



**ANY IDEA WHAT'S
HAPPENING DOWN THERE?**

SGS

SGS FORESTRY MONITORING PROGRAMME: MEETING **GOVERNANCE** CHALLENGES

INNOVATIVE PUBLIC-PRIVATE PARTNERSHIPS ADDING CREDIBILITY TO VERIFICATION SYSTEMS AND MAXIMISING BENEFITS TO GOVERNMENTS

THE ISSUES

Today, illegal logging is the primary forest policy issue in timber producing countries, especially in the tropics. It deprives governments of billions of dollars in tax revenue, causes environmental damage and biodiversity losses, and threatens forests upon which many people depend for their livelihood. Forest-related corruption and the widespread violation of forestry regulations undermine the rule of law and discourage legitimate investment.

With new timber trade legislations coming to place in the European Union (FLEGT) and in the USA (Lacey Act), the governments of timber producing countries increasingly need to establish mechanisms for exporters to prove the legal origin and legal production of timber.

Addressing illegal logging and promoting sustainable forest management, while fostering progress in governance, competitiveness, and transparency, is today's challenge for many governments.

THE SOLUTIONS

The SGS Forestry Monitoring Programme offers innovative and comprehensive solutions to improve transparency and accountability in the forest sector.

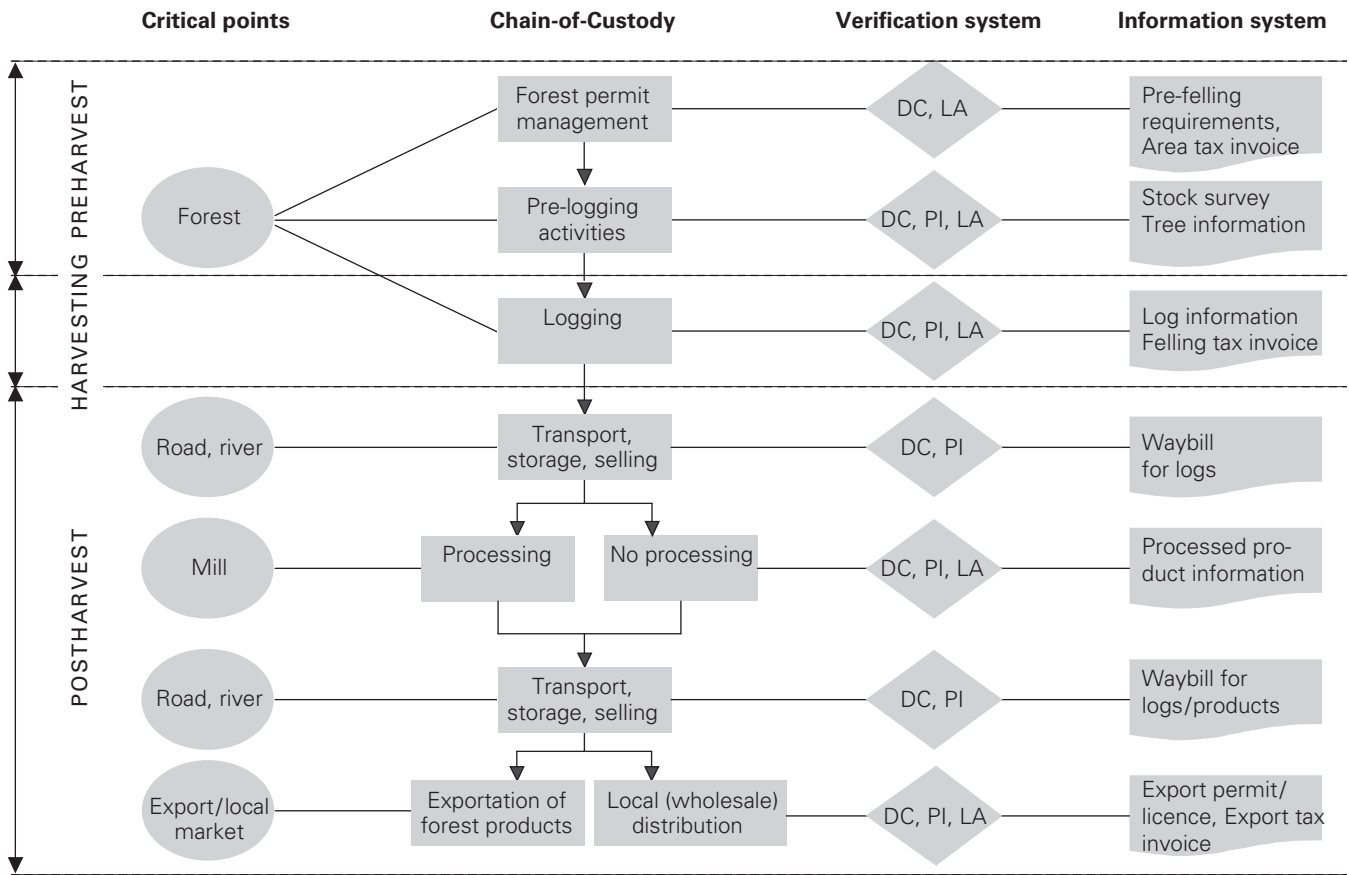
SGS effective forest monitoring and verification services based on robust information and traceability technology ensure efficient control on timber movements and associated financial flows. They also guarantee the legality of exported or locally distributed timber. In support of forest management and law enforcement agencies, such services build the capacity at both national and company levels to raise management standards to an internationally recognized level.

Long-term improvement in the management and verification of forest information, linked to best practice in forest management, contribute to better governance in the forest sector: Implementing SGS solutions can make a real difference in this regard.

THE BENEFITS

- Optimization and fair collection of government revenue
- National capacity building
- Trade compliance, promotion and facilitation
- Conservation of natural assets and ecosystems
- Contribution to socio-economical development
- Consolidation of forest sector information

ENSURING **FULL CONTROL** FROM STANDING TREES TO THE EXPORT OF WOOD PRODUCTS



DC: Documentary control

PI: Physical inspections

LA: Legality audits

SGS implements a comprehensive system encompassing every step of the supply chain from forest to markets through documentary control (DC), physical inspections (PI), and legality audits (LA).

BUILDING INSTITUTIONAL AND OPERATIONAL **CAPACITY**

NATIONAL VERIFICATION SERVICE OPTIMISING **FOREST MANAGEMENT** AND VESTING **ACCOUNTABILITY**

1. DEVELOPMENT

In collaboration with the relevant authorities, SGS develops the Service's human resources and skills (recruitment and training) and the material means and tools (premises, vehicles, software, hardware, documentation, field equipment, etc.) while adapting them to local conditions.

This phase may comprise pilot operations aiming at testing and verifying the functionalities of the information and verification systems.

2. OPERATION

All systems and procedures are gradually implemented on a national scale. Continuous training is provided for staff, operators and partners, and regular information about the Programme is released and disseminated.

SGS acts as delegated operator as well as coordinator for the Service on behalf of the national authorities.

3. TRANSITION

Local management staff progressively takes over implementation of activities and procedures and becomes responsible for operational aspects including personnel, technology, premises, and equipment.

SGS maintains overall responsibility for the Service and continues to provide assistance and training. SGS also ensures continuous assessment of the Service performance.

4. SUPPORT

SGS provides assistance towards the certification of the Service's quality management system (e.g. a combination of ISO 9001, ISO 14001 and OHSAS).



AROUND THE WORLD

DEVELOPING PRACTICAL EXPERIENCE

SUCCESSFUL IMPLEMENTATION OF TIMBER VERIFICATION SYSTEMS



REPUBLIC OF CONGO

NATIONAL FOREST PRODUCT EXPORT CONTROL SERVICE

The project was initiated by the Government of the Republic of Congo. It derived from the National Forest Law of 2000 which aims at contributing to the development of sustainable forest management in the Congo basin.

In 2003, the Government of Congo called upon the services of SGS to create and operate a Forest Product Export Control Service during its start-up period, before finally transferring it to the forestry administration as a fully autonomous unit.

From 2003 to 2008, SGS was responsible for the complete design, development, installation and operation of the SCPFE.

The Service physically verifies all exports of forest products (e.g.: logs, sawn wood, non-timber products) and calculates the taxes due. It also monitors specific requirements such as the percentage of local log processing into primary wood products, which is subject to quota regulations.

In August 2008, the Service was successfully transferred and is now operated by the national SCPFE. SGS continues to provide follow up support.

LIBERIA

NATIONAL CHAIN-OF-CUSTODY SYSTEM

The establishment and operation of a nationwide Chain-of-Custody System was one of the conditions for lifting the UN ban on timber imports from Liberia in 2006.

In November 2007, following an international bidding process launched by the Government of Liberia, SGS was awarded a 5 year contract for the development, management and transfer of the System.

The System is built around a web-based application reconciling data captured and verified at critical control points throughout the supply chain.

On behalf of the Government, the System issues invoices to logging companies for forest taxes in line with the regulations. Revenue monitoring is performed in collaboration with the Ministry of Finance and the Central Bank. It ensures that all payments are accounted for before any Export Permit is granted.

Training is provided on a regular basis to relevant staff in the Forestry Development Authority, the Ministry of Finance and the Central Bank of Liberia.

CONTACT

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ACHIEVING **COMPLIANCE** WITH STANDARDS THROUGH A WIDE RANGE OF SERVICES

SGS FORESTRY & WOOD PRODUCT SERVICES

FORESTRY MONITORING PROGRAMME

Since 1995, SGS has been running a number of successful national/regional monitoring and verification projects in Africa, Asia, Latin America and Russia. The Programme is based in Geneva, Switzerland.

SGS has also developed an independent "Timber Legality & Traceability Verification" (TLTV) Service. Two separate standards have been developed to reflect the relevant market requirements in respect of timber legality: Legality of Production (LP) for the forest source and Chain of Custody (CoC) for processing/ trading companies downstream.

SGS auditors conduct field assessments of a company's compliance to the relevant SGS TLTV Standard. If the company and its operations meet the relevant requirements, a SGS TLTV-LP or TLTV-CoC Statement is issued to the company. The scope of the Statement and a Public Summary of the audit results are available on line on the SGS website. Regular surveillance visits ensure that the required performance levels are then maintained over time.

The TLTV Statement demonstrates that timber has been legally acquired/ produced and sold by the operator.

SGS QUALIFOR

Global leader in forest certification with more than 4'500 chain-of-custody certificates around the world, Qualifor also certifies forest management against the standards of national/ international forest certification schemes (e.g. FSC, PEFC and SFI).

The Programme is based in South Africa and benefits from a network of 150 auditors.

OTHER RELATED SERVICES

SGS offers other forest and wood products related services around the world, including:

- Forest Product Inspections
- Wood Product Testing
- Climate Change Programme Services
- Environmental Management Certification.

www.sgs.com/forestry



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