

Practical guide to  
conducting due diligence  
of tropical timber products:

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# Ghana

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**BVRio Responsible Timber Exchange** ([www.bvrio.com/timber](http://www.bvrio.com/timber)) is an online negotiations platform designed to promote the trading of forest products of legal and certified origin, integrated with a **Due Diligence and Risk Assessment System**. The system was designed to facilitate compliance with legislation such as the EU Timber Regulation and the US Lacey Act. The Responsible Timber Exchange was developed in partnership with **BVRio Institute** ([www.bvrio.org](http://www.bvrio.org)), a Brazilian organization with a mission to develop market mechanisms to facilitate compliance with environmental laws. BVRio has a formal Key Account partnership with the Forest Stewardship Council® Brasil, is a Climate Action Leader of the R20 Regions for Climate Action initiative, received the Katerva Awards 2013 for Economy, and is a partner of the Forest Legality Initiative.

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# Introduction

The illegal production and trade of tropical timber is one of the main drivers of environmental degradation worldwide, leading to loss of habitats and biodiversity, greenhouse gas (GHG) emissions, human rights abuses and corruption.

The enforcement of legality by some countries (e.g., the EU Timber Regulation – EU TR<sup>1</sup>, the US Lacey Act 2008<sup>2</sup> and Australia’s Illegal Logging Prohibition Act<sup>3</sup>) requires traders and operators to conduct their own due diligence on the timber they import into these markets<sup>4</sup>. In parallel, initiatives such as the EU’s Forest Law Enforcement, Governance and Trade (FLEGT)<sup>5</sup> have helped to increase capacity to implement these laws.

1 \_ [ec.europa.eu/environment/forests/timber\\_regulation.htm](http://ec.europa.eu/environment/forests/timber_regulation.htm)

2 \_ The Lacey Act of 1900 is a law in the USA that bans trafficking in illegal wild life. In 2008, the Act was amended to include plants and plant products such as timber and paper ([www.aphis.usda.gov/aphis/ourfocus/planthealth/import-information/SA\\_Lacey\\_Act](http://www.aphis.usda.gov/aphis/ourfocus/planthealth/import-information/SA_Lacey_Act)).

3 \_ The Australia Illegal Logging Prohibition Act was designed to support the trade of legal timber into the Australian market ([www.agriculture.gov.au/forestry/policies/illegal-logging](http://www.agriculture.gov.au/forestry/policies/illegal-logging)).

4 \_ The US Lacey Act requires timber buyers to take due care in the selection of suppliers of timber products to be imported into the US ([www.fws.gov/international/laws-treaties-agreements/us-conservation-laws/lacey-act.html](http://www.fws.gov/international/laws-treaties-agreements/us-conservation-laws/lacey-act.html)). Similarly, the new EU Timber Regulation requires that operators (timber importers) conduct risk assessments and due diligence of their timber sources ([www.euflegt.efi.int/home](http://www.euflegt.efi.int/home)).

5 \_ The FLEGT Action Plan aims to reduce illegal logging by strengthening the sustainability and legality of forest management, improving forest governance and promoting trade in legally produced timber ([www.flegt.org](http://www.flegt.org)).

6 \_ Regulation (EU) N° 995/2010 of the European Parliament and the Council, article 6.







In order to comply with the EU TR requirements, for instance, timber importers must conduct a due diligence following a 3-step process<sup>6</sup>:

- Gather information about timber acquired, including country of source, supplier, species, and documentation.
- Risk assessment of the timber product and its supply chain.
- Risk mitigation. If risk of illegality is identified, measures need to be put in place to minimize it, including obtaining additional information and/or engaging third party verification.

The ability to conduct due diligence, however, is hindered by various barriers. Firstly, the legislative system of some countries can be extremely complex, with hundreds of laws and documents located in different government agencies<sup>7</sup>. Once the legislation is identified, it is difficult to determine what are the main documents that, in aggregate, demonstrate the legality of a given timber consignment. Once documents are obtained, they could be in foreign languages and are difficult to interpret.

The objective of this series of practical guides is to summarise the main documents that need to be collected, and how to interpret them, in order to conduct due diligence of timber consignments to be imported from different countries into the US and European markets. It also provides a summary of the main risks associated with timber legality that the due diligence must address, for each individual country.

For each country, the guides provide:

-  • A short description of the regulatory regime;
-  • A list of the essential documents to be analysed;
-  • Facsimiles of these documents, highlighting what are the relevant information to be checked in each of them;
-  • An overview of the most frequent frauds.

<sup>7</sup> See, for instance, country reports available in NEPCo's Sourcing Hub (<http://beta.nepcon.org/sourcinghub>).

<sup>8</sup> See, for instance, NEPCo Sourcing Hub (<http://beta.nepcon.org/sourcinghub>), WRI Open Timber Portal, or the Timber Trade Portal of the European Sustainable Tropical Timber Coalition ([www.timbertradeportal.com](http://www.timbertradeportal.com)).

This series of guides complement BVRio Due Diligence and Risk Assessment system ([www.bvr.io.com/timber](http://www.bvr.io.com/timber)), an online system to assist timber traders in conducting the due diligence of individual timber consignments.

Given that this guide is not intended to provide a full review of the legislation, procedures, and documents related to timber extraction and processing activities in different locations, readers are recommended to familiarise themselves with the requirements of different countries. Good reviews of timber legislation can be found elsewhere<sup>8</sup>.

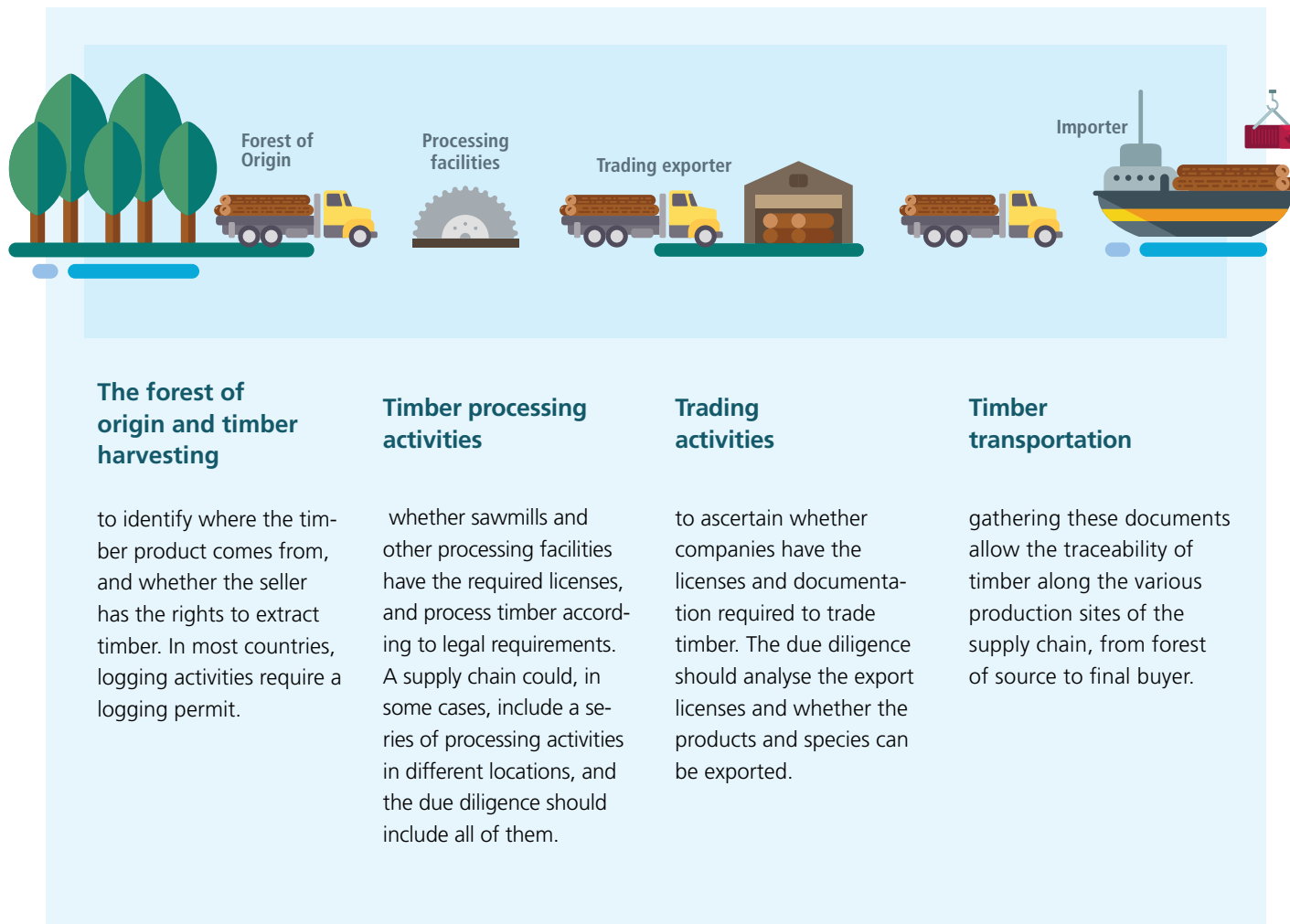
The objective of this series of guides and of BVRio Responsible Timber Exchange is to enable wood traders to screen out illegal timber from their supply base and, through demand-side pressure, help combat illegality in the sector.



Jin Qin

# Conceptual model

Irrespective of the country, a due diligence must, as a minimum, analyse documents and obtain evidence related to:



It is often the case that this set of documents contains sufficient information to demonstrate the legality of the timber and its traceability to forest of source. In some cases, additional documents may be required to supplement them, or to meet additional requirements of specific countries.

# Main types of fraud

Different types of fraud and contravention of forest laws are used by unscrupulous operators worldwide to obtain and trade illegal timber. While some of these frauds are specific to the peculiarities of each individual country, in general they fall within the following categories<sup>9</sup>:

1. Illegalities related to the allocation of timber rights: i.e., granting/obtaining rights of timber harvesting without following due processes envisaged in the legislation.
2. Illegal logging and timber theft: including logging without a permit; extraction of volumes higher than those authorised in the logging permits; and extraction of a different species mix from that specified in the permits (i.e. favouring the most valuable species).
3. Operational illegalities and/or irregularities at the forest, sawmills, or exporting activity: including contraventions of employment legislation, operations without valid licenses, adulterations of forest inventories to inflate the volume of valuable species authorised in the system, inflation of conversion rates at sawmills (to create credits for higher volumes of processed timber downstream), tax evasion, etc.

A recent review by Earthsight<sup>10</sup> grouped types of illegalities as follows:

- Illegalities associated with the right to harvest, including logging in areas without permits, illegal permit allocation, logging in protected areas;
- Operational violations, including violating terms of harvesting plans, violating terms of other permits, logging outside boundaries;
- Illegalities during transport, processing and trade, including export prohibition violations, tax evasion, CITES violations.

<sup>9</sup> — See BVRio 2016: Using big data to detect illegality in the tropical timber sector. BVRio Institute, Rio de Janeiro. ([www.bvrrio.org/publicacoes](http://www.bvrrio.org/publicacoes)).

<sup>10</sup> — Earthsight 2017: Investigating illegal timber. A guidebook for activities and communities. ([www.earthsight.org.uk](http://www.earthsight.org.uk))



11 \_ See, for instance:

- Greenpeace 2014: A crise silenciosa da Amazônia. Controle do setor madeireiro e 5 formas de fraudar o sistema ([http://chegademadeirailegal.org.br/doc/BR/controlado\\_madeireiro\\_5\\_formas\\_fraudar.pdf](http://chegademadeirailegal.org.br/doc/BR/controlado_madeireiro_5_formas_fraudar.pdf)) and other reports from the same series;

- Interpol and World Bank, 2010: Chain-saw project. An INTERPOL perspective on law enforcement in illegal logging;

- NEPCon Sourcing Hub (<http://beta.nepcon.org/sourcinghub>);

- European Sustainable Tropical Timber Coalition Timber Trade Portal ([www.timbertradeportal.com](http://www.timbertradeportal.com));

- Forest Trends, 2013: European Trade Flows and Risks. ([www.forest-trends.org](http://www.forest-trends.org));

- Traffic country specific reports: ([www.traffic.org/timber-trade/](http://www.traffic.org/timber-trade/));

- The Forest Trust: Guide to legality. Practical advice for timber producers, processors and exporters. ([www.tft-forest.org](http://www.tft-forest.org));

- WRI, 2014: Sustainable procurement of wood and paper-based products. Guide and resource kit. ([www.sustainableforestproducts.org](http://www.sustainableforestproducts.org));

- IUFRO 2017: Illegal logging and related timber trade.

- FAO 2016: Traceability. A management tool for enterprises and governments;

- Chatham House's Illegal Logging Portal - ([www.illegal-logging.info](http://www.illegal-logging.info));

- Forest Legality Initiative's portal - ([www.forestlegality.org](http://www.forestlegality.org));

- WRI and WBCSD's Forest Transparency Initiative (<http://alpha.foresttransparency.org/en/about/fti>);

- Earthsight's Timber Investigator - ([www.timberinvestigator.info](http://www.timberinvestigator.info));

- FSC Global Forest Registry ([www.globalforestregistry.org](http://www.globalforestregistry.org)).

12 \_ See for instance, EIA's country specific reports (<https://eia-international.org/report-category/forests>), or independent monitoring organisations (e.g., guide. REM: Independent monitoring. A practical guide. [www.rem.org.uk](http://www.rem.org.uk)).

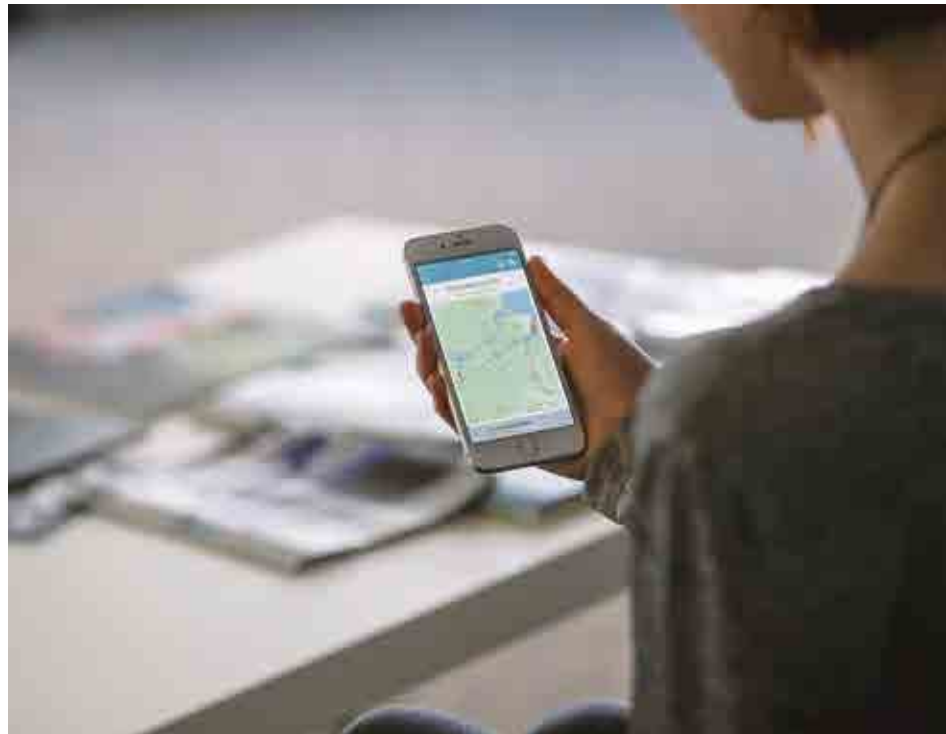


Adam Ronan

Additional information on types of fraud, approaches for investigating illegality, and methods for tracking timber products from source to end buyer are found elsewhere<sup>11</sup>. A due diligence should also include reviews of reports and information raised by NGOs and independent monitoring organisations<sup>12</sup>.

A summary of the main types of frauds prevalent in each country is shown in the the country profile section below.

# BVRio Due Diligence and Risk Assessment System



BVRio Due Diligence and Risk Assessment System is an online system created to assist buyers and traders to conduct due diligence and assess the risk of illegality of specific consignments of timber products. The system is an integral module of the BVRio Responsible Timber Exchange ([www.bvrio.com/timber](http://www.bvrio.com/timber)), which also includes a Trading Platform for sourcing timber products from legal sources.

The objective of the Responsible Timber Exchange is to enable wood traders to screen out illegal timber from their supply base and, through demand-side pressure, help combat illegality in the sector.

The system guides the user through the process of identifying the supply chain of their products, analysing the consistency of documentation related to this supply chain, and identifying any risks associated with it. At the end of the process, the system creates a supply chain map, rates each link in the supply chain for its consistency and risks, and issues a report.

BVRio's approach is to conduct due diligence for each individual timber consignment, rather than producers or suppliers. Many supply chains are very complex, with traders and timber merchants buying from multiple sawmills, which in turn acquire logs from multiple forest management units (with varying degrees of compliance). This means that a positive result for a timber consignment sold by a given sawmill does not guarantee that the next timber lot sold by the same sawmill will meet the same levels of legality and environmental compliance.

For some countries, additional information is pre-loaded in the system, facilitating the process of analysis and identification of risks.

In the case of Brazil, the system uses a big data approach, based on a large and growing data set, and aims to identify inconsistencies that may be associated with irregularities and illegality<sup>13</sup>. The system is designed to provide blanket coverage of all production sites in the region analysed.

BVRio Due Diligence and Risk Assessment System analyses:



• **Legality** – evidence of risks of non-compliance with legal, environmental and social laws, rules and requirements;



• **Supply chain inconsistencies** – whether the declared supply chain is consistent with documentation provided;



• **Social aspects** – risks of non-adherence to, or abuses of, labour and employment legislation.

<sup>13</sup> More information on the methodology used for Brazil can be found in BVRio 2016: Using big data to detect illegality in the tropical timber sector. BVRio Institute, Rio de Janeiro. ([www.bvrrio.org/publicacoes](http://www.bvrrio.org/publicacoes))

The due diligence and risk assessment process is conducted in two stages:

**1.** On a daily basis, the system analyses the compliance status of all production sites in the Amazon: i.e. timber extraction, processing and commercialisation operations (forest management units, sawmills and log yards used for timber storage and commercialisation). Based on the analysis, production sites are rated by level of compliance, ranging from those without any evidence of irregularities, through operations that show risks of possible infringements or illegalities, to those with proven illegality.

**2.** When a user enters the Timber Transport Authorisations related to a timber consignment, the due diligence system traces the timber product through the series of production sites and assesses the legality status or risk associated with that product.

The system checks timber sources for irregularities, illegality or possible illegality related to legal, environmental or social requirements during extraction, processing and transportation processes.

The risk assessment process also analyses the track record of companies and individuals involved in the supply chain. These include the forest owner, the person or company holding the forest management rights, the forest engineers responsible for the forest management plan and extraction activities, as well as those involved with the sawmills and timber yards. This allows the system to indirectly assess the risk of irregularities not yet detected by environmental agencies.



14 \_ The desktop version can be accessed at [timber.bvrrio.org](http://timber.bvrrio.org). Apps can be downloaded at the Google Play (<http://play.google.com/store/apps/details?id=br.com.bvrrio.bvriomobile&hl=en>) and Mac App Store (<http://itunes.apple.com/br/app/responsible-timber/id1059374511?l=en&mt=8>).

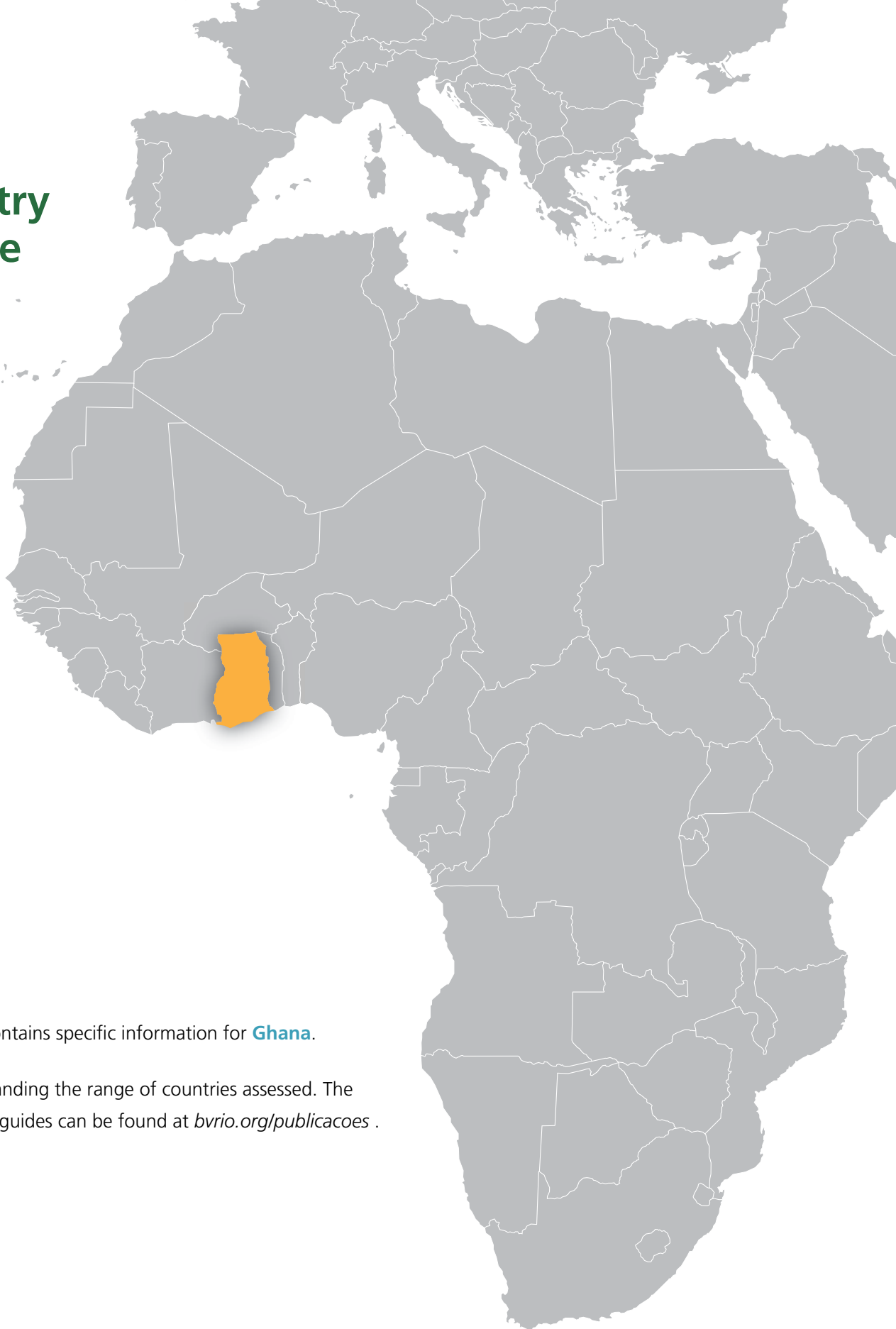
For most countries, however, lack of access to large digital databases restricts the use of a big data approach. In this case, the system:

- (i) guides the user step-by-step with each individual document,
- (ii) checks the consistency of these documents one against each other in order to assemble the supply chain from the export point back to the forests of origin, and
- (iii) cross checks some of the documents with databases of documents pre-loaded in the system, such as Forest Management Plans, Concession Agreements, etc.
- (iv) Additionally, the system also includes deforestation and forest degradation alerts for the forests of source and allows the user to print a report with all the information gathered and the assessments made.

**BVRio is expanding the range of countries assessed**, adapting its approach to national circumstances, legislation, and data availability and new versions of this guide will be issued with such updates.

BVRio's Due Diligence and Risk Assessment Tools are available for desktop use and as apps in Android or iOS format<sup>14</sup>.

## Country profile



This guide contains specific information for **Ghana**.

BVRio is expanding the range of countries assessed. The full range of guides can be found at [bvrrio.org/publicacoes](http://bvrrio.org/publicacoes).



GHANA

# Ghana



## Forest legislation and enforcement agencies

In Ghana, production of timber is the responsibility of the Ministry of Land and Natural Resources and implemented by the Forest Commission (FC). The FC Operates through four different divisions and agencies, with different roles: Timber Industry Development Division (TIDD), Forest Services Division (FSD, Resource Management Support Centre (RMSC)), and Timber Validation Department (TVD).

Ghana has a well-established range of laws and regulations which govern production and trade in timber. This includes: The FC Act of 1999 (Act 571) which sets up the FC and its agencies and divisions; Timber Resource Management Act 1997 (Act 547) and its Amendment Act 2002 (Act 617), Timber Resources Management Regulation 1998 (LI 1649) and its Amended LI (LI 1721) which concerns forest allocation, timber rights, and benefit sharing; Timber Resources Management (Legality Licensing) Regulation 2012 (LI 2184) which regulates trade in legal timber and Timber Resources Management and Legality licensing regulations 2017 (LI 2254) which



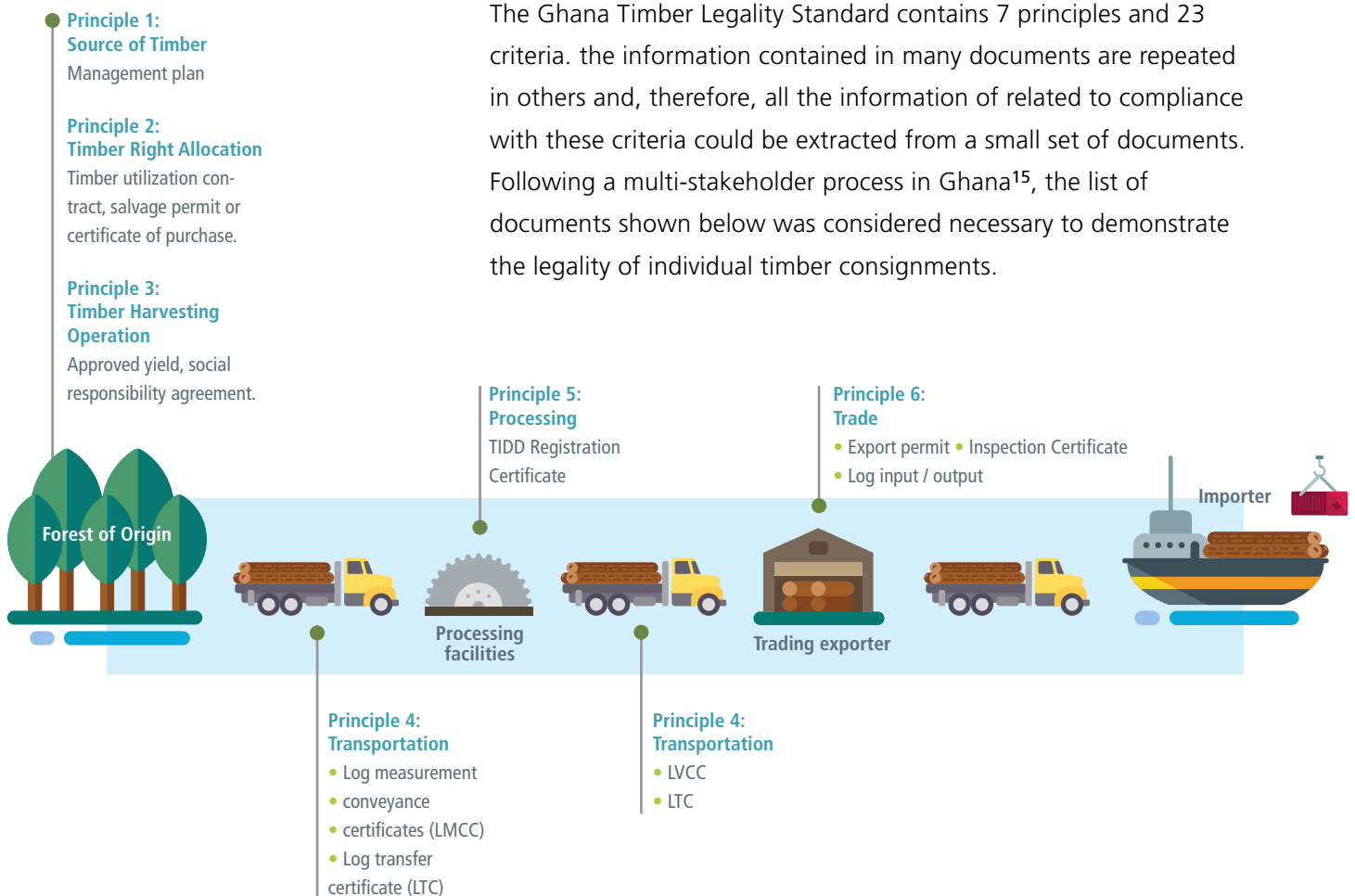
15. A consultation process was conducted by BVRio during 2015 and 2106, culminating in a final workshop with the participation of representatives of the Forest Commission of Ghana (including FSD, TIDD, TVD and RMSC), milling companies, artisanal milling groups, industry associations, and NGOs such as Civil Response, Nature Development, Working Group on Certification, Resource Trust, Tropenbos, Proforest Ghana, and the Kumasi Wood Cluster, etc.

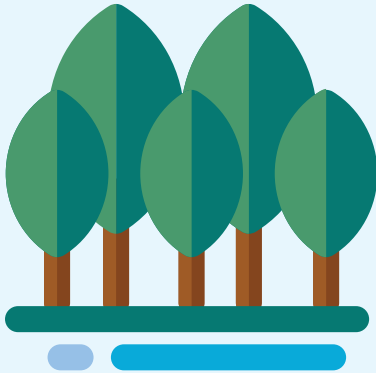
regulate the identification of land suitable for the grant of timber rights, terms and conditions for small and large scale timber rights, other sources of timber, and provide for a legality licensing scheme/.

In 2009 the Government of Ghana and the European Union signed a Voluntary Partnership Agreement (VPA) in the context of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Once the requirements of the VPA are met, Ghana should be able to issue FLEGT licenses, facilitating timber trade with the European Union and other major International markets.

## Main documents needed

The Ghana Timber Legality Standard contains 7 principles and 23 criteria. The information contained in many documents are repeated in others and, therefore, all the information of related to compliance with these criteria could be extracted from a small set of documents. Following a multi-stakeholder process in Ghana<sup>15</sup>, the list of documents shown below was considered necessary to demonstrate the legality of individual timber consignments.





## 1. Forest of source and timber harvesting

Principles 1, 2 and 3 of the Ghana Timber Legality Standard requires forest operators to obtain timber harvesting rights in forest reserves for which a Forest Management Plan was previously developed by the FC. Other types of permits exist for the extraction of timber outside forest reserves.

### a. Forest of Source: Forest Reserves and Forest Management Plans (FMP)

Ghana has about 280 forest reserves (permanent forest estates) with sizes ranging from less than 50 ha to 484,040 ha and made up of natural and plantation forests. These forest reserves are managed by the FC and 95 of these reserves have been allocated for timber production<sup>16</sup>.

Forest Management Plans (FMPs): Under the timber legality definition of Ghana, Management Plans are one of the primary legal documents that provide a clear statement of objectives covering timber rights allocated area. Out of 95 forest reserves under production, 34 have management plans, with a further 32 management plans in various stages of completion.

**Source:** Aide Memoire of the Joint Monitoring and Review Mechanism of the Ghana-EU FLEGT Voluntary Partnership Agreement (14 June 2017).

Region	Nr. of Forest Reserves allocated for timber production	N. of Reserves with Forest Management Plans
Ashanti	21	7
BrongAhafo	13	7
Central	10	4
Eastern	16	6
Western	35	10
<b>TOTAL</b>	<b>95</b>	<b>34</b>

<sup>16</sup> Forestry Development Master Plan 2016-2036.  
[https://www.fcghana.org/userfiles/files/MLNR/FDMP%20Final%20\(2\).pdf](https://www.fcghana.org/userfiles/files/MLNR/FDMP%20Final%20(2).pdf)



## **b. Timber rights allocation and harvesting: TUCs, Salvage Permits and others**

Different types of documents exist in Ghana to grant the rights to harvest or the rights to already harvested trees (confiscated or abandoned). Harvesting may occur in forest reserves, off-reserves and in plantations. The only harvesting rights recognised by both the domestic legislation and the VPA are the Timber Utilization Contracts (TUCs) and the Salvage Permits.

**Timber Utilization Contract (TUCs)** - Two types of TUCs exist: Small-Scale and Large-Scale TUCs<sup>17</sup>. Small-Scale Timber Rights may be allocated when there are insufficient timber resources for long term viable timber operations. The duration for Small Scale timber rights shall not exceed two years and the area shall not exceed 6 km<sup>2</sup> or 5 compartments within a forest reserve. Large-Scale Timber Rights is granted for a period not exceeding 40 years and the area not exceeding 125 km<sup>2</sup> in respect of a particular grant of timber right at a time<sup>18</sup>. All TUCs must be allocated through a competitive bidding process, for forest reserves, forests off-reserves and plantations. After such a process, the Forest Commission recommends the grant of the timber rights and the Minister of Lands and Natural Resources enters into a TUC, on the behalf of the President, with the winning company. After the signature, and the one-time payment of the Timber Rights Fees, the TUC must be ratified by Parliament<sup>19</sup> (except for TUCs in plantations<sup>20</sup>). There are still a large number of TUCs not yet ratified by Parliament. Timber harvested under these non-ratified TUCs are deemed to be illegal.

Related to the allocation of timber rights are the Consent of Land Owners agreeing to grant of timber right on their lands and **Social Responsibility Agreement (SRA)**, which is a contract establishing a code of conduct and social obligations of the holder of the TUC and the land-owning communities.

TUCs terminated without fault of the contract holder may result in a Replacement Right<sup>21</sup>. The Replacement Rights are recognised in the VPA<sup>22</sup>.

**Salvage Permits and Submerged Timber Rights** are issued by the Forestry Commission for the removal of trees from areas undergoing planned development, such as road construction or expansion of communities or agricultural development. Submerged Timber Rights are allocated for underwater harvesting by the Minister of Lands and Natural Resources and must be ratified

17\_ Timber Rights, Timber Resources Management and Legality licensing regulations 2017 (LI 2254).

18\_ Timber Resources Management Act 1998 (Act 547), section 6A (1) a, b and c.

19\_ Client Earth, 2013: Understanding the legality of rights, permits and certificates to harvest naturally occurring timber in Ghana.

20\_ Entry into plantations managed by the FC (i.e., within forest reserves) requires an entry permit issued by the Forest District Manager of FSD.

21\_ Timber Resources Management Act, 1998 (Act 547), section 15 (1) c, d and e.

22\_ See Annotated Legal Definition of the Annex II of VPA.

23\_ Regulation 29 (5) of LI 2254.

24\_ Section 18 (g) of Act 547, Regulation 37 of LI 1649 and Regulations 28, 29 and 30 of LI 2254.

25\_ ClientEarth, 2013: Understanding the legality rights, permits and certificates to harvest naturally occurring timber in Ghana. p. 3.

26\_ Regulation 27 of LI 2254

27\_ Timber Resources Management Act, 1997 (Act 547).

by Parliament. Holders of Salvage Permits and Submerged Timber Rights are required to negotiate SRA with affected communities<sup>23</sup>.

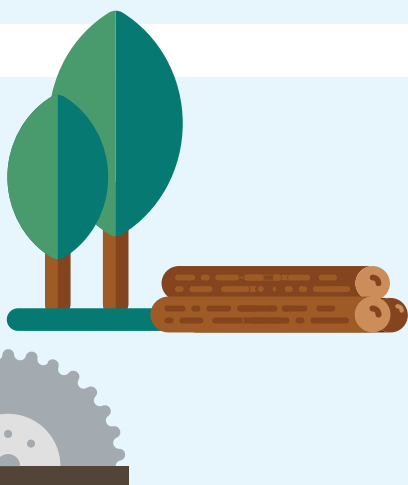
**Certificate of Purchase (CoP):** A CoP is not a harvesting right (it does not involve felling of trees) but a timber right allocated through an auctioning process for confiscated or abandoned timber or residue of logs<sup>24</sup>. Timber covered by a CoP can be legally sold and exported<sup>25</sup>.

Timber Utilization Permits (TUPs) are issued to District Assemblies, Towns Committees, Rural Community Groups and NGOs for social or community purposes. Timber harvested under TUPs cannot be sold or otherwise exchanged<sup>26</sup>. Other types of timber rights, such as the Special Permits, and Leases are no longer accepted under the VPA, the EUTR or even the domestic legislation. Special Permits are used to be administrative permits issued by the Minister of Lands and Natural Resources upon recommendation by the Forestry Commission for areas not eligible for TUCs. Special Permits has been replaced by the Small-Scale Timber Rights.

Leases are still being used in Ghana. A large number of Leases were granted before the Timber Resources Management Act was passed (in 1998). During a 6 month period after the entry into force of the law, lease holders were to apply for the conversion of leases into TUCs<sup>27</sup>. There is still a significant number of forests being explored under lease agreements that were not duly converted into TUCs and therefore considered illegal.

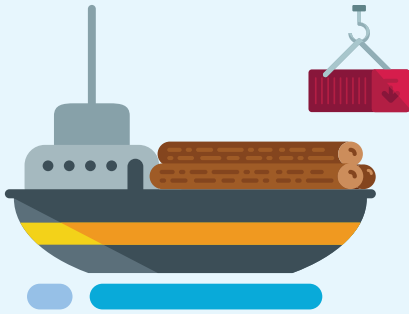
## 2. Timber processing activities

**TIDD Certificate of Registration:** All timber processing companies must be registered with the Forest Commission's Timber Industry Development Division (TIDD). Companies must get a TIDD Certificate of Registration, and renew it annually. Renewal is conditional and requires the presentation of a valid company certificate ("certificate to commence business issued by the Registrar-General Department"), a tax clearance issued by the Internal Revenue Service, and a valid Property Mark issued by the Forest Services Division (FSD). The Property Mark must be renewed every 6 months.



### 3. Trading activity

**Export Permit:** The Export Permit is a document issued by TIDD's Contract and Permit Department for each timber consignment to be exported. The exporter must apply for the Export Permit by submitting the following supporting documents<sup>28</sup>:



- Packing list (prepared by the exporter);
- TIDD Inspection Certificate;
- Input/output Data Sheet;
- Proof of payment of export levies.

In addition to the Export Permit, individual timber consignments to be exported must be accompanied by the following documents:

**TIDD Inspection Certificate:** TIDD is supposed to inspect at least 10% of each export consignment and issue an Inspection Certificate<sup>29</sup>. The inspections are carried out against the sales contract and check the tree species, dimensions and product quality<sup>9</sup>.

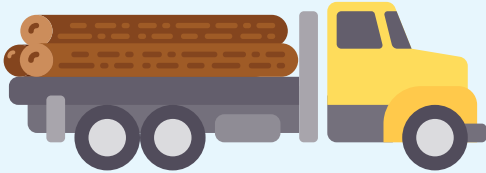
**Input/output Data Sheet:** The inspection process includes filling out a Log Input/output Data Sheet used in sawmills, which aims at identifying the logs used to produce the export consignment and the conversion rates.

<sup>28</sup> WWF, 2012: A guide for the timber exporter and importer from Ghana and Liberia. P. 24.

<sup>29</sup> Personal Communication, TIDD Operations Director, FC of Ghana, March 2017.

<sup>30</sup> Personal Communication, TIDD Operations Director, FC of Ghana, March 2017.





31\_ Personal Communication, TIDD  
Operations Director, FC of Ghana,  
March 2017.

#### 4. Timber transportation

**Log Measurement and Conveyance Certificate (LMCC).** In Ghana, the transportation of Logs from a natural forest must be accompanied by a LMCC. The LMCC provides important information about the logs transported (such as species, dimensions, numbering and the origin). The information on the LMCC is verified at TIDD checkpoints, where the logs are re-measured to ensure consistency with the document<sup>31</sup>.

**Plantation Log Measurement and Conveyance Certificate (PLMCC)** is the equivalent document for the transportation of logs from plantations.

**Log Transfer Certificate (LTC)** is the equivalent document for the transportation of logs between mills.

## Main types of fraud

The main types of fraud in timber production in Ghana can be summarised as following:

### 1. Granting/use of illegal permits:

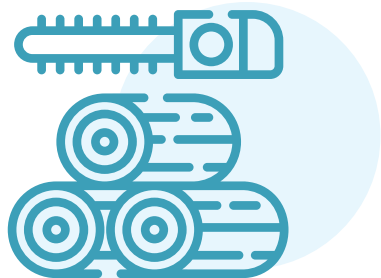


- granting special permits (there is no legal basis in Ghana's legislation for granting special permits) for harvesting timber in areas too small to be considered for TUCs;
- granting salvage permits for removing trees in areas where there is no threat of development or agricultural expansion;
- use of timber leases (which are no longer recognised by law) or use TUCs not ratified by parliament to harvest timber.

### 2. Timber theft:



- logging without permit;
- harvesting volumes exceeding the approved yield;
- harvesting in areas under "coarse grain protection (e.g., Provenance areas, Globally Significant Biodiversity Areas, etc.);
- removing protected species through the abuse of salvage permits.

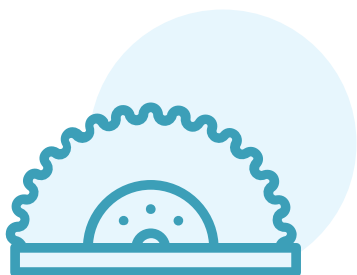


### 3. Non-payment/reduced Statutory payments and third-party rights:

- connivance with forest authorities to pay reduced royalties and harvesting fees by underreporting harvest volumes or, in some cases, no payment at all;
- non-fulfilment of Social Responsibility Agreements (SRA) between logging companies and local communities or landowners;
- or misclassification of tree species and volume during harvesting and enumeration to reduce fees payable to local communities through SRA;
- reduced/non-payment of legally approved compensation to farmers or landowners in off-reserves when crops are damaged in the course of logging operations.



#### 4. Operational illegalities and/or irregularities at the forest and sawmills:

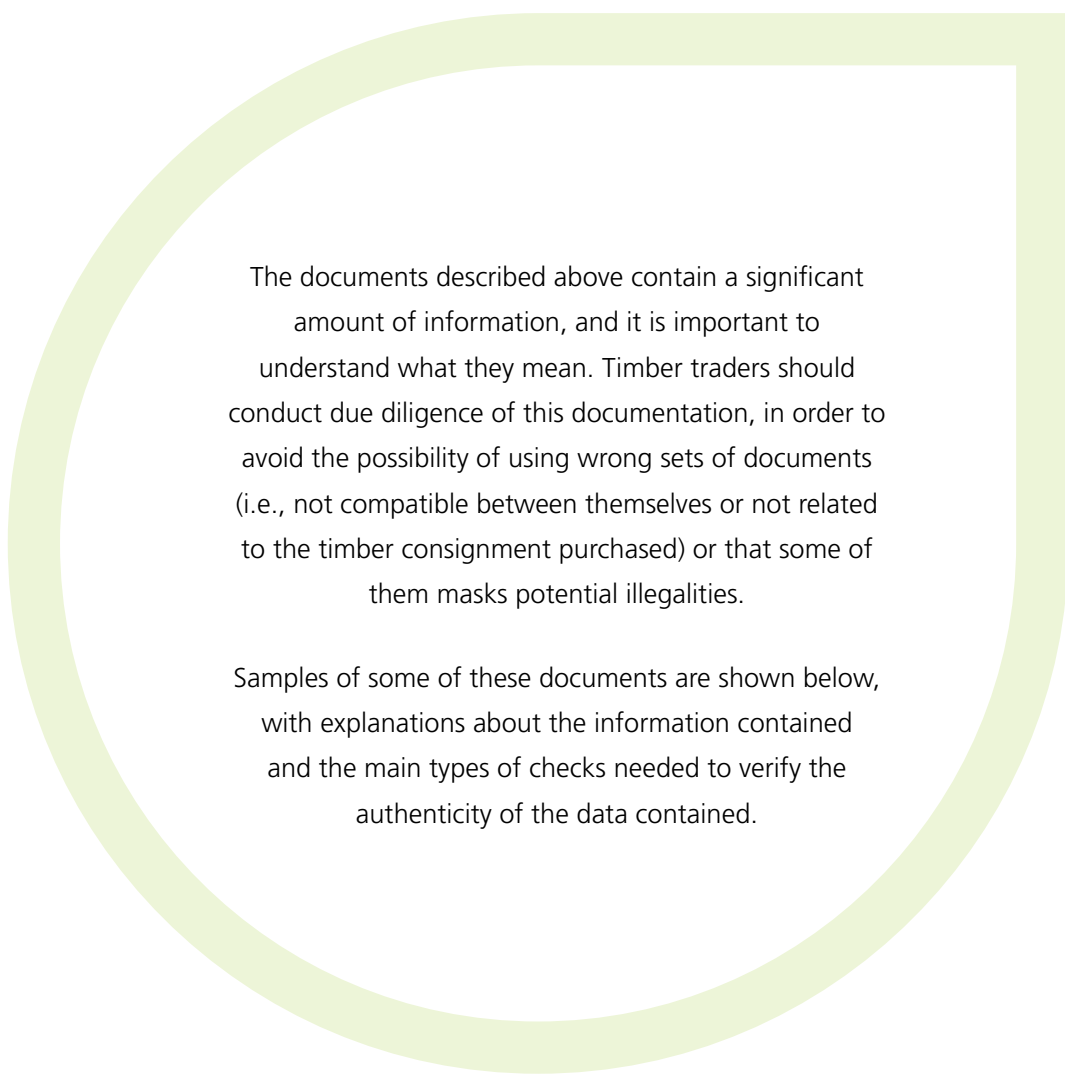


- non-compliance with harvesting regulations set out in the “Logging Manual” and “Key Standards for Logging in the High Forest Zone” of Ghana;
- deliberately/incorrectly identifying or classifying species during enumeration resulting in substituting lower value species with high values ones;
- under-recording harvested volumes and repeating stock numbers of approved trees in order to harvest more trees outside the yield given.

#### 5. General irregularities:



- companies operating without renewed registration certificate from both Registrar General Department and TIDD;
- non-provision of safety equipment to workers;
- contraventions of employment agreements and, in some cases, employing workers without contracts and obligatory insurance;
- tax evasion.



The documents described above contain a significant amount of information, and it is important to understand what they mean. Timber traders should conduct due diligence of this documentation, in order to avoid the possibility of using wrong sets of documents (i.e., not compatible between themselves or not related to the timber consignment purchased) or that some of them masks potential illegalities.

Samples of some of these documents are shown below, with explanations about the information contained and the main types of checks needed to verify the authenticity of the data contained.

## Samples of main documents and how to read them

### 1. Export Permit:

**Sample of an Export Permit** from Ghana, issued by the Timber Industry Development Division (TIDD/Forestry Commission).

#### How to read an Export Permit.

The highlighted information is:

1. Authenticity Seal;
2. Sequential number of the document;
3. Name of the Ghanaian seller/exporter and international buyer;
4. Contract number (sales contract registered with the TIDD);
5. Identification of the container (it identifies the container(s) used in the export and, in some cases, the product and species exported);
6. Description of the goods (description of the product, its dimensions, the species, grade, volume, number of pieces, unit value and total value);
7. Exporter stamp and signature;
8. Number of the Export Permit, usually hand-written, made by the initials of the TIDD office involved; the date (YY/MM/DD) and a sequential number for the permits issued in that date;
9. The TIDD signature, stamp and expire date of the permit.

#### What to be aware when reading an Export Permit:

To assemble a supply chain, it is important to cross check the information of the Export Permit with the Inspection Certificate (parties, number of the contract, identification of the container, product, species and volumes).

**FORESTRY COMMISSION**  
**AFC**  
**TIMBER INDUSTRY DEVELOPMENT DIVISION**  
 P.O. Box 783/519 - Tema, Ghana

**EXPORT PERMIT FOR WOOD PRODUCTS**

1. Authenticity Seal (Logo)

2. Sequential number of the document (No.)

3. Name of the Ghanaian seller/exporter and international buyer (Exporter/ Buyer)

4. Contract number (Contract No.)

5. Identification of the container (Container/Vehicle No.)

6. Description of the goods (SPEC NO. / DESCRIPTION OF WOOD GOODS)

7. Exporter stamp and signature (Signature)

8. Number of the Export Permit, usually hand-written, made by the initials of the TIDD office involved; the date (YY/MM/DD) and a sequential number for the permits issued in that date (Permit No.)

9. The TIDD signature, stamp and expire date of the permit (T.I.D.D. Stamp)

## 2. Lumber Inspection Certificate / Veneer Inspection Certificate

MINISTRY OF LANDS AND FORESTRY  
TIMBER INDUSTRY DEVELOPMENT DIVISION  
P.O. BOX 780 219 - Takoradi, Ghana.

**LUMBER INSPECTION CERTIFICATE**

1. Authenticity Seal (Stamp)      2. Sequential Number

3. Name of Company      6. Name of Buyer

4. Product      7. Contract No.

5. Container No.      8. Destination

IDL No.	SPECIES NAME	CODE	THICKNESS (mm)	WIDTH (mm)	LENGTH (mm)	NO. OF PIECES	TOTAL WEIGHT (mts)	VOLUME (m <sup>3</sup> )	GRADE	REMARKS
<b>TOTAL</b>										

I hereby certify that the measurements and grades of \_\_\_\_\_ bundles of lumber enumerated above have been duly taken and computed by me, an authorized officer of Timber Industry Development Division and that this certificate is issued without erasure or alteration of any kind.

Name of Officer: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Date of Inspection: \_\_\_\_\_ 9  
 No. Of Bundles Inspected: \_\_\_\_\_  
 Date of Expiry: \_\_\_\_\_

TYPE OF DRYING	MC (%)
Kiln Dried	
Air Dried	

10. Approved by: \_\_\_\_\_ (Stamp & Signature)

Sample of a Lumber Inspection Certificate from Ghana, issued by the Timber Industry Development Division (TIDD/Forestry Commission). The example above refers to a Lumber Inspection Certificate (there is a similar form for a Veneer Inspection Certificate; the comments below apply to both the Lumber and the Veneer Inspection Certificates).

### How to read an Inspection Certificate.

The highlighted information is:

1. Authenticity Seal;
2. Sequential number of the document;

3. Name of the seller (the processing company);
4. Type of product;
5. Identification of the container (the same as in the Export Permit);
6. Name of the international buyer (the same as in the Export Permit);
7. Contract number (sales contract registered with the TIDD; the same as in the Export Permit);
8. Specification of each bundle inspected (including the identification of the species and the total volume of each bundle);

9. Date of inspection and expire date;
10. Approval, with stamp and signature.

### What to be aware when reading an Inspection Certificate:

To assemble a supply chain, it is important to cross check the information of the Inspection Certificate with the Export Permit and the Input/output Data Sheet (parties, number of the contract, identification of the container, product, species and volumes).

### 3. Input / output Data Sheet

Sample of an Input / output Data Sheet from Ghana.

How to read an Input Output Data Sheet. The highlighted information is:

1. Heading with the identification of the parties (the Exporter and the International Buyer - the same as in the Export Permit); contract number (the same as in the Export Permit); the species processed; total log volume processed; the output product and the output volume; and

2. Details of the processing. Each line describes the origin of the log (identified by the Property Mark - PM, which is the registered acronym of the supplier of the log, and the compartment where the log was harvested - LOC); Log number (as per the management plan); LMCC number (Log Measurement and Conveyance Certificate), which is the transportation document of the logs; and volume of the log.

What to be aware when reading an Input/output Data Sheet (IODS):

To assemble a supply chain, it is important to cross check the information of the Input/output Data Sheet with the Inspection Certificate and the LMCCs (parties; number of the contract; identification of the container; product, species and volumes; number of the LMCCs and identification of the logs).

The total output in the IODS should be equal or higher than the volume shown in

FOREST PRODUCTS DEVELOPMENT DIVISION  
(FORESTRY COMMISSION)

INPUT/OUTPUT DATA SHEET

Name of Company/Exporter: \_\_\_\_\_ Product: SLICES VENEER

Name of Buyer: \_\_\_\_\_ Specification: 80 x 1100mm x 2-10m

Contract No: \_\_\_\_\_ Total Volume of Product: 31,100 m<sup>3</sup>

Species: KOLA, CHEMICAL UTILE Grade: Ek

Total Log Volume: 41,538 m<sup>3</sup>

LMCCS DETAILS					
NO.	PM-LOC	LOG NO.	LMCC NO.	VOL (M <sup>3</sup> )	REMARKS
1		B5 212 - 1		5,250	
2	H	4 212 - 2		4,050	
3		B9 373 - 1		8,248	
4	V	4 373 - 2	411	5,805	
5	V	4 135 - 2		4,210	
6	V	4 134 - 1		5,712	
7	V	4 427 - 2	H	8,375	
8	V	4 433 - 1	H	7,872	
9					
10					
11					
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13					
14					
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19					
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21					
22					
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26					
27					
28					
29					
30					
31					

NAME OF EXPORTER: \_\_\_\_\_ NUMBER: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: 25/11/17

NAME: ALVIN OBIEN ADDRESS OF THE INSPECTOR: \_\_\_\_\_ CERTIFICATE FOR EXPORT APPROVAL

the Inspection Certificate. The IODS does not identify, line by line the species of the logs. The species can be checked in the respective LMCC.

The volume, in each line of the IODS, should be the same as indicated in the respective LMCC.

#### 4. Log Measurement and Conveyance Certificate (LMCC)

**Forestry Commission**  
LOG MEASUREMENT AND CONVEYANCE CERTIFICATE

1. Authenticity Seal

2. Sequential number of the document

3. Contractor Name

4. Property Mark

5. Forest District

6. Sawmill

7. Log Measurements Table

TID No.	Reserve Code	Camp No.	Stock No.	CONTRACTORS		SPECIES		DIAMETER (CM)						Length (M)	Vol. (M <sup>3</sup> )	Defects	Grade
				Line No.	Log No.	Trade	Code	DB	DB	DB	DT	DT	DT				
				275	1	Dalbergia	Pip	82	78	80	75	71	73	8.60	3.952		
				290	1	Dalbergia	Pip	72	64	70	58	56	57	11.80	4.736		
				295	1	Dalbergia	Pip	77	63	70	57	51	54	15.00	4.800		
				246	1	Euclea	Gen	78	73	75	77	64	70	12.70	5.207		

8. FSD Officer Approval

9. Contractor Signature

10. TIDD Officer Approval

FOUR (4) LOGS ONLY

**Sample of a Log Measurement and Conveyance Certificate (LMCC)** from Ghana. This document is filled in by the company (Property Mark Holder/Agent), approved (for transport of the logs) by the FSD Officer, and then approved (for processing of the logs) by the TIDD Officer.

**How to read a LMCC.**  
The highlighted information is:

1. Authenticity Seal;
2. Sequential number of the document
3. Name of the Contractor (the company sending the logs to the sawmill);
4. Property Mark (registered acronym of the

- supplier of the log;
5. Forest District from where the logs come from;
6. Sawmill that will receive the logs;
7. Identification and measures of the logs (including the forest reserve where the logs were extracted; the identification number of the logs; the species; the dimensions and the volume);
8. Approval for transportation, by the FSD officer;
9. Signature of the company;
10. Approval for processing, by the TIDD officer.

**What to be aware when reading an LMCC:**  
To assemble a supply chain it is important to

cross check the information of the LMCC with the Input/output Data Sheet: the sequential number of the LMCC should match the one in the Input/output Data Sheet; the Property Mark should match the one in the Input/output Data Sheet; the logs in the LMCC referred to in the IODS (the LMCC may contain logs which are not included in the IODS, meaning that these logs are not part of the exported consignment), their species, volumes and identification; the forest of origin of each log.

The volume, in each line of the IODS, should be the same as indicated in the respective LMCC. In the IODS it is possible to see who are the suppliers of the logs; in the LMCC it is possible to identify the forest of origin of each of the logs.

## 5. TIDD Certificate of Registration of a sawmill

**Sample of a Certificate of Registration** issued by the Timber Industry Development Division (TIDD/Forestry Commission).

### How to read a TIDD Certificate of Registration.

The document contains the following main information:

1. Number of the Certificate;
2. Name of the Company;
3. Type of certificate (exporter);
4. Expire date of the Certificate;
5. Activity and type of products covered by the certificate;
6. Signature of the executive director of the TIDD.

### What to be aware when reading a TIDD Certificate of Registration:

To assemble a supply chain, it is important to cross check the whether the name of the sawmill is the same as listed in the Log Measurement and Conveyance Certificate (LMCC) from the forest of origin.

It is also important to check whether the sawmill is allowed to export (field 3 in the picture), and the expiry date of the certificate.

**FORESTRY COMMISSION-GHANA**  
(TIMBER INDUSTRY DEVELOPMENT DIVISION)

No: TIDD/R/ 1

*Certificate of Registration*

*We Gladly Certify That*

[Redacted Name] 2

Have This..... 20<sup>th</sup> Day Of..... MARCH..... 20..... 17

Been Registered By Us As Overseas / Overland Exporter 3

Of Wood Products Subject To The Conditions Of Registration Indicated On Form No. TIDD/E/2

This Certificate Is Valid Up To 31st Dec., 20..... 17 4

STATUS: SAWMILLING 5  
PRODUCTS: SAWNTIMBER

[Signature] 6  
(T.I.D.D.)

## 6. Timber Utilisation Contract (TUC).

**Sample of a Timber Utilisation Contract (TUC)**, signed by the Company and the Government of Ghana (acting by the Ministry of Lands and Natural Resources).

### How to read a TUC.

The highlighted information is:

1. TUC registration number (usually with four numbers and the year);
2. Stamp duty seal;
3. Title of the contract and indication if it refers to on-reserve or off-reserve contract. Contractor (the company sending the logs to the sawmill);
4. Date of the contract;
5. Name of the company beneficiary of the contract (the "Holder");
6. Duration of the contract;
7. Signature of the parties of the contract;
8. Contract area description (usually in an annex to the contract);
9. Oath of proof page.

### What to be aware when reading a Timber Utilisation Contract.

To assemble a supply chain it is important to (i) cross check the name of the holder of the TUC with the name of the supplier of the logs in the Log Measurement and Conveyance Certificate (LMCC); (ii) check if the TUC refers to the same forest as referred to in the Log Measurement and Conveyance Certificate (LMCC); (iii) check the expire date of the TUC; (iv) check if the TUC was ratified by the Parliament (this information cannot be checked in the document itself, but by consultation of the Parliamentary Records. BVRio has compiled the Parliamentary Records and can inform if a given TUC was ratified by the Parliament).

1

2

[Signature]

**TIMBER RESOURCES MANAGEMENT ACT, 1997 (ACT 547)**  
**TIMBER RESOURCES MANAGEMENT REGULATIONS, 1998**  
(L.I. 1649)  
**TIMBER RESOURCES MANAGEMENT (AMENDMENT) ACT, 2002**  
(ACT 617)



**TIMBER RESOURCES MANAGEMENT (AMENDMENT) REGULATIONS, 2003**  
(L.I. 1721)

**TIMBER UTILISATION CONTRACT FOR ON-RESERVE** 3

THIS Timber Utilization Contract is made this 24<sup>th</sup> day of December 2015 BETWEEN 4  
the **GOVERNMENT OF GHANA** acting by the Minister for **LANDS AND NATURAL**  
**RESOURCES** herein referred to as the "Minister" which expression shall where the context so  
admits or requires, include his [Name] (name of partnership or 5  
company) of [Address], herein referred to as "the Holder" which  
expression shall where the context so admits or requires includes its assigns on the other:

WHEREAS:

- (1) The Government of Ghana is desirous of regulating the grant of timber rights in a manner that secures the sustainable management and utilization of the timber resources of Ghana; and,
- (2) For that purpose has adopted the process of competitive bidding by pre-qualified applicants for the grant of timber rights; and,
- (3) The Holder, in response to an invitation for bids for the grant of timber rights in an On-reserve area of land has submitted a successful bid and has been issued with a Notice of Grant of Timber Rights.

NOW THEREFORE the Parties hereto agree as follows:

**1.0 Definitions**

1.1 In this Contract the following terms shall have the following meanings:

"Annual Yield" - the volume permitted to be removed by the Holder as provided under the approved Bidding Prospectus governing the TUC Area.



"Timber Rights"	-	means the rights to harvest trees and extract timber from a specified area of land under a timber utilization contract
"Timber Rights Fee"	-	means the annual fee payable by a Holder for the right to harvest timber
"Timber Utilization Contract"	-	means a written Agreement that specifies the terms of timber rights granted in respect of an area of land for a fixed period of time

**2.0 Grant of Timber Rights**

- 2.1 In pursuance of the Notice of Grant of Timber Rights issued to the Holder, subject to the completion by the Holder of all the requirements stipulated in the Notice of Grant of Timber Rights, the Minister, acting for and on behalf of the Government of Ghana hereby grants to the Holder timber rights in respect of the area of land specified herein on the terms and conditions set forth in this contract.
- 2.2 The Holder hereby accepts the grant of the timber rights on the said terms and conditions.
- 2.3 Upon fulfillment by the Holder of all the requirements stipulated in the Notice of Grant of Timber Rights, and the grant to it of the timber rights the Holder may, enter the land within the contract area and carry out preparatory works.

**3.0 Ratification by Parliament**

- 3.1 This contract shall be subject to ratification by Parliament in accordance with Section 9 of the Timber Resources Management Act, 1997 (Act 547).

**4.0 Area and Duration**

- 4.1 Upon this Contract becoming effective the holder shall be entitled for the period beginning on the 24<sup>th</sup> day of December 2015 and ending on the 22<sup>nd</sup> day of December 2015 to enter into and to harvest timber within the area of land situate in and more particularly described in the Schedule hereto and herein referred to as the Contract Area.
- 4.2 The Holder shall have no right to enter into and to harvest timber from an area of land which falls outside the said contract area.

6

Address to:

The Minister at

MINISTRY OF LANDS AND NATURAL RESOURCES,

P. O. BOX 212,

ACCRA.

7

35.2 Either party has the right to change its address by notice delivered personally or sent by facsimile or e-mail to the address stated above or such other addresses as the parties may notify from time to time.

SIGNED, SEALED with the Seal of the Ministry of Lands and Natural Resources and DELIVERED by the said Minister, for Lands and Natural Resources for and on behalf of the Government of the Republic of Ghana in the presence of:

Name

Address

SIGNED, SEALED with the Seal of

and DELIVERED by the said

For and on behalf of

In presence of:

Name

Address



**OATH OF PROOF**

I, REGISTRAR OF DEEDS OF MIN. OF LANDS & NATURAL RESOURCES  
make oath and say that on the 24<sup>th</sup> day of December, 2015, I was  
present and saw the within-named NII OSAH MILLS duly execute the instrument now  
produced to me, and marked "A" and that the said NII OSAH MILLS can read and write.

Sworn at ACCRA this 24<sup>th</sup>  
day of DECEMBER 2015

DEPONENT

BEFORE ME

REGISTRAR OF DEEDS  
REGISTRAR  
HIGH COURT  
ACCRA



**CERTIFICATE OF PROOF**

On the 22<sup>nd</sup> day of MARCH, 2016 at ..... o'clock in the noon this  
instrument was proved before me by the oath of the within-named  
..... to have been duly executed by the within-named  
NII OSAH MILLS.

REGISTRAR OF DEEDS  
REGISTRAR  
HIGH COURT



This is the instrument marked "A" referred to in the oath of  
sworn before me this 22<sup>nd</sup> day of MARCH, 2016

REGISTRAR OF DEEDS  
REGISTRAR  
HIGH COURT  
ACCRA



## 7. Social Responsibility Agreement

### Sample of a Social Responsibility Agreement (SRA), signed by the

representatives of the Company, the Traditional Stool, and the District Assembly, and endorsed by the Ministry of Lands and Natural Resources (previously Lands, Forestry and Mines), acting as grantor of the Timber Utilisation Contract (TUC).

### How to read a SRA.

The SRA is not standardised document, so it can be found in a variety of formats.

The highlighted information is:

1. The heading of the agreement, with the name of the parties involved, the date of the agreement and the harvesting area to which the agreement refers to.
2. Signature of the parties of the contract.

It is important to note that a SRA is required for both on-reserve and off-reserve harvesting operations, for plantations or natural occurring trees, and it can relate to TUC or other harvesting rights. When related to a TUC, the main aspects to check are (i) the name of the holder of the TUC with the name of company signing the SRA; (ii) if the SRA refers to the same forest as referred to in the TUC; (iii) if the SRA refers to all the traditional stools affected by the TUC (this information should be checked vis-à-vis the approved forest management plan).

**SOCIAL RESPONSIBILITY AGREEMENT** 1

This Social Responsibility Agreement is made this 25 day of OCTOBER, 2014. BETWEEN the Stool, acting by its lawful attorney, the Paramount Chief, Divisional Chief, Sub-Chief, of hereinafter called the "Stool" AND the District Assembly, acting by its lawful attorney, the District Chief Executive and witnessed by Assembly Member of hereinafter called "Assembly" of the one part and ..... of acting by its lawful attorney, ..... of the "Contractor") of the other part.

**RECITALS**

A. WHEREAS the Chief Executive of Forestry Commission (the "Grantor") has granted the Contractor the right to harvest timber (the "Grant") in ..... which area is situated within .....

B. WHEREAS it is a condition of the Grant that the Contractor execute this Agreement with the Stool and the Assembly in order that the Contractor shall for the benefit of communities and inhabitants of ..... represented herein by the Stool and Assembly (the "Community") contribute financially to the provision of social and economic amenities, services or benefits (the "Assistance").

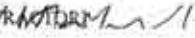
C. WHEREAS the Contractor desires to provide the Community with such Assistance and the Stool and Assembly desire to receive such Assistance on behalf of the Community.

D. WHEREAS the parties hereto desire to be bound by this Agreement pursuant to the terms hereof.

NOW, THEREFORE, the parties hereto agree as follows:

IN WITNESS WHEREOF, the duly authorized representatives of each of the parties hereto have executed this Agreement effective as of the day and year first written above.

2

THE [CONTRACTOR]   
By:  
Name:  
Title:

[TRADITIONAL STOOLE]  
By:  
Name:  
Title:

[DISTRICT ASSEMBLY]  
By:  
Name:  
Title:

[WITNESS]  
By:  
Name:  
Title:

Endorsed By:  
MINISTRY responsible for LANDS, FORESTRY AND MINES  
(Acting as Grantor of the Timber utilization contract)

By:  
Name:  
Title:



[WWW.BVRIO.ORG](http://WWW.BVRIO.ORG)