

# Madagascar Stockpile Audit Mechanism and Business Plan

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# ForestBased Works Globally

- Currently work in over 15 countries
- Large scale industrial forests
- Community forests
- Manufacturers / Suppliers
- Mills
- Supply Chain Mgt



# ForestBased Solutions

- Promote market-based incentives to Private Sector that merge the triple bottom line social, economic and environmental objectives;
- Promote and develop sourcing initiatives for high quality timber from responsibly managed forests;
- Provide due diligence and technical expertise for investment in sustainable forestry
- We work from Global Policy all the way to the ground with forest managers and forest dependent people.
- Clients include governments, private sector, NGOs .



# Pioneered Species Specific Programs

- Sustainable Forest Management
- Private Sector and NGOs
- Key Economic Indicators
  
- Ebony - Cameroon
- Rosewood - India, Tanzania, Madagascar, Central America
- Mahogany - Brazil
  
- Whole forest needs to be managed for species specific issues to be addressed











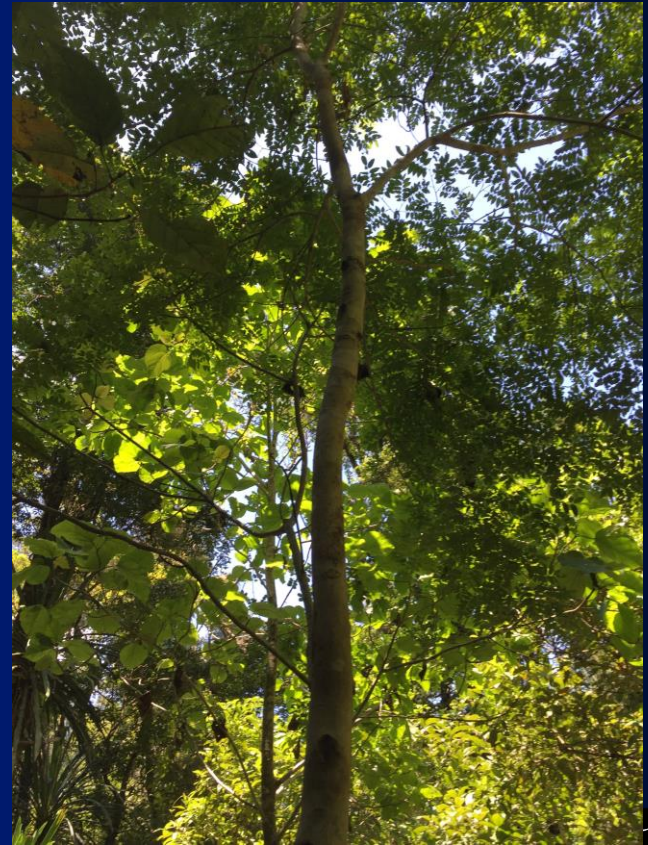






# Madagascar







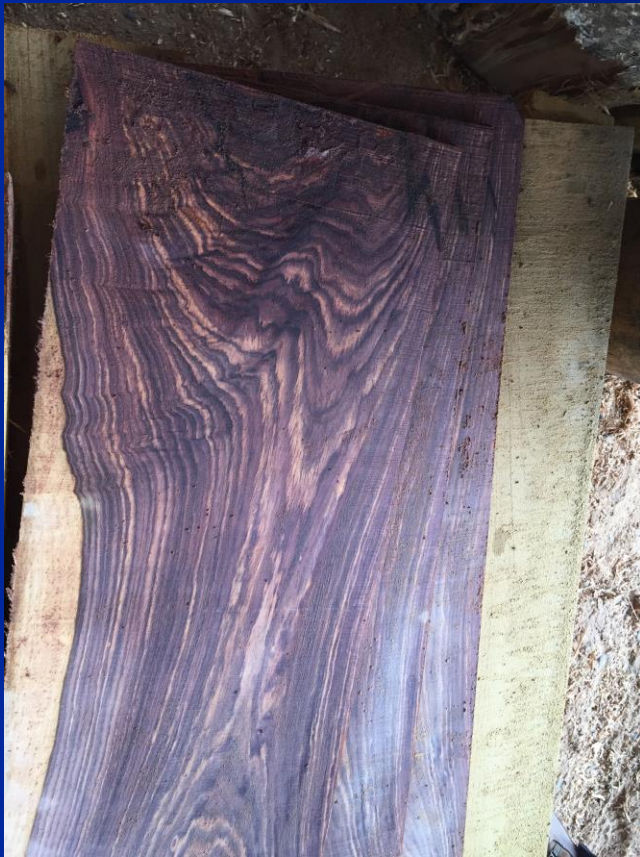








# Rosewood (*Dalbergia spp.*)



- Over 300 species
- 10-15 are commercial
- Indian
- Central and South America
- Madagascar
- Entire Genus is CITES App II



# India





# Dalbergia latifolia



- Most widely used
- Southern India
- Mix from Coffee estates and Gov forests
- Gov Auctions























# Tanzania





# Dalbergia melanoxylon



- African Blackwood
- East Africa
- Tanzania and Mozambique
- Woodwinds











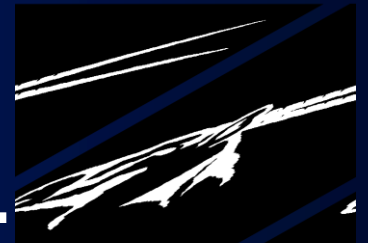
# Brazil



# Brazilian Rosewood



- *Dalbergia nigra*
- Atlantic Forest
- 400 years of use and exploitation
- 1992 CITES APP I
- Most desired guitar wood









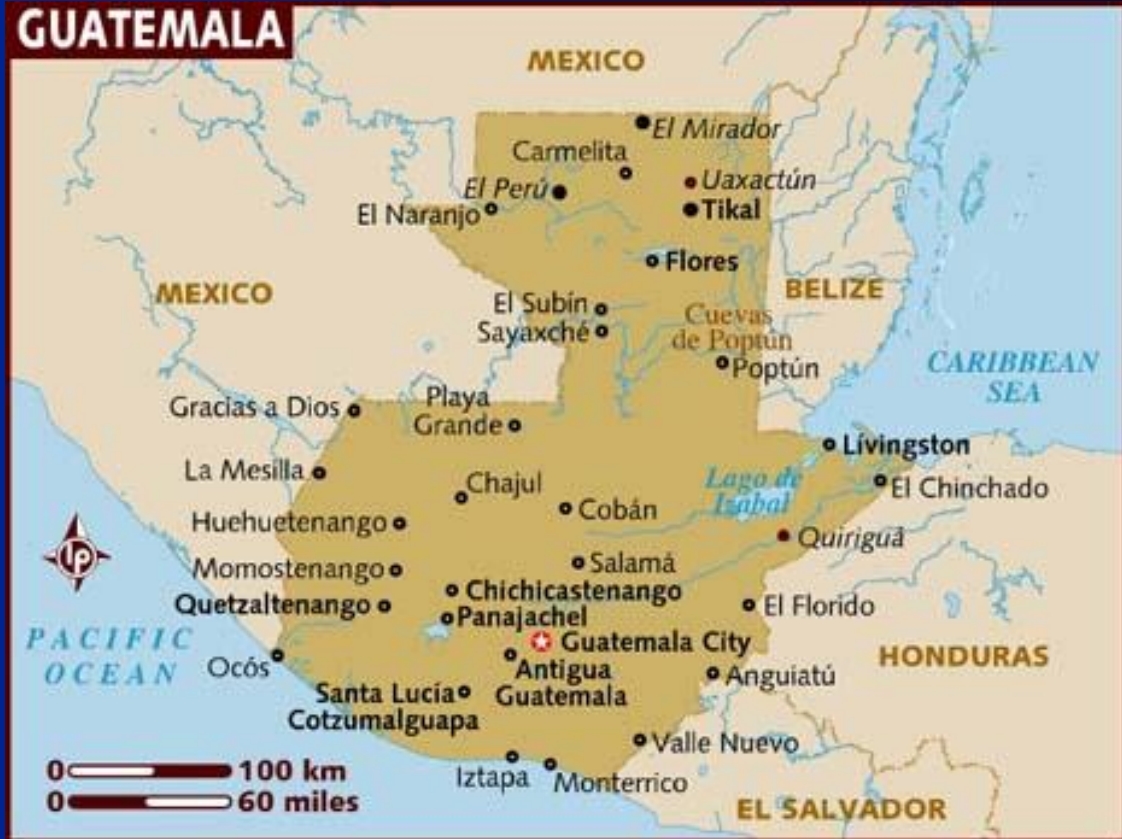


# Central America *Dalbergia* spp.

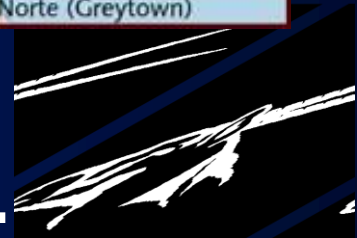




# Guatemala



# Nicaragua







# Business Plan Overview

- Practical solutions to complex problems
- Step-wise process
- Rapid but Realistic Timelines
- Transparent Management Systems
- International Partnership
- Phase 1 and Phase 2
- Based on Madagascar Legal Framework
- Goal dispose of stockpiles to move towards sustainable forest management regime
- CITES Mandate



# First Step – Define Stockpiles

- 2015 Law – Key word and Position – It is illegal to possess Rosewood, Ebony, Palisander
- Only one type of Stockpile – Officially Controlled by the Government



# Stockpile Definitions

- Officially Controlled
- Uncontrolled  
Declared Wood
- Non-Conforming  
Wood
- Many Decrees over  
the years
- 2011 – Required  
Declarations
- Still illegal to possess
- Business Plan Legal  
Mandate based 2015  
law





# Imminent Domain / Benefit Civil Society

Government must act  
to benefit all Civil  
Society

Adhere to CITES  
Mandate

- RW crisis has destabilized regions
- Prevented viable commercial forest sector



# Uncontrolled Declared Wood

- 2011 Declarations
  - This is 90% of wood reported to CITES
  - 290,000 logs / forms
  - 165 Declarations
  - Potentially 400 Sites
  - Ten regions
- Controlling this large volume of wood is Key to completing CITES Mandate



# Phase 1 Strategy

- Institute Governance
  - MEEF / SE
- Institute International Oversight Committee
- Implement 4 Step process to Control and Officially Audit
  - Step 1 – Re Audit Seized Stocks – create systems
  - Step 2 Inventory and code all Declared wood in place
  - Step 3 – Transfer wood to Official Depots
  - Step 4 Audit and report to CITES





# Phase 1 – Step 1

- Implement Biz Plan audit procedures
- Test system on current seized stocks
- Designate Official Depots for intake
- Re-audit 2015 SGS
- Code and Mark
- Institute procedures – based on Biz Plan
- Secure facilities
- Report



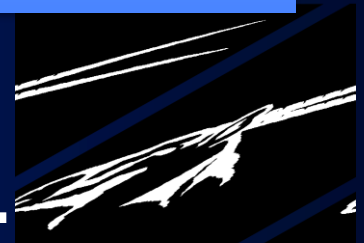
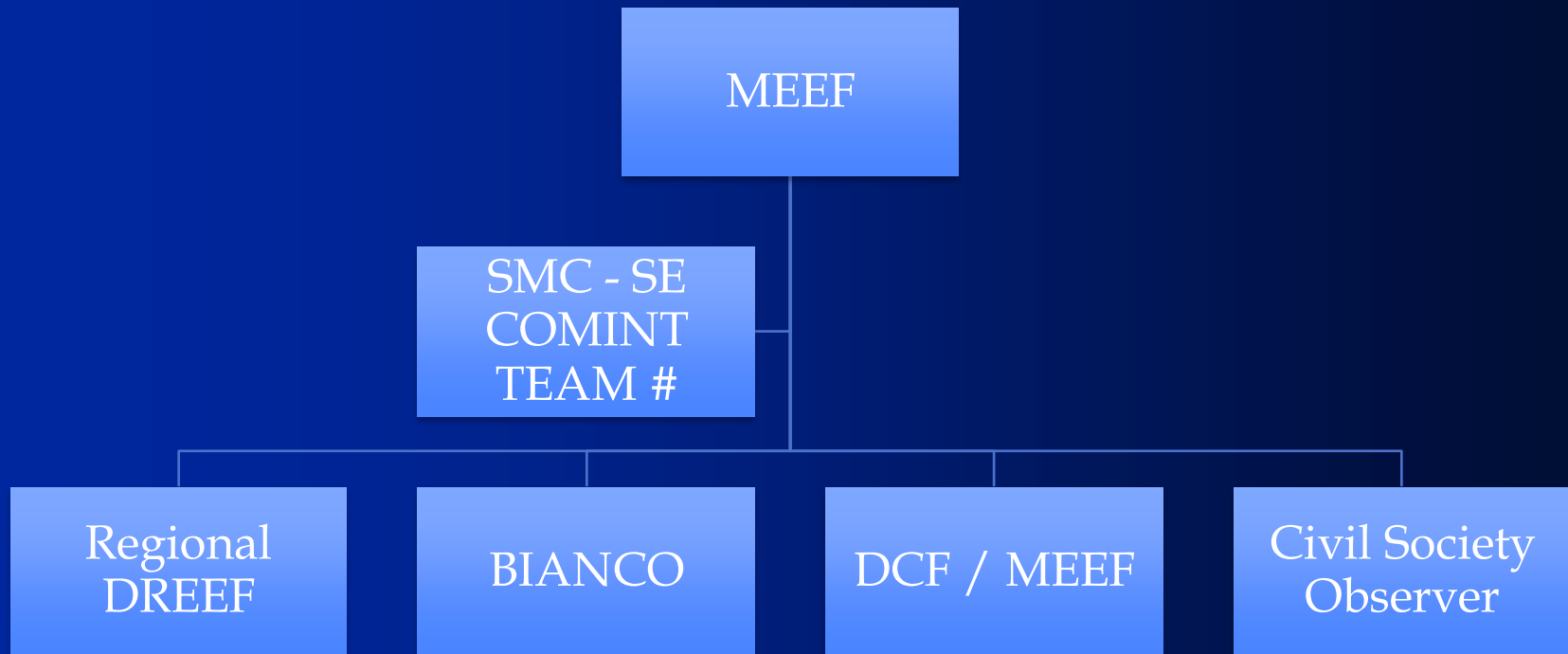
## Phase 1 – Step 2

- Inventory Declared Wood
- SAVA – Test add markers to inventory from 2017
- Continue inventory by region
- Official Authorizations
- Institute SMC procedures
- Code, GPS, Mark and Grade
- Issue official receipts to owners
- Report



# Phase 1 – Step 2

## Operations Management





# Phase 1 – Step 2 Example

<b>Minutes Form</b>	<b>Description</b>
Location (Site)	Foret, Village, Fokontany, Commune, District – GPS coordinates
Team Number	Agents, Organization, Function, Grade -
Name of Owner	Location of Stock, Declaration #, Products, Number declared / actual



# Phase 1 – Step 2 Example



# Phase 1 – Step 3

- Limited Open Door
- Implement Compensation program –
- Imminent Domain Concept
- Transfer Declared wood to official depots
- Verify Markers
- Code, Mark and Grade
- Report to Oversight Committee





# Reasons for Moving Wood

- Government is taking the risk
- Present an Audited total of marked, coded and secured Official Stockpiles to complete the CITES mandate
- Prevent further laundering of illegal wood

Security for people and locations where Step 2 inventories have been completed

- Create a controlled system for valuing the wood
- Simplifying logistics for any potential sales of wood



# Phase 1 – Step 4

- Repeat Step 1
- Officially Audit all systems for controlling wood
- Report to CITES
- The total volume verified at Step 4 are the only Officially Controlled Stockpiles
- All other wood is illegal and subject enforcement



# Risk Management

- Practical Verification
  - Rapid Progress
  - Oversight / Monitoring
  - Funding
  - Partnership / Shared global responsibility
  - Clear Legal Mandates
- Goal
- Stabilization
  - Break Chain of Illegal Transactions
  - Systematically inventory, control and audit
  - Dispose through PHASE 2

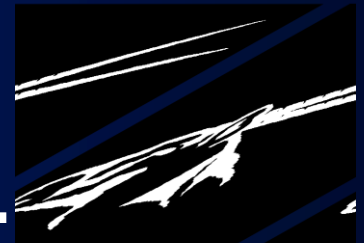




# Phase 2

## Business Plan – Sales

- Requires all systems from Phase 1 be completed
- Official Sites
- Requires enterprise systems be in place
- Business management
- Key aspects:
- Complete Audit and inventory
- Grade evaluation for valuation
- Logistics for transport after sales



# Indian Auction Model

- All rosewood from private or government forests required to be auctioned
- Now online
- Buyers can physically visit and inspect lots of logs
- All logs are officially graded and marked







## Phase 2

- Step -wise or by region
- Test Business Management systems
- The 1/3 issue can be addressed based on completion of Phase 1 systems
- Risk Management:
- Requires expert business management
- Clear legal framework
- Market Expertise
- Timing

