

### Absence of secure chain of custody system

The reconciliation of data along the process chain to establish the sequence of change in ownership and custody of material from point of export to forest management unit is absent. Data is still handled by two divisions within the Forestry Commission with ineffective coordination and reconciliation.

### Absence of Independent Forest Monitoring

There is no arrangement with a third party to monitor and report implementation and compliance of forest laws in Ghana.

### Issuance of Licenses

The absence of the above makes it impossible to issue any licenses that will have credibility on the market.

## How can the gaps be bridged?

The VLTP is the vehicle through which Ghana is implementing the processes and mechanisms that can ensure a legality assurance system and ensure the continued access of the nation's timber and timber products to the EU. Under the VLTP, the framework for independent verification needed to check legal compliance in the forest and chain of custody is being developed.

The required separation of roles and responsibility to remove conflicting interests and ensure credibility and the introduction of verification services will be handled under a Timber Validation Agency to be created. The establishment of this agency will be complemented with the adoption of a definition of legality.

## The VLTP Project phases

**Phase one**, which is on-going, has concentrated on sensitizing the key stakeholders, analyzing the existing forest control system and developing options to be adopted under a legality assurance regime.

Phase one will end with the choice of options of for implementation, the procurement of and installation of systems, testing and piloting of the systems and the creation and introduction of a Timber Validation Agency. This phase is expected to end in the second half of 2006.

**Phase two** will involve the roll out of the installed systems and the new monitoring and verification procedures. It should eventually culminate in the country level issuance of validated certificates for exports.

**Phase three** will enhance the scope of the VLTP to cover the domestic market. This would ensure that legal timber is available nationwide.

## Project Funding

The VLTP initiative is a component of the Government's natural resource strategy and is reflected in the multi-donor budget support matrix. It is currently funded through the Forestry Commission's Internally Generated Funds (IGF)/GoG with anticipated funds from Development Partner(s).

## Who to contact for more information

*The Project Coordinator is:*  
Chris Beeko  
chrisbeeko@hq.fcghana.com

*The SGS Technical Team Leader is:*  
Marc Parren (Dr)  
marcparren@hq.fcghana.com

Forestry Commission, Ghana  
# 4 Third Avenue Ridge  
P. O. Box MB 434  
Accra—Ghana  
Phone: 233-21-221315  
Fax 233-21-220818

# Validation of Legal Timber Programme (VLTP)



Ghana's response to the changing international markets for Timber and the European Union's FLEGT initiative.



A Forestry Commission/SGS Partnership

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## What is the Validation of Legal Timber Programme

The Validation of Legal Timber Programme (VLTP) is a combined effort at improving controls in the Ghana forest management and regulatory system on one hand and to ensure Ghana's continued access to her major wood export market on the other hand. It is achieving this through establishing a timber licensing scheme.

### Why the VLTP?

Ghana's major wood market – the EU – is experiencing a shift in preference for wood and wood products from legal and certified sources. The mechanisms for declaring and delivering legal and certified wood products to the market are still being defined and are, mostly, determined by the market. The shift in market preference has resulted in the rejection of certificates issued under some producer country administrative mechanisms. The rejection has been occasioned by the inability of the State mechanisms to conform to or measure up to standards that have been set by the market.

The shift in market preference is accompanied by an official EU initiative that seeks to combat the problem of illegal logging in some parts of the global forestry sector. The initiative is the Forest Law Enforcement, Governance and Trade now commonly referred to as FLEGT. The strategy behind this initiative is to introduce a licensing scheme to ensure that only legal timber enters the EU through voluntary partnerships or agreements (VPA) with producer countries.

These FLEGT licenses will allow customs officers at the point of export of the partner country and point of import to the EU to control logs or wood products covered by the partnership agreement. Early signs are beginning to show that the combined effects of the FLEGT and changing market requirements will have significant negative effects on Ghana's access to the EU market for timber. This would mean a significant reduction or possible loss of the annual average of €100m earnings from the EU —55% by value of total timber exports.

### What do we need to do?

#### Establish a Legality Assurance System (LAS)

Producer countries that wish to continue accessing the EU market will have to be able to issue credible timber licenses. The credibility of the licenses will not be self determined as was previously done. It will have to conform to market driven and FLEGT requirements.



... which imply there must be the following:

- i. A **definition of legally-produced timber** – Ghana's adoption and declaration, under the partnership agreement, of all the laws and regulations that must be complied with in the forest and, where applicable, in the production process
- ii. A **system of independent verification** to provide reasonable assurance that the requirements of the definition of legally-produced timber have been met for each export consignment
- iii. A secure **chain of custody** that tracks timber from the forest management unit of origin through different owners and stages in processing to the point of export and beyond

- iv. The **issuance of licenses** to validate the results of legality verification and chain of custody.
- v. **Independent monitoring** of the whole system to assure its credibility and provide transparency

### Do we need it now?

The change is not a future phenomenon. It has started and is already shaping how international forest business is conducted. The share of the EU market for uncertified timber is already shrinking and will continue to shrink. Producers who are unable to meet the new requirements will soon have to bear the cost of sourcing less lucrative international markets which are themselves being directly or indirectly influenced by the EU FLEGT initiative.

### What are the Gaps within the Ghana Forest Control System?

#### Absence of definition of legality

Work has been done to assess the legal framework. Consultative processes within Government and with affected stakeholders needs to be held to enable government adopt a working definition for the purpose of establishing an LAS.

#### Absence of independent verification system

The only semblance of verification is conducted by the FC who wears the triple cap of forest manager, forest regulator and monitor. Beside the need to respect international market norms, this arrangement is fraught with conflicting interests which has tended to weaken the regulatory environment.

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