



VERIFOR: Developmental Impacts of National Timber Production Verification Systems

11th Asia Forest Network Regional Meeting on Forest Sector Contribution to
the MDGs



Agenda

1. Background
2. The VERIFOR project: aims, focus, partners
3. Project timeline
4. Verification impacts on Development & Link to MDGs





Background



Background

- What are verification systems (General)?
 - **Broad** and **multi-layered** processes of **investigation** and **validation**.

‘A process covering the entire set of measures aimed at enabling the parties to an agreement to establish that the conduct of other parties is not incompatible with the obligations they have assumed under that agreement.’

[Sur, 1991]

- What do verification systems cover?
 - **Legal commitments**;
 - **Data exchange** and **notification arrangements**;
 - **Monitoring methods**;
 - **Communication, consultation** and **clarification mechanisms** and
 - An **agreed method for making judgments on verification**.
- What is the difference between verification and certification?



Background

Why develop verification systems for timber production?

- **Negative impacts** of illegal harvesting:
 - The environment;
 - Forest-dependent communities and
 - Public revenues.
- Illegality **undermines good governance (Corruption)**.
- **Increasing demand for proof of legal production** from consumer nations; reflected in the EU Forest Action Plan for Law Enforcement, Governance and Trade (FLEGT).



EU FLEGT

- Partner nations sign agreements to safeguard access to European timber markets.
- Requires effective and independent system of verification, with confidence of a wide variety of stakeholders and the public at large.



Background

- Challenges to successful development of verification systems:
 - Increasing **public oversight**;
 - Defining **what is 'legal'**;
 - Tackling **conflicting claims and jurisdictions** to land or resources;
 - **Matching industrial capacity to forest production potential**;
 - **Strengthening law enforcement** agencies and
 - **Improving access to justice**.





The VERIFOR Project



The VERIFOR Project

- Aim:
 - ensure that **timber and forest products are legally harvested** and help producer nations **put in place verification systems** with high **national and international credibility**.
- Focus:
 - **institutional mechanisms** rather than technical solutions;
 - the **provision of equitable solutions** without adverse effects on the poor and
 - the principles of **good governance**.





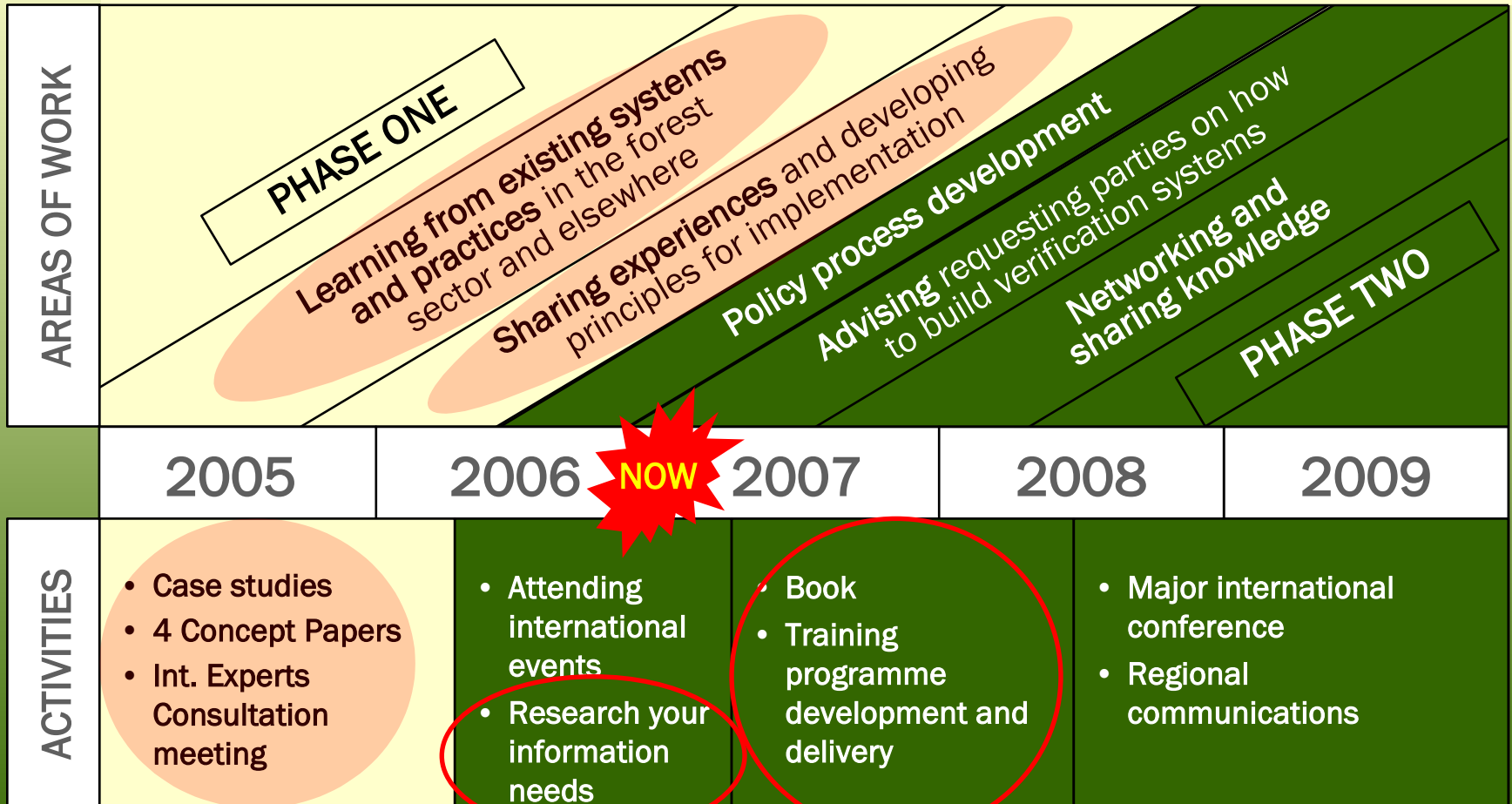
The VERIFOR Project

- Partner institutions:
 - Led by the **Overseas Development Institute (ODI)**;
 - The **Centro Agronómico Tropical de Investigación y Enseñanza (CATIE)** in Costa Rica;
 - The **Center for International Forestry Research (CIFOR)** in Cameroon and
 - The **Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC)** in Thailand.





Project timeline





Key themes for verification:
Ownership, Legality Standards,
Independence, Impacts



Developmental Impacts



Links to MDGs

- MDG 7: Ensure Environmental Sustainability.

Target: Integrate sustainable development in country policies and reverse loss of environmental resources.

- MDG 1: Eradicate extreme poverty and hunger.



Goal of Verification

- Ultimate goal is to improve national economic growth in a sustainable manner
- While this could lead to poverty reduction, the latter is often not stated as an explicit reason for the establishment of a verification system.
- Design is poverty neutral or should have positive impact???



Impacts of Verification (positive)

- Increased compliance
- Increased government revenue (royalties, taxes and penalty infractions)
- Increased availability of information and greater transparency
- Improved planning (better information)
- Positive impacts on forest policy development



Impacts of Verification (negative)

- Increased compliance costs for producers & government
- Concentration of Industry
- Small operators marginalized into illegality
- Displacement of illegal activities to non-production areas (ex. agricultural conversion)
- Disincentive to plant trees (transaction costs too high)



How to Minimize the Negative

- Essential that there is an inclusive multi-stakeholder design process
- Clear statement of objectives agreed upon by stakeholders during verification system design
- Poverty and Social Impact Assessment
- Ownership of the system by all (high level of credibility)



How to Minimize the Negative

- Parallel process of law and policy reform
- Recognition of poor forest-dependent communities modes of using timber resources
- Increased access to legality for the poor
- Improved information flow/transparency
- Establish dispute resolution systems



REALITY

- Developmental impacts of verification systems is poorly understood (new systems, complexity and cost of impact assessments, links not always clear, low ownership=low interest).
- There is an identified need for ongoing monitoring and evaluation using interlinked indicators



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