

LEGALITY STANDARD: NATURAL PRODUCTION FOREST

PRINCIPLE 1.7 TIMBER SALES	
Criteria 1.7.1 The timber auction committee and timber buyers shall comply with all regulations on timber sales	
Indicator 1.7.1.1 All logs were accurately measured, graded, scaled, marked and provided in form 4 and approved by the forestry authority, and registered as state assets with MOF .	Verifiers: <ul style="list-style-type: none"> • Log list contained all information of logs (Form IV) • Approved letter from the forestry authority on log graded.
The objective: The objective of this indicator is to ensure that log list is well prepared for bidding. Regulation control: The regulations require to prepare and grade the logs for bidding in which approved by the forestry authority.	Legal reference: <ul style="list-style-type: none"> • Instruction 0962/DOF 2010 • Decision 1987/MAF 2013 • Decision 0141/MAF 2010
Indicator 1.7.1.2 Log list was transferred to MOIC for price calculation and registered as state assets with MOF.	Verifiers: <ol style="list-style-type: none"> 1. Formal transferred letter of log list (Form IV) 2. Log list and prices 3. Formal approved letter as state assets from MOF
The objective: The objective of this indicator is to ensure that log price is transparent calculated and submitted to MOF to register as the state assets. Regulation control: The regulations require that timber prices shall be calculated and registered as state assets before auction.	Legal reference: <ul style="list-style-type: none"> • Notification 1813/IH.MOIC 2015 • Instruction 3211/MOF 2015 • Order 57/PM 2014
Indicator 1.7.1.3 Bidding committee was established to proceed formal bidding	Verifiers: <ol style="list-style-type: none"> 4. Appointment letter of the bidding committee 5. List of members of bidding committee
The objective: The objective of this indicator is to ensure that the bidding committee is legally established and be transparent in the bidding process. Regulation control:	Legal reference:

<p>The Guidelines give the mandate for the provinces to establish bidding committee of state timber sales that it consists of concerned representatives of provinces mainly division of finance, division of commerce, PAFO and banks. The bidding committee is under the direction of provincial governor.</p>	<ul style="list-style-type: none"> Article 7, Guidelines 2297/MOF 2004
<p>Indicator 1.7.1.4 Timber auction announcement was transparently proceeded through newspaper, radio, television, website with sufficient time frame.</p>	<p>Verifiers:</p> <ul style="list-style-type: none"> Letters with date of announcement via various media
<p>The objective: The objective of this indicator is to ensure that the timber auction announcement is transparently conducted to let all interested bidders to attend the bidding.</p> <p>Regulation control: The regulations require to advertise the bidding announcement through different media to ensure the all interested bidders have a chance to attend the bidding.</p>	<p>Legal reference:</p> <ul style="list-style-type: none"> Guidelines 2298/MOF 2004 Regulation 1726/MOIC.DIMEX 2012
<p>Indicator 1.7.1.5 The winner of the bidding signed a contract with POIC for buying the timbers.</p>	<p>Verifiers:</p> <ul style="list-style-type: none"> A Contract signed by the buyer and POIC
<p>The objective: The objective of this indicator is to ensure that the winner of the timber bidding has signed a contract with auction committee for buying the timber.</p> <p>Regulation control: The regulations require the winner of the bidding to sign a contract with auction committee .</p>	<p>Legal reference:</p> <ul style="list-style-type: none"> Regulation 1726/MOIC, DIMEX 2012 Decision 1987/MAF 2013 Decision No. 0141/MAFPM 2010
<p>Indicator 1.7.1.6 The winner of the bidding paid 100% of royalty before transportation of timber to log landing 3.</p>	<p>Verifiers:</p> <ul style="list-style-type: none"> Receipt of payment of 100% of royalty to Provincial Financial Division
<p>The objective: The objective of this indicator is to ensure that the winner of the timber bidding has paid 100% of royalty to the Provincial Financial Division.</p> <p>Regulation control: The regulations require the timber buyer to pay 100% of royalty to Provincial Financial Division before transportation of timber to log landing 3.</p>	<p>Legal reference:</p> <ul style="list-style-type: none"> Regulation 1726/MOIC, DIMEX 2012 Decision 1987/MAF 2013 Decision No. 0141/MAFPM 2010
<p>PRINCIPLE 1.8 BENEFITS SHARING</p>	

<p>Criteria 1.8.1 Income from the sale of timber from production forest has been shared in accordance with related regulations</p>	
<p>Indicator 1.8.1.1 Income from the sale of timber from production forest has been paid seventy percent (70%) of the total income to the state budget.</p>	<p>Verifiers:</p> <ul style="list-style-type: none"> • Invoice requested for payment from the state asset sector • Money transferred certificate • Statement of bank account
<p>The objective: The objective of this indicator is to ensure that the income from timber sale must be paid to the state budget.</p> <p>Regulation control: Presidential Ordinance requires to transfer 70% of the total income of timber sale from production forest to the state budget.</p>	<p>Legal reference:</p> <ul style="list-style-type: none"> • Article 4, Presidential Ordinance No 001/PS, 2012.
<p>Indicator 1.8.1.2 Income from timber sale of thirty percent (30%) of the total income has paid to the forest management, protection and development fund; the village development fund or village clusters.</p>	<p>Verifiers:</p> <ul style="list-style-type: none"> • Invoice requested for payment from the state asset sector • Money transferred certificate • Statement of bank account
<p>The objective: The objective of this indicator is to ensure that the income from timber sale must be paid to the forest management, protection and development; and the village development fund or village clusters.</p> <p>Regulation control: The Presidential Ordinance requires the provincial division of finance to transfer 30% of the total income for the production forest management, protection and development, and to the village development fund or village clusters.</p>	<p>Legal reference:</p> <ul style="list-style-type: none"> • Article 4, Presidential Ordinance No 001/PS, 2012.
<p>Indicator 1.8.1.3 Income from the sale of timber from production forest of the second portion (30%) of the total income is accounted as 100% and divided as: the first portion, twenty percent (20%) shares with the forest and forest resources development fund ; the second portion, twenty percent (20%) shares with the nation-wide production forest development fund; the third portion twenty percent (20%) shares with production forest development fund where logging takes place and the fourth portion forty percent</p>	<p>Verifiers:</p> <ul style="list-style-type: none"> • Certified document of money transfer to treasury account • Activities of production forest management plan at the logging area and village and cluster village development plan in the use of the fund which has certified from the Agriculture and Forestry Office and certified by District Administrative Office

<p>(40%) shares with the village development fund or village cluster as logging contractor of the production forest.</p>	<ul style="list-style-type: none"> • Request letter of withdrawing money to the provincial and Capital PAFO • Receipt of payment of money and receiving money • Report fund management and spending of each portion • Report of activity plan, rehabilitation, management and protection of production forest defined in the nation-wide production forest management plan.
<p>The objective: The objective of this indicator is to ensure that the income from timber sale of 30% to be counted 100% which will be correctly spent for production forest management, protection and development, and for the village development fund or village clusters.</p> <p>Regulation control: The Presidential Ordinance requires to share the income from timber sales with relevant stakeholders above.</p>	<p>Legal reference:</p> <ul style="list-style-type: none"> • Article 5, Presidential Ordinance No 001/PS, 2012.