ITTO experiences on due diligence in tropical forests

Webinar: "De-risking agriculture supply chains – Including forests in due diligence processes"

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Sheam Satkuru
Director/D1 Operations

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

ITTO approaches for improving legality, governance and due diligence

- The use of information technologies and geographical information systems in the development of national forest information systems.

- Tree species identification and timber tracking using DNA fingerprinting and stable isotopes.

- The development of platforms to facilitate information exchange on timber legality and market requirements.

- The development of guidelines and special studies.

A worker at a timber company in Pucallpa, Peru, marks sawnwood bundles. Photo: E. Sangama

Supporting legal timber supply in Indonesia

Supi, a member of the field staff at Cabang Panti in West Kalimantan, Indonesia, takes an increment core sample from a Dipterocarpus species. Photo: E. Dormontt/ University of Adelaide

- ITTO project TFL-PD 037/13 Rev. 2 (M) "Implementing a DNA timber tracking system in Indonesia" (completed in 2019)

- It developed a robust timber-tracking system for Indonesian timber species in the Dipterocarpaceae family based on DNA markers to identify the species, region and even individuals of origin.

- With the participation of industry stakeholders, a chain-of custody (CoC) method was developed for bangkirai (*Shorea laevis*), a highly-traded species that is becoming rarer in the wild.

- Project outcomes have proven valuable for the private sector and traders, who have been able to update their species declarations for export and has enhanced the capacity for forest law enforcement in Indonesia.

Thailand's criteria and indicators for the sustainable management of planted and community forests

Marked teak logs in Thailand. Photo: H. Ok Ma/ITTO

- ITTO project PD 470/07 Rev.1 (F) completed in 2019 and funded by Japan.

- It established a comprehensive C& I system for the sustainable management of planted and community forests and CoC certification in Thailand.

- The scheme is helping connect smallholders in Nan Province (where the pilot was conducted) with teak businesses nationally and internationally.

- The Law of Community Forests was passed by the national parliament in May 2019 and is now in force. The implementation of this law will be facilitated by the new C&I for SFM and CoC as key tools for auditing SFM and marketing forest products via legal and sustainable supply chains.

Monitoring forest stock in Philippines

- ITTO project PD599/11 Rev.1 (M) "Development and testing of national forest stock monitoring system with improved governance capabilites", funded by the governments of Australia, Japan, Korea and USA (completed in 2020).

- The Philippines' first timber-tracking system was the Log Control Monitoring System developed in the mid-1990s; it had limited reporting capabilities and was difficult to implement.

- Under this ITTO project, the Forest Management Bureau developed and tested the National Forest Stock Monitoring System (NFSMS), which includes a "back to the stump" traceability system that can track logs in the forest through primary processing into lumber.

- The system can be used to demonstrate CoC.

- The NFSMS, which involves the use of QR codes, enables the issuance of "verification of legal origin" certificates.

- The Philippines Department of Environment and Natural Resources plans to adopt the system at the national scale and the Forest Management Bureau intends to expand it to encompass plywood, veneer and imported logs and lumber.

A handheld reader is used to scan QR codes attached to lumber produced from inventoried trees as part of a tracking system developed for timber traceability in the Philippines under an ITTO project. Photo: Forest Management Bureau

Improving teak management

- This ongoing activity in the Greater Mekong Subregion, funded by the German Federal Ministry of Food and Agriculture, aims to:
  - Assist governments, local communities and smallholders to improve natural teak forest management, production and marketing.
  - Facilitate the establishment of legal and sustainable teakwood supply chains while improving national economies and the livelihoods of local communities.
- Natural teak forests cover an area of about 29 million hectares in central and southern India, Lao PDR, Myanmar and Thailand.
- Native teak forests are under threat, however, from overexploitation, agricultural expansion and shifting cultivation.
- As part of the activity, the *Teak Mekong Newsletter* is published regularly providing updates and facilitating networking among teak stakeholders.

A local carpenter works a piece of teakwood in Luang Prabang, Lao People's Democratic Republic. Photo: T. Yanuariadi/ITTO

For more details, visit https://teaknet.org/itto-teak-mekong

Supporting the implementation of Japan's Clean Wood Act

Sawnwood at a yard in Yokohama, Japan.
Photo: J. Claudon/ITTO

- Japan's Clean Wood Act was passed in 2016 and came into force in 2017.

- The activity funded by Japan, compiled comprehensive reports on the legal frameworks for timber production and trade in five tropical timber-producing countries, which were presented at a seminar to the Japanese private sector in March 2019.

- Brazil:
  - There are five legal patterns of wood production and supply, each with specific regulations and documentation that apply across supply chains.
  - State governments can issue their own regulations.
  - Brazil was trialling a national online management system known as SINAFLOR for controlling the origin of forest products, covering harvesting, transportation, processing and trade.

- Ecuador:
  - Ecuador noted that roughly 40% of the country's forests are under state ownership, 6% are under private ownership, and tenure is unclear for the remainder.
  - Regulations and procedures apply to each source as well as to transportation, processing and export.

Supporting the implementation of Japan's Clean Wood Act

Sawnwood at a yard in Yokohama, Japan.
Photo: J. Claudon/ITTO

- Lao PDR:
  - Noted that a ban on logging in natural forests is in place.
  - There is no established chain of custody for downstream processing, however, making traceability a challenge.
  - The country is negotiating with the European Union under its Forest Law Enforcement, Governance and Trade programme.
- Philippines:
  - A natural-forest logging ban is in place, and wood production is mostly from plantations of fast-growing species.
  - The country is considering developing a timber legality assurance system.
- Thailand:
  - The country has a ban on logging in natural forests, and rubber and eucalyptus are the main planted species.
  - Permits and procedures for timber harvesting, transportation, processing and export differ according to the classification of use rights and whether species are "restricted".
  - Processing plants are not required to document the origin of wood, making it difficult to trace products back to the source.

Reports are available in English and Japanese at
www.itto.int/news/seminar_supports_implementation_of_japan_s_clean_wood_act/

The International Forum: Together towards Global Green Supply Chains—A Forest Products Industry Initiative

A panel discussion during the International Forum: Together Towards Global Green Supply Chains. Photo: CTWPDA

- It was the first global dialogue on how to improve the legality and sustainability of tropical timber supply chains.
- More than 350 people attended, including government representatives, major players in the tropical timber industry and trade.
- Held on 22–23 October 2019 in Shanghai, China.
- Participants discussed how to harness the role of the wood industry to mitigate climate change; the increasing demand for wood products globally; efforts to ensure legality and sustainability.
- A key outcome of the forum was the establishment of the Global Green Supply Chain Network, which is already fostering closer collaboration, knowhow and enhancing business and technical cooperation.

To download the forum report and presentations, visit www.itto.int/news/international_forum_creates_network_to_encourage_global_green_timber_supply_chains

Training on legal and sustainable
supply chains for Portuguese-speaking countries

Participants in a training workshop on legal and sustainable supply chains held in China, Macau SAR, in November 2019. Photo: Permanent Secretariat of the China– Portuguese-speaking Countries Forum

- The Training Workshop on Global Green Supply Chains for Forest Products and Tropical Timber Investment and Trade Between China and Portuguese-speaking Countries was held in China, Macao SAR, on 17–30 November 2019.

- The workshop strengthened business capacities and skills for actors operating within the chains; promoted international trade in tropical timber and timber products from legal and sustainable sources; and fostered collaboration among participating countries.

- The workshop covered:
  - climate-change mitigation and forestry developments;
  - sustainable forest management;
  - operations in forest-product supply chains;
  - methods and technologies for the various links in legal and sustainable supply chains; and
  - global trends and developments in supply chains.

- It was attended by 23 participants from Angola, Ecuador, Ghana, Guinea-Bissau, Indonesia, Malaysia, Mozambique, Portugal and Sao Tome and Principe.

ITTO's at Asia-Pacific Forestry Week— promoting responsible trade and markets

Recommendations to the Asia-Pacific Forestry Commission by panelists and participants of stream 4 "Promoting Responsible Trade and Markets" co-led by ITTO during APFW 2019:

- Develop and resource platforms for stronger data collection, sharing and analysis for timber and non-timber forest products.
    - Better statistics and information management (especially on NTFPs) are needed to improve supply-chain controls, facilitate systems implementation, reduce costs, apply due diligence, inform policy/regulatory reform and facilitate independent monitoring activities.
- Balance the attention on the producer/supply side as well as on the consumer/demand side and undertake stronger and inclusive policy work and analysis for supply and demand aspects of timber and non-timber forest products.
- To fully leverage trade benefits for improved governance, legality systems and their requirements need to be adapted and made accessible to smallholders, communities and micro-enterprises.

Presentations from Stream 4 are available at www.itto.int/news/good_data_systems_key_to_responsible_timber_trade_say_experts_at_asia_pacific_forestry_week/

Timber trade guidelines to assist frontline customs authorities

- Customs officers have a vital role in ensuring only legally-sourced timber is imported, exported or transits through.
- There is a constant danger that illegally-sourced timber can enter the supply chain and be mixed with legally sourced material.
- Timber-specific guidelines and reference material for customs are important for the prevention of illegal timber trade, which were co-developed and published in 2018 by ITTO, TRAFFIC and the World Customs Organization (WCO), which financial support from the governments of Japan and USA.
- Field testing and training took place in Malaysia in 2016 and 2017.
- The guidelines have been shared with customs administrations in Cameroon and China; and presented to customs enforcement officers at the WCO's 38th Enforcement Committee meeting in Brussels in March 2019, among other fora.

Containers of timber and timber products ready for shipment to international markets. ITTO works to improve market transparency, market access and trade statistics. Photo: INAB

ITTO's Independent Market Monitor studies

For 2020:

- Assessing the impacts of timber legality on the European Union's wood-furniture sector and the associated VPA partner country timber trade
- The impact of FLEGT VPAs on forest sector investment risk in Indonesia and Viet Nam

For 2019:

- European private-sector timber procurement policies
- EU member-state public timber procurement policies
- EU wood promotion and FLEGT
- Architects' perceptions and experiences with FLEGT licensing
- Impact of FLEGT on forest sector investment

Available at https://flegtimm.eu/resources/

ITTO's recent publications on incentives for SFM

- These publications analyze and promote fiscal and non-fiscal incentives for increasing investments in SFM, forest production and legal and sustainable supply chains.

- Include country case studies throughout the tropics and a global study of tropical timber supply and demand to 2050.

- Assess the actual and potential impacts of the COVID-19 pandemic on the tropical timber sector:
  - *Tropical Timber 2050* (July 2021)
  - *Fiscal and Non-fiscal Incentives for Sustainable Forest Management* (April 2021)
  - *Designing Fiscal Instruments for Sustainable Forests* (April 2021, published by the World Bank and supported by ITTO).

Available at www.itto.int/technical_report/ and www.itto.int/other_technical_reports/
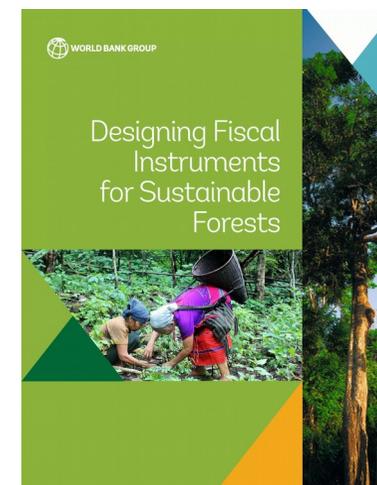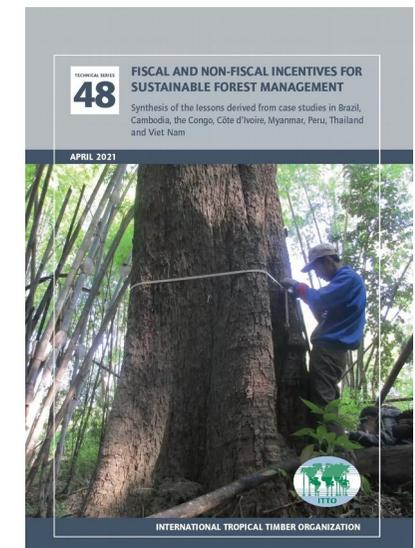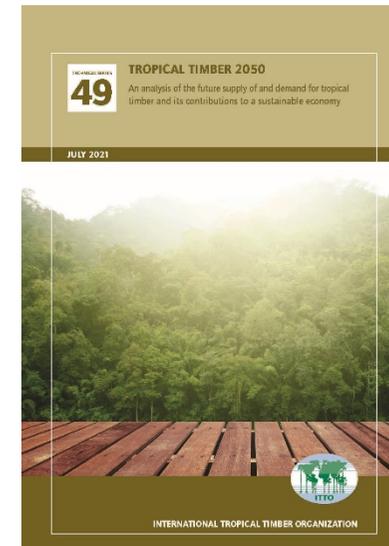
Training for legal and sustainable timber supply chains in the Congo Basin

ITTO works to bring artisanal enterprises into the formal timber sector, thus benefiting countries, workers and forests, such as this small enterprise, which received training from ITTO.
Photo: T. Yanuariadi/ITTO

The aim of this ongoing activity is to help develop capacity among forestry professionals and technicians in five countries in the Congo Basin—Cameroon, the Central African Republic, the Congo, the Democratic Republic of the Congo and Gabon—on the requirements for implementing legal and sustainable timber supply chains, through four modules:

- Understanding deforestation-free supply chains;

- Assessing legality and achieving accountability;

- From legality to sustainability; and

- Markets and access to markets.

DNA-based traceability systems in Africa

- ITTO project PD 620/11 Rev.1 (M): "Development and implementation of species identification and timber tracking in Africa with DNA fingerprints and stable isotopes", financed by the governments of Australia, Germany and USA (completed in 2016).

- DNA fingerprinting and stable isotope techniques use characters inherent to the timber and are impossible to falsify; they could be useful mechanisms for timber traders in meeting their due-diligence obligations and assist enforcement authorities.

- The project developed DNA databases for iroko, sapelli and ayous from seven African countries: Cameroon, Congo, DRC, Côte d'Ivoire, Gabon, Ghana and Kenya

ITTO also supported a similar activity to assist in controlling trade of two CITES-listed tree species: Pericopsis elata *and* Prunus africana.

Wood samples are taken from a tree in southwestern Ghana during a training workshop. Photo: Bernd Degen, Thünen Institute, Germany

Timber tracking in Panama

- ITTO project TFL-PD 044/13 Rev.2 (M) "Strengthening ANAM's management capacity to reduce illegal logging and trade in the eastern region of Panama" (completed in 2020).

- This project piloted Panama's Forest Traceability and Control System (FTCS):
  - Enables the tracking of harvested trees using electronically readable bar codes from the moment they are identified in the preparation of forest management plans to the point at which the timber reaches a mill or trading company.
  - The production of waybills for transport.
  - The recording of geospatial information to provide a centralized tool for forest law enforcement and governance.

- The implementation of the FTCS has improved forest management practices, reduced times for the approval of forest management plans and the processing of timber shipments and brought greater transparency to the timber trade.

ITTO has financed similar projects in Ecuador and Guatemala.

What a video of the FTCS at https://youtu.be/zlqV-sx5a38

A forest auditor attaches a tag in a log yard in Darién, Panama. Panama's new timber traceability system, developed as part of an ITTO project, enables the tracking of timber from the forest to the mill and beyond. Photo: B. García
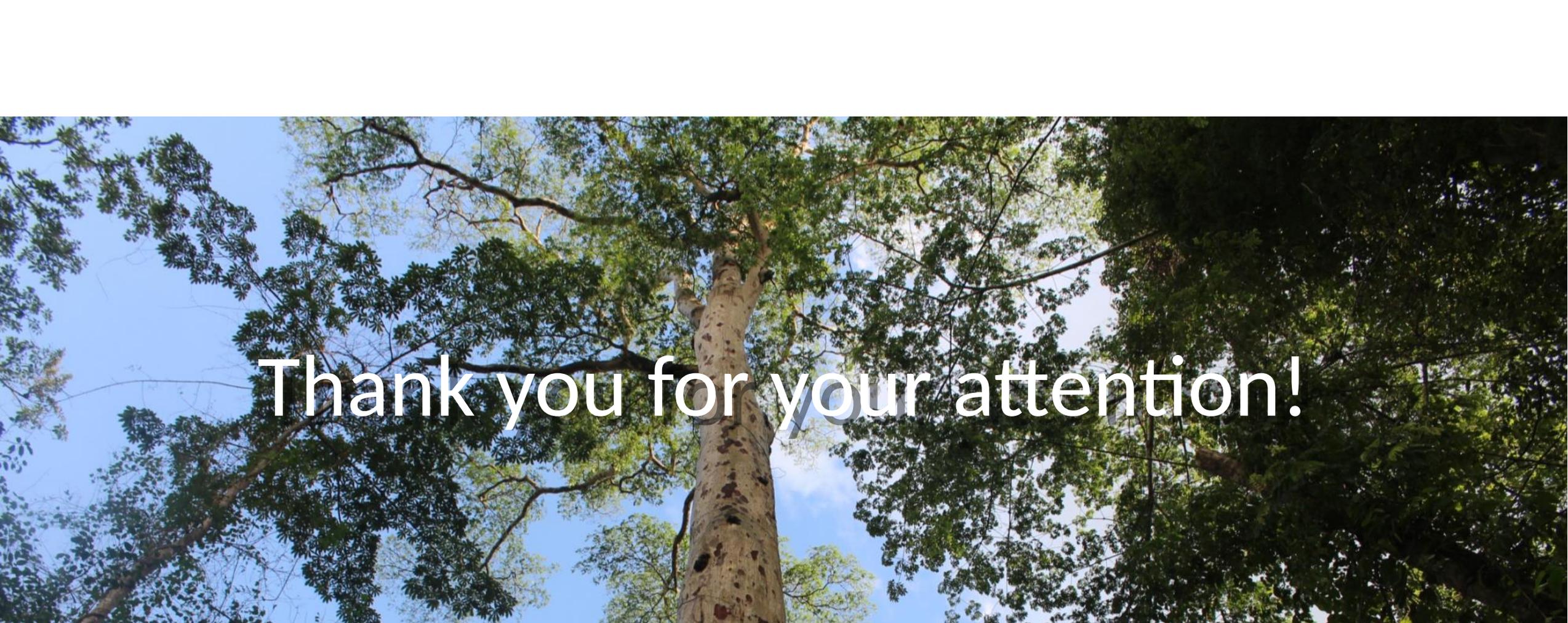
Thank you for your attention!

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International Tropical Timber Organization

www.itto.int
satkuru@itto.int