



## INTRODUCTION TO TLAS ANNEX DEVELOPMENT



Technical Working Group TWG Meeting  
15 December 2016  
(Based on presentation from Jussi Lounasvuori 16.11.2016)



### Presentation Outline

- 1. VPA Text - Annexes**
- 2. TLAS (a VPA Annex)**
  - *Elements of TLAS*
  - *Supply chain controls*
  - *Compliance verification*
    - *Legality Standard*
    - *Supply chain controls*



## VPA Text and its annexes

Agreement (*EU provides the structure*)

1. *Product scope*
2. **Timber Legality Definition (TLD)**
3. Conditions for *release for free circulation* in the EU of products covered by FLEGT licenses (*EU provides the whole annex*)
4. Technical specifications for FLEGT licenses (*EU provides the license format*)
5. **Timber Legality Assurance System (TLAS)**
6. Criteria for independent assessment of TLAS implementation
7. Terms of Reference for Independent Audit (Monitoring)
8. Implementation schedule
9. Supporting measures
10. Public access to information
11. Function of Joint Implementation Committee (JIC)

Flexibility to some extent; for instance  
**2. TLD** and **5. TLAS** can be combined

Seite 3



## Content of TLAS

- **Introduction**
- **Scope**
  - Timber sources
  - Products (that will be FLEGT licensed)
  - Market destinations
- **Institutional setup**
- **Timber Legality Definition**
- **Supply chain controls**
- **Verification**
  - Compliance with Timber Legality Definition
  - Compliance with supply chain controls
- **Failure to comply with TLAS**
- **FLEGT licensing**
  - based on complying verification results (Timber Legality Definition, supply chain)
  - License issued by each export consignment
- **Independent Audit/Monitoring**

**An annex of the VPA**  
- **Main body 10-20 pages**  
- **Appendices in table format on**  
- **Verification of compliance with Timber Legality Definition**  
- **Control and verification of supply chain related data**

Seite 4



## Control vs. Compliance Verification

- **(Operational) Control**
  - Measures taken by an **operator\* or its contractor(s)**
    - Measurement of trees, logs and processed products
    - Preparation or acquisition of plans and permits
    - Filling out production forms => reporting to government
  - High intensity, comprehensive reporting
- **Compliance verification**
  - Inspections carried out by **another body\*\* than the operator or its contractor(s)**
    - Control measurements of trees, logs and processed products
    - Checking the availability of necessary plans and permits
    - Checking of forms and reports prepared by operators
  - Sample and/or risk-based verification

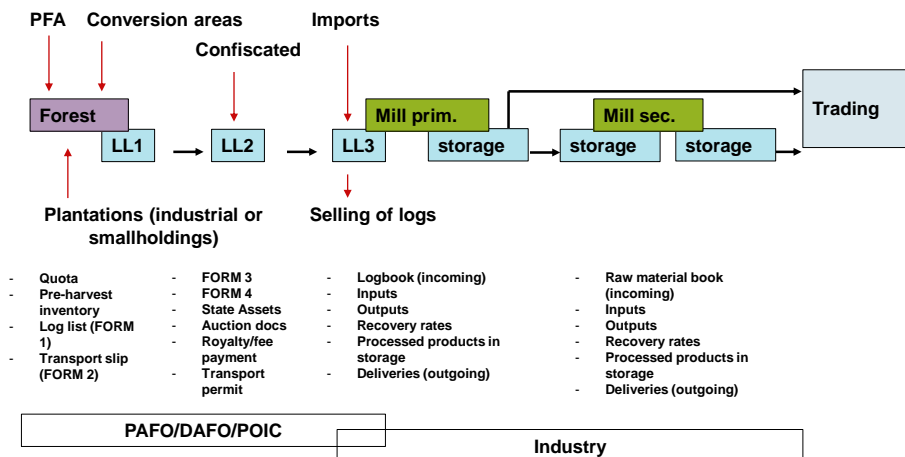
\* incl. departments of ministries or gov. agencies

\*\* gov. body or private sector service provider

Seite 5



## Supply Chain Control



Seite 6



## Supply Chain Control - Traders



### Records

- Incoming products
- Products in storage
- Outgoing products

NO PROCESSING ALLOWED

Trading company



## Compliance verification

- **Timber Legality Definition**
  - Verify that the operator complies with requirements specified in the **indicators** of the TLD
- **Supply chain controls**
  - **Quantitative validation**: inspect that data in records match physical products
  - **Quantitative reconciliation**: compare data between/within stages of the supply chain



## Example from TLD Production Forest

### PRINCIPLE 1.3 HARVESTING OPERATION IN PRODUCTION FOREST AREA

#### Criteria 1.3.1 Harvesting operation shall be approved by the Government

**Indicator 1.3.1.1** Harvesting operation is under the annual harvesting plan of the province which has been endorsed by the Government and approved by the National Assembly.

##### Verifiers:

- Provincial letter of application for annual harvesting plan
- Endorsement letter from the Government
- Approval letter from the National Assembly
- Notification of MAF on annual harvesting plan
- Harvesting permit issued by PAFO

##### Legal reference:

- Order No. 17/PM. Sept 2008
- Regulation No. 0204/MAF. Oct 2003 (Articles 13 and 20)
- Instruction No. 0105/MAF. Nov 2008.
- Instruction No. 2157/DOF. Nov 2006.

##### Responsible organization

- MAF
- PAFO

##### Verification procedures

- Review document

Seite 9



## Verification procedures

- **Define what to do/how to do**
  - e.g. check the verifiers related to Indicator 1.3.1.1 have been prepared and they are authentic (document review)
- **Define who is responsible**
  - e.g. POFI and/or DFIU for Indicator 1.3.1.1
- **Define when and how often**
  - e.g. every time before harvesting operations can be commenced (ref. Indicator 1.3.1.1)

Seite 10



## Example (1) – Legality Standard

- **Compliance with Timber Legality Standard**
  - Indicator 1.3.1.1: Harvesting operation is under the annual harvesting plan of the province...
  - Check that the following verifiers are available
    - Provincial letter of application for annual harvesting plan
    - Endorsement letter from the Government
    - Approval letter from the National Assembly
    - Notification of MAF on annual harvesting plan
    - Harvesting permit issued by PAFO
  - If all the verifiers available, Indicator 1.3.1.1 is met

Seite 11



## Example (2) – Non-compliance

- **Compliance with Timber Legality Standard**
  - **Indicator 1.4.2.1** The harvesting operator has in place of timber movement permit from PAFO before proceeding of timber movement.
  - Check that the following **verifiers are** available
    - Certified letter of royalty payment **NO**
    - Cancellation of registration from state assets **NO**
    - Transport slip from log landing 2-3 **OK**
  - The timber movement permit was issued without making sure that royalties have been paid => **non-compliance**
  - **Immediate consequence:** do not allow logs to be transported/processed
  - **Corrections:** training of persons that prepare timber movement permits, check if the procedure is clear, and make changes if necessary, supervision to be intensified, inform other district about the incident
  - **Penalty:** ??? Are there any administrative sanction applicable to this situation?

Seite 12



## Example (3)- storing of verification results

NAME OF LOGGING SITE, LOG LANDING, MILL...								
IND/VER	Compliance		Name of person	Date	Due date*	Correction of NCs	Approval of corrections	Sanctions
	YES	NO						
1.1								
1.1.1	X		Kham	1/6/16	1/6/17			
1.1.2	X		Kham	1/6/16	1/6/17			
1.1.3		X	Kham	1/6/16	1/6/17	Describe....	26/6/16 by Kham	Issue a fine of XXX
1.1.4	X		Kham	1/6/16	1/6/17			

\*Alerts, if verification not carried out according to schedule

Seite 13



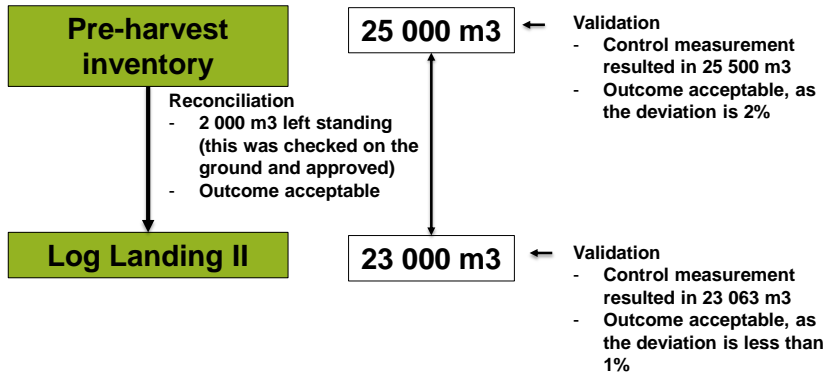
## Example (4) – supply chain

- **Compliance with supply chain controls**
  - **Validation:** the volumes recorded in Form IV match the volumes of physical logs at LL2
    - Sample/risk based re-measurement of logs
  - **Reconciliation:** the volumes sent from log landing 2 are consistent with the volumes received at log landing 3
    - At the level of individual log landing 2 and log landing 3
    - At the level of a province/country: all log landings 2 and all log landings 3
  - **Reconciliation:** ratio between input and output volumes at a mill is within an acceptable range (such as 1.8-2.5 m3/m3 for sawnwood)
    - One day/shift
    - monthly

Seite 14



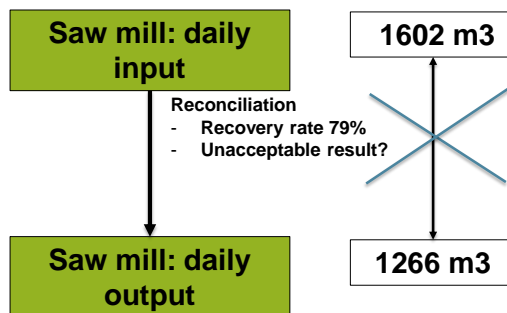
### Example (5) – validation and reconciliation



Seite 15



### Example (6) - reconciliation



**Further investigations needed**

- Check if mistakes in the input data/output data
- Check the product quality (low quality of sawn wood may partly explain high recovery rates)
- Use of logs that are not included in the bookkeeping system

Seite 16





## Next Steps

- Mission report from Jussi Lounasvuori on TLAS development
- Verification of compliance with legality standards for (i) Production Forest Areas and (ii) Conversion Areas.
- Supply chain controls and related verification activities from forest via log landings and processing mills to point of export.
- Capacity building (human resources, IT tools, other)
- Database Management



Thank you very much...