Timber Legality Assurance System (TLAS) Assessment Framework study

Expert team: Ulrich Malessa, Iola Leal & Djuran Koopmans

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Supervised by Jason Grant, WWF US, *Manager, Corporate Engagement, Forests*
Advisory Group with representatives of WRI, EIA, FAO, UK TTF, and WWF US

Background

Through decades of effort, many promising approaches aimed at curbing forest crime have emerged, yet illegality, fraud and corruption in the timber sector remain major global challenges. In reaction, many of the world's biggest markets have enacted and are enforcing laws, that prohibit the trade in illegal wood, such as the Lacey Act amendments and the EUTR. Companies in these markets are required to source legal timber supplies, improved forest sector transparency, and traceability are key to fulfilling these obligations.

Efforts to control illegal logging and the associated trade have been formalized in a number of major producer countries through government-run Timber Legality Assurance Systems (TLASs). TLASs have the potential to bring forest crime and associated corruption under control by bringing new levels of modernization, transparency, oversight, and accountability to national forest industries. It is critical that governments, companies, NGOs and other stakeholders committed to ending the illegal wood trade better understand the degree of completeness and effectiveness of TLAS in the most important producer countries.

Needs statement:
Currently there is no centralized resource that 1) provides a comprehensive overview of how and where different TLAS approaches are being applied and to what degree of success, and 2) offers easy access to more in-depth information about successful or promising TLAS approaches in specific contexts. Such a resource would not only aid in understanding the range of methods and their actual or potential synergies, but also to encourage dissemination, uptake and better networking of experts and practitioners.

The Research

Under the auspices of the USAID-funded Targeting Natural Resource Corruption (TNRC) project, WWF has engaged an expert team to research, analyze, compile and present information that, when published, will fulfill this need, assessing TLASs by creating and populating a framework that can focus governments, companies, international donors, civil society and the public to increase the traceability and transparency of supply chains and support law enforcement.

Goal: A public facing, maintained and impactful "place to go" to learn about TLASs.

The research focuses on the following key TLAS "elements"[1]:
Supply chain control and verification - approaches that aim to enable the tracing of inputs to a wood product back to their origins or track information through the downstream supply chain. Verification systems are typically incorporated and are intended to ensure that permits and transactions are legitimate, and the law is upheld.
Transparency - approaches that share information with civil society, the public, industry and other government agencies in a way that empowers them to act as monitors and to support law enforcement
Monitoring and oversight - the high-level review, monitoring, and supervision of the functioning and effectiveness of a TLAS, including mechanisms for monitoring and holding accountable those executive agencies immediately responsible for its implementation.
Implementation and enforcement - how well the TLAS is implemented, and laws are enforced through action by the authorities based on the information provided by any of the above approaches
Policy response – a mechanism that uses information on a TLAS's functioning and impact to guide actions at the executive and/or legislative levels to improve its effectiveness.

[1] Based on the outcome of a TLAS expert workshop, October 2021; conducted by WWF US in partnership with Environmental Investigation Agency (EIA)

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TLAS assessment framework:
Timber Legality System (TLAS) in a nutshell

TLAS and the supply chain: functional map

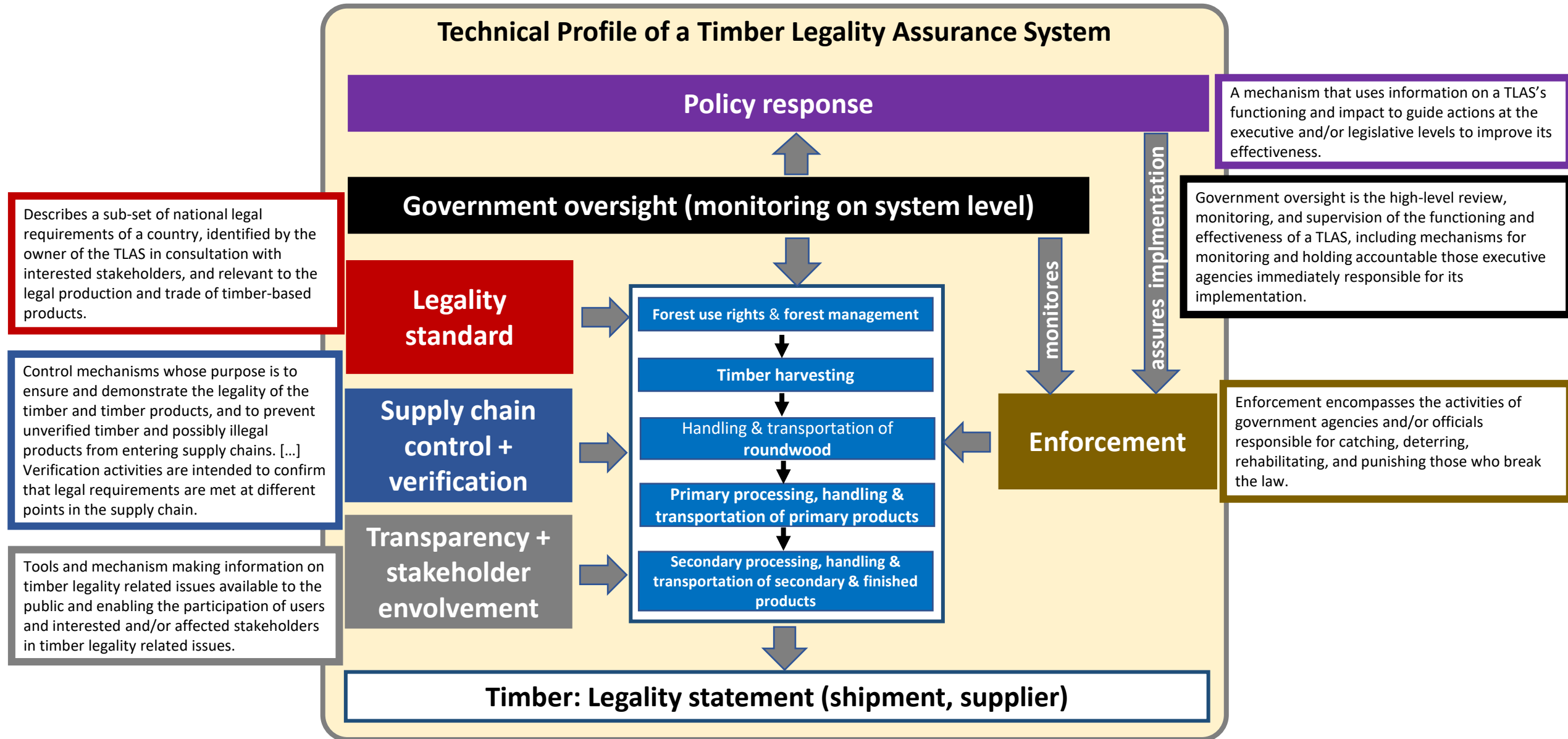**Technical Profile of a Timber Legality Assurance System**

Policy response

A mechanism that uses information on a TLAS's functioning and impact to guide actions at the executive and/or legislative levels to improve its effectiveness.

Government oversight (monitoring on system level)

Describes a sub-set of national legal requirements of a country, identified by the owner of the TLAS in consultation with interested stakeholders, and relevant to the legal production and trade of timber-based products.

Government oversight is the high-level review, monitoring, and supervision of the functioning and effectiveness of a TLAS, including mechanisms for monitoring and holding accountable those executive agencies immediately responsible for its implementation.

Legality standard

Control mechanisms whose purpose is to ensure and demonstrate the legality of the timber and timber products, and to prevent unverified timber and possibly illegal products from entering supply chains. […] Verification activities are intended to confirm that legal requirements are met at different points in the supply chain.

Supply chain control + verification

Transparency + stakeholder envolvement

Tools and mechanism making information on timber legality related issues available to the public and enabling the participation of users and interested and/or affected stakeholders in timber legality related issues.

Forest use rights & forest management

Timber harvesting

Handling & transportation of roundwood

Primary processing, handling & transportation of primary products

Secondary processing, handling & transportation of secondary & finished products

monitores

assures implmentation

Enforcement

Enforcement encompasses the activities of government agencies and/or officials responsible for catching, deterring, rehabilitating, and punishing those who break the law.

Timber: Legality statement (shipment, supplier)

TLAS assessment framework:
Layers to assess a TLAS

Three layers of information to assess TLAS

Layers used in the TLAS Assessment Framework

LAYER 1 Technical profile	LAYER 2 Implementation	LAYER 3 Concerns on timber legality
The technical profile of a TLAS provides **de facto and de jure information** on the characteristics of the system. As an assessment it uses standardized values that makes different TLAS comparable. It may compare such information with an ideal state of a complete and robust TLAS.	A **subjective evaluation** on the quality of the implementation of a TLAS. This may include an evaluation of the degree to which the technical profile of a given TLAS adheres to the following governance principles: **accountability, effectiveness, efficiency, fairness, participation and transparency**.	Concerns on timber legality stem from information showing **lack of law enforcement in areas of law pertinent to the forest sector**. Such information can indicate concerns regarding specific areas of law (e.g. so-called forest legality risk assessments) or general concern either regarding the forest sector (e.g. deforestation rate) or on governance in general (e.g. Worldbank Governance Indicators). Also, NGO reports as well as government reports can indicate concerns, as they may show improvements too.

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Based on external data sets and assigned to each supply chain step

Indicators

An indicator is a key question, and if answered, it provides a critical information on the given country TLAS. Indicators are assigned to TLAS elements and topics of interest. Indicators are answered by two answers: descriptive value and a standardized assessment value.

Concern assessment

The concerns are calculated objectively based on external data sets: FSC CW Risk Assessment, PBN Risk Assessment, and Chatham House Forest Policy Assessment
Each area of law can be assigned to a supply chain step, so that the concern level can be calculated.

Indicator catalog and how it works

TLAS Assessment Framework: Element - Criterion - Indicator for Technical Profiling and Implementation Assessment

Ind-Code	E/C/I	Importance	Elei	Eleme	Criteri	Criterion	Indicator text	Assessment value	Descriptive value
								Standardized indicator values	Descriptive information on indicator
			E3	Transparency + stakeholder involvement					
			E3	Trans	C3-1	Publicly available information on system, procedures, licensing, performance repor			
TInd3-1-1		3	E3	Trans	C3-1	Publicly a	What type of data is provided to stakeholders on individual transactions?	Valu... Sele...	...ion ...data, name source/place/ ...access such data
TInd3-1-2		1	E3	Trans	C3-1	Publicly a	Are there adequate records available on issued and rejected "legality statement"?	Indi... appl...	...ion ...records and show ...e for adequate records
TInd3-1-3		2	E3	Trans	C3-1	Publicly a	Are the requirements for issuing "legality statement" clearly specified and available to entities in the supply chain or other users?	Indi... appl...	...ion ...t
TInd3-1-4		2	E3	Trans	C3-1	Publicly a	Which information on "legality statement" issued is made publicly available?	Valu... Sele...	...ion ...describe information and ...en it is being updated

TInd3-1-1	Strength Value
Full access to real time verified data	10
Access to most real time verified data	7
Some access to verified data, but not on real time	3
Some access to verified data, ad hoc basis	2
No access to data	0
Unknown / None	
n/a	n/a

Fit-for-concern value

A subjective expert evaluation on the strength of a technical solution independently of a given governance concern or context. A strength value is a generic evaluation of the robustness, completeness or rigor of a de facto or de jure characteristic of a TLAS.

**Input 2
Strength value**

	Strength value										
Concerns value	0	1	2	3	4	5	6	7	8	9	10
1	robust	robust	robust	robust	robust	robust	robust	robust	robust	robust	robust
2	moderate	moderate	robust	robust	robust	robust	robust	robust	robust	robust	robust
3	moderate	moderate	moderate	moderate	robust	robust	robust	robust	robust	robust	robust
4	weak	moderate	moderate	moderate	moderate	moderate	robust	robust	robust	robust	robust
5	weak	moderate	moderate	moderate	moderate	moderate	robust	robust	robust	robust	robust
6	weak	weak	moderate	moderate	moderate	moderate	moderate	robust	robust	robust	robust
7	weak	weak	weak	moderate	moderate	moderate	moderate	moderate	robust	robust	robust
8	weak	weak	weak	weak	moderate	moderate	moderate	moderate	robust	robust	robust
9	weak	weak	weak	weak	weak	moderate	moderate	moderate	moderate	robust	robust
10	weak	weak	weak	weak	weak	weak	moderate	moderate	moderate	robust	robust

**Input 1
Concerns value**

Concerns on timber legality stem from information showing violations of law pertinent to the forest sector.
Sources: forest legality risk assessments, deforestation rate, World Bank Governance Indicators.
All such information may show improvements too.

Based on input 1 & 2 the fit-for-concern value is deducted

A subjective, perception-based expert evaluation on how strong a particular technical solution contributes to reduce or eliminate an identified forest governance concern.

Result dashboards

Technical Profile

data points ONLY

Dashboard 3a

- General information of TLAS
- Descriptive and assessment values

datapoints PLUS evaluation

Dashboard 3b

shows the above but also subjective data points:

- Concerns value per supply chain step
- Strength value
- Fit-for-concern value

Technical Profile by supply chain step

Data points ONLY

Dashboard 3c

Country comparison

data points only

Dashboard 4a

shows one indicator for two or more countries compared

Data points PLUS evaluation

Dashboard 4b

shows on one indicator objective and subjective data points two or more countries compared

Implementation Assessment

Dashboard 5

- shows the indicators and subjective assessment values as well as supporting description
- Concerns value per supply chain step
- Strength value and Fit-for-concern value
- Filters by relevance, topic and TLAS element

What does the TLAS Assessment Framework not do?

- Does not include assessment of the following areas:
  - Respect of human rights in the supply chain
  - Respect of labor rights in the supply chain
  - Legal deforestation
  - Forest activities other than harvesting
- Does not assess the legal framework of a country
- Does not provide an assessment on the reasons for a country to set up a TLAS
- Does not provide and use information on the impacts of a TLAS
- Does not provide a detailed resolution of results regarding timber source type, product type or species

Conclusions

- Data on TLAS can be standardized, analysed and assessed
- Result of the assessment are useful and insighful for the following user groups:
  - Timber buyers
  - Political analysts
  - TLAS management authorities
- Further refinement of tool towards specific user groups needs
- Validated data is key

Where do TLAS exist?

94 countries have reported to FAO that they manage a „timber traceability system"

Among such countries are examples as Romania (Sumal 2.0 system), or Indonesia (VPA endorsed SVLK system)

12 countries have started or concluded a VPA process under which also a TLAS is elaborated