

Practical guide to conducting due diligence of tropical timber products



BVRio Responsible Timber Exchange (www.bvrio.com/timber) is an online negotiations platform designed to promote the trading of forest products of legal and certified origin, integrated with a **Due Diligence and Risk Assessment System**. The system was designed to facilitate compliance with legislation such as the EU Timber Regulation and the US Lacey Act. The Responsible Timber Exchange was developed in partnership with **BVRio Institute** (www.bvrio.org), a Brazilian organization with a mission to develop market mechanisms to facilitate compliance with environmental laws. BVRio has a formal Key Account partnership with the Forest Stewardship Council® Brasil, is a Climate Action Leader of the R20 Regions for Climate Action initiative, received the Katerva Awards 2013 for Economy, and is a partner of the Forest Legality Initiative.

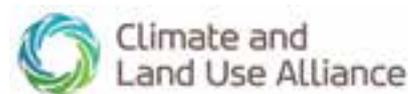


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Introduction

The illegal production and trade of tropical timber is one of the main drivers of environmental degradation worldwide, leading to loss of habitats and biodiversity, greenhouse gas (GHG) emissions, human rights abuses and corruption.

The enforcement of legality by some countries (e.g., the EU Timber Regulation – EU TR¹, the US Lacey Act 2008² and Australia’s Illegal Logging Prohibition Act³) requires traders and operators to conduct their own due diligence on the timber they import into these markets⁴. In parallel, initiatives such as the EU’s Forest Law Enforcement, Governance and Trade (FLEGT)⁵ have helped to increase capacity to implement these laws.

1_ ec.europa.eu/environment/forests/timber_regulation.htm

2_ The Lacey Act of 1900 is a law in the USA that bans trafficking in illegal wild life. In 2008, the Act was amended to include plants and plant products such as timber and paper (www.aphis.usda.gov/aphis/ourfocus/planthealth/import-information/SA_Lacey_Act).

3_ The Australia Illegal Logging Prohibition Act was designed to support the trade of legal timber into the Australian market (www.agriculture.gov.au/forestry/policies/illegal-logging).

4_ The US Lacey Act requires timber buyers to take due care in the selection of suppliers of timber products to be imported into the US (www.fws.gov/international/laws-treaties-agreements/us-conservation-laws/lacey-act.html). Similarly, the new EU Timber Regulation requires that operators (timber importers) conduct risk assessments and due diligence of their timber sources (www.eflegt.efi.int/home).

5_ The FLEGT Action Plan aims to reduce illegal logging by strengthening the sustainability and legality of forest management, improving forest governance and promoting trade in legally produced timber (www.flegt.org).

6_ Regulation (EU) N° 995/2010 of the European Parliament and the Council, article 6.



In order to comply with the EU TR requirements, for instance, timber importers must conduct a due diligence following a 3-step process⁶:

- Gather information about timber acquired, including country of source, supplier, species, and documentation.
- Risk assessment of the timber product and its supply chain.
- Risk mitigation. If risk of illegality is identified, measures need to be put in place to minimize it, including obtaining additional information and/or engaging third party verification.

The ability to conduct due diligence, however, is hindered by various barriers. Firstly, the legislative system of some countries can be extremely complex, with hundreds of laws and documents located in different government agencies⁷. Once the legislation is identified, it is difficult to determine what are the main documents that, in aggregate, demonstrate the legality of a given timber consignment. Once documents are obtained, they could be in foreign languages and are difficult to interpret.

The objective of this practical guide is to summarise the main documents that need to be collected, and how to interpret them, in order to conduct due diligence of timber consignments to be imported from different countries into the US and European markets. It also provides a summary of the main risks associated with timber legality that the due diligence must address, for different countries.

For each of the jurisdictions analysed, this guide provides:

-  • A short description of the regulatory regime of each country;
-  • A list of the essential documents to be analysed;
-  • Facsimiles of these documents, highlighting what are the relevant information to be checked in each of them;
-  • An overview of the most frequent frauds in each jurisdiction.

⁷ See, for instance, country reports available in NEPCon's Sourcing Hub (<http://beta.nepcon.org/sourcinghub>).

⁸ See, for instance, NEPCon Sourcing Hub (<http://beta.nepcon.org/sourcinghub>), WRI Open Timber Portal, or the Timber Trade Portal of the European Sustainable Tropical Timber Coalition (www.timbertradeportal.com).

This guide complements BVRio Due Diligence and Risk Assessment system (www.bvrio.com/timber), an online system to assist timber traders in conducting the due diligence of individual timber consignments.

Given that this guide is not intended to provide a full review of the legislation, procedures, and documents related to timber extraction and processing activities in different locations, readers are recommended to familiarise themselves with the requirements of different countries. Good reviews of timber legislation can be found elsewhere⁸.

The objective of this guide and of BVRio Responsible Timber Exchange is to enable wood traders to screen out illegal timber from their supply base and, through demand-side pressure, help combat illegality in the sector.



Conceptual model

Irrespective of the country, a due diligence must, as a minimum, analyse documents and obtain evidence related to:



The forest of origin and timber harvesting

to identify where the timber product comes from, and whether the seller has the rights to extract timber. In most countries, logging activities require a logging permit.

Timber processing activities

whether sawmills and other processing facilities have the required licenses, and process timber according to legal requirements. A supply chain could, in some cases, include a series of processing activities in different locations, and the due diligence should include all of them.

Trading activities

to ascertain whether companies have the licenses and documentation required to trade timber. The due diligence should analyse the export licenses and whether the products and species can be exported.

Timber transportation

gathering these documents allow the traceability of timber along the various production sites of the supply chain, from forest of source to final buyer.

It is often the case that this set of documents contains sufficient information to demonstrate the legality of the timber and its traceability to forest of source. In some cases, additional documents may be required to supplement them, or to meet additional requirements of specific countries.

Main types of fraud

Different types of fraud and contravention of forest laws are used by unscrupulous operators worldwide to obtain and trade illegal timber. While some of these frauds are specific to the peculiarities of each individual country, in general they fall within the following categories⁹:

1. Illegalities related to the allocation of timber rights: i.e., granting/obtaining rights of timber harvesting without following due processes envisaged in the legislation.
2. Illegal logging and timber theft: including logging without a permit; extraction of volumes higher than those authorised in the logging permits; and extraction of a different species mix from that specified in the permits (i.e. favouring the most valuable species).
3. Operational illegalities and/or irregularities at the forest, sawmills, or exporting activity: including contraventions of employment legislation, operations without valid licenses, adulterations of forest inventories to inflate the volume of valuable species authorised in the system, inflation of conversion rates at sawmills (to create credits for higher volumes of processed timber downstream), tax evasion, etc.

A recent review by Earthsight¹⁰ grouped types of illegalities as follows:

- Illegalities associated with the right to harvest, including logging in areas without permits, illegal permit allocation, logging in protected areas;
- Operational violations, including violating terms of harvesting plans, violating terms of other permits, logging outside boundaries;
- Illegalities during transport, processing and trade, including export prohibition violations, tax evasion, CITES violations.

⁹ See BVRio 2016: Using big data to detect illegality in the tropical timber sector. BVRio Institute, Rio de Janeiro. (www.bvrio.org/publicacoes).

¹⁰ Earthsight 2017: Investigating illegal timber. A guidebook for activities and communities. (www.earthsight.org.uk)

11 _ See, for instance:

- Greenpeace 2014: A crise silenciosa da Amazônia. Controle do setor madeireiro e 5 formas de fraudar o sistema (http://chegademadeirailegal.org.br/doc/BR/controlado_madeireiro_5_formas_fraudar.pdf) and other reports from the same series;
- Interpol and World Bank, 2010: Chain-saw project. An INTERPOL perspective on law enforcement in illegal logging;
- NEPCon Sourcing Hub (<http://beta.nepcon.org/sourcinghub>);
- European Sustainable Tropical Timber Coalition Timber Trade Portal (www.timbertradeportal.com);
- Forest Trends, 2013: European Trade Flows and Risks. (www.forest-trends.org);
- Traffic country specific reports: (www.traffic.org/timber-trade/);
- The Forest Trust: Guide to legality. Practical advice for timber producers, processors and exporters. (www.tft-forest.org);
- WRI, 2014: Sustainable procurement of wood and paper-based products. Guide and resource kit. (www.sustainableforestproducts.org);
- IUFRO 2017: Illegal logging and related timber trade.
- FAO 2016: Traceability. A management tool for enterprises and governments;
- Chatham House's Illegal Logging Portal - (www.illegal-logging.info);
- Forest Legality Initiative's portal - (www.forestlegality.org);
- WRI and WBCSD's Forest Transparency Initiative (<http://alpha.foresttransparency.org/en/about/fti>);
- Earthsight's Timber Investigator - (www.timberinvestigator.info);
- FSC Global Forest Registry (www.globalforestregistry.org).

12 _ See for instance, EIA's country specific reports (<https://eia-international.org/report-category/forests>), or independent monitoring organisations (e.g., guide. REM: Independent monitoring. A practical guide. www.rem.org.uk).



Adam Ronan

Additional information on types of fraud, approaches for investigating illegality, and methods for tracking timber products from source to end buyer are found elsewhere¹¹. A due diligence should also include reviews of reports and information raised by NGOs and independent monitoring organisations¹².

A summary of the main types of frauds prevalent in each country is shown in each of the country profiles in this report.

BVRio Due Diligence and Risk Assessment system



BVRio Due Diligence and Risk Assessment System is an online system created to assist buyers and traders to conduct due diligence and assess the risk of illegality of specific consignments of timber products. The system is an integral module of the BVRio Responsible Timber Exchange (www.bvrio.com/timber), which also includes a Trading Platform for sourcing timber products from legal sources.

The objective of the Responsible Timber Exchange is to enable wood traders to screen out illegal timber from their supply base and, through demand-side pressure, help combat illegality in the sector.

The system guides the user through the process of identifying the supply chain of their products, analysing the consistency of documentation related to this supply chain, and identifying any risks associated with it. At the end of the process, the system creates a supply chain map, rates each link in the supply chain for its consistency and risks, and issues a report.

BVRio's approach is to conduct due diligence for each individual timber consignment, rather than producers or suppliers. Many supply chains are very complex, with traders and timber merchants buying from multiple sawmills, which in turn acquire logs from multiple forest management units (with varying degrees of compliance). This means that a positive result for a timber consignment sold by a given sawmill does not guarantee that the next timber lot sold by the same sawmill will meet the same levels of legality and environmental compliance.

For some countries, additional information is pre-loaded in the system, facilitating the process of analysis and identification of risks.

In the case of Brazil, the system uses a big data approach, based on a large and growing data set, and aims to identify inconsistencies that may be associated with irregularities and illegality¹³. The system is designed to provide blanket coverage of all production sites in the region analysed.

BVRio Due Diligence and Risk Assessment System analyses:



• **Legality** – evidence of risks of non-compliance with legal, environmental and social laws, rules and requirements;



• **Supply chain inconsistencies** – whether the declared supply chain is consistent with documentation provided;



• **Social aspects** – risks of non-adherence to, or abuses of, labour and employment legislation.

¹³ More information on the methodology used for Brazil can be found in BVRio 2016: Using big data to detect illegality in the tropical timber sector. BVRio Institute, Rio de Janeiro. (www.bvrrio.org/publicacoes)

The due diligence and risk assessment process is conducted in two stages:

1. On a daily basis, the system analyses the compliance status of all production sites in the Amazon: i.e. timber extraction, processing and commercialisation operations (forest management units, sawmills and log yards used for timber storage and commercialisation). Based on the analysis, production sites are rated by level of compliance, ranging from those without any evidence of irregularities, through operations that show risks of possible infringements or illegalities, to those with proven illegality.

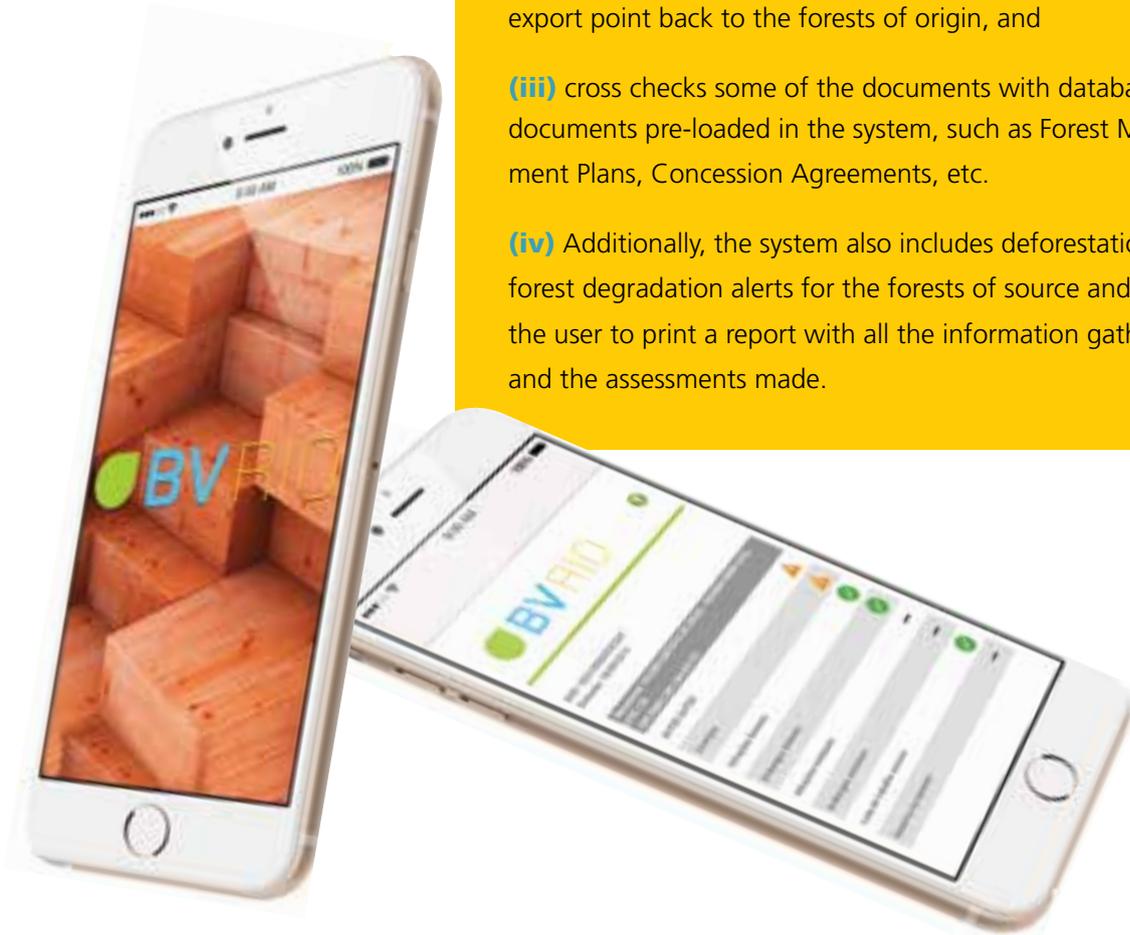
2. When a user enters the Timber Transport Authorisations related to a timber consignment, the due diligence system traces the timber product through the series of production sites and assesses the legality status or risk associated with that product.

The system checks timber sources for irregularities, illegality or possible illegality related to legal, environmental or social requirements during extraction, processing and transportation processes.

The risk assessment process also analyses the track record of companies and individuals involved in the supply chain. These include the forest owner, the person or company holding the forest management rights, the forest engineers responsible for the forest management plan and extraction activities, as well as those involved with the sawmills and timber yards. This allows the system to indirectly assess the risk of irregularities not yet detected by environmental agencies.

For most countries, however, lack of access to large digital databases restricts the use of a big data approach. In this case, the system:

- (i) guides the user step-by-step with each individual document,
- (ii) checks the consistency of these documents one against each other in order to assemble the supply chain from the export point back to the forests of origin, and
- (iii) cross checks some of the documents with databases of documents pre-loaded in the system, such as Forest Management Plans, Concession Agreements, etc.
- (iv) Additionally, the system also includes deforestation and forest degradation alerts for the forests of source and allows the user to print a report with all the information gathered and the assessments made.



14 _ The desktop version can be accessed at timber.bvrrio.org. Apps can be downloaded at the Google Play (<http://play.google.com/store/apps/details?id=br.com.bvrrio.bvriomobile&hl=en>) and Mac App Store (<http://itunes.apple.com/br/app/responsible-timber/id1059374511?l=en&mt=8>).

BVRio is expanding the range of countries assessed, adapting its approach to national circumstances, legislation, and data availability and new versions of this guide will be issued with such updates.

BVRio's Due Diligence and Risk Assessment Tools are available for desktop use and as apps in Android or iOS format¹⁴.

Country profiles



This guide already contains specific sections for the following countries:

- **Brazil**
- **Ghana**

BVRio is expanding the range of countries assessed, and new versions of this guide will be issued with such updates



BRAZIL

Brazil

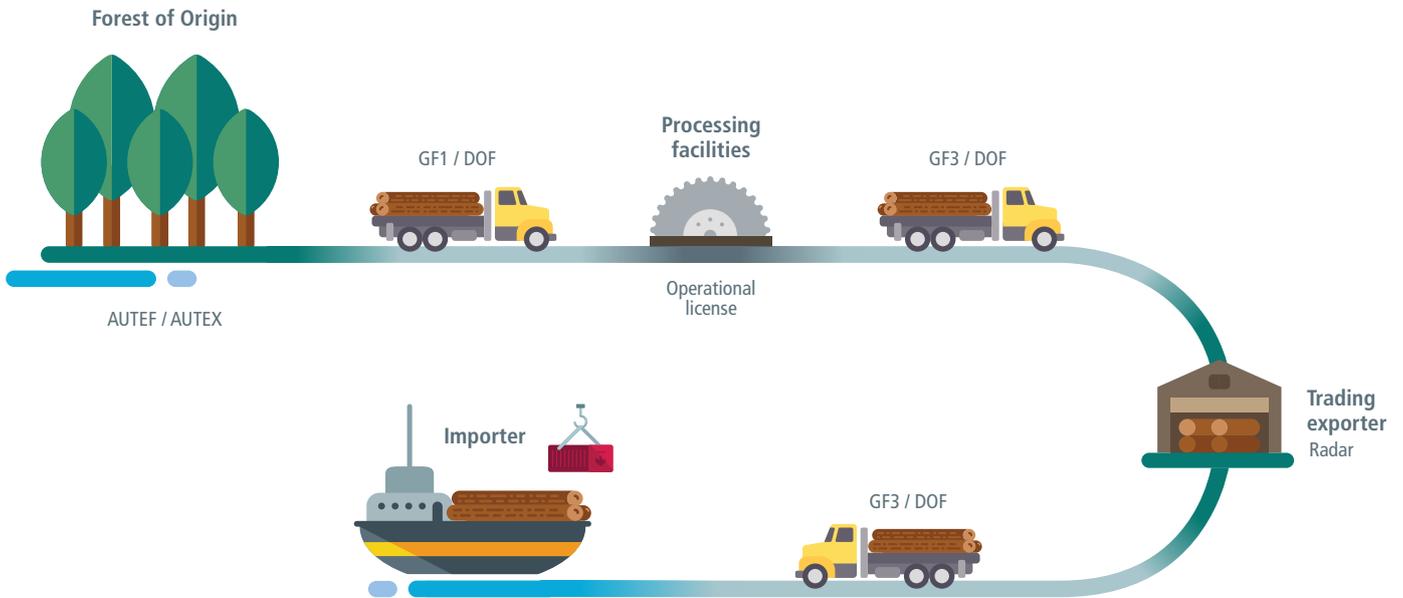
Forest legislation and enforcement agencies

In Brazil, production of timber is controlled by three official timber control systems. The main system, developed by the Federal Government, is the Document of Forest of Origin (Documento de Origem Floresta – DOF), introduced by the Brazilian Ministry of the Environment in 2007 and adopted by most states in the country.

Two states (Pará and Mato Grosso), however, developed and operate their own systems, Sisflora (Sistema de Comercialização de Transporte de Produtos Florestais). These states, however, supply over 70% of the tropical timber produced in the country.

In general, the three systems are similar to each other (see Table 1) and cover all activities related to the extraction (logging), transportation, processing, and commercialisation of timber products. The main focus of these systems is to ensure that every activity is documented, to enable wood products to be traced through the chain and forest management regulations to be enforced.

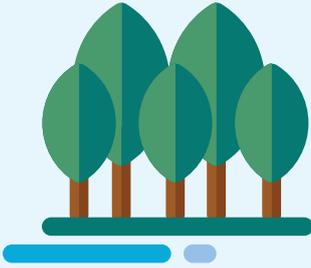
Main documents required



The main documents needed to demonstrate legality in the Brazilian forest sector are:

- Timber Extraction Permits (AUTEX or AUTEF);
- Sawmill operational licenses;
- Timber Transport Authorisations (GFs or DOFs).

These are described below.



1. Forest of source and timber harvesting

Timber extraction in Brazil occur in public (forest concessions within National Forest) or private land. The licencing process for the extraction varies depending on if the forest is public or private. But, in all cases, the annual operation plan must be approved by means of a logging permit issued by the relevant state environmental agency (except for federal forests, where the permit is issued by the federal environmental agency - IBAMA).

The logging permit is called Autorização de Exploração Florestal - **AUTEX** in all states, except in the state of Pará, where it is called **AUTEF**, and the state of Amazonas, where the permit is called LO (operating licence).

2. Timber processing activities

Sawmills must obtain an **operating licence** to operate. Sawmills operating without the necessary licences are subject to fines and embargoes from the environmental agencies and their access to the DOF/Sisflora systems shall be blocked.

In addition, sawmills must be enrolled in the DOF system (or the Sisflora system, if in the states of Para and Mato Grosso). They must report every day into the DOF/Sisflora systems all logs and timber products received and delivered. Also, they must register all the inputs and outputs of their processing activities, by product and species.

The registration of the processing activities into the DOF/Sisflora systems must be done observing the maximum conversion rates for each product established by the Brazilian timber regulations¹⁵. So, the physical stock of timber and timber products of the sawmill should always correspond to the volumes registered in the system, for each product and species. In case of inspection, if the physical stock does not correspond to the volumes registered in the system the sawmill is subject to fines and embargoes. And the system only allows the sawmill to sell any given product if there are enough volumes registered in the system.

¹⁵ IN Ibama n. 21/2014 (www.ibama.gov.br/sophia/cnia/legislacao/IBAMA/IN0021-231214.pdf), as amended by IN Ibama 9/2016 (www.ibama.gov.br/sophia/cnia/legislacao/IBAMA/IN0009-121216.pdf).



3. Trading activity

Brazil does not require any specific licence or permit for the export of timber products, except for the case of endangered species (CITES and others), the export of logs of native species is not allowed. Logs from plantation trees (e.g. Eucalyptus, Pinus except araucaria, teak, etc.) can be exported.

Companies that export timber need to be registered in the DOF system as an exporter. In addition, any company involved in any type of international trade (import/export) must be enrolled in a registry called **RADAR**, administrated by the Federal Government.

4. Timber transportation

The transportation of the timber within Brazil requires a timber transport authorisation, called **Guia Florestal** (“**GF**”, in the states of Pará and Mato Grosso) or **Documento de Origem Florestal** (“**DOF**”, in all other states).

DOFs can be used for any type of timber product. In the case of **GFs**, these are divided into:

- GF1 – authorisation to transport logs, from the forest of origin to a sawmill;
- GF3 – authorisation to transport sawn or processed timber products. GF3s are also issued when timber is exported, and in this case, it contains the name of the importer, and the destination country.

These documents contain a lot of information, and it is important to understand what they mean. At the same time, the fact that these documents are issued by the official government timber control system (i.e. the documents themselves are rarely forged), does not mean that the information they contain always corresponds to reality. For this reason, timber traders should still try to conduct due diligence of this documentation, in order to avoid the possibility that it masks an illegality.

Some samples of these documents are shown at the end of this section, with explanations about the information contained and the main types of checks needed to verify the authenticity of the data contained.

Main types of fraud

The main types of fraud practised in Brazil can be divided into three groups¹⁶:



1. Illegal logging and timber theft: This includes logging without a permit; extraction of volumes higher than those authorised in the logging permits; and extraction of a different species mix from that specified in the permits (i.e. favouring the most valuable species).



2. Documentation fraud associated with the government's timber control system in order to create a document trail that makes illegal timber appear 'official'. This includes obtaining permits for areas that are never logged in order to create credits to launder stolen timber, adulterations of forest inventories to inflate the volume of valuable species authorised in the system, inflation of conversion rates at sawmills (to create credits for higher volumes of processed timber downstream), and tampering with the official system to create fictitious credits (only possible with the assistance of state government officials).



3. Operational illegalities and/or irregularities at the forest, sawmills or sale outlets: This includes contraventions of employment legislation (including use of slave labour), operations without valid licenses and tax evasion.

¹⁶ See BVRio, 2016: Using big data to detect illegality in the tropical timber sector. BVRio Institute, Rio de Janeiro. (www.bvrio.org/publicacoes).

The two first types of fraud (1 and 2) complement each other:



Jos Barlow

The first type – stolen timber needs to be accompanied by the second type to obtain the documentation required for subsequent processing, transportation and commercialisation. Indeed, there is an illicit market for credits, enabling parties who cannot justify certain consignments of timber to acquire credits from third parties to balance their accounts. Once illegal timber enters the system, it acquires a false veneer of legality that is difficult to detect even by enforcement agencies, custom officers and government officials.



Jin Qin

The third type of fraud – related to operational irregularities is not necessarily associated with timber theft.

But it is often the case that parties who trade in illegal timber also do not comply with other laws. Furthermore, the parties involved in illegal operations are often involved other activities that also show irregularities. This correlation offers opportunities to detect illegal logging in one location by investigating the track record of the parties involved and the past performance of their other logging operations.



Alexander Lees

Table 1: Main documentation related to the extraction, processing, transportation and sale of timber and timber products, required by the three official Timber Control Systems in Brazil.

System	DOF <i>(Documento de Origem Florestal)</i>	Sisflora Mato Grosso	Sisflora Pará
Region covered	All states in Brazil, except for Mato Grosso and Pará. Managed by Ibama.	Mato Grosso state Managed by SEMA Mato Grosso	Pará state Managed by SEMA Pará
Forest	<p>Forest Management Plan for the whole logging area to support multi-year operation. Must be prepared by a forest engineer and authorised by the state's Secretary of Environment (SEMA/OEMA)</p>		
	<p>POA (Plano Operacional Anual) annual operational plan, providing a more detailed inventory of the area to be logged, including individual trees, logging roads and log decks</p>		
	<p>AUTEF (Autorização de Extração Florestal) logging permit issued by the SEMA for a period of 1 year, stating the species and volumes authorised to be extracted during the period.</p>	<p>AUTEX (Autorização de Extração Florestal) logging permit issued by the SEMA for a period of 1 year, stating the species and volumes authorised to be extracted during the period¹⁷.</p>	
Transportation	<p>DOF (Documento de Origem Florestal) a license for the transportation of timber products issued by the logging company via the online official system.</p>	<p>GF (Guia Florestal) a license for the transportation of timber, differentiated by type of product:</p> <ul style="list-style-type: none"> • GF1 - for the transportation of logs • GF3 - for other timber products <p>In addition, DOFs are also needed if timber products are transported across states</p>	
Sawmill	<p>LO (Licença Operacional) Operational license. System of stock control and conversion rates associated with the DOF system. Sawmills must record input and output, and conversion rates associated with different products</p>	<p>LF (Licença Florestal) Forestry license LA (Licença Ambiental) Operational license. System of stock control and conversion rates associated with Sisflora. Sawmills must record input and output, and conversion rates associated with different products</p>	<p>LAU (Licença Ambiental Única) Environmental license. System of stock control and conversion rates associated with the Sisflora. Sawmills must record input and output, and conversion rates associated with different products</p>
Sales	<p>Nota Fiscal Eletrônica Federal digital invoice/receipt of the Brazilian revenue department, to record all sales in the country and the amount of taxes due.</p>		

¹⁷ Some exceptions and regional variations exist. For instance, the SEMA from Amazonas state does not issue AUTEX and the logging permit is part of the Operational License of the forest (Licença Operacional).

How to read an AUTEF

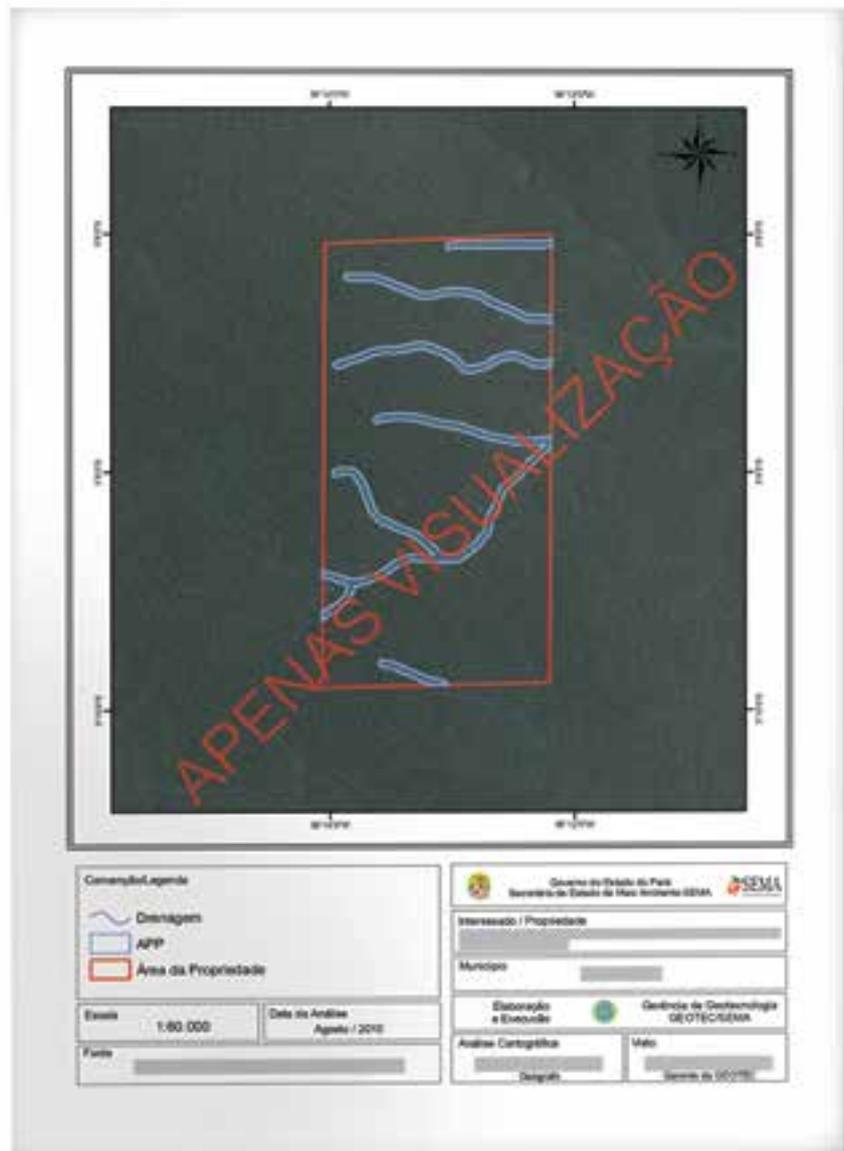
Page 2 of the AUTEF provides a map and satellite image of the logging area.

What to be aware when reading an AUTEF:

Sometimes the AUTEF is obtained only to create an account to launder the purchase of illegal timber from other sources. Monitoring of the area with satellite images may detect whether the area has been explored according to the permit.

AUTEFs may be authorised in areas already logged, or there may be overlaps with public lands, indigenous reservations or protection areas.

In the latter case, the image provided in the AUTEF may not be correct, or the date of the image may be adulterated to show an image from an earlier date (e.g. prior to logging).



How to read an AUTEF

Page 3 of the AUTEF provides a detailed list of species and volumes authorised for removal.

What to be aware when reading an AUTEF:

1. Volumes of valuable species are often exaggerated, sometimes to volumes significantly higher than those observed in nature. This additional volume is used to 'launder' timber extracted from other sources.

GOVERNO DO ESTADO DO PARÁ SECRETARIA EXECUTIVA DE CIÊNCIA, TECNOLOGIA E MEIO AMBIENTE - SECTAMPA Diretoria de Meio Ambiente - DMA			
Anexo I - Autorização para Exploração Florestal			
AUTEF Nº:		VALIDADE ATÉ:	
Protocolo Nº: Data do protocolo:		Cadastro Ambiental Rural Nº: Linha de Crédito Rural Nº:	
QUANTIFICAÇÃO DE TORRES DE MADEIRA NATIVA - Autorizado no Plano Operacional Anual			
ESPECIES FLORESTAIS DO POA		QUANTIDADE (m³)	
NOME CIENTIFICO	NOME POPULAR	por ha	TOTAL
<i>Acrocybus gracilis</i> Engl.	Murucubata	1,7418	2.225,0422
<i>Balanites patersonii</i> Aubl.	Tupelão	0,2815	357,4788
<i>Brachylaena patersonii</i> (Aubl.) Hitchc.	Amarelo	0,4911	625,8893
<i>Cassia guianensis</i> Aubl.	Andróia	0,1025	130,2688
<i>Caryocar glabrum</i> (Aubl.) Pers.	Pequiçama	0,7980	1.013,7992
<i>Caryocar villosum</i> (Aubl.) Pers.	Pequiá	0,2845	358,2225
<i>Chrysophyllum</i> sp.	Sugão e Botelho	0,0394	498,0992
<i>Clitoriastrum macrocarpum</i> Ducke	Tamborana	0,0170	215,0000
<i>Copaifera guianensis</i> Ducke	Copaíba	1,0128	1.257,0000
<i>Cordia alliodora</i> L. Mill.	Fringé	0,2117	267,0000
<i>Couatou</i> sp.	Couatou	0,2601	325,0000
<i>Couatou obtusifolia</i> Ducke & R. Knuth	Toual	1,5892	1.981,2200
<i>Distachneoides</i> sp.	Arroz-Camaguaré	0,0170	215,0000
<i>Emmenanthe glabra</i> Aubl.	Cipó-de-linha	1,3027	1.621,0400
<i>Heterostichus ligustris</i> Ducke	Samambaia	0,1430	181,0000
<i>Hydnocarpus</i> sp.	Indaiá	1,0210	1.286,2200
<i>Hydnocarpus caracasense</i> Ducke	Ingá-de-linha	0,0290	362,0000
<i>Hydnocarpus</i> sp.	Ingá-de-amarillo	0,1497	188,2200
<i>Lacucha lucida</i> (Horn.) B. & Mill.	Jacaré	0,0210	262,2200
<i>Lacucha glauca</i> Cambesii	Caracá	0,0000	0,0000
<i>Mankaea Hubertii</i> (Ducke) Chazalier	Caracá	31,3000	39.100,0000
<i>Miconia</i> sp.	Caracá	0,0170	215,0000
<i>Ononis rubra</i> Mill.	Caracá	0,0170	215,0000
<i>Parkia patersonii</i> Ducke	Tupelá-branca	1,0422	1.304,0000
<i>Parkia patersonii</i> Ducke	Tupelá-vermelha	0,5200	650,2200
<i>Pithecolobium demissa</i> Aguiar ex Benth.	Fava-de-linha	0,0420	524,0000
<i>Pithecolobium paraguayense</i> Pirion	Copaíba	0,0027	338,0000
<i>Pithecolobium ramiflorum</i> (Mill.) Knuth	Sugão	0,2620	327,0000
<i>Rapanea arborea</i> Aubl.	Mangá	0,2407	301,0000
<i>Talbotia capitata</i> (Horn.) & K. Schum. J. Sandwith	Indaiá	0,0000	0,0000
<i>Tetragastris patersonii</i> (Engl.) Kuntze	Caracá	0,0020	251,0000
<i>Trichostema burseroides</i> (Mill.) J. Winkl.	Amarelo	0,2200	275,0000
<i>Tupelata verticillata</i> Ducke	Sugão-amarelo	0,2707	338,2200
		TOTAL DE VOLUME AUTORIZADO	31.301,0412

9

How to read a Guia Florestal

GF (timber transport authorization used in the states of Pará and Mato Grosso).

The document contains the following information:

1: Type of GF. In this case, GF1, an authorization to transport logs from the forest to a sawmill;

2, 3 and 4: Number of GF and the corresponding Nota Fiscal (electronic tax invoice);

5: Name and address of dispatching party (seller);

6: Name and address of receiving party (buyer);

7: Species, volume and price of products transported;

8, 9 and 10: Details of the route and date of transportation;

11 and 12: Validity of the document and bar code. GFs can be verified in BVRio's Timber Legality App to receive a report on its legality status (see www.bvrio.org/timber).

What to be aware when reading a GF:

Names of buyers and sellers do not always represent the parties actually involved.

A forest owner will commonly

1 Guia Florestal para Transporte de Madeira em Toras - GF 1

2 Guia de Transporte: 1 DVV: 2 Origem: _____ Nº Protocolo: _____ **4**

3 Nota Fiscal: _____

5 Remetente
 Nome: _____ CNPJ/CPF nº: _____ Inscrição Estadual nº: _____
 Tipo Log: _____ Logradouro: _____ Nº: _____ Complemento: _____ Bairro: _____ Estado: _____ Município: _____ CEP: _____
 UF: _____ Ponto de Referência: _____ Caixa Postal: _____

6 Destinatário
 Nome: _____ CNPJ/CPF nº: _____ Inscrição Estadual nº: _____
 Tipo Log: _____ Logradouro: _____ Nº: _____ Complemento: _____ Bairro: _____
 Estado: _____ Município: _____ CEP: _____ UF: _____ Ponto de Referência: _____
 Caixa Postal: _____ Trópico de Deslize: _____

7 QUANTIDADE
 Especie e seus correspondentes colares:

Nº	Nome Científico	Nome Popular	Classe	Produto	Quantidade	Unid.	Preço Unitário	Preço Total

8 Memorial Descritivo de Transporte: _____

9 Memorial Descrição de Transporte: _____

10 Tipo de Transporte: _____ Expediente: Ser: _____
 Remetente: Identificação de veículo transportador: _____
 Habilitação: Número de habilitação: _____ Para de origem: _____ Nome das embarcações: _____

11 Nº do DAC do Pagamento de ICMS: _____ Valor pago R\$: _____
 Nº do DAC do Pagamento de IPI: _____ Valor pago R\$: _____

12 Data de Emissão: _____ Data de Validade em Pará: _____
 CPF: _____ Responsável pelo envio: _____

Assinatura Responsável: _____

issue a fraudulent GF for a sawmill, at a cost, so that the sawmill can justify a volume of timber purchased without documentation. Sometimes this fraud can be identified from the GF itself (for instance, if it uses

unusual routes). Other frauds relate to misreporting the species transported, which may be identified by prices that are not compatible with a certain species.

How to read a DOF

(timber transport authorization used in most Brazilian states except for MT and PA). The document contains the following information:

1 and 2: Name and Technical Registration number of seller;

3 to 11: Address of seller;

12: DOF authorisation number;

13: Type of operation for which authorization was issued (e.g. forest management plan);

14 to 17: Type, quantity and price of product to be transported;

18 to 28: Name and address of buyer;

29 to 32: Details of the vehicle;

33: Electronic invoice number;

34: Validity of authorization (dates);

35: Route planned.

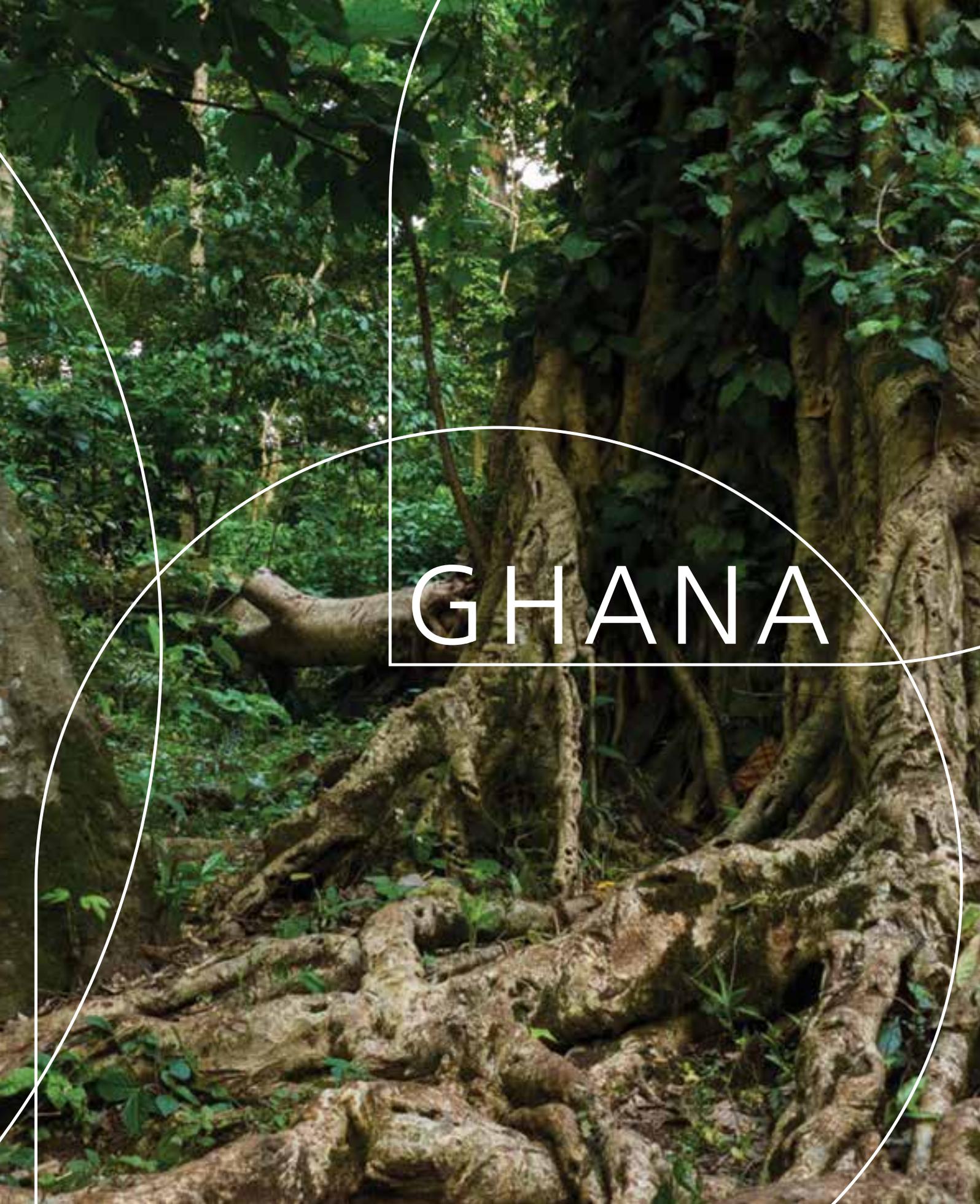
What to look out for when reading a DOF: see GFs.

MINISTÉRIO DO MEIO AMBIENTE
INSTITUTO BRASILEIRO DO MEIO AMBIENTE E DOS RECURSOS NATURAIS RENOVÁVEIS
DOCUMENTO DE ORIGEM FLORESTAL - DOF

1 - Emissor		2 - Bateria/CTF	
3 - Endereço			
4 - Bairro		5 - Município	
6 - Origem		7 - Coordenadas	
8 - Endereço			
9 - Bairro		10 - Município	
11 - Roteiro de acesso			
12 - Autorização		13 - Tipo	
14 - Produto / Espécie		15 - QTD	16 - UN / T3 - VBR
17 - Destinação		18 - Bateria/CTF	
19 - Endereço		20 - Município	
21 - Bairro		22 - Município	
23 - Quantidade		24 - Coordenadas	
25 - Endereço		26 - Município	
28 - Roteiro de acesso			
29 - Meio de Transporte	30 - Placa/Registro	31 - Município Origem	32 - Município Destino
33 - Nº Doc. Fiscal		34 - Data de emissão	
35 - Roteiro de transporte		36 - Data de validade	
37 - Código de controle		38 - Para uso da fiscalização do Ibama, Superintendências e outros	

VALIDO

Para verificar acesso: http://www.ibeas.gov.br/validacao_dof.php

A photograph of a dense tropical forest. The foreground is dominated by large, gnarled tree roots that are covered in moss and lichen. The background is filled with thick green foliage and several large tree trunks. A white circular graphic is overlaid on the image, with the word "GHANA" written in white, uppercase letters across its center.

GHANA

Ghana



Forest legislation and enforcement agencies

In Ghana, production of timber is the responsibility of the Ministry of Land and Natural Resources and implemented by the Forest Commission (FC). The FC Operates through three different divisions and agencies, with different roles: Timber Industry Development Division (TIDD), Forest Services Division (FSD) and Resource Management Support Centre (RMSC), and overseen by the Timber Validation Department (TVD).

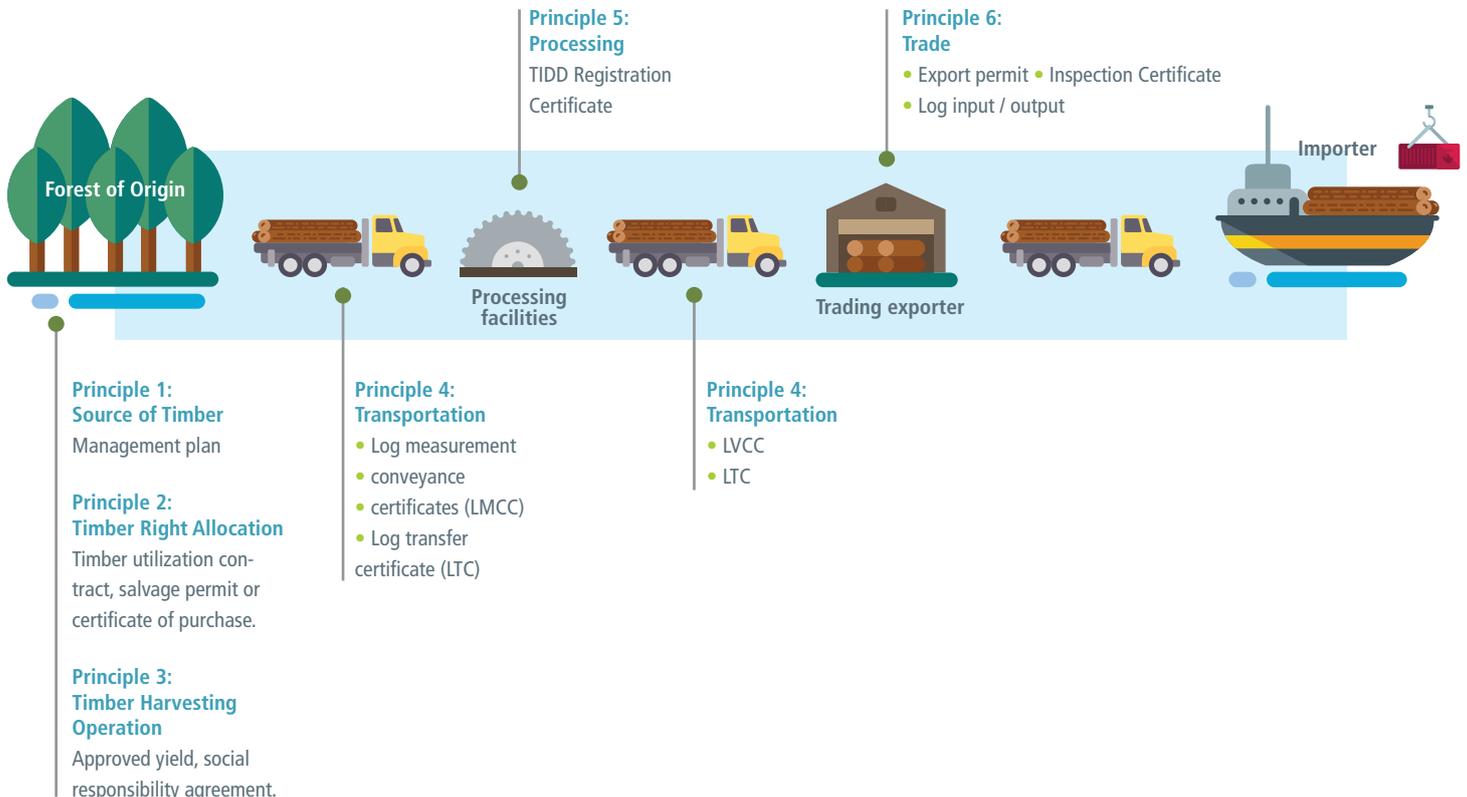
Ghana has a well-established range of laws and regulations which govern production and trade in timber. This includes: The FC Act of 1999 (Act 571) which sets up the FC and its agencies and divisions; Timber Resource Management Act 1997 (Act 547) and its Amendment Act 2002 (Act 617), Timber Resources Management Regulation 1998 (LI 1649) and its Amended LI (LI 1721) which concerns forest allocation, timber rights, and benefit sharing; and Timber Resources Management (Legality Licensing) Regulation 2012 (LI 2184) which regulates trade in legal timber.

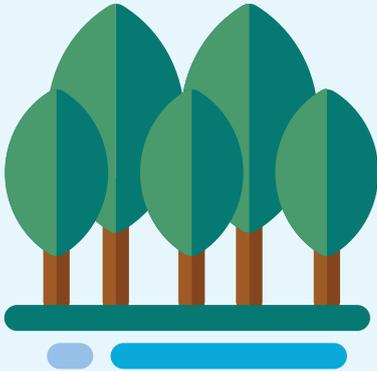
In 2009 the Government of Ghana and the European Union signed a Voluntary Partnership Agreement (VPA) in the context of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Once the requirements of the VPA are met, Ghana should be able to issue FLEGT licenses, facilitating the trading with the European Union.

18_ A consultation process was conducted by BVRio during 2015 and 2106, culminating in a final workshop with the participation of representatives of the Forest Commission of Ghana (including FSD, TIDD, TVD and RMSC), milling companies, artisanal milling groups, industry associations, and NGOs such as Civil Response, Nature Development, Working Group on Certification, Resource Trust, Tropenbos, Proforest Ghana, and the Kumasi Wood Cluster, etc.

Main documents needed

The Ghana Timber Legality Standard contains 7 principles and 23 criteria. The information contained in many documents are repeated in others and, therefore, all the information of related to compliance with these criteria could be extracted from a small set of documents. Following a multi-stakeholder process in Ghana¹⁸, the list of documents shown below was considered necessary to demonstrate the legality of individual timber consignments.





1. Forest of source and timber harvesting

Principles 1, 2 and 3 of the Ghana Timber Legality Standard requires forest operators to obtain timber harvesting rights in forest reserves for which a Forest Management Plan was previously developed by the FC. Other types of permits exist for the extraction of timber outside forest reserves.

a. Forest of Source: Forest Reserves and Forest Management Plans (FMP)

Ghana has about 280 forest reserves (Permanent forest estates) with sizes ranging from less than 50 ha to 484,040 ha and made up of natural and plantation forests. These forest reserves are managed by the FC and 95 of these reserves were allocated for timber production¹⁹.

Forest Management Plans (FMPs): Under the timber legality definition of Ghana, Management Plans are one of the primary legal documents that provides clear statement of objectives covering timber rights allocated area. Out of 95 forest reserves under production, 34 have management plans and other 32 management plans are in various stages of completion.

Source: Aide Memoire of the Joint Monitoring and Review Mechanism of the Ghana-EU FLEGT Voluntary Partnership Agreement (14 June 2017).

Region	Nr. of Forest Reserves allocated for timber production	N. of Reserves with Forest Management Plans
Ashanti	21	7
BrongAhafo	13	7
Central	10	4
Eastern	16	6
Western	35	10
TOTAL	95	34

¹⁹ Forestry Development Master Plan 2016-2036.



b. Timber rights allocation and harvesting: TUCs, Salvage Permits and others

Different types of documents exist in Ghana to grant the rights to harvest or to already harvested trees (confiscated or abandoned) – see below. Harvesting may occur in forest reserves, off-reserves and in plantations. The only harvesting rights recognised by both the domestic legislation and the VPA are the TUCs and the Salvage Permits.

Timber Utilization Contract (TUC): The Timber Utilization Contract must be allocated through a competitive bidding process, for forest reserves, forests off-reserves and plantations. After such a process, the Forest Commission recommends the grant of the timber rights and the Minister of Lands and Natural Resources enters into a TUC, on the behalf of the President, with the winning company. After the signature, and the payment of the Timber Rights Fees, the TUC must be ratified by the Parliament²⁰ (except for TUCs in plantations²¹). There is still a large number of TUCs not yet ratified by the Parliament. Timber harvested under these non-ratified TUCs are deemed to be illegal.

One additional requirement related to the allocation of timber rights is the **Social Responsibility Agreement (SRA)**, which is a contract establishing a code of conduct and social obligations of the holder of the TUC and the land-owning communities.

TUCs terminated without fault of the contract holder may result in a Replacement Right²². The Replacement Rights are recognised in the VPA²³.

Salvage Permits and Submerged Timber Rights: Salvage Permits are issued by the Forestry Commission for the removal of trees from areas undergoing planned development, such as road construction or expansion of communities or agricultural development. Submerged Timber Rights are allocated for underwater harvesting by the Minister of Lands and Natural Resources and must be ratified by parliament.

Certificate of Purchase (CoP): A CoP is not a harvesting right (It does not involve felling of trees) but a timber right allocated through an auctioning process for

²⁰ ClientEarth, 2013: Understanding the legality of rights, permits and certificates to harvest naturally occurring timber in Ghana.

²¹ Entry into plantations managed by the FC (i.e., within forest reserves) requires an entry permit issued by the Forest District Manager of FSD.

²² Timber Resources Management Act, 1997 (Act 547), section 15 (1) c, d and e.

²³ See Annotated Legal Definition of the Annex II of VPA.

24. Section 18 (g) of Act 547 and Regulation 37 of LI 1649.

25. ClientEarth, 2013: Understanding the legality rights, permits and certificates to harvest naturally occurring timber in Ghana.p. 3.

26. For instance, there no legal basis in Ghana's statute for the issuance of Special Permits. Late 2016, the MLNR, the FC and local NGO Civil Society together initiated an action to address this shortfall by sending a bill to parliament to amend LI 1721 to include the concept of "special permits", but under the name "Small TUCs". These permits will be allocated under competitive bidding and subject to all the same regulations covering TUCs.

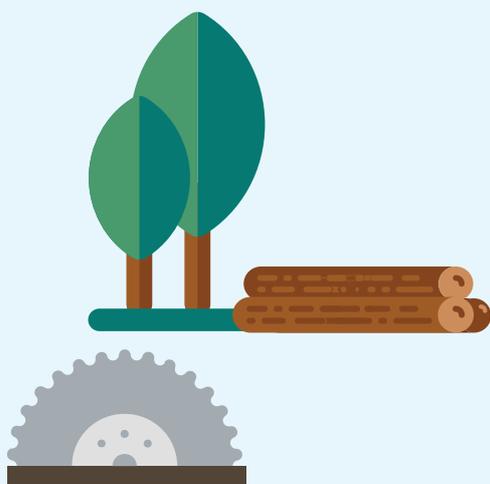
27. Personal communication, Forestry Commission of Ghana March 2017.

28. Timber Resources Management Act, 1997 (Act 547).

confiscated or abandoned timber²⁴. Timber covered by a CoP can be legally sold and exported²⁵.

Other types of timber rights, such as the Special Permits, Timber Utilization Permit (TUP) and Leases, are not accepted under the VPA, the EUTR or even the domestic legislation. For instance, Special Permits are recognised by the internal legislation but not accepted under the VPA²⁶. Special Permits are administrative permits issued by the Minister of Lands and Natural Resources upon recommendation of the Forestry Commission for areas not eligible for TUCs. A significant volume of timber is extracted under this type of permit, which is not recognised by the VPA²⁷. Timber Utilization Permits is a small-scale permit granted for social or community purposes. Timber from these permits cannot be sold or exported.

Leases are no longer recognised by the domestic legislation in force, but still in being used in Ghana. A large number of Leases was granted before the Timber Resources Management Act was passed (in 1998). Leases are no longer recognised by the current laws. They ceased to be legal 6 months after the entry into force of the law, period in which the lease holders were entitled to apply for the conversion of the leases into TUCs²⁸. There is still a significant number of forests being explored under lease agreements that were not duly converted into TUCs and therefore considered illegal.

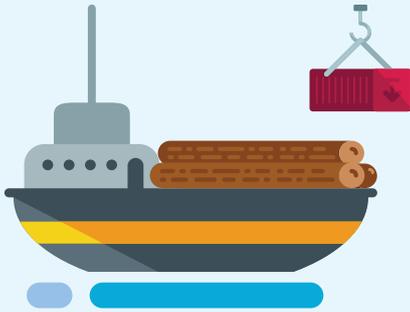


2. Timber processing activities

TIDD Certificate of Registration: All timber processing companies must be registered with the Forest Commission's Timber Industry Development Division (TIDD). Companies must get a TIDD Certificate of Registration, and renew it annually. Renewal is conditioned to the presentation a valid company certificate ("certificate to commence business issued by the Registrar-General Department"), a tax clearance issued by the Internal Revenue Service, and a valid Property Mark issued by the Forest Services Division (FSD). The Property Mark must be renewed every 6 months.

3. Trading activity

Export Permit: The Export Permit is a document issued by TIDD's Contract and Permit Department for each timber consignment to be exported. The exporter must apply for the Export Permit submitting the following supporting documents²⁹:



- Packing list (prepared by the exporter);
- TIDD Inspection Certificate;
- Input/output Data Sheet;
- Proof of payment of export levies.

TIDD Inspection Certificate: TIDD is supposed to inspect at least 10% of each export consignment and issue an Inspection Certificate³⁰. The inspections are carried out against the sales contract and check the tree species, dimensions and product quality³¹.

Input/output Data Sheet: The inspection process includes filling out a Log Input/output Data Sheet used in sawmills, which aims at identifying the logs used to produce the export consignment and the conversion rates.

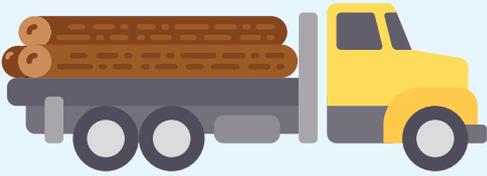


²⁹ WWF, 2012: A guide for the timber exporter and importer from Ghana and Liberia. P. 24.

³⁰ Personal Communication, TIDD Operations Director, FC of Ghana, March 2017.

³¹ Personal Communication, TIDD Operations Director, FC of Ghana, March 2017.

4. Timber transportation



Log Measurement and Conveyance Certificate (LMCC). In Ghana, the transportation of Logs from a natural forest must be accompanied by a LMCC. The LMCC provides important information about the logs transported (such as species, dimensions, numbering and the origin). The information on the LMCC is verified at TIDD checkpoints, where the logs are re-measured to ensure consistency with the document³².

Plantation Log Measurement and Conveyance Certificate (PLMCC) is the equivalent document for the transportation of logs from plantations.

Log Transfer Certificate (LTC) is the equivalent document for the transportation of logs between mills.

³² Personal Communication, TIDD Operations Director, FC of Ghana, March 2017.



Tropical rainforest, Kakum national park, Ghana. Hennadii Filchakov

Main types of fraud

The main types of fraud in timber production in Ghana can be summarised as following:

1. Granting/use of illegal permits:



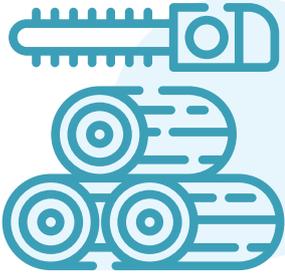
- granting special permits (there is no legal basis in Ghana's legislation for granting special permits) for harvesting timber in areas too small to be considered for TUCs;
- granting salvage permits for removing trees in areas where there is no threat of development or agricultural expansion;
- use of timber leases (which are no longer recognised by law) or use TUCs not ratified by parliament to harvest timber.

2. Timber theft:

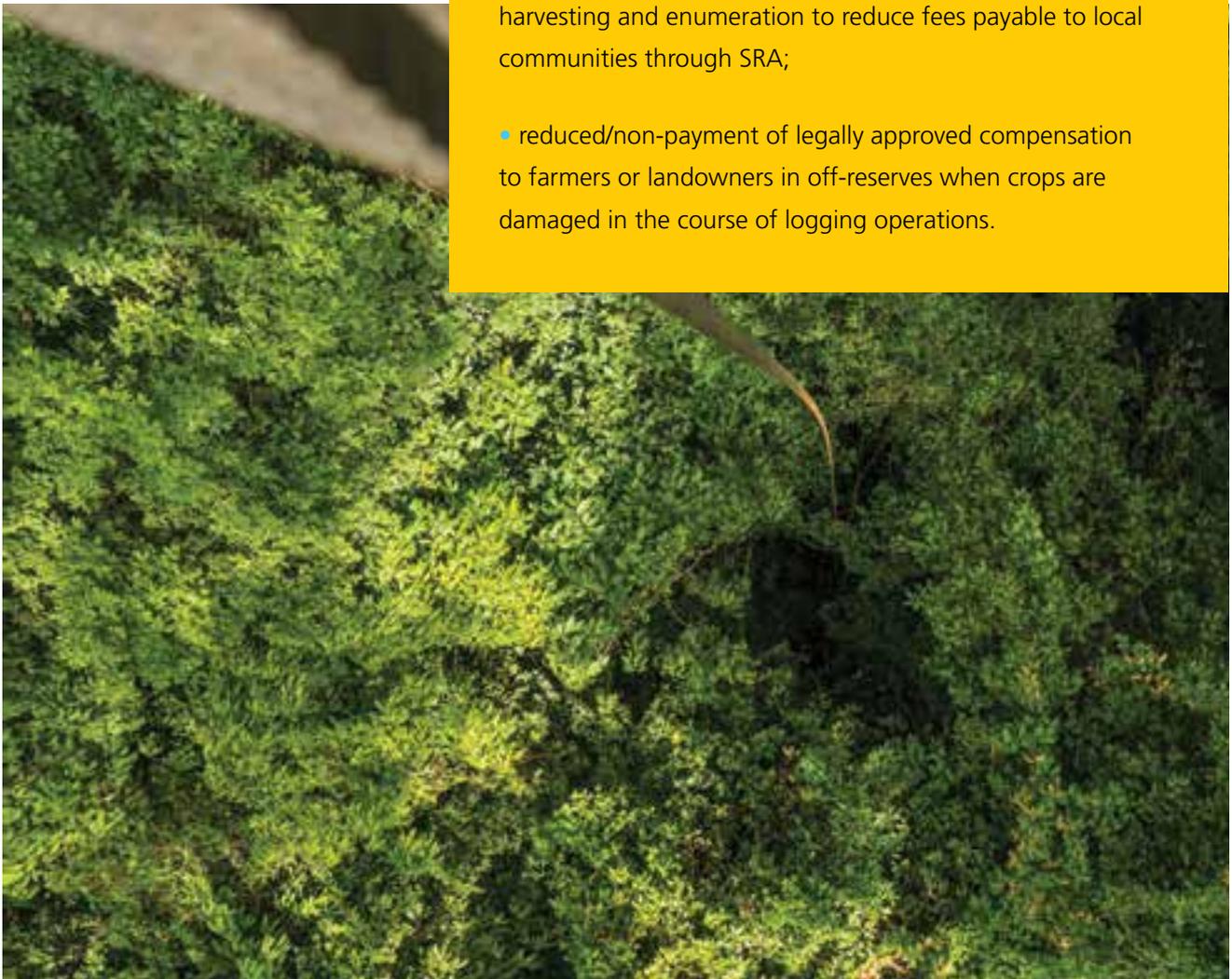


- logging without permit;
- harvesting volumes exceeding the approved yield;
- harvesting in areas under "coarse grain protection (e.g., Provenance areas, Globally Significant Biodiversity Areas, etc.);
- removing protected species through the abuse of salvage permits.

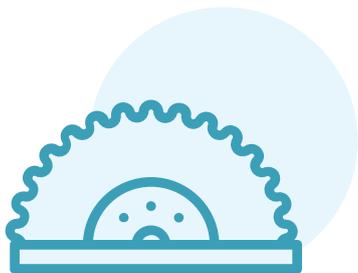
3. Non-payment/reduced Statutory payments and third-party rights:



- connivance with forest authorities to pay reduced royalties and harvesting fees by underreporting harvest volumes or, in some cases, no payment at all;
- non-fulfilment of Social Responsibility Agreements (SRA) between logging companies and local communities or landowners;
- or misclassification of tree species and volume during harvesting and enumeration to reduce fees payable to local communities through SRA;
- reduced/non-payment of legally approved compensation to farmers or landowners in off-reserves when crops are damaged in the course of logging operations.



4. Operational illegalities and/or irregularities at the forest and sawmills:

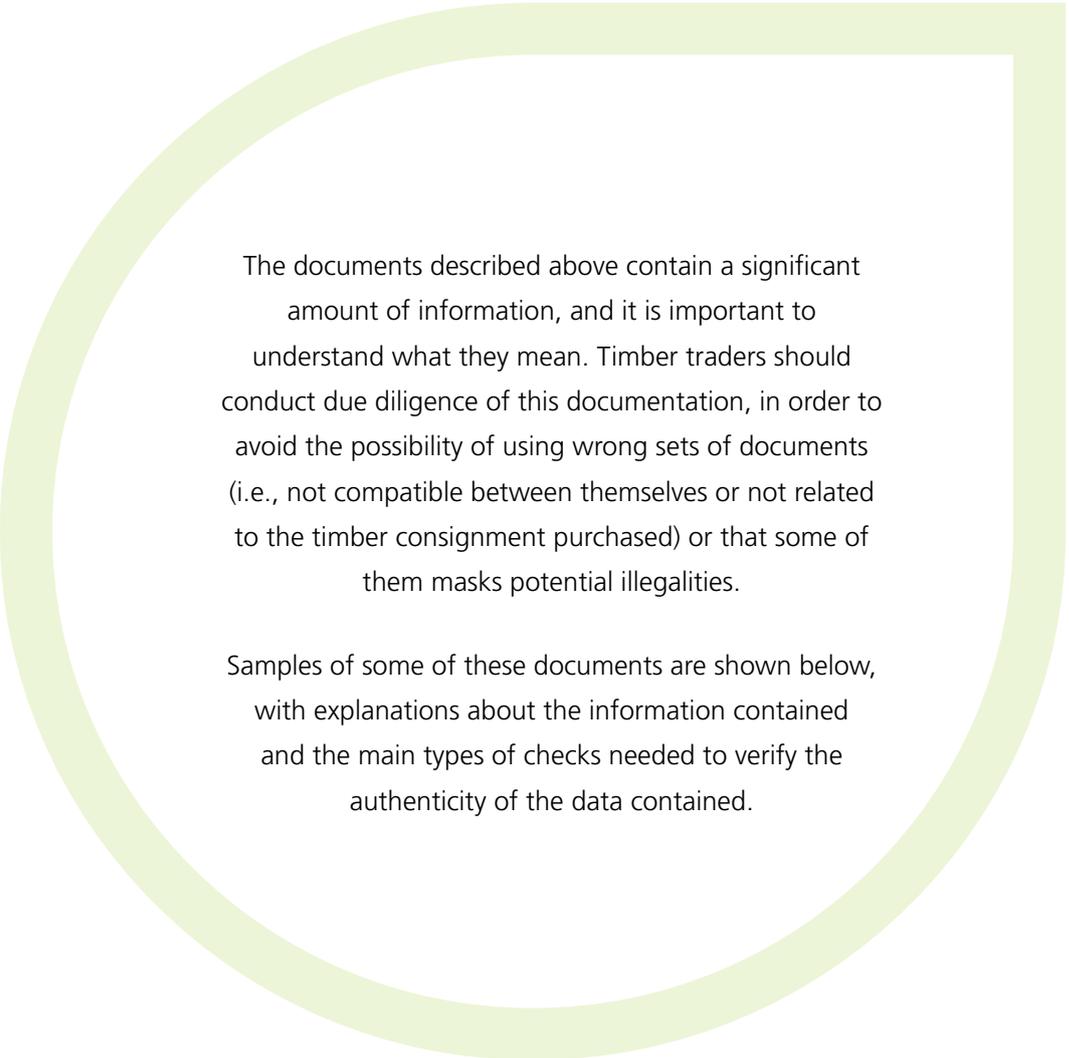


- non-compliance with harvesting regulations set out in the “Logging Manual” and “Key Standards for Logging in the High Forest Zone” of Ghana;
- deliberately/incorrectly identifying or classifying species during enumeration resulting in substituting lower value species with high values ones;
- under-recording harvested volumes and repeating stock numbers of approved trees in order to harvest more trees outside the yield given.

5. General irregularities:



- companies operating without renewed registration certificate from both Registrar General Department and TIDD;
- non-provision of safety equipment to workers;
- contraventions of employment agreements and, in some cases, employing workers without contracts and obligatory insurance;
- tax evasion.



The documents described above contain a significant amount of information, and it is important to understand what they mean. Timber traders should conduct due diligence of this documentation, in order to avoid the possibility of using wrong sets of documents (i.e., not compatible between themselves or not related to the timber consignment purchased) or that some of them masks potential illegalities.

Samples of some of these documents are shown below, with explanations about the information contained and the main types of checks needed to verify the authenticity of the data contained.

Samples of main documents and how to read them

1. Export Permit:

Sample of an Export Permit from Ghana, issued by the Timber Industry Development Division (TIDD/Forestry Commission).

How to read an Export Permit.

The highlighted information is:

1. Authenticity Seal;
2. Sequential number of the document;
3. Name of the Ghanaian seller/exporter and international buyer;
4. Contract number (sales contract registered with the TIDD);
5. Identification of the container (it identifies the container(s) used in the export and, in some cases, the product and species exported);
6. Description of the goods (description of the product, its dimensions, the species, grade, volume, number of pieces, unit value and total value);
7. Exporter stamp and signature;
8. Number of the Export Permit, usually hand-written, made by the initials of the TIDD office involved; the date (YY/MM/DD) and a sequential number for the permits issued in that date;
9. The TIDD signature, stamp and expire date of the permit.

What to be aware when reading an Export Permit:

To assemble a supply chain, it is important to cross check the information of the Export Permit with the Inspection Certificate (parties, number of the contract, identification of the container, product, species and volumes).

FORESTRY COMMISSION
AFC
TIMBER INDUSTRY DEVELOPMENT DIVISION
 P. O. Box 782/515 - Sekondi, Ghana.

EXPORT PERMIT FOR WOOD PRODUCTS

1. Authenticity Seal (AFC logo)

2. Sequential number of the document (No. 1234)

3. Name of the Ghanaian seller/exporter and international buyer (Exported to: Buyer)

4. Contract number (Contract No. 1234)

5. Identification of the container (Container/Vehicle No. 1234)

SPEC NO.	DESCRIPTION OF WOOD GOODS
(Prod. Species, Grade, No. of Pcs / Solds / Pcs, Qty / Vol / Unit Price / Value)	

7. Exporter stamp and signature (Handwritten signature)

8. Number of the Export Permit, usually hand-written, made by the initials of the TIDD office involved; the date (YY/MM/DD) and a sequential number for the permits issued in that date (1234)

9. The TIDD signature, stamp and expire date of the permit (T.I.D.D. PERMIT STAMP)

2. Lumber Inspection Certificate / Veneer Inspection Certificate

MINISTRY OF LANDS AND FORESTRY
TIMBER INDUSTRY DEVELOPMENT DIVISION
P. O. Box 783, AIT, Takoradi, Ghana.

LUMBER INSPECTION CERTIFICATE

1. Authenticity Seal

2. Sequential number of the document

3. Name of Company

4. Product

5. Container No

6. Name of Buyer

7. Contract No

8. Destination

BUN. NO.	SPECIES NAME	CODE	TRUNK OR LOG	DIMENSIONS WIDTH (mm)	LENGTH (mm)	NO. OF PIECES	TOTAL WIDTH (mm)	VOLUME (m ³)	GRADE	REMARKS
TOTAL										

I hereby certify that the measurements and grades of _____ bundles of lumber enumerated above have been duly taken and computed by me, an authorized officer of Timber Industry Development Division and that this certificate is issued without transfer or alteration of any kind.

Name of Officer _____
Rank _____
Signature _____
Date of Inspection _____ 9
No. Of Bundles Inspected _____
Date of Expiry _____

TYPE OF DRYING	MC (%)
Kiln Dried	
Air Dried	

Approved by _____ 10
(Stamp & Signature)

Sample of a Lumber Inspection Certificate from Ghana, issued by the Timber Industry Development Division (TIDD/Forestry Commission). The example above refers to a Lumber Inspection Certificate (there is a similar form for a Veneer Inspection Certificate; the comments below apply to both the Lumber and the Veneer Inspection Certificates).

How to read an Inspection Certificate.

The highlighted information is:

1. Authenticity Seal;
2. Sequential number of the document;

3. Name of the seller (the processing company);
4. Type of product;
5. Identification of the container (the same as in the Export Permit);
6. Name of the international buyer (the same as in the Export Permit);
7. Contract number (sales contract registered with the TIDD; the same as in the Export Permit);
8. Specification of each bundle inspected (including the identification of the species and the total volume of each bundle);

9. Date of inspection and expire date;
10. Approval, with stamp and signature.

What to be aware when reading an Inspection Certificate:

To assemble a supply chain, it is important to cross check the information of the Inspection Certificate with the Export Permit and the Input/output Data Sheet (parties, number of the contract, identification of the container, product, species and volumes).

3. Input / output Data Sheet

Sample of an Input / output Data Sheet from Ghana.

How to read an Input Output Data Sheet. The highlighted information is:

1. Heading with the identification of the parties (the Exporter and the International Buyer - the same as in the Export Permit); contract number (the same as in the Export Permit); the species processed; total log volume processed; the output product and the output volume; and

2. Details of the processing. Each line describes the origin of the log (identified by the Property Mark - PM, which is the registered acronym of the supplier of the log, and the compartment where the log was harvested - LOC); Log number (as per the management plan); LMCC number (Log Measurement and Conveyance Certificate), which is the transportation document of the logs; and volume of the log.

What to be aware when reading an Input/output Data Sheet (IODS):
To assemble a supply chain, it is important to cross check the information of the Input/output Data Sheet with the Inspection Certificate and the LMCCs (parties; number of the contract; identification of the container; product, species and volumes; number of the LMCCs and identification of the logs).

The total output in the IODS should be equal or higher than the volume shown in

TIMBER INVENTORY DEVELOPMENT DIVISION
(FORESTRY COMMISSION)

INPUT/OUTPUT DATA SHEET

Name of Company/Exporter: _____ Product: SLICED VENEER

Name of Buyer: _____ Specification: 80mm x 100mm x 2.10m

Contract No: _____ Species: KACU, CHEMCYTH, UTILE Total Volume of Product: 31,130.30m³

Total Log Volume: 47,538m³ Grade: Ek

LMCC DETAILS						
LINE	PM/LOC	LOG NO.	LMCC NO.	VOLUME	SP/GR	REMARKS
1		B5 212	1	3,226		
2		212	2	4,250		
3		B9 373	1	3,248		
4		373	2	5,565		
5		185	2	4,210		
6		185	1	3,712		
7		433	2	3,375		
8		433	1	7,672		
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						

TOTAL OF QUANTITIES: _____

DATE: 2/11/17

NO. OF ORIGINAL COPIES OF THIS INSPECTION CERTIFICATE FOR PERMIT OFFICE: _____

ISSUED BY: _____

DATE: 20/11/17

the Inspection Certificate. The IODS does not identify, line by line the species of the logs. The species can be checked in the respective LMCC.

The volume, in each line of the IODS, should be the same as indicated in the respective LMCC.

4. Log Measurement and Conveyance Certificate (LMCC)

TW Ref No	Reverse Code	Contract No.	Block No.	CONTRACTOR		SPECIES		DIMENSIONS					Length (M)	Vol. (M ³)	Defects	Grade	
				Tree No.	Log No.	Name	Code	DB	SB	CB	DE	DT1					DT
				225	1	Dakoum	Pp	82	78	80	75	71	73	8.40	3.422		
				290	1	Dakoum	Pp	72	64	70	58	56	57	6.96	4.736		
				295	1	Dakoum	Pp	77	63	70	57	51	59	6.00	4.800		
				246	1	ESAFABE	Gm	78	73	75	77	64	70	12.70	5.207		

Sample of a Log Measurement and Conveyance Certificate (LMCC) from Ghana. This document is filled in by the company (Property Mark Holder/Agent), approved (for transport of the logs) by the FSD Officer, and then approved (for processing of the logs) by the TIDD Officer.

How to read a LMCC.

The highlighted information is:

1. Authenticity Seal;
2. Sequential number of the document
3. Name of the Contractor (the company sending the logs to the sawmill);
4. Property Mark (registered acronym of the supplier of the log;

5. Forest District from where the logs come from;
6. Sawmill that will receive the logs;
7. Identification and measures of the logs (including the forest reserve where the logs were extracted; the identification number of the logs; the species; the dimensions and the volume);
8. Approval for transportation, by the FSD officer;
9. Signature of the company;
10. Approval for processing, by the TIDD officer.

What to be aware when reading an LMCC:

To assemble a supply chain it is important to cross check the information of the LMCC with

the Input/output Data Sheet: the sequential number of the LMCC should match the one in the Input/output Data Sheet; the Property Mark should match the one in the Input/output Data Sheet; the logs in the LMCC referred to in the IODS (the LMCC may contain logs which are not included in the IODS, meaning that these logs are not part of the exported consignment), their species, volumes and identification; the forest of origin of each log.

The volume, in each line of the IODS, should be the same as indicated in the respective LMCC. In the IODS it is possible to see who are the suppliers of the logs; in the LMCC it is possible to identify the forest of origin of each of the logs.

5. TIDD Certificate of Registration of a sawmill

Sample of a Certificate of Registration issued by the Timber Industry Development Division (TIDD/Forestry Commission).

How to read a TIDD Certificate of Registration.

The document contains the following main information:

1. Number of the Certificate;
2. Name of the Company;
3. Type of certificate (exporter);
4. Expire date of the Certificate;
5. Activity and type of products covered by the certificate;
6. Signature of the executive director of the TIDD.

What to be aware when reading a TIDD Certificate of Registration:

To assemble a supply chain, it is important to cross check the whether the name of the sawmill is the same as listed in the Log Measurement and Conveyance Certificate (LMCC) from the forest of origin.

It is also important to check whether the sawmill is allowed to export (field 3 in the picture), and the expiry date of the certificate.

FORESTRY COMMISSION-GHANA
(TIMBER INDUSTRY DEVELOPMENT DIVISION)

No: TIDD/R/ 1

Certificate of Registration

We Herby Certify That

2

Have This 23rd Day Of MARCH 2017

Been Registered By Us As Overseas / Overland Exporter 3

Of Wood Products Subject To The Conditions Of Registration Indicated On Form No. TIDD/E/2

This Certificate Is Valid Up To 31st Dec. 2017 4

5 STATUS: SAWMILLING
PRODUCTS: SAWNTIMBER

6

Executive Director
(T.I.D.D.)

6. Timber Utilisation Contract (TUC).

Sample of a Timber Utilisation Contract (TUC), signed by the Company and the Government of Ghana (acting by the Ministry of Lands and Natural Resources).

How to read a TUC.

The highlighted information is:

1. TUC registration number (usually with four numbers and the year);
2. Stamp duty seal;
3. Title of the contract and indication if it refers to on-reserve or off-reserve contract. Contractor (the company sending the logs to the sawmill);
4. Date of the contract;
5. Name of the company beneficiary of the contract (the "Holder");
6. Duration of the contract;
7. Signature of the parties of the contract;
8. Contract area description (usually in an annex to the contract);
9. Oath of proof page.

What to be aware when reading a Timber Utilisation Contract.

To assemble a supply chain it is important to (i) cross check the name of the holder of the TUC with the name of the supplier of the logs in the Log Measurement and Conveyance Certificate (LMCC); (ii) check if the TUC refers to the same forest as referred to in the Log Measurement and Conveyance Certificate (LMCC); (iii) check the expire date of the TUC; (iv) check if the TUC was ratified by the Parliament (this information cannot be checked in the document itself, but by consultation of the Parliamentary Records. BVRio has compiled the Parliamentary Records and can inform if a given TUC was ratified by the Parliament).



- "Timber Rights" - means the rights to harvest trees and extract timber from a specified area of land under a timber utilization contract
- "Timber Rights Fee" - means the annual fee payable by a Holder for the right to harvest timber
- "Timber Utilization Contract" - means a written Agreement that specifies the terms of timber rights granted in respect of an area of land for a fixed period of time

2.0 Grant of Timber Rights

- 2.1 In pursuance of the Notice of Grant of Timber Rights issued to the Holder, subject to the completion by the Holder of all the requirements stipulated in the Notice of Grant of Timber Rights, the Minister, acting for and on behalf of the Government of Ghana hereby grants to the Holder timber rights in respect of the area of land specified herein on the terms and conditions set forth in this contract.
- 2.2 The Holder hereby accepts the grant of the timber rights on the said terms and conditions.
- 2.3 Upon fulfillment by the Holder of all the requirements stipulated in the Notice of Grant of Timber Rights, and the grant to it of the timber rights the Holder may, enter the land within the contract area and carry out preparatory works.

3.0 Ratification by Parliament

- 3.1 This contract shall be subject to ratification by Parliament in accordance with Section 9 of the Timber Resources Management Act, 1997 (Act 547).

4.0 Area and Duration

- 4.1 Upon this Contract becoming effective the holder shall be entitled for the period beginning on the 24th day of December, 2015 and ending on the 22nd day of December, 2015 to enter into and to harvest timber within the area of land situate in and more particularly described in the Schedule hereto and herein referred to as the Contract Area.
- 4.2 The Holder shall have no right to enter into and to harvest timber from an area of land which falls outside the said contract area.

6

Address to:

The Minister at

MINISTRY OF LANDS AND NATURAL RESOURCES,

P. O. BOX 212,

ACCRA.

7

35.2 Either party has the right to change its address by notice delivered personally or sent by facsimile or e-mail to the address stated above or such other addresses as the parties may notify from time to time

SIGNED, SEALED with the Seal of the Ministry of Lands and Natural Resources and DELIVERED by the said Minister, for Lands and Natural Resources for and on behalf of the Government of the Republic of Ghana in the presence of:

Name

Address

MIN. OF LANDS & NATURAL RESOURCES

SIGNED, SEALED with the Seal of

Forestry Commission

and DELIVERED by the said

For and on behalf of

In presence of:

Name

:

Address

:

OATH OF PROOF

I, REGINALD OSAH MILLS of MIN. DE LANDS & NATURAL RESOURCES
make oath and say that on the 24th day of December 2015 I was
present and saw the within-named NE OSAH MILLS duly execute the instrument now
produced to me, and marked "A" and that the said NE OSAH MILLS can read and write.

Sworn at ACCRA this 24th
day of DECEMBER 2015

DEPONENT

BEFORE ME

REGISTRAR OF DEEDS
REGISTRAR
HIGH COURT
ACCRA



CERTIFICATE OF PROOF

On the 22nd day of MARCH 2016 at _____ o'clock in the noon this
instrument was proved before me by the oath of the within-named
_____ to have been duly executed by the within-named
NE OSAH MILLS.

REGISTRAR OF DEEDS
REGISTRAR



This is the instrument marked "A" referred to in the oath of
sworn before me this 22nd day of MARCH 2016

REGISTRAR OF DEEDS
REGISTRAR
HIGH COURT
ACCRA



7. Social Responsibility Agreement

Sample of a Social Responsibility Agreement (SRA)

(SRA), signed by the representatives of the Company, the Traditional Stool, and the District Assembly, and endorsed by the Ministry of Lands and Natural Resources (previously Lands, Forestry and Mines), acting as grantor of the Timber Utilisation Contract (TUC).

How to read a SRA.

The SRA is not standardised document, so it can be found in a variety of formats.

The highlighted information is:

1. The heading of the agreement, with the name of the parties involved, the date of the agreement and the harvesting area to which the agreement refers to.
2. Signature of the parties of the contract.

It is important to note that a SRA is required for both on-reserve and off-reserve harvesting operations, for plantations or natural occurring trees, and it can relate to TUC or other harvesting rights. When related to a TUC, the main aspects to check are (i) the name of the holder of the TUC with the name of company signing the SRA; (ii) if the SRA refers to the same forest as referred to in the TUC; (iii) if the SRA refers to all the traditional stools affected by the TUC (this information should be checked vis-à-vis the approved forest management plan).

SOCIAL RESPONSIBILITY AGREEMENT 1

This Social Responsibility Agreement is made this 25. day of October, 2014. BETWEEN the Stool, acting by its lawful attorney, the Paramount Chief, Divisional Chief, Sub-Chief, of hereinafter called the "Stool" AND the District Assembly, acting by its lawful attorney, the District Chief Executive and witnessed by Assembly Member of hereinafter called "Assembly" of the one part and acting by its lawful attorney, hereinafter called the "Contractor") of the other part.

RECITALS

A. WHEREAS the Chief Executive of Forestry Commission (the Grantor") has granted the Contractor the right to harvest timber (the "Grant") in which area is situated within

B. WHEREAS it is a condition of the Grant that the Contractor execute this Agreement with the Stool and the Assembly in order that the Contractor shall for the benefit of communities and inhabitants of represented herein by the Stool and Assembly (the "Community") contribute financially to the provision of social and economic amenities, services or benefits (the "Assistance").

C. WHEREAS the Contractor desires to provide the Community with such Assistance and the Stool and Assembly desire to receive such Assistance on behalf of the Community.

D. WHEREAS the parties hereto desire to be bound by this Agreement pursuant to the terms hereof.

NOW, THEREFORE, the parties hereto agree as follows:

IN WITNESS WHEREOF, the duly authorized representatives of each of the parties hereto have executed this Agreement effective as of the day and year first written above.

2

THE [CONTRACTOR] *[Signature]*

[TRADITIONAL STOOL]

By:

By:

Name:

Name:

Title:

Title:

[DISTRICT ASSEMBLY]

By:

Name:

Title:

[WITNESS]

By:

Name:

Title:

Endorsed By:
MINISTRY responsible for LANDS, FORESTRY AND MINES
(Acting as Grantor of the Timber utilization contract)

By:

Name:

Title:

