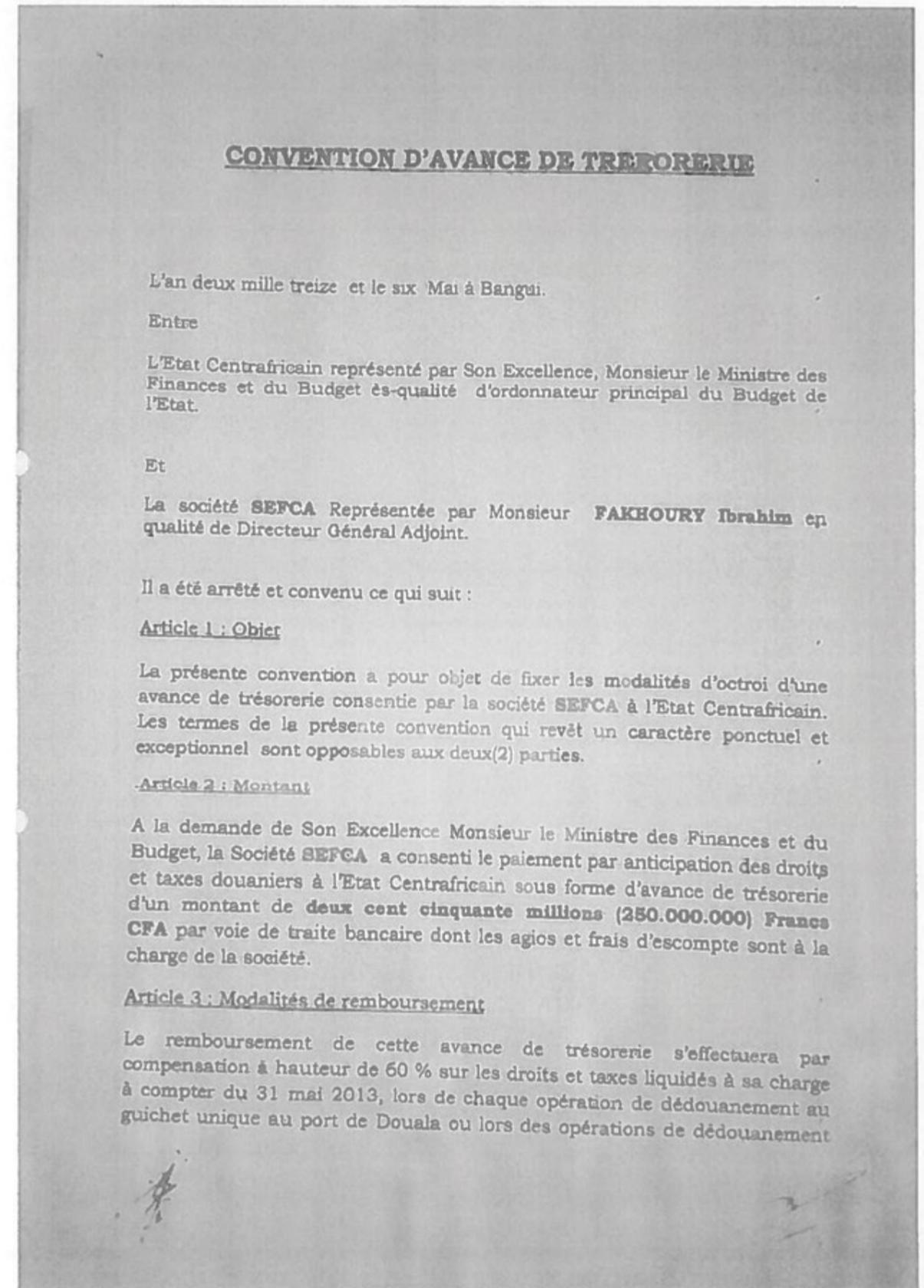
The logging industry has never generated the expected revenues towards the country’s development. By 2012, the government was bringing in a mere \$3.74 million in revenues from commercial logging for export.<sup>298</sup> This figure does not take into account the 19% fee paid to SGS/Liberfor for managing the Chain of Custody system.<sup>299</sup>

In September 2014, the Norwegian government signed

a USD\$ 150m climate and forest partnership with the Government of Liberia to halt the destruction of Liberia's rainforest.<sup>300</sup> The agreement foresees an end to new logging contracts, more scope for forest-dependent communities to manage their forests, and increased protected forest areas.

The Liberian experience illustrates that significant and long-term international commitment is required to reconstruct fragile states, but even then industrial scale logging does not provide the projected benefits and remains an incubus of corruption. CAR is one of the gravest examples of the fragile state phenomenon and deserves the same level of attention and support given to Liberia over a decade ago. Liberia provides several lessons for CAR today: first, ending the impunity of war criminals, human rights abusers and their economic backers is fundamental to any long term prospects for peace. Secondly, where timber has financed conflict and contributed to corruption and poor governance, it is self-defeating for donors to push for the trade to continue or restart, for example to fund reconstruction, before strong governance mechanisms are in place. The international community should support a break in trade and the establishment of evaluation and reform processes, as in Liberia. The employment and development benefits of the timber industry have long been exaggerated by the donor community and are far outweighed by the sector's abuses and costs in CAR as in Liberia. Thirdly, the tropical timber sector in fragile states is composed of many cowboy operators with no commitment to legality, transparency or sustainable forest management, as Liberia's pre- and post-conflict industry illustrates: reform of forest governance requires more than light touch legal and governance changes like timber traceability systems. Cutting ties with corrupt, illegal and unsustainable practices requires fundamental rethinking of forest management models that have contributed to state fragility and under-development and have helped make conflict financially viable and more likely in the long run. New forest management models that strengthen the forest and land rights of dispossessed, local populations are more likely to contribute to preserving forests, reducing poverty and furthering sustainable development. This is the realisation that some international actors have come to in Liberia, which experienced the biggest land grab in its history and a decade-long failure to establish a bona fide timber industry before committing to promoting community forests. Similarly, government and donors in CAR have not prioritised the establishment of community forests, leaving local populations to await a trickle-down of development benefits from industrial exploitation that has never materialised. Building local capacity, ownership and accountability through new community forest models may well promote sustainability, development and the rule of law better than an industry associated with numerous past abuses, and an almost unbroken record of putting short-term profit before all else, including the law.

## ANNEX



"Agreement of treasury advance" of CFA 250 million (EUR 380,876) from SEFCA to the Seleka government, 6 May 2013.

sur tout le territoire centrafricain, sans contrainte de délai jusqu'à apurement total du montant consenti de cette avance de trésorerie.

Article 4 : Suivi

Le Directeur Général du Trésor et de la Comptabilité Publique et le Directeur Général des douanes et droits indirects sont chargés chacun en ce qui le concerne du suivi et de l'application des termes de la présente convention jusqu'à apurement total du montant d'avance sans contrainte de délai.

Article 5 : Litige

Tout litige qui résulterait de l'interprétation des termes de la présente convention doit être réglé par la voie amiable. En cas de désaccord entre les parties, les juridictions de Bangui sont compétentes.

Pour l'Etat Centrafricain  
Le Ministre des Finances et du Budget

Pour La société SEFCA  
Le Directeur Général Adjoint

GEORGES BOZANGA BINZA

FAKHOURY IBRAHIM

— / — ) U T O R I S A T I O N D E ( \_ O U P E  
— 0 —

Monsieur Michel NGUESSAN, vous ~~est~~ autoriser à coupé 450 pieds de gremie toute qualité à LIBOKO.

En foi de quoi la présente autorisation est établie pour servir et valoir ce que de droit.



Logging permit signed by Ahmat Dagache Nama, Seleka's "Head of Operations of the Number 2 Brigade", granted to Mr Michel Nguessan, Liboko.

/- **AUTORISATION D'EXPLOITATION DE BOIS (MADRIER)**  
\*\*\*\*\*

Monsieur HAMAT Anoun, je t'autorise à exploiter 34 Colis de Bois (Madrrier) à SALO et faire acheminer sur la Sangha à destination du Congo

En foi de quoi, cette autorisation est délivrée pour servir et valoir ce que de droit.

  
**NAMA AHMAT DAGACHE**  
**- 75-63-63-04 -**

GENERAL DE BRIGADE NAMA AHMAT DAGACHE

NOLA LE 11/2

COMMANDANT LA ZONE-OUEST

SANGHA M'BAERE A NOLA

75636304

AUX

MESSIEURS LES DIRECTEURS DES SITES

-SECA-MBAERE

-TANRY-CENTRAFRIQUE

-EXPERT NATIONAL WWF

Objet: Contribution à la R-M-SM

Je vous présente mes souhaits de nouvel an 2014.

Par décret N°-13-406 et le certificat N°-001 me responsabilisant comme commandant la dite région militaire; sollicite auprès de vos sociétés la contribution en carburant me permettra la couverture de ma zone de juridiction en mission de patrouille.

-SECA :2 FUIITS DE GAZ-OIL /MOIS ;12 chaises ;03 Tables ;05 Colis de bois-rouge pour la construction de l'infirmerie militaire .

-TANRY CENTRAFRIQUE 2 fuits de gaz-oil /MOIS

10 colis de bois rouge pour la refecton du bâtiment de l'état major

-WWF 2 fuits de gaz-oil /mois

Tres respectueusement .

Le COM- ZONE-OUEST

  
NAMA AHMAT DAGACHE

**NAMA AHMAT DAGACHE**  
**- 75-63-63-04 -**

## END NOTES

**1** The principal wood species exported are Abachi, African pearwood, African teak, mahogany, movingui, padauk, sapelli, and sipo.

**2** Based on data and source testimony collected by Global Witness.

**3** It was used by a group of experts mandated by the UN.

**4** “Dérive criminelle de l'économie du bois”, Alice Blondel, *Le Monde diplomatique*, December 2003. See also “Logging Off : How the Liberian Timber Industry fuels Liberia’s Humanitarian Disaster and threatens Sierra Leone”, Global Witness, 2002 ; “Le commerce de bois africain à l’origine de conflits et de pauvreté : agissons maintenant”, Filip Verbelen, Greenpeace, 2002 ; “Environmental and socioeconomic impacts of armed conflict”, *Africa Environment Outlook 2*, UNEP, 2006.

**5** “A Comprehensive Approach to Reducing Fraud and Improving the Contribution of the Diamond Industry to Local Communities in the Central African Republic”, World Bank Oil, Gas and Mining Policy Division, November 2010, p1. See also: [www.kimberleyprocess.com/en/central-african-republic](http://www.kimberleyprocess.com/en/central-african-republic).

**6** “Central African Republic: 2011 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Central African Republic”, IMF Country Report Number 12/238, International Monetary Fund, August 2012.

**7** “Central African Republic: Anatomy of a Phantom State”, International Crisis Group, Africa Report number 136, 13 December 2007.

**8** “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014.

**9** “État d’anarchie, Rébellions et exactions contre la population civile”, Human Rights Watch, September 2007.

**10** “CAR: Preliminary report of the International Commission of Inquiry for the Central African Republic to the UN Security Council”, Unpublished draft, May 2014, p2.

**11** The five groups were the Convention des patriotes pour la justice et la paix (CPJP) led by Noureddine Adam, the Convention patriotique pour le salut du Kodro (CPSK) led by Mohamed Moussa Dhaffane, the Union des Forces Démocratiques pour le Rassemblement (UFDR) led by Michel Djotodia Am Nondroko, the Front Démocratique du Peuple Centrafricain (FDPC) led by Martin Kountamadji,

AKA Abdoulaye Miskine, and the Alliance pour la renaissance et la refondation (A2R).

**12** “Mapping Conflict Motives: the Central African Republic”, International Peace Information Service, November 2014.

**13** “Michel Djotodia, président autoproclamé de la RCA” Cyril Bensimon, RFI, 25 March 2013.

**14** See “Michel Djotodia élu pour la forme président de Centrafrique”, *Le Monde*, 14 April 2013.

**15** “CAR: Preliminary report of the International Commission of Inquiry for the Central African Republic to the UN Security Council”, Unpublished draft, May 2014, p3.

**16** “Central African Republic: A country in the hands of Seleka war criminals”, International Federation for Human Rights, September 2013

**17** Now often called ex-Seleka because of its official dissolution, this report maintains its original appellation.

**18** Adam was appointed Minister for Security after the coup d’état in March 2013 until August 2013, when he was named Director General of the «Extraordinary Committee for the Defence of Democratic Achievements» (Comité extraordinaire de défense des acquis démocratiques- CEDAD), a now-defunct CAR intelligence service, which he used as a “personal political police” to commit human rights violations, according to the UN Security Council sanctions committee. See also: “RCA: le ministre de l’Intérieur limogé”, BBC Afrique, 23 August 2013.

**19** “FLEGT VPA Update May 2013”, Forests and the European Union Resource Network, 7 May 2013.

**20** “Communiqué de presse sur la torture et l’assassinat d’un membre de la MEFP et le massacre des membres de la famille de l’un de ses gardiens”, Maison de l’enfant et de la femme pygmées (MEFP), 30 January 2014.

**21** The term “anti-balaka” is often translated as “anti-machete”. But its origin is “from the language of the young illiterates, who formed Seleka’s armed opposition, and who chased the Muslim ‘anti-balles à ti laka’ (anti ti laka bullets). The term ‘laka’ in the street language of the Central African Republic means an AK-47. The anti-balakas are therefore the bearers of grigris meant to stop Kalashnikov bullets”. See: “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation», Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014.

**22** United Nations Security Council Resolution 2127, (S/RES/2127), 5 December 2013.

**23** “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014.

**24** “CAR: Preliminary report of the International Commission of Inquiry for the Central African Republic to the UN Security Council”, Unpublished draft, May 2014, p3.

**25** “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014.

**26** See Decree number 13.406 of 8 October 2013 signed by Michel Djotodia, appointing or confirming the nomination of officers from the national army to high-level military positions. See also: “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014, Annex C; “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014.

**27** “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014, p(i).

**28** “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014.

**29** “Limogeage du général Mohamed Dhaffane, Ministre et haut responsable de la Seleka”, RFI, 30 June 2013, Michel Djotodia and Nicolas Tiangaye.

**30** See “Mapping Conflict Motives: the Central African Republic”, International Peace Information Service, November 2014; and “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014.

**31** Global Witness interview with a BIVAC inspector, 2014.

**32** Ministerial Decree number 5 of 31 May 2013, signed par Dhaffane, Minister of Forests of the Central African Republic.

**33** Global Witness interview with a Bangui police officer, 2014.

**34** Global Witness interview with two officials of the Ministry of Forests of the Central African Republic, 2014.

**35** Global Witness interviews with a top-level official of the government of the Central African Republic

and an official of the Ministry of Forests of the Central Africa Republic, 2014. See also “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014, p6, for mention of the seizure of wood products at the Magalé market in Bangui.

**36** Global Witness interviews with forest sector actors, 2014. See examples of permits granted by Seleka in annex.

**37** Final report of the Panel of Experts on the Central African Republic established pursuant to Security Council resolution 2127 (2013), 28 October 2014.

**38** Global Witness interview with a Bangui police officer in 2014 and officials of the Ministry of Forests of the Central African Republic, 2014

**39** “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014. See also: “La société civile récuse le projet pétrole contre bois”, Afrik.com, 11 July 2013; “Le pétrole tchadien troqué contre le bois centrafricain”, Afrik.com, 25 May 2013.

**40** “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, *Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique*, May 2014.

**41** There are approximately 3.78 million hectares of forests in the South-West of the Central African Republic and 1.6 million hectares in the South-East. See: “Interactive Forest Atlas for Central African Republic”, World Resource Institute.

**42** “Forest peoples: Numbers across the world”, Forest Peoples Programme, 2012.

**43** “Le marché domestique du sciage artisanal en République centrafricaine : état des lieux, opportunités et défis”, Guillaume Lescuyer et al, Center for International Forestry Research, 2014.

**44** “Les défis de La Centrafrique : Gouvernance et stabilisation du système économique : Recherche de canevas pour amorcer la croissance”, Paul Doko, Abel Mazido and Roger Yélé, Codesria, 2011 ; “République centrafricaine : la gestion des forêts tropicales secondaires en Afrique - Réalités et perspectives - Rapport national de la République centrafricaine”, Atelier FAO/EC LNV/GTZ sur la gestion des forêts tropicales secondaires en Afrique, 17 - 21 November 2003.

**45** “Le marché domestique du sciage artisanal en République centrafricaine : état des lieux, opportunités et défis”, Guillaume Lescuyer et al., Center for International Forestry Research, 2014.

**46** “Le marché domestique du sciage artisanal en République centrafricaine : état des lieux, opportunités et défis”, Guillaume Lescuyer et al., Center for Interna-

tional Forestry Research, 2014.

**47** “Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects”, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudueille, Bangui, 5 December 2014.

**48** “Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects”, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudueille, Bangui, 5 December 2014.

**49** “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014.

**50** “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014.

**51** SEFCA letter addressed to Tropica Bois, obtained by Global Witness on 19 January 2015.

**52** IFB letter addressed to Global Witness, dated 19 January 2015.

**53** Global Witness interview with a former government official of the Central African Republic, 2014.

**54** Global Witness interview with an official of the Ministry of Forests of the Central African Republic, 2014. See also Decree number 14.002 of 6 January 2014, repealing Decree number 13.409 of 9 October 2013, the latter which cancelled the SCAF logging permit number 185

**55** Letter from the director of SCD to the Embassy of France to the Central African Republic, the EU Delegation to CAR, and other International Organisations based in Bangui, concerning problems associated with the withdrawal of forest licence, dated 11 October 2013.

**56** Based on data and source testimony collected by Global Witness.

**57** “Arrestation du ministre d’Etat des Eaux et Forêts, accusé de recruter des mercenaires”, Xinhua, 30 June 2013.

**58** Global Witness interview with loggers and government forestry officials, 2014.

**59** Global Witness interview with officials of the Ministry of forests, 2014.

**60** Global Witness interviews with a timber haulier in December 2013 and an IFB employee in 2014 confirm the presence of Seleka at IFB’s Batalimo site.

**61** Global Witness interview with two forest sector actors, 2014.

**62** Vicwood letter addressed to Global Witness, dated 11 March 2015.

**63** Global Witness interviews with a BIVAC inspector, and an employee at the Ministry of Forests of the Central African Republic.

**64** Global Witness interviews with BIVAC agents, forest ministry officials, a logging company employee and two locals in Nola and Berbérati with links to Seleka, 2014,

**65** Global Witness interview with a BIVAC employee, 2014.

**66** Letter from Brigade General Nama Ahmat Dagache, commander of the West zone, to Directors of the sites of SECA-Mbaere (sic), Tanry Centrafrique (sic), WWF.

**67** Report by the UN Panel of Experts on the Central African Republic, 1 July 2014.

**68** Global Witness interview with a Bangui police officer, 2014. See also hand-written note pictured in this report.

**69** Report by the UN Panel of Experts on the Central African Republic, 1 July 2014.

**70** See Presentation of Vicwood Group, by the Management and Certification Department of Vicwood Africa and presented at the Fourth Racewood edition of the Association of Logging Companies at Pointe Noire in Republic of Congo, September 2011, available online here: <http://www.acfairbankconsulting.ca/vicwood/vicwoodsustainabilityfre.htm>

**71** Global Witness interview with individuals present in the South-West of the country during the 2013 coup d’Etat, 2014.

**72** Report by the UN Panel of Experts on the Central African Republic, 1 July 2014.

**73** “Mapping Conflict Motives: the Central African Republic”, International Peace Information Service, November 2014.

**74** Global Witness interviews with a haulier in Douala and hauliers in eastern Cameroon, 2013.

**75** Figure calculated by estimating exports from April to December 2013 on the basis of total Central African Republic timber exports in 2013 - 189,874 cubic meters according to BIVAC - and the payments claimed by the Seleka for a truck to pass its checkpoints, at an average load of 30 cubic meters per vehicle.

**76** Global Witness interview with a BIVAC inspector, 2014.

**77** “Mapping Conflict Motives: the Central African Republic”, International Peace Information Service, November 2014.

**78** There were at least two strikes, according to hauliers interviewed by Global Witness. The first, in April 2013, lasted 28 days. The following month, a convoy of 100

trucks was accompanied by three armed Seleka pick-ups, but they were harsh to the drivers. The hauliers, therefore, started a new strike in July 2013, which lasted one month.

**79** Interviews with a timber haulier, December 2013, and with a BIVAC official, 2014.

**80** Global Witness interviews with hauliers.

**81** “Convention d’avance de trésorerie”, signée par Ibrahim Fakhoury, directeur général adjoint de la SEFCA, 6 May 2013.

**82** CAR Ministry of Finance figures from July 2014 showing the CAR state owed SEFCA EUR 2,297,307 for 2012 and 2013.

**83** See account of Djotodia’s syphoning off of treasury funds and spending on “security” in “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014.

**84** “Rapport d’activité de Recouvrement de juin et août 2013”, signed by Pascal Bendima, head of CAR’s administrative and financial service, September 2013.

**85** “Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects”, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudueille, Bangui, 5 December 2014.

**86** «Centrafrique: la rébellion participera finalement au gouvernement d’union nationale», AFP, 6 February 2013.

**87** «République centrafricaine : un pays aux mains des criminels de guerre de la Seleka», FIDH, September 2013.

**88** Global Witness interview with a witness of the Gombang massacre.

**89** Global Witness interview with an employee of the Ministry of Forests of the Central African Republic, 2014. See also: “Behind the Headlines - Drivers of Violence in the Central African Republic”, The Enough Project, May 2014.

**90** «Rapport sur le secteur forestier relatif à la mission du FMI», ministère de l’Economie Forestière, de l’Environnement et du Tourisme, February 2014.

**91** «Limogeage du général Mohamed Dhaffane, Ministre et haut responsable de la Seleka», RFI, 30 June 2013.

**92** Opening statement by General Mohamed Moussa Dhaffane, former Minister of State, Second Vice President of the Seleka during a press conference on 20 February 2014.

**93** “Comment la France a précipité la fin de Djotodia”, Nathalie Guibert, Le Monde, 10 January 2014.

**94** “Final report of the International Commission of Inquiry on the Central African Republic, in accordance with Security Council resolution 2127 (2013)”, International Commission of Inquiry on the Central African Republic, (S/2014/928), delivered to the UN Security Council on 22 December 2014.

**95** “A Bangui, la fin troublée du Forum de réconciliation nationale », Le Monde, 12 May 2015.

**96** For example, a ceasefire agreement signed in June 2011 by the CPJP rebels and the government was broken in December 2012 by the Seleka coalition of which CPJP was a member. The peace deal signed in Libreville in January 2013 was breached by the Seleka in March 2013 when it took over Bangui. For a timeline of broken ceasefires and armed group activity, see this brief overview: “1993 - 2013: twenty years of political instability in Central African Republic”, France 24.

**97** “Behind the Headlines - Drivers of Violence in the Central African Republic”, The Enough Project, May 2014. See also: « Centrafrique: diamants en terrain miné », L’Express, 1 December 2014.

**98** “Central African Republic: Muslims Trapped in Enclaves”, Human Rights Watch, 22 December 2014.

**99** “Final report of the International Commission of Inquiry on the Central African Republic, in accordance with Security Council resolution 2127 (2013)”, International Commission of Inquiry on the Central African Republic, (S/2014/928), delivered to the UN Security Council on 22 December 2014. See also: “Les Musulmans, victimes d’épuration ethnique en Centrafrique selon un rapport de l’ONU”, VOA, 15 January 2015.

**100** “Final report of the International Commission of Inquiry on the Central African Republic, in accordance with Security Council resolution 2127 (2013)”, International Commission of Inquiry on the Central African Republic, (S/2014/928), delivered to the UN Security Council on 22 December 2014.

**101** Final report of the Panel of Experts on the Central African Republic established pursuant to Security Council resolution 2127 (2013), 28 October 2014.

**102** “Berberati : les anti-balaka multiplient des barrières illégales sur l’axe Bangui-Berberati”, Réseau des journalistes pour les droits de l’homme en RCA, 11 June 2014.

**103** Global Witness interviews with hauliers, Bangui, 2014.

**104** “Non-State Armed Groups in the Central African Republic - Types and sources of documented arms and ammunition”, Conflict Armament Research, January 2015.

**105** Based on data available and source testimony col-

lected by Global Witness.

**106** Report by the UN Panel of Experts on the Central African Republic, 1 July 2014.

**107** Vicwood letter addressed to Global Witness, dated 11 March 2015.

**108** “Berberati : les anti-balaka multiplient des barrières illégales sur l’axe Bangui-Berberati”, Réseau des journalistes pour les droits de l’homme en RCA, 11 June 2014.

**109** “The environmental crime crisis – threats to sustainable development from illegal exploitation and trade in wildlife and forest resources”, UNEP and Interpol, 2014.

**110** “The environmental crime crisis – threats to sustainable development from illegal exploitation and trade in wildlife and forest resources”, UNEP and Interpol, 2014.

**111** “Forests and conflict: A toolkit for intervention”, USAID, 2005.

**112** “Taylor-made: The pivotal role of Liberia’s Forests and Flag of Convenience in regional conflict”, Global Witness and the International Transport Workers Federation, September 2001.

**113** “Logging Off: How Liberian timber industry fuels Liberia’s Humanitarian Disaster and threatens Sierra Leone”, Global Witness, September 2002.

**114** “Thai - Khmer Rouge links and the illegal trade in Cambodia’s timber: evidence collected January - May 1995”, Global Witness, 1995.

**115** “The sinews of war: Eliminating the trade in conflict resources”, Global Witness, November 2006, p 18.

**116** “The sinews of war: Eliminating the trade in conflict resources”, Global Witness, November 2006, p 10.

**117** Numerous reports, of which the present and those cited herein, have documented these scenarios. See also: “The Logs of War: the timber trade and armed conflict”, Global Witness, March 2002.

**118** Annual Review Statistics Database, International Tropical Timber Trade Organization, 2013.

**119** These figures are based on data (which is provided by timber companies) from the Ministry of Forests of the Central African Republic, BIVAC numbers (based on export figures), and information obtained by Global Witness at Cameroonian customs checkpoints.

**120** BIVAC is a company under contract with the CAR government since 2005 with a mandate to register timber for export and “secure” customs duties and fees.

**121** The UN Commission of Enquiry states that “in the context of the CAR conflict, it is not in a position to establish with any degree of accuracy the number of

people who were killed in the conflict, during the two years covered by the mandate. The difficulties of collecting accurate data in this regard are due to various reasons, including the practice of Muslim communities to bury their dead almost immediately and the difficulty of getting access to mass graves, especially in the countryside and forests, in the midst of continuing conflicts”. See: “Final report of the International Commission of Inquiry on the Central African Republic”, 22 December 2014.

**122** <http://minusca.unmissions.org/Default.aspx?tabid=5622&language=fr-FR>

**123** “There were no budgetary controls over the Djotodia government’s expenditures. Most went for security, since the entire country was plagued by insecurity, and Seleka leaders were unable to keep their troops under control in Bangui” from “The Central African Crisis: From Predation to Stabilisation”, Africa Report 219, International Crisis Group, 17 June 2014, p5.

**124** “Dérive criminelle de l’économie du bois”, Alice Blondel, Le Monde diplomatique, December 2003; see also: “How the Liberian Timber Industry Fuels Liberia’s Humanitarian Disaster and Threatens Sierra Leone”, Global Witness Report, September 2002; «Le commerce de bois africain à l’origine de conflits et de pauvreté : agissons maintenant», Filip Verbelen, Greenpeace, 17 November 2002; «Africa Environment Outlook 2 - Our Environment, Our Wealth», UNEP, 2006, p397.

**125** “Dérive criminelle de l’économie du bois”, Alice Blondel, Le Monde diplomatique, December 2003.

**126** “Lessons Unlearned: How the UN and Member States must do more to end natural resource-fuelled conflicts”, Global Witness, January 2010.

**127** “Lessons Unlearned: How the UN and Member States must do more to end natural resource-fuelled conflicts”, Global Witness, January 2010, p36.

**128** [www.kimberleyprocess.com/en/central-african-republic](http://www.kimberleyprocess.com/en/central-african-republic)

**129** “In May 2014, Belgian authorities seized 6,634 carats that had been sent through Kinshasa and then Dubai to a company based in Antwerp, Belgium, called Kardiam. Kardiam is the Belgian branch of the Central African diamond-trading company Badica”. See: Final Report of the UN Panel of Experts on the Central African Republic, 29 October 2014.

**130** “Narrative summary for listing Nouredine Adam in the sanctions list”, Security Council Committee established pursuant to resolution 2127 (2013) concerning the Central African Republic, 9 May 2014.

**131** “Narrative summary for listing Nouredine Adam in the sanctions list”, Security Council Committee established pursuant to resolution 2127 (2013) concerning the Central African Republic, 9 May 2014.

**132** See, for example, “Behind the Headlines - Drivers of Violence in the Central African Republic”, The Enough Project, May 2014.

**133** Global Witness interviews with timber hauliers, 2014.

**134** An official working for an international organisation told Global Witness in July 2014 that the transitional government was not “transparent”. See: “La République centrafricaine: le naufrage d’un Etat, l’agonie d’une Nation”, Didier Niewiadowski, Revue d’étude et de recherche sur le droit et l’administration dans les pays d’Afrique, May 2014.

**135** «Samba-Panza conteste le détournement d’une partie du don de l’Angola», Jeune Afrique, 2 October 2014.

**136** “Relevé des conclusions et recommandations, Forum sur la gouvernance dans les pays en situation post-conflit, La lutte contre la corruption”, United Nations Economic Commission for Africa, N’Djamena, Tchad, 9-10 December 2013.

**137** «Les pillards de la forêt - Exploitations criminelles en Afrique», Arnaud Labrousse and François-Xavier Verschave, Agir ici et Survie, Dossier noir n° 17, Agone, 2002.

**138** Global Witness interview with a high-ranking official of the CAR administration, 2014.

**139** Global Witness interview with a high-ranking official of the CAR administration, 2014.

**140** Global Witness interview with official of an international donor institution, 2014.

**141** One Forest Ministry official told Global Witness that during Bozize’s rule, the presidency misappropriated forest taxes, while another high-ranking official reported that Ministers seek to “enrich themselves” and that the Ministry lacked the means to carry out forest sector inspections because of funds being “allocated for other purposes”. Interviews conducted in 2014.

**142** Global Witness interview with a logging company director, 2014.

**143** Global Witness interviews with logging company directors and employees, forest ministry officials, BIVAC agents and a timber haulier.

**144** «La crise centrafricaine de l’été 2001», Oscar Leaba, Politique africaine, number 84, December 2001, and «L’étude prospective du secteur forestier en Afrique, République centrafricaine», Michel Bonannée, FAO, July 2001.

**145** Permits number 173 and 174.

**146** Letter from Nicolas Tiangaye on behalf of SEFCA to Global Witness, 8 April 2015. See also: “Nicolas Tian-

gaye: «Les élections dépendent du retour de la sécurité» en RCA”, RFI, 15 December 2014.

**147** «Rapport de mission du projet OI RCA mis en œuvre par CIEDD-RCA», FODER et Well Grounded, 2012.

**148** Global Witness interview with a participant in the mission, 2014.

**149** Global Witness interview with an employee of the Ministry of Forests of the Central African Republic, 2014.

**150** Global Witness interviews with national and local government officials.

**151** «Rapport sur le secteur forestier relatif à la mission du FMI», ministère de l’Economie Forestière, de l’Environnement et du Tourisme, February 2014.

**152** “Rapport de mission : Mission de formation à l’APV FLEGT RCA et aux techniques d’audit interne”, Caroline Duhesme, 18 March 2012.

**153** Article 122 of the Forest Code n. 08.22 of 2008.

**154** Global Witness interview with an official of the Ministry of Forests of the Central African Republic, 2014.

**155** Global Witness interview with forest ministry and BIVAC officials, 2014.

**156** Export duties are calculated and collected by BIVAC, a French company contracted by CAR.

**157** Announcement of the Minister of Forests, Radio Centrafrique, 11 February 2015.

**158** Article 190, Forest Code n. 08.022 of 2008.

**159** Email from Vicwood Group Director, Stephen Chong, to Global Witness, 11 March 2015.

**160** Article 44 of Forest Code n. 08.022 of 2008. Note that the figures presented are calculated on the basis of all species. The processing requirement applies to “first category” species harvested, which are “high value species that are the most prized on the market. They are the most harvested species” in “Evaluation des ressources forestières ligneuses dans la République Centrafricaine”, European Commission, 1999. The Forest Code of 2008 gave companies three years to fulfil the requirement. In fact, the previous law - Forest Code n. 90.003 of 9 June 1990 - also required the establishment of a processing unit and the processing of a minimum of 60 percent of a company’s timber production (Articles 32 and 36) – with a three year deadline for compliance from a company’s first establishment in the country - but SEFCA, Vicwood and IFB were not in compliance by the time the new Forest Code was adopted in 2008.

- 161** This is an aggregate figure including all tree species, calculated on the basis of figures presented in “Outlook of the Forest Sector from 2012 to September 2014 : assessment and prospects”, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudeuille, Bangui, 5 December 2014. To obtain the precise processing rate for each company, it is necessary to disaggregate “first category” and “secondary” species harvested by each company and calculate the processing rate for first category species only.
- 162** Calculated on the basis of figures in BIVAC annual report summary, 2013. To reach the precise figure for each company, it is necessary to disaggregate primary and secondary species harvested by each company and calculate the processing rate for primary species only.
- 163** “Trade Policy Review: Countries of the Central African Economic and Monetary Community”, Report by the Secretariat, WT/TPR/S/285, World Trade Organisation, 24 June 2013.
- 164** Article 46 of Forest Code N. 08.022 of the Central African Republic.
- 165** Vicwood has owned Thanry Centrafrique since 2001. It obtained a logging permit for VICA in 2004.
- 166** Email from Vicwood Group Director, Stephen Chong, to Global Witness, 11 March 2015.
- 167** The State Forest Administration and Ministry of Commerce Guide on Sustainable Overseas Forests Management and Utilisation by Chinese Enterprises makes a range of points about the importance of obeying the laws of host countries, as well as China’s regulations on overseas investment, in paragraphs 3.1, 3.2, 3.2.1, 3.2.2, 3.2.3, 3.3, 4.1.1, 4.1.3, 4.2.1, 4.2.4, 4.3.1, 5.2.4, 5.2.5, 5.3.1, 5.3.2, 5.3.5.
- 168** “Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects”, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudeuille, Bangui, 5 December 2014.
- 169** Minister of Finance figures, July 2014.
- 170** Article 193 of law number 08.022, the Forestry Code of the Central African Republic.
- 171** Article 52 of law number 11 007, implementing the Central African Republic’s 2012 budget.
- 172** «Régime fiscal forestier et dépenses de l’Etat en faveur du secteur forestier en République centrafricaine», Forest Finance, FAO, February 2004.
- 173** Vicwood email addressed to Global Witness, dated 11 March 2015.
- 174** Official Ministry of Finance figures, of July 2014.
- 175** Speech broadcast by Radio Centrafrique, 11 February 2015.
- 176** “Rapport d’évaluation technique de la sous-commission Interministérielle d’Attribution (CIMA)” and «Rapport de l’observateur indépendant pour l’attribution des permis d’exploitation et d’aménagement (PEA) relatif à l’appel d’offres n°248/MEFCP/DIRCAB/DGEFCP du 4 novembre 2013.
- 177** At the same time tens of thousands of Muslims were chased by the anti-balaka militia out of the Central African Republic.
- 178** Decree number 14.111 of 19 April 2014.
- 179** Decree number 14.110 of 19 April 2014.
- 180** Decree number 14.112 of 19 April 2014.
- 181** Email exchange between Global Witness and Alpica, July 2014.
- 182** See “Rapport N°009/REM/CAGDF/FM”, Observation Indépendante – FLEG, 2012, and «Rapport N°008/REM/CAGDF/F, Observation Indépendante – FLEG, 2012», Observation Indépendante de l’application de la loi forestière et de la gouvernance (OI-FLEG) en appui aux APV.
- 183** «Rapport N°008/REM/CAGDF/F, Observation Indépendante – FLEG, 2012», «Observation Indépendante de l’application de la loi forestière et de la gouvernance (OI-FLEG) en appui aux APV FLEGT dans le Bassin du Congo», 9 February 2013.
- 184** «Rapport N°008/REM/CAGDF/F, Observation Indépendante – FLEG, 2012», «Observation Indépendante de l’application de la loi forestière et de la gouvernance (OI-FLEG) en appui aux APV». FLEGT dans le Bassin du Congo», 9 February 2013.
- 185** Interview with a forest ministry official, 2014. “Médias plus n°1088”, article, 6 November 2014.
- 186** Global Witness interview with the director of a logging company, 2014.
- 187** Global Witness interviews with a high-ranking official of the transition government, the director of a company, a former Vicwood employee, and a parliamentarian, 2014. A senior governmental official confided that the Seleka Forest Minister who launched the process in November 2013 had wanted to allocate the permit to Vicwood.
- 188** Global Witness interview with a former government minister of CAR.
- 189** Global Witness interview with a high-ranking official of the transition government of the Central African Republic, 2014.
- 190** Email from Vicwood Group Director, Stephen Chong, to Global Witness, 11 March 2015.
- 191** Letter from Alexandre Ferdinand N’Guendet to Global Witness, 26 May 2015.
- 192** Global Witness interview with a parliamentarian, 2014.
- 193** Calculation based on a three years tax advance for the area claimed by the government.
- 194** See “Appel d’offres N° 0300 pour l’obtention d’un permis d’exploitation et d’aménagement en République centrafricaine”, 15 May 2015.
- 195** Global Witness interview with an official from the Forest Ministry, 2014.
- 196** “Les fils dans la forêt”, Odile Tobner, Billets d’Afrique, February 2008.
- 197** Global Witness interviews with public and private sector forestry officials, 2014.
- 198** “Rapport de l’Observateur indépendant pour l’attribution des permis d’exploitation et d’aménagement (PEA) relatif à l’appel d’offres n° 248/MEFCP/DIRCAB/DGEFCP du 04 novembre 2013”, p14.
- 199** «Rapport d’évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d’intervention de l’AFD», AFD, September 2011, p9.
- 200** Rapport d’évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d’intervention de l’AFD», AFD, September 2011.
- 201** Zimmerman, B.L. and Kormos, C.F. (2012). Prospects for Sustainable Logging in Tropical Forests. *BioScience* 62: 479-487; Shearman, P., Bryan, J., Laurance, W.F. (2012). Are we approaching ‘peak timber’ in the tropics? *Biol. Conserv.*, doi:10.1016/j.biocon.2011.10.036; Lindenmayer, D.B. and Laurance, W.F. (2012). A history of hubris – Cautionary lessons in ecologically sustainable forest management. *Biol. Cons.* 151 11-16. Houghton, R.A. (2013). The emissions of carbon from deforestation and degradation in the tropics: past trends and future potential. *Carbon Management* 4:5 539-546. Berenguer, E., Ferreira, J., Gardner, T.A., Aragao, L.E.O.C., De Camargo, P.B., Cerri, C.E., Durigan, M. Junior, R.C.O, Vieira, I.C.G. and Barlow, J. (2014). A large-scale field assessment of carbon stocks in human-modified tropical forests. *Global Change Biology* doi:10.1111/bcb.12627.
- 202** «Rapport d’évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d’intervention de l’AFD», AFD, September 2011, p10.
- 203** « Rapport de mission », Primature de la République centrafricaine, Contrôle Général du secteur parapublic, 28 October 2013.
- 204** They proposed this should be done by reviewing the Free on Board and timber prices.
- 205** “Letter from Central Africa: Elephant Watch”, *The New Yorker*, 11 May 2015.
- 206** See “Impacts of roads and linear clearings on tropical forests”, Laurance, W.F., Goosem, M. and Laurance, S.G, *Trends in Ecology and Evolution* 24, 659-669, 2009; “Out of Africa Mapping the Global Trade in Illicit Elephant Ivory”, Varun Vira, Thomas Ewing, and Jackson Miller, August 2014, p9; *Prise en compte de la biodiversité dans les concessions forestières d’Afrique centrale*, A. Billand, J. Fournier, L. Rieu, O. Souvannavong, Cirad, FAO, 2010.
- 207** Op-ed, «Le Citoyen» N° 4522, 5 March 2015.
- 208** Global Witness interviews with a BIVAC inspector, and an official at the Ministry of Forests of the Central African Republic. Only IFB appears to inform BIVAC of the destination of its exports.
- 209** According to SGS, between 2000 and 2003, 62.5 percent of exports went to Europe, and 20 percent were destined for China.
- 210** Source: Eurostat and statistics of the CAR Ministry of Forests, 2013.
- 211** According to the Chinese government, the country’s logging companies imported approximately 68,550 cubic meters of roundwood and 8,585 cubic meters of sawnwood from the Central African Republic in 2013. See: “Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects”, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudeuille, Bangui, 5 December 2014.
- 212** Global Witness interview with a logging and a wood trading company, 2014.
- 213** Global Witness interviews with logging companies and traders.
- 214** Statistics of the CAR Ministry of Forests, 2013.
- 215** www.tropicabois.com
- 216** JDV told Global Witness in January 2015 that 90 percent of all the wood products it buys from Central African Republic are produced by SEFCA. It appears that the company ceased trading on 1 April 2015, according to the Hamburg Registry of Commerce, though under German law the company’s Managing Director could still be liable for criminal prosecution. See Article 8 of the “Holzsicherungsgesetz, HolzSiG” law.
- 217** www.fjammes.com
- 218** “Logging Off: How the Liberian Timber Industry Fuels Liberia’s Humanitarian Disaster and Threatens Sierra Leone”, Global Witness Report, August 2002.
- 219** Undercover interview with Tropica-Bois, March 2014.

- 220** Tropica-Bois' financial results are available on the website of the Registry of the Nice commercial court.
- 221** Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.
- 222** Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.
- 223** "Guidance Document for the EU Timber Regulation", European Commission, September 2013.
- 224** Global Witness interviews and correspondence with several importers of CAR timber, 2014 and 2015.
- 225** Holzschutzgesetz, HolzSiG.
- 226** Law 2014-1170 of 13 October 2014 on the future of agriculture, the food sector and forest.
- 227** "Forest Tax arrears January -September 2013", Ministry of the Forest Economy, Environment and Tourism.
- 228** Ministry of Finance figures, as of July 2014.
- 229** "Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects", powerpoint presentation, CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudeuille, 5 December 2014, slide 17.
- 230** Global Witness undercover interview with Tropica-Bois, March 2014.
- 231** Information about Tropica-Bois, Registry of the Nice commercial court, <https://www.infogreffe.fr/societes/entreprise-societe/398000281-tropica-bois-060504B000460000.html?typeProduitOnglet=EXTRAIT&afficherretour=true>
- 232** Tropica Bois, Annual accounts for 2013, Greffe du Tribunal de Commerce de Nice : dépôt N°2847 en date du 19/06/2014.
- 233** Global Witness undercover interviews with representatives of Tropica-Bois and F.Jammes, March and April 2014.
- 234** Contract signed between Bureau Veritas and the Central African Republic in 2005.
- 235** Holzhandelssicherungsgesetz (HolzSiG)
- 236** Circular DGPAAT/SDFB/C2013-3029 of the French Ministry of Agriculture, Agri-Food and Forest addressed to regional and departmental prefects, permitting the application of the EUTR before the adoption of national implementing legislation, 14 March 2013.
- 237** «Greenpeace livre quatre tonnes de bois tropical suspect à Ségolène Royal : il faut appliquer la loi contre le bois illégal», Greenpeace, 4 March 2015.
- 238** Contract between the Central African Republic and BIVAC Export RCA, signed on 4 March 2005.
- 239** Global Witness interview with a BIVAC inspector, 2014.
- 240** Global Witness interview with Tropica-Bois, March 2014. Bois des Trois Ports indicated BIVAC documents – including an annual report on the supplier and a verification certificate for each purchase (including the list of products and export number) – as providing proof of legality. JDV also sent Global Witness a BIVAC certificate with "legality" certificates from CAR's Ministry of Forests, and a copy of the country's VPA agreement with the EU.
- 241** ECOFAC (Ecosystèmes forestiers d'Afrique centrale) is an aid programme funded by the EU Development Fund (EDF). It is active in six Congo Basin countries, including CAR.
- 242** «FLEGT, la lutte contre l'exploitation illégale des forêts – une contribution au développement durable», Thématique n° 181, Federal Ministry for Economic cooperation and Development of Germany.
- 243** Communication from the Commission to the Council and the European Parliament - Forest Law Enforcement, Governance and Trade (FLEGT) - Proposal for an EU Action Plan, COM/2003/0251.
- 244** See relevant EU and Member State budget lines mentioned in the following report: "FLEGT Action Plan Progress Report 2003-2010", John Hudson and Catherine Paul, 26 January 2011.
- 245** "FLEGT Voluntary Partnership Agreement between the Central African Republic and the European Union", Briefing Note, European Forest Institute, September 2011, p14.
- 246** The ICC considered there was a reasonable basis to believe that both Seleka and anti-balaka groups had committed crimes against humanity and war crimes including murder, rape, forced displacement, persecution, pillaging, attacks against humanitarian missions and the use of children under fifteen in combat. Parties financing the commission of these crimes fall within the scope of investigation. See "Situation in the Central African Republic II - Article 53(1) Report", Office of the Prosecutor, International Criminal Court, 24 septembre 2014.
- 247** «Centrafrique : Le rôle et la composition de la Cour Pénale Spéciale d'après le projet de loi de sa création», Naim-Kaélin Zamane, Centrafrique Presse Info, 6 March 2015, [www.centrafrique-presse.info/site/info-droit\\_de\\_lhomme-7204.html](http://www.centrafrique-presse.info/site/info-droit_de_lhomme-7204.html)
- 248** "New deal for fragile states needs time and political commitment to flourish Some claim the 2011 Busan agreement is already in crisis, but statebuilding demands patience, resources and resolve", Helder da Costa, General Secretary of the G7+, The Guardian, 7 April 2014. See [www.newdeal4peace.org/](http://www.newdeal4peace.org/) for more information.
- 249** "Forests and conflict: A toolkit for intervention", USAID, 2005, p8.
- 250** «Deuxième réunion du Comité Conjoint de Mise en Œuvre de l'Accord de Partenariat Volontaire (APV) «Pour la relance de l'APV-FLEGT en République Centrafricaine » », Discours de Jean-Pierre Reymondet-Commoy Ambassadeur/Chef de Délégation Délégation de l'Union européenne en République Centrafricaine, 5 December 2015.
- 251** «Note de position de la société civile centrafricaine membre de la plateforme GDRNE relative à la relance de la mise en œuvre de l'APV», Plateforme des organisations de la société civile pour la gestion durable des ressources naturelles et de l'environnement, 29 November 2014.
- 252** «Note de position de la société civile centrafricaine membre de la plateforme GDRNE relative à la relance de la mise en œuvre de l'APV», Plateforme des organisations de la société civile pour la gestion durable des ressources naturelles et de l'environnement, 29 November 2014
- 253** Presentation on the Central African Republic's forest sector by the French Minister of Agriculture, Agri-Food and Forest, Isabelle Gaudeuille, during the second joint committee on the implementation of the VPA FLEGT, Bangui, 5 December 2014.
- 254** See Article 25 of the EU-CAR Voluntary Partnership Agreement.
- 255** Report of the UN Panel of Experts on the Central African Republic established pursuant to Security Council resolution 2127 (2013), (S/2014/452), 1 July 2014.
- 256** The most recent FLEGT evaluation noted the area of conflict timber had achieved "insufficient results" or "insufficient attention". See: "FLEGT Action Plan Progress Report 2003-2010", 26 January 2011.
- 257** Global Witness letters to the High Representative of the Union for Foreign Affairs and Security Policy, the European Commissioner for Development, Commissioner for International Cooperation and Development, and the European Commissioner for Environment, Maritime Affairs and Fisheries, 2 December 2014.
- 258** «Note de politique du Réseau africain des droits communautaires (ACRN)», Africa Community Rights Network, April 2014.
- 259** Global Witness interview with a donor institution, Bangui, 2014.
- 260** "Milestone agreement to prevent illegal wood imports to EU from Central African Republic and to boost the country's timber sector" European Commission - Press release, Brussels, 28 November 2011.
- 261** «Note de politique du Réseau africain des droits communautaires (ACRN)», Africa Community Rights Network, April 2014.
- 262** Declaration by the representative of the private sector to the second joint committee on the VPA FLEGT implementation, 5 December 2014.
- 263** «Rapport d'évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d'intervention de l'AFD», AFD, September 2011.
- 264** "Milestone agreement to prevent illegal wood imports to EU from Central African Republic and to boost the country's timber sector", European Commission - Press release, Brussels, 28 November 2011.
- 265** European Commission letter to Global Witness, dated 19 January 2015.
- 266** Speech by Ambassador Jean-Pierre Reymondet-Commoy, head of the EU Delegation to the Central African Republic, Second meeting of the joint committee for the implementation of the VPA FLEGT agreement, 5 December 2014.
- 267** "Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects", CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudeuille, Bangui, 5 December 2014.
- 268** CFA 2,298,513,935 (EUR 3,491,258) in 2012 and CFA 2 481 658 353 (EUR 3,769,440). See "Outlook of the Forest Sector from 2012 to September 2014: assessment and prospects", CAR Minister for Water, Forests, Hunting and Fisheries Isabelle Gaudeuille, Bangui, 5 December 2014.
- 269** "A Comprehensive Approach to Reducing Fraud and Improving the Contribution of the Diamond Industry to Local Communities in the Central African Republic", World Bank Oil, Gas and Mining Policy Division, November 2010, p44.
- 270** The Central African Republic's foreign debt is over one billion USD, the country's Prime Minister Nicolas Tiangaye told foreign creditors. See: "Centrafrique, une économie dévastée", RFI, 20 December 2013.
- 271** «Mission de l'ambassadrice pour les droits de l'Homme en République centrafricaine (17-21 mars 2015)», French Ministry of Foreign Affairs.
- 272** «Infographie interactive : les 4 axes de la politique française de coopération au développement en République centrafricaine», [www.diplomatie.gouv.fr/fr/dossiers-pays/republique-centrafricaine/evenements-17748/article/infographie-les-4-axes-de-la](http://www.diplomatie.gouv.fr/fr/dossiers-pays/republique-centrafricaine/evenements-17748/article/infographie-les-4-axes-de-la)

**273** Including IFB, Thanry (formerly French-owned), SCAD (ex-Rougier, a French company), SESAM (ex-Bolloré, a French company).

**274** Global Witness interview with an official of an international organisation, 2014.

**275** Global Witness interview with an AFD official, 2013.

**276** «Rapport d'évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d'intervention de l'AFD», AFD, September 2011.

**277** Forest Monitor: [www.forestsmonitor.org/en/reports/549968/549994](http://www.forestsmonitor.org/en/reports/549968/549994)

**278** The Support Project for the Preparation of Forest Developments (PARPAF in French) financially supported SEFCA's development plan. The IFB plan was "initially elaborated by the ECOFAC-Ngotto Forest project (funded by the EU), then revised by PARPAF. See "PROJET ECOFAC- Phase IV (FORÊT DE NGOTTO)", p7. See : «Projet d'Appui à la Réalisation de Plans d'Aménagement Forestier - PARPAF - 2ème phase», Centre de coopération internationale en recherche agronomique pour le développement, 2006-2011.

**279** These include Terea and Forest Resource Management (FRM).

**280** «Rapport d'évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d'intervention de l'AFD», AFD, September 2011.

**281** Global Witness interview with the director of a logging company, 2014.

**282** «Rapport d'évaluation, Secteur forestier dans les pays du Bassin du Congo : 20 ans d'intervention de l'AFD. Annexes», AFD, September 2011.

**283** «Mission de formation à l'APV FLEGT RCA et aux techniques d'audit interne», March 2012.

**284** Global Witness interviews with an AFD official, a World Bank official and a logging company director, a high-ranking forest ministry official and a former advisor for forests and environment at the CAR presidency, 2014.

**285** France's budgetary aid has since been assigned to other purposes.

**286** AFD told Global Witness in June 2015 that its programme will provide financing to support logging companies with their forest management plans, which SEFCA and IFB were not respecting before the crisis according to the evidence presented in this report. Global Witness interview with AFD official, 19 June 2015.

**287** Report of the Forest Concession Review, Committee Forest Concession Review - Phase 3, 31 May 2005. See: "Global Witness welcomes the report of the Forest Concession Review Committee and urges the Liberian government to sign and implement its recommendations".

**288** Based on research conducted by Liberian environmental group, 2001. See "Cautiously Optimistic: The Case for Maintaining Sanctions in Liberia", Global Witness briefing document, June 2006.

**289** [http://gemap-liberia.org/about\\_gemap/index.html](http://gemap-liberia.org/about_gemap/index.html)

**290** Final Evaluation of USAID GEMAP Activities (Governance and Economic Management Assistance Program), June 2010.

**291** "Liberia's Governance and Economic Management Assistance Programme (GEMAP): A joint review by the Department of Peacekeeping Operations' and the World Bank's Fragile States Group", May 2006.

**292** See [gemap-liberia.org](http://gemap-liberia.org)

**293** These figures are still cited on the US Forest Service website: <http://www.fs.fed.us/global/globe/africa/liberia.htm>

**294** [www.newsmax.com/World/Africa/Liberia-timber-loggingtropical/2010/01/06/id/452704/](http://www.newsmax.com/World/Africa/Liberia-timber-loggingtropical/2010/01/06/id/452704/)

**295** "Liberia Mulls Logging its Vital Tropical Timber", NewsMaxworld, 6 January 2010.

**296** "Signing their lives away: Liberia's Private Use Permits and the destruction of community-owned rainforest", Global Witness, September 2012.

**297** UN Security Council, Final report of the Panel of Experts on Liberia submitted pursuant to paragraph 6(f) of Security Council resolution 1961 (2010), 7 Dec 2011, p.62.

**298** This excludes revenues for timber cut and exported under illegal PUPs.

**299** "Liberia's Forest Sector: A New Window of Opportunity", Briefing by Global Witness, December 2013.

**300** Letter of Intent between the Government of the Republic of Liberia and the Government of the Kingdom of Norway on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and developing Liberia's agriculture sector.

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.

References to 'Global Witness' in this report are to Global Witness Limited, a company limited by guarantee and incorporated in England (Company No. 2871809)

Global Witness, Lloyds Chambers, 1 Portsoken Street, London, E1 8BT, United Kingdom

Phone: +44 (0)207 4925820 Fax: +44 (0)207 4925821

mail@globalwitness.org www.globalwitness.org

ISBN Number: 978-0-9574857-9-2

© Global Witness Limited, 2015.



global witness