



# Mandatory Legal Timber Validation

A new tool to support **forest law enforcement** and promote **trade facilitation** based on legal compliance

## The challenge

International trade in illegal timber has received considerable focus in recent times and is of increasing concern to timber buyers and consumers globally. Urgent address of this issue has become an imperative for governments and agencies in some developing countries to obtain reliable and credible information about the origin and production of timber products. It has also become clear that voluntary initiatives such as forest management certification cannot be used as the *only* solution to effectively tackle this issue.

International initiatives are now being developed to prevent illegal timber from being traded on the global market. Governments in timber-producing countries where significant illegal logging takes place are being encouraged to establish reliable verification and monitoring systems to prove that their timber exports have been legally sourced and produced. Such systems bring multiple benefits to producer countries, which include:

- ◆ guaranteed access to increasingly conscientious consumer markets;
- ◆ improved recovery of government revenues; and
- ◆ legally compliant management of forests, enabling the long term harvest of valuable timber and non-timber products.

Unfortunately, however, the governments involved often lack the necessary capacity to introduce and maintain such systems properly, while programmes of donor funded technical assistance have faced significant challenges in effectively implementing sustainable forest management practices and efficient timber monitoring systems.

## The SGS solution

SGS has developed a practical and effective way of helping producer countries to introduce effective controls within their timber industries: the **Mandatory Legal Timber Validation (MLTV)** programme. This programme involves the creation of a long-term operational partnership between the government and an internationally credible independent verifier. Third-party verification and monitoring is integrated into the timber production monitoring system at key points, ensuring that procedures are correctly followed. The result is timber for which the origin, ownership and management has been independently verified as legal: timber buyers and consumers can rest assured their products are of reputable origin. Civil society organisations and individuals are also invited to play a role.

Under the scheme, verification of legality is separated into two components, each consisting of several modules:

- ◆ **Verification of Legal Origin (VLO):** demonstrates that the logs and timber products have been legally sourced and are legally owned. This includes verification of rights of access to the resource, production rights, legality of ownership, tax payments and adherence to production quotas.
- ◆ **Verification of Legal Compliance (VLC):** demonstrates that logs and timber products have, in a wider sense, been legally produced. Under this component the timber producer is assessed for compliance with specified relevant national legislation, including laws relating to forest management planning, land management and forest exploitation.

The full MLTV programme incorporates both VLO and VLC. As MLTV is gradually introduced into a country, requirements for producers to meet the various VLO and VLC modules already in force can be tightened. An essential element of the programme is the **export permit** system, defining which modules must have been adhered to, at any stage of the implementation of MLTV, in order to authorise the export of a consignment of timber. Eventually the system can be applied to the domestic market as well.

## MLTV on the ground

An MLTV programme enables logs and timber to be reliably tracked from forest concessions, through the timber processing industry, to the final destination, whether it be export or the domestic market. Verification of Legal Origin and Legal Compliance is achieved by:

- verification of documentation, including production permits and declarations;
- analysis of remotely-sensed imagery to verify activities in logging sites;
- log tracking from forest to processing mill or point of log export;
- timber product tracking from processing mill to final use or point of export;
- field inspections, including checks on logging areas, truck loads and sawmills, to ensure the accuracy of documented records; and
- verification of payment of royalties and other dues, including collection of revenue.

## The institutional setting

SGS's experience is that timber monitoring schemes can be self-financing, with recovery of foregone government revenue more than covering the costs of the programme. Essential to the success of the programme is the institutional framework in which the MLTV programme is implemented. Careful design is needed to ensure an effective interface with forestry authorities and other stakeholders. Depending on the existing administrative arrangements within the government forestry service, the MLTV programme can be completely outsourced to the external verifier, or else can be housed within a separate government body and managed in partnership with the external verifier under contract. Projects are designed to include training and transfer of skills and technology to the host country, including on-the-job training of staff seconded from government service and, over time, the option of transferring the management capacity to local staff.

## Data management

The management of the information system which supports field activities is of critical importance. Rapid data capture is achieved by the use of bar-coding and hand-held computers in the forest. Automated comparison of producers' timber declarations against third-party inspection results enables the reliability of the declarations to be confirmed. The information system also serves as a central repository of national forest sector information, enabling reports to be generated as required.

## Why SGS?

The SGS Group is the global leader in verification, testing and certification services, and is widely regarded as an innovator in this field. Founded in 1878, the company is recognised for its high standards of expertise, quality and integrity. With 43,000 employees, SGS operates a network of over 1,000 offices and laboratories world-wide.

Since 1995, SGS's capacity to monitor and verify the timber supply chain has been successfully demonstrated by its operation of timber export monitoring and tracking programmes on behalf of the governments of several countries in Asia, Central Africa, Latin America and Russia. These programmes have the potential to evolve towards fuller MLTV frameworks. Meanwhile the SGS QUALIFOR programme has continued growing as the world leader in forest management and chain of custody certification, now exceeding 20 million hectares of certified forests in 50 countries and 2'400 'Chain-of-Custody certificates issued in 60 countries.

## Contacts

For further information on the SGS MLTV programme please contact:

Antoine de La Rochefordière:	Geneva Head Office	<a href="mailto:antoine.delarochefordiere@sgs.com">antoine.delarochefordiere@sgs.com</a>
Alain Verney:	Central Africa	<a href="mailto:alain.verney@sgs.com">alain.verney@sgs.com</a>
Marc Parren:	West Africa	<a href="mailto:marcparren@hotmail.com">marcparren@hotmail.com</a>
Cesar Berni:	Latin America	<a href="mailto:cesar.berni@sgs.com">cesar.berni@sgs.com</a>
Bruce Telfer:	Asia Pacific	<a href="mailto:bruce.telfer@sgs.com">bruce.telfer@sgs.com</a>
Andrey Zakharenkov:	Russia	<a href="mailto:andrey.zakharenkov@sgs.com">andrey.zakharenkov@sgs.com</a>

Website: [www.sgs.com/forestrymonitoring](http://www.sgs.com/forestrymonitoring)