

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA

Sixty-sixth meeting of the Standing Committee
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Interpretation and implementation of the Convention

Species trade and conservation

Ebonies (*Diospyros* spp.) and rosewoods (*Dalbergia* spp.) from Madagascar

REPORT OF MADAGASCAR

1. This document has been submitted by Madagascar.*
2. In its National Development Plan (NDP), established in 2014, Madagascar adopted the vision of becoming “a modern and prosperous nation”. One of the pillars of this vision is the creation of wealth and a heritage that must be passed on to future generations. Natural resources will be included in Strategic Target 5 of the NDP, “Valuing the natural capital and strengthening resilience to disaster risks”. Several actions have been initiated in this regard, including mainstreaming the natural capital into the planning of economic and social development and the national accounting system.
3. Precious woods represent an important part of this Malagasy natural capital. However, they have been subjected to unsustainable exploitation since the 1990s. Unfortunately, successive regulatory reforms have not led to the desired effects. The current accumulation of timber stockpiles can be attributed to exceptional government orders that have alternated between permitting and banning the exploitation and export of precious woods. Trade in illegal timber stockpiles has been facilitated by frequent changes in the legal framework, along with poor governance of natural resources and the difficulties of authorities in ensuring effective controls. These factors have also led to the continuous replenishment of such stockpiles through more logging (i.e. ‘elastic stockpiles’):
 - a) In 1975, Order 2443/75 prohibited the export of logs of precious woods. In 1986, Order 4374/86 banned the export of logs of any species. However, in 1994, all previous texts were abrogated by Interministerial Order 5139/94, which completed the regulations in force on forest exploitation and regulated trade in the main forest products. This order authorized the export of the main timber forest products of categories 2, 3, 4 and 5 in the form of logs, raw timber or processed wood. No annual limits were set on the amount of processed wood allowed for export. However, the minister in charge of forests could set an overall annual export quota for the whole country. The quota set was 8,000 tonnes of rosewood in the form of raw timber (roundwood).
 - b) In 2000, Interministerial Order 11832/2000 of 30 October 2000 introduced a specific ban on the export of rosewood and ebony for the first time; the export of rosewood and ebony in the form of finished and processed products remained authorized. Yet, in the aftermath of cyclone Gafilo, which hit the north-eastern region of Madagascar towards the end of 2003, an interministerial order issued early in 2004 temporarily authorized (until the end of March 2004) the harvest and export of logs of precious woods only in the case of trees felled by the cyclone. This authorization opened the door to illegal logging.

* *The geographical designations employed in this document do not imply the expression of any opinion whatsoever on the part of the CITES Secretariat (or the United Nations Environment Programme) concerning the legal status of any country, territory, or area, or concerning the delimitation of its frontiers or boundaries. The responsibility for the contents of the document rests exclusively with its author.*

Indeed, it is very difficult to determine whether the timber for which a permit is temporarily applied for was really felled by the cyclone or logged after its passage, considering the shortage of staff in charge of controls. It is also difficult to determine exactly the locations where the trees were felled. From this order onwards, the stockpiles of precious woods concerned became 'elastic' and illegal logging increased;

- c) The political crisis of 2009 was also a favourable context for illegal logging, given that Order 003/2009 of 28 January 2009 granted exceptional rights to export raw timber (including rosewood and ebony) from natural forests to 13 operators and Interministerial Order 38244/2009 of 21 September 2009 approved the export of raw and semi-finished precious wood on an exceptional basis and authorized certain individuals (whose names were blank) to export a maximum of 25 containers each, subject to the payment of 72 million Ariary (per container) within 15 days – before 30 November 2009.
4. Today, the logging, transport and export of rosewood and ebony are definitively banned by Decree 2010-141 of 24 March 2010, which prohibits the cutting, exploitation and export of rosewood and ebony in Madagascar, and Ordinance 2011-001 of 8 August 2011, detailing penalties for offences relating to rosewood and ebony. These bans are necessary to stop illegal exports and create the necessary conditions for sustainable trade in the future. In fact, on 22 December 2011, a total of 109 species – 5 species of the genus *Dalbergia* and 104 species of the genus *Diospyros* – were listed on CITES Appendix III; on 12 June 2013, all species of *Dalbergia* and *Diospyros* from Madagascar were listed on CITES Appendix II in order to ensure non-detrimental trade.
5. Nonetheless, the presence of timber stockpiles kept in many places with varying levels of security has led to further logging and illegal exports. Consequently, before remedial actions are taken, it is necessary to determine the status of the stockpiles in quantitative and qualitative terms. It is also key to establish a definitive legal status for these stockpiles after the alternating authorizations and prohibitions in the regulations. The idea is for every piece of rosewood or ebony of illegal origin present in Madagascar or abroad to have a specific use that will eventually lead to the total exhaustion of the illegal stockpiles of rosewood and ebony.
6. Therefore, the key issues will be the following:
 - a) Non-detrimental trade of the genus *Dalbergia* spp., all of whose species have been listed, including rosewood and palisander species. Yet, palisander species are not the subject of large-scale international illegal trade. Species identification will be required to focus on rosewood species within this listing in CITES Appendix II.
 - b) The safety of protected areas, which are the main places where rosewood and ebony species are harvested. Considering the human and financial means available as well as the cost of managing these protected areas, timely management of current stockpiles is paramount in the face of persistent logging followed by intensive exports and the continuous replenishment of 'elastic' stockpiles.
 - c) The contribution of this natural capital to the local and national economy, as these products have high commercial value and are highly prized on the international market. Currently, they provide very little benefit to local communities and the national economy, since the lion's share of profits goes to traffickers.
 - d) The acceptance of illegal logging as a rule of society infects the governance of natural resources. Although illegal logging has negative effects on biodiversity, it also generates an income for a part of the local population and the authorities. The economic success of traffickers has an impact on the moral aspect of this illegal activity.
7. This document responds to Decision 16.152 of COP 16 / Report of the CITES Secretariat on the Action Plan for *Diospyros* spp. and *Dalbergia* spp. (populations of Madagascar). It focuses on paragraph 4 of the Action Plan, which reads: "[Madagascar shall] put in place an embargo on export of stocks of these timbers until the CITES Standing Committee has approved the results of a stockpile audit and use plan to determine what component of the stockpile have been legally accumulated and can be legally exported."
8. The audit and Action Plan only concern stockpiles of rosewood of the genus *Dalbergia* and of ebony of the genus *Diospyros*. These species are known by the following common names: *Andramena* (rosewood), *Voamboana*, *Manary*, *Hazovola* in the case of palisander and *Hazomainty* (ebony);

9. The first part of the document presents the results of the stockpile audit of rosewood of the genus *Dalbergia* spp.: *Dalbergia louvelii*, *Dalbergia monticola*, *Dalbergia normandii*, *Dalbergia purpurascens*, *Dalbergia xerophila* and ebony of the genus *Diospyros* spp. It describes the actions already undertaken by the Malagasy government to manage such stockpiles since the use plan for stockpiles was submitted in December 2014 as well as the various options chosen to dispose of them in order to reach the target of “zero illegal stockpiles”. The second part of the document explains the use plan for stockpiles based on the initial findings of the stockpile audit and related studies.
- I. Progress in the management of stockpiles
10. It should be noted that the Malagasy government has taken converging measures with its national and international partners to prevent trafficking and implement the regulations in force. Since the second version of the use plan for precious woods was submitted to the CITES Secretariat in December 2014, the following actions have been undertaken or planned:
11. The Malagasy government has informed the CITES Secretariat of the renewal of its commitment to setting a zero export quota for rosewood and ebony species until the next meeting of the Standing Committee, which will approve the conclusion of the audit and the stockpile use plan.
12. A bill on the special mechanism to fight trafficking in rosewood and/or ebony and the penalties for offences relating to rosewood and/or ebony is being discussed in a National Assembly committee. This bill is expected to be adopted by the National Assembly in November 2015. It is worth highlighting three elements of the bill: the creation of a mixed investigation unit (*brigade mixte d'enquête*) and the possibility for civil society to call upon it; the establishment of a special tribunal in Antananarivo with national jurisdiction and dissuasive penalties for violations of regulations on rosewood and ebony. In addition, a panoply of legal instruments aimed at supporting the process of securing and disposing of the stockpiles of precious woods is being prepared to allow stockpiles to be moved by the authorities and permit the various options for their use. A committee of legal experts established at a meeting of the interministerial committee tasked with reforming the rosewood and ebony sector will lend its expertise to the process of recasting the existing pieces of legislation to this end.
13. The definition of the areas for improvement of Law No. 97-017 of 8 August 1997 amending the Forest Law began on 8 October 2014. Improvements have been proposed considering not only the upsurge in illegal logging facilitated by the successive political crises but also the various conventions that Madagascar has acceded to or ratified. New issues such as new mining contracts, the designation of new protected areas or the change in the institutional landscape with the emergence of new types of players that interact with forests make it necessary to integrate governance aspects in such improvements.
14. As regards surveillance of the coast, the Government of Madagascar, with the support of the World Bank, has been able to initiate the experimental stage of combined interception and tracking: satellite imaging – AIS radar signal of vessel movements. The operation, which took 4 months, was entrusted to the specialized provider Collecte Localisation Satellites (CLS) and tested across different levels of resolution. The various parameters that make it possible to detect and anticipate suspicious movements (e.g., duration of mooring, itineraries with transit, final destinations) were recorded and analyzed. A new contract with CLS is currently under way to cover the main sites of illegal boarding of illegal precious woods from the north-east of Madagascar during the period of auditing, inventorying and securing stockpiles.
15. Operationalizing the various relevant structures in the management of stockpiles. An interministerial committee tasked with reforming the rosewood and ebony sector, composed of 11 ministers and chaired by the Prime Minister, was established by Decree 2014-906 in June 2014. This interministerial committee (COMINT) meets regularly, showing Madagascar's commitment at the highest level to the management of these stockpiles of precious woods. Moreover, the membership of the Executive Secretariat (ES) has been renewed. The ES is reinforced by the *Centre de coordination des alertes et opérations* (CCOA, Operation and alert coordination centre) and procedural teams for field operations. The latter are in charge of making the decisions of the COMINT operational. Since January 2015, these various bodies are in charge of finding hidden stockpiles and auditing stockpiles in 11 regions of Madagascar.
16. Madagascar continues to cooperate actively with anti-trafficking international institutions such as the International Consortium on Combating Wildlife Crime (ICWC). Following ICWC's request to the CITES Secretariat for support, a Wildlife Incident Support Team (WIST) of ICWC led by INTERPOL visited Madagascar from 9 to 13 March 2015 to evaluate the country's actions against illegal logging and trafficking of several precious woods (including rosewood) and assist the government in this matter. The recommendations of this mission have been taken into account in the present document.

17. The Malagasy Government is conducting negotiations so that the logs seized abroad become the property of the Malagasy State. A Memorandum of Understanding has also been signed between Malagasy and Hong Kong customs to secure seized stockpiles in this country of destination.
18. Malagasy government officials and civil society organizations have received capacity-building support on identification of precious wood with the assistance of anti-trafficking organizations. These capacity-building activities held in June 2015 have benefited border control officials, officers of the gendarmerie and staff of national parks and the forest administration as well as civil society platforms.
19. Reference samples have been studied at the Swiss Federal Institute of Technology in Zurich (ETHZ) in cooperation with the Science Faculty of Antananarivo and the Swiss Federal Institute for Forest, Snow and Landscape Research (WSL) in order to define methods to identify Malagasy species of *Dalbergia* spp. and *Diospyros* spp. to the species taxonomic level.
20. The coordination of initiatives of the various Malagasy authorities has made it possible to effectively implement the legislation against corruption and the trafficking of precious woods. Specifically, alleged sponsors of the export of precious woods have been brought before the *Chaîne Pénale Anti-Corruption* (CPAC, Anti-corruption Judiciary Unit) to answer three charges including passive and active corruption, illegal transport of rosewood and money laundering. The idea was to send a strong message to traffickers.

II. The stockpile audit

21. The audit has the following objectives:
 - a) determine the amount and quality of the stockpiled timber and its level of protection;
 - b) determine the legal status of the stockpiles and clarify the legal issues related to the various options for their use;
 - c) explore the technical feasibility of the various options for the use of stockpiled timber.
22. The stockpile audit was conducted in two stages:
 - a) A desktop analysis stage consisting of studies mainly based on the documents available from the Government followed by a first visit of the stockpile depots and the ports of exit;
 - b) A field verification stage to check the findings through physical inventories preceded by preventive seizures and followed by the counting and marking of the timber as well as the assessment of the quality and security of the stockpiles.
23. In April 2014, the Malagasy Government commissioned three studies to conduct the first stage. The purpose of the studies was to analyze the existing legal framework in order to 1) rule on the legality of the various types of stockpiles of rosewood and ebony in Madagascar and those seized outside the country; 2) analyze the various options for the disposal of stockpiles as well as the legal basis for this; and finally 3) define the various practical aspects to ensure a better traceability of timber, that is, marking, inventorying and transporting it to secure locations for its disposal. This first stage made it possible to draw up a preliminary use plan for stockpiles.
24. The preventive seizure of the stockpiles began in January 2015 and the physical inventory was being conducted at the time of writing the present document.

III. The desktop stage

25. This first stage revealed that the existing stockpiles:
 - a) are scattered in several regions of Madagascar, with a strong concentration in SAVA and Analanjirifo regions.
 - b) are easily accessible in some cases, such as stockpiles located in towns or along accessible roads, in private depots (declared stocks), ports or military camps (seized stocks). Other stockpiles are more difficult or very difficult to access, such as stockpiles held in isolated villages, yards in forests next to

parks, or even in hiding places (in forests, on river banks or buried in the sand or in cultivated fields...).

c) can be classified into 5 types according to their legal status:

Theoretical standing stocks

26. This refers to the population of rosewood and ebony still present in the natural forests of Madagascar. There is nothing illegal in the status of such stocks. The level of protection of these standing trees depends on the ability of managers of protected areas or natural forests to safeguard them.
27. From a preliminary silvicultural approach, it can be estimated that the standing volume of the five species of *Dalbergia* recognized as rosewood is approximately 4 million m³, that is, about 10% of the standing volume of all the species of the genus *Dalbergia*. Assuming a 100-year harvest rotation, the theoretical annual harvestable volume would be 40,000 m³ for rosewood and 10,000 m³ for ebony. The figure of 40,000 m³ corresponds to the likely flow of illegal trade based on the annual average for the last 10 years*.
28. However, these figures should be taken with caution, as further studies are required to provide an accurate estimate of the standing volume of these precious woods. In fact, previous studies† inferred that the theoretical standing volume of rosewood is about 5.8 million cubic metres, of which 4.5 million cubic metres occur in protected areas and 1.3 million cubic metres occur outside protected areas. Moreover, it should be noted that logging in protected areas is totally prohibited under any circumstances, even if the forest operator has a valid and properly issued logging permit or harvest permit/authorization.

Rosewood and ebony seized by the Malagasy authorities in Madagascar

29. This refers to stockpiles seized as a result of a violation of the regulations in force on the logging, transport and export of such taxa or due to the absence of documents supporting their existence. These goods are confiscated and forfeited to the State, which becomes their legal owner.
30. These stockpiles are scattered in 80 sites in 11 regions. Of these sites, 49 are in the Analanjirofo and SAVA regions. The stockpiles are estimated to amount to 3,193 m³ of rosewood and ebony combined.

* *Feasibility study to inventory, label and secure stocks- AGRER-June 2014: Annex 5. Estimation of the standing stock and annual sustainable uptake of bois de rose (SAVA)*

† *Inventaire écologique forestier national 1996 (GTZ). Rapport final sur l'inventaire des bois de rose dans le parc national de Masoala Avril 2010 (RFP); Evaluation écologique des bois précieux 2013 (OIBT CITES -DBEV Faculté des SCIENCES); Nb de tiges et volume par hectare des espèces de bois précieux 2010 (WWF- DBEV)*

REGION	SITE	ROSEWOOD						EBONY				TOTAL M3
		LOGS	VOLUME M3 logs	SHORTS	VOLUME M3 shorts	CUT WOOD	VOLUME M3	LOGS	VOLUME M3 logs	SQUARED	VOLUME M3 squared	
ANALANJIROFO	27	5,876	980.45	-	-	-	-	181	2.29	-	-	982.74
ATSINANANA	6	3,638	363.60	-	-	-	-	-	-	-	-	363.60
ATSIMO ATSINANANA	2	168	9.29	-	-	140	2.44	1,162	17.63	-	-	29.36
VATOVAVY FITOVINANY	2	463	12.87	-	-	-	-	121	4.06	109	2.05	18.98
DIANA	4	2,157	124.15	2,512.00	26.63	189	6.96	-	-	-	-	157.74
ANOSY	4	2,461	153.71	-	-	-	-	37	1.28	-	-	154.99
MENABE	4	-	-	-	-	-	-	255.00	6.90	-	-	6.90
SAVA	22	10,514	1,045.33	628.00	37.80	-	-	-	-	-	-	1,083.13
ATSIMO ANDREFANA	3	805	56.90	-	-	-	-	-	-	-	-	56.90
BOENY	3	116	9.77	-	-	1,202	10.00	29	1.00	-	-	20.77
ANALAMANGA	3	2,315	260.45	-	-	4,453	50.58	4	0.06	1,133	7.09	318.18
TOTAL	80	28,513	3,016.52	3,140.00	64.43	5,984	69.98	1,789	33.22	1,242	9.14	3,193.29

- a) 'Logs' refers to wood with a minimum length of 150 cm and a minimum diameter of 15 cm.
- b) 'Shorts' refers to logs of short lengths (</150 cm) and small diameters (< 12-15 cm).
- c) 'Cut wood' refers to roughly squared wood, axe-cut planks or small wood cut-offs referred to as *plaquettes* in seizure reports.

31. The following table summarizes the level of security of the stockpiles estimated above:

Storage area	Rating	Percentage of total
Port, DREF (Regional Directorate of Environment and Forests), police, gendarmerie, army, Government (area or depot under surveillance)	Well secured - WS	62.3%
Hotel, shop, other private properties (enclosure or depot with little or no surveillance)	Medium security – MS	1%
Village, beach, forest (outdoors, no surveillance)	Not secured – NS	36.7%

Rosewood and ebony seized abroad

32. Seizures of rosewood and ebony have been conducted outside Madagascar. These stockpiles are illegal under Malagasy law because they have been smuggled out of the country during periods in which exports were banned. Nevertheless, the Government is going to refer to the United Nations Convention against Transnational Organized Crime, known as the “Palermo Convention” (adopted by the UN on 15 November 2000 and ratified by Madagascar by Decree No. 2005-021 of 5 January 2005) to agree with each signatory country on how to proceed with these goods.
- a) In the Comoros, 15 containers carrying an estimated 300 T of timber were seized on 19 June 2011. These goods have already been repatriated to Madagascar and are currently counted with the stocks seized in Madagascar.
 - b) In Mauritius, 6 containers carrying an estimated 120 T of rosewood were seized on 22 June 2011.
 - c) In Zanzibar, 781 logs of rosewood weighing 110 tonnes were seized in February 2014 in the framework of Operation Cobra II.
 - d) In Singapore, 30,650 logs of rosewood weighing 3,372 tonnes were seized in the port of Singapore on 17 March 2014.
 - e) In Sri Lanka, 28 containers of Malagasy rosewood were seized on 2 April 2014. They contained 3,669 logs weighing 420 tonnes; the containers came from Zanzibar and were intended to be shipped to Hong Kong via Sri Lanka.
 - f) In Kenya, 35 containers carrying 4,400 logs of rosewood that weighed 640 tonnes were seized on 26 May 2014 in the port of Mombasa.
 - g) In Hong Kong, 7,015 logs of rosewood estimated to weigh over 1,000 tonnes were seized in the port on 8 October 2015.

Stockpiles declared by operators

33. This refers to stockpiles declared by holders of rosewood and ebony after the entry into force of Ordinance 2011-001 of 8 August 2011, detailing penalties for offences relating to rosewood and ebony. In its Article 2, the ordinance included the possibility for holders of rosewood to declare their stockpiles to the authorities within a month after its issuance. It should be noted that the text does not clearly indicate what should be done with these stockpiles. Thus, the difficulty is to determine later on whether such stockpiles are indeed illegal or whether they were obtained with a harvest or export authorization. The following elements will be considered in the disposal of this category of stockpiles:
- a) Stockpiles of rosewood and ebony exploited with a valid exploitation permit or authorization and licence or obtained through a valid harvesting agreement or management contract and in accordance, in particular, with the provisions of the Forest Law, of Decree No. 98-782 of 16 September 1998 and Order 5129/94 of 15 November 1994 before the entry into force of Order 12702/2000 of 20 November

2000 and until the entry into force of Interministerial Order 16030/2006 of 14 September 2006, and, for all these stockpiles, those not originating from a protected area are legal.

b) By contrast, all timber stockpiles built up after the expiration of the last exploitation permits or authorizations and the last licenses issued before the entry into force of Decree No. 12702/2000 of 20 November 2000 are illegal. In any event, all stockpiles of rosewood and ebony built up after the entry into force of Interministerial Order 16030/2006 of 14 September 2006, which formally bans the exploitation of rosewood and ebony, are illegal.

34. Based on the declaration made by 104 operators in 2011, stockpiles amount to a volume of 24,813 m³, with a total of 235,768 logs held in 191 storage sites. However, it is worth noting the context in which these figures were obtained. The fact of making a declaration of stockpiles does not guarantee its truthfulness. False declarations are very common, so these figures should be considered only as an indication, not as a guarantee of the real existence, the totality or the nature of the goods, hence the need for the second stage of the audit.
35. Of the timber stockpiles declared, 96% are concentrated in the northern province of Madagascar, that is, SAVA region. Their volume is comparatively much larger than that of the timber seized in Madagascar – about 8 times larger.
36. Most of the stockpiles declared are stored on private property and are under the care of their alleged owner. Security is very relative and depends on the holder. The temptation to launder recently logged timber should not be ruled out.

Concealed stockpiles

37. This refers to stockpiles of precious woods not declared by their owner within the deadline set by Ordinance 2011-001 or logged and stored without the proper authorization in hiding places in the forest, in beaches or anywhere else. These places are used by traffickers as temporary storage sites pending the sale and export of the timber. Wild stocks are obviously illegal in nature. Consequently, high priority has been given to finding these stockpiles, particularly in SAVA and Analanjirofo regions; once located, they will be systematically seized and forfeited to the State in the second stage of the audit.

IV. Preliminary financial estimate of the rosewood seized in Madagascar

38. In the absence of any contradictory information, the estimate of the monetary value of these stockpiles only refers to those seized by the authorities. Estimates are based on average prices for heterogeneous lots of unsorted standard quality timber with varying levels of freshness. It is a conservative approach and the value of these stockpiles for potential buyers can be optimized if they are sorted and classified prior to their disposal.
39. The total value of seized stockpiles of precious timbers is estimated to amount to € 11,035,678; of this, rosewood is estimated to be worth € 10,963,834 and ebony is estimated to be worth € 71,844 based on the following table of values for the estimation of stockpiles:

Wood, product type	Estimated value 'FOB in container'
Rosewood – logs	3,500.00 Euro/m ³
Rosewood – shorts	2,500.00 Euro/m ³
Rosewood – cut wood	3,500.00 Euro/m ³
Ebony – logs	1,750.00 Euro/m ³
Ebony – shorts	1,500.00 Euro/m ³
Ebony – cut wood	1,500.00 Euro/m ³

V. Inventorying, marking and securing stockpiles

40. In the Government, the management of stockpiles has been entrusted to an interministerial committee composed of 11 ministers (COMINT), which bears witness to the commitment to and coordination of the management of precious woods at the highest level.
41. Physical inventorying, marking and securing operations are led by the Executive Secretary, who reports to the COMINT, chaired by the Prime Minister. The Executive Secretary is appointed by interministerial decree and, with a team of three people, supervises the operations conducted by procedural teams. The *Centre de coordination des alertes et opérations* (CCOA, Operation and alert coordination centre) centralizes information, especially maritime and terrestrial satellite data that will help the Executive Secretariat make decisions regarding operational aspects. The *Unité de Coordination des Programmes Environnementaux* (UCPE, Environmental Projects Coordination Unit), which has already been set up, will be in charge of establishing the various contracts for the provision of services and equipment funded through the support of IDA to Stage 3 of the Environmental Program.
42. Field operations are led by two procedural teams for each of the 11 regions. Each team is composed of the following enforcement officers:
 - a) one (1) official of the forest administration in charge of technical aspects regarding the marking, counting and estimation of the volume and the quality of the timber;
 - b) one (1) officer of the gendarmerie;
 - c) one (1) officer of the national police;
 - d) one (1) official of BIANCO, the independent anti-corruption office of Madagascar;
 - e) and one (1) observer from the regional authority of the area where each operation is taking place.
43. Operations have begun in the SAVA and Analanjirifo regions, where over 65% of the estimated volume of precious woods seized in Madagascar is concentrated. Operations are conducted in two stages:
 - a) At each 'primary' sequestration site, an operation involves the following:
 - i) recording the GPS coordinates of the place of seizure. Search warrants issued by the Court of First Instance (Maroantsetra and Tamatave) allow the team to access stockpiles when they are in a closed area;
 - ii) counting and marking the pieces. Marking consists of assigning a number to each piece, specifically a code of the sequestration site to identify the storage site. Marking is particularly useful to match the stocks with administrative documents in order to guarantee the legality of the wood and trace the stockpile in its subsequent transfers and places of storage to ensure it is complete until its final use;
 - iii) verifying the authenticity of the documents submitted by an operator if the wood was declared;
 - iv) comparing the number indicated in the documents with the actual number of wood pieces present and recording any discrepancies;
 - v) estimating the volume of the wood and determining the average quality of the pieces;
 - vi) drawing up a counting and marking report that is signed by all the members of the procedural team.
 - vii) transferring the wood pieces to 'intermediary' sequestration sites. These are sites where large stockpiles can be stored and easily secured and whose access facilitates the movement of stocks for the next utilization stages.
 - b) At each intermediary site, the second stage consists of:
 - i) recording the GPS coordinates of the storage site;

- ii) counting and marking the pieces. Marking is done by assigning a code that identifies the intermediary site to each piece;
- iii) comparing the number of pieces taken from the primary sequestration site with the number of pieces in the intermediary site and recording any discrepancies;
- iv) drawing up a counting and conformity report for the site concerned;
- v) designating a sequestration guardian in a sequestration report.

44. At an initial stage, operations have focused on the following priorities:

- a) Precious woods seized by the authorities that are not secure or have a medium level of security.
- b) Hidden stockpiles of wood that are immediately seized by procedural teams.

45. Declared stocks are not being counted or inventoried yet. This operation was delayed due to two challenges: 1) the number of logs estimated by operators is considerable but these logs are believed to be stored in places that are more or less secure. Consequently, the team prioritized those that are not secure yet and could be used for trafficking. 2) Wood pieces declared by operators can be verified by reviewing the declaration statements; that is the role of the mixed investigation unit, which will be established with the special tribunal provided for in the bill on the special mechanism that is currently being discussed in the National Assembly. This special tribunal will also rule on the legality of the stockpiles held by operators based on the information provided by the mixed investigation unit.

46. The team does not make any arrests but records any irregularities in its reports. By contrast, investigations on discrepancies, losses and falsification of documents are the responsibility of the mixed investigation unit.

47. On 10 November 2015, 39% of the logs and shorts that were allegedly present in the two regions had been secured and marked. These pieces of wood represent 19% of the estimated total number present in Madagascar:

Region	Number of logs and shorts in documents held by the DGF (General Directorate for Forests)	Number of logs and shorts inventoried, marked and secured
ANALANJIROFO	2,837	1,983
SAVA	11,128	3,514

48. The methodology adopted makes it possible to trace the timber from primary sites to intermediary sequestration sites. It also identifies who is in charge of each operation and who is responsible for the sequestered timber.

49. In non-secure sites, considerable discrepancies have been noted between the number indicated in the seizure reports and the actual number recorded when conducting the physical inventory of the stockpiles. Although an increase in numbers has been noted in a few cases, the most frequent situation is a decrease in numbers and even the disappearance of the entire stockpile. These discrepancies will be investigated by the mixed investigation units.

New forecast for the audit of seized stockpiles

50. On average, a team takes 1 day to conduct an operation involving 180 wood pieces. Considering the estimated total of 30,302 wood pieces seized by the authorities, it will take three months to conclude all the operations in the 9 remaining regions. In other words, operations on the wood seized by the authorities should be concluded by the end of December 2015.

VI. The use plan

51. The use plan has the following objectives:

- a) The purpose of this use plan is to organize a legal industrial and commercial sector that is not detrimental to the species of *Diospyros* spp. or *Dalbergia* spp., in line with the intention of the Malagasy Government when it listed these taxa on CITES Appendix II.
 - b) The main objective is to establish a “zero quota” in Madagascar. This “zero quota” is defined by a situation in which all stockpiles of rosewood or ebony of illegal origin have a specific use that will eventually lead to the total exhaustion of the illegal stockpiles of rosewood and ebony. A zero quota is also based on the assumption that there will be no further illegal logging.
52. The stockpile audit shows that, despite the succession of periods of authorization and periods of banning, there is a presumption of illegality for all the stockpiles that may exist to date. The plan is based on the principle of reclassifying the stockpiles as subject to seizure and therefore as susceptible of being transferred to the property of the Malagasy State. As soon as the stocks become the property of the State, there will be 3 disposal options selected by the Government to eventually reach the situation of “zero stockpiles”.
- a) “sale of the wood in its present condition”, which consists of disposing of the stocks as they are in several lots;
 - b) “enhancement of the value of the wood”, which consists of securing and keeping a part of the stockpiles in order to extend the timeframe of their appreciation.
 - c) “destruction”, which consists of not giving any market value to certain types of stockpiles.
53. The sale of the wood in its present condition involves disposing of the stocks without processing the logs once the necessary technical, legal-administrative and commercial formalities have been completed, as well as all the preconditions ensuring that the operation will be conducted respecting good governance. This option contributes to the rapid disposal of illegally built stockpiles and to the prevention of any supplementation of these stocks. This speed is necessary considering the insufficient means of the Malagasy State to conduct controls. It has the advantage of rapidly preventing the temptation represented by the presence of stockpiles, which would lead to theft and to the replacement of logs by newly felled wood after shipments are smuggled out of the country. In addition, the market prefers to purchase wood in the form of logs rather than processed wood given that potential buyers can process the logs as they wish. The Malagasy State prefers the general option of selling most of the stockpiles seized in Madagascar and those seized abroad in their present condition. In the case of the latter, the idea is to avoid an increase in expenses due to repatriation. To do so, Madagascar will sign an agreement with each of these countries stipulating the terms of the transaction and the arrangements for the intervention of the third parties in charge of the sale.
54. Enhancement of the value of the wood consists of developing a high added value timber sector in Madagascar that creates jobs and makes it possible to learn and progressively normalize the timber sector in the country. However, this option requires ensuring that no further illegal logging will take place, particularly in protected areas.
55. Destruction, which consists of not giving any market value to certain types of stockpiles, can be done by sawing up the wood, burning it, turning it into charcoal or dumping it at sea. It has a symbolic nature and is aimed at deterring illegal activities, similarly to the operations conducted in Africa with elephant ivory in recent years.
56. The present table summarizes the advantages, disadvantages and conditions for success of the various options, which have guided the Malagasy Government in its choices for use:

Option	ADVANTAGES	DISADVANTAGES et RISKS	CONDITIONS FOR SUCCESS
Sale of the wood in its present condition	<ul style="list-style-type: none"> ▪ Relatively fast process ▪ Considerable income for the nation's treasury 	<ul style="list-style-type: none"> ▪ Massive loss of raw material: no added value, does not promote the development of a local industry. ▪ Uncertainties on: reference prices, market behaviour (agreement between buyers, price collapse). ▪ So far, fast monetary conversion of timber of illegal origin with high commercial value has encouraged further logging. ▪ The risk of further logging exists. 	<ul style="list-style-type: none"> ▪ Strict criteria for selecting buyers. ▪ Good organization and logic for conducting operations to ensure security and traceability of operations and facilitate controls and monitoring. ▪ Operation conducted by an independent third party with the required expertise to ensure the effectiveness and success of operations. ▪ Technology transfer should be required from the provider entrusted with the disposal. ▪ Strong control and security mechanism. ▪ Secured transfer of all income to the public treasury must be ensured.
Enhancement of the value of the wood	<ul style="list-style-type: none"> ▪ Development of a timber sector with high added value and social impact (employment). ▪ Enhancement of the value of all categories of precious woods: artisans can use the wood with low and medium quality that is of no interest for exports in its present condition; the industry is interested in all types of materials so waste wood can be transformed into charcoal. 	<ul style="list-style-type: none"> ▪ Relatively sophisticated arrangements: legal, financial, organizational structure (a network of storage centres/ platforms to manage stocks for processing, an appropriate administrative service to supervise such platforms,...). ▪ The disposal period extends over a long period of time and therefore requires sustained control. ▪ Risk of laundering newly logged wood in storage sites. ▪ For one or several investors, amortization of investments might require a guarantee of regular supply of precious wood, which must absolutely be reconciled with the possibility of the forest. 	<ul style="list-style-type: none"> ▪ Need for a very comprehensive study of the market and of the regulatory structures required. ▪ Need to strengthen the skills and the availability of adequate materials/equipment in sawmills: sawing quality and compliance with regulations and the requirements of customers. ▪ Absolute need to ensure traceability and establish a system to verify the legality of the timber and the processing units. ▪ Strict monitoring of the process to prevent any degeneration of the system.
Destruction	<ul style="list-style-type: none"> ▪ Shows the strong will of the State to put an end to illegal trafficking. ▪ Destruction makes it possible to quickly reach the goal of zero stockpiles for stockpiles that are difficult to access. ▪ Reduces to zero the profits obtained by traffickers and their accomplices. 	<ul style="list-style-type: none"> ▪ Represents a strong loss of revenue for the country. ▪ Considering the current level of poverty, destroying so much wealth is an affront to Malagasy culture. ▪ Similar experiences in other countries involving destruction have failed to put an end to trafficking (e.g., ivory and rhino horn,...), which would cause immense frustration. ▪ Malagasy experiences with the destruction of vanilla have not prevented the later offer for sale of poor quality products. The same applies to the burning of locally manufactured rum. 	<ul style="list-style-type: none"> ▪ Feasibility study. ▪ The operation needs to be secured to prevent any risk of leaks or diversion of wood. ▪ Effective public information, education and awareness-raising activities.

Implementation of the various options

57. Before implementing any of these options, it is necessary to complete the physical inventory of the stockpiles and the traceability system for precious woods to have reliable data to define the operational details of the timber disposal.
58. Once the special mechanism has been set up, the Government will conduct a systematic preventive seizure of the stockpiles declared by operators.
59. The Government will make the necessary legal arrangements to forfeit the seized stockpiles to the State; to establish the definitive legal status of the stocks; and to set dissuasive penal provisions to persecute and penalize offenders:
 - a) The entry into force of the text on the special mechanism to combat trafficking in rosewood and/or ebony and the repression of offences relating to rosewood and/or ebony currently being discussed in the National Assembly. Meanwhile, the Malagasy government will use the existing jurisdictions and will establish the special jurisdiction provided for by Ordinance 2011-001 of 8 August 2011.
 - b) Texts formalizing the implementation of the use plan: the Government will issue texts and establish the procedures to authorize the movement of goods in order to allow their transfer and evacuation from their current storage site to a secure place. The provisions of Ordinance 2011-001 of 8 August 2011 and Decree 2011-590 of 20 September 2011 will be implemented pending the adoption of new texts.
 - c) Texts governing the structures in charge of implementing the use plan: the Government develops texts on the creation and operation of these structures as a complement to the text on the COMINT and that of the Executive Secretariat, which are already in place.
 - d) The implementation of provisions governing the status of seized timber stockpiles, including Order 5139/94 of 15 November 1994, Article 16, which stipulates that “forest products subject to offences relating to forest exploitation will be seized and confiscated and forfeited to the State” and Article 20 of Ordinance 60-128 of 3 October 1960, which states that “any timber or good obtained by confiscation or restitution shall be sold at the request of the *Service des Eaux et Forêts* [Department of Water and Forests]”.
 - i) To determine the legality of the stockpiles, the Malagasy Government will formally acknowledge the following texts:
 - ii) the strict implementation of the terms of Order 12702/2000 of 20 November 2000, which indicates that the exploitation permits issued regularly before the entry into force of this order, whose period of validity was limited to 3 years, have all been expired since November 2003;
 - iii) all stockpiles built up prior to the expiration (20 November 2003 at the latest) of the exploitation permits issued before the entry into force of Order 12702/2000 of 20 November 2000 are illegal;
 - iv) the strict implementation of the terms of Ordinance 2011-001 of 8 August 2011 indicates that export permits issued regularly before the entry into force of the ordinance are all cancelled.
 - v) Stockpiles seized abroad will be treated in accordance with the provisions of the Palermo Convention (adopted by the UN on 15 November 2000 and ratified by Madagascar through Decree No. 2005-021 of 5 January 2005) concerning signatory countries. This convention is applicable to offences relating to Malagasy precious woods, as defined in Article 2-b: “serious crime” “of a transnational nature”, with the involvement of an “organized criminal group” This allows Madagascar to agree with each signatory Country on how to proceed with these goods. Given that it is a new and complex convention, assistance by an expert will be necessary.
 - e) Other texts or amendments:
 - i) Any other texts or amendments aimed at governing the reform of the precious wood sector will be the subject of a consultation meeting between the Ministry of the Environment, Ecology and Forests and the other departments concerned, in particular the Ministry of Justice.

ii) In harmony with the ongoing process of developing the Forest Code, the Malagasy Government will explore the opportunity to introduce new offences such as those listed below in the Malagasy penal code in view of better curbing illegal trafficking:

A) the offence of illegal logging;

B) the offence of handling illegally logged timber.

60. The Malagasy Government will implement a methodology to identify the legality of the stockpiles declared based on justifications of their origin (prior to November 2003 or not). Timber moisture tests will also be conducted to this end.

Sale of the wood in its present condition:

61. The Malagasy State favours the general option of selling most of the stockpiles seized in Madagascar in their present condition.

62. From the intermediary sequestration sites identified during the audit, the stocks will be centralized in sites from where they will be dispatched to the main ports of Madagascar. Inventory and classification operations will be simultaneously conducted when the trucks/dhows unload the goods in a secure port precinct prior to containerization. The carriers identified will be responsible for all the logistics services, which include the handling by dockers in the sites, road and maritime transport and the resources for loading and unloading the goods from the containers. The transport operation will include the geotracking of materials (trucks, dhows,...). There will be a real-time tracking system to follow the movements of containers with an SMS or e-mail alert system in the event of any tampering or intrusion into the containers or trucks (seal break,...) or deviation from the route. In addition, all movements of precious woods will be escorted by law enforcement officers, who will ensure the security of the operations of drawing up the inventory and loading the logs into containers in the ports.

63. The ports of Toamasina, Ehoala, Toliara, Mahajanga, Antsiranana and Vohémar have been selected because of their storage capacity in a secure environment. However, considering the uncertainty about the duration of the storage, which could last for several months, the Ministry of the Environment is considering alternative storage solutions that satisfy the security and precaution rules. These alternative solutions will be developed in due course. Moreover, the Ministry is planning to take out an insurance against the risk of theft or damages during transport or storage. After considering the issue, insurance companies have accepted to cover these risks as soon as the timber is loaded on motor transport vehicles and in port areas.

64. The measurements to take are the length and girth of logs; and the length, width and thickness of squared or sawn timber to accurately determine the volume. These operations will fall under the responsibility of a Director of the DGF (General Directorate for Forests) with the assistance of a team of 3 people who will measure and classify the timber and draw up an inventory. The idea is to establish batches of homogeneous quality in order to optimize their later use. The detailed inventory data including the classification, individual measures and packing list of the wood will be included in a secure computer database.

65. During the marking of the wood, a moisture test will be conducted to try to establish the approximate period when the trees were felled. To do so, a cubic sample 2 cm wide will be collected from each piece of wood and labelled and a filing system will be proposed. These samples will also be used to conduct subsequent DNA tests as necessary.

66. Precious woods will be stored in containers, which will be secured by an electronic lock and geotracking system; messages will be sent to the CCOA (Operation and alert coordination centre) for monitoring purposes and for any subsequent interventions.

67. The sale by public tender will be preferred to the sale by mutual agreement, which will only be used as a last resort. The sale will take place in a staged manner as the individual stockpiles are received to shorten storage time and minimize the risks of irregularities. The number of sales will be determined once the stockpile audit has been completed. The main aspects that should be taken into to conduct the sale by public tender are the following:

a) drafting tender specifications and advertising the sale to potential buyers;

- b) designating a third party to conduct the sale;
 - c) defining the conditions of the sale, which should include the following points:
 - d) block sales in batches and not in product units;
 - e) a withdrawal price/floor price;
 - f) situations of breach of contract;
 - g) the fact that tenders are final;
 - h) the clarification that the price is for goods on the landing area;
 - i) the costs of delivery of the wood and loading when appropriate;
 - j) the responsibilities of the buyer with regard to possible sub-purchasers;
 - k) modes of payment and deadlines;
 - l) the definition of the conditions of removal of the timber, which will include: the issuance of a timber removal permit, the maximum period for collection, the organization of the shipment, the submission of legal documents for the transport of timber, the authorization for shipping companies to access the loading area, the obligation of removing all the goods, the responsibilities of the buyer in case of damage when loading the goods or during transport.
68. To prevent buyers from reaching an agreement among themselves to limit the tender price, this type of sale can be conducted in a staged manner; this makes it possible to choose the most serious and advantageous offer for the Malagasy State.
69. The sale will include the following stages:
- a) Definition of the conditions that will grant potential buyers the authorization to submit their tender.
 - b) Launch of the international tender notice.
 - c) Opening and examination of the tenders.
 - d) Notification to the successful tenderers.
 - e) Collection of income.
 - f) Issuance of the timber removal permits.
 - g) Notification to CITES of the successful tenderers and the destinations of the timber sold.
70. To prevent any other wood illegally obtained but not seized from leaving Madagascar and/or being mixed with the wood sold by the State, it is key to implement and strictly control a traceability system for this wood. In addition, field controls will be supported by satellite images, which will be acquired throughout the sale by a provider with the assistance of partners.
71. The regulations in force will be strictly implemented. Moreover, cooperation with international organizations will be strengthened through the request of a Memorandum of Understanding (MOU) between Madagascar and the countries of destination of Malagasy woods and the International Tropical Timber Organization (ITTO). Madagascar is starting to make arrangements to join the ITTO.
72. The timber seized abroad will be the subject of a separate sale that will be conducted by a third party in these countries. The Government is not considering the repatriation of the stockpiles considering the high cost of this operation. Under the Palermo Convention mentioned above, the Malagasy State (requesting State) will sign an agreement with each of these States defining the terms of the sale and establishing the part of the product of the sale that the requested State can aspire to.

Enhancing the value of the stockpiles through local processing

73. Eight (8) platforms aimed at managing the stockpiles with the aim of enhancing their value will be established in the central, western and eastern areas of Madagascar. These eight (8) platforms will absorb the goods intended for processing and optimize the supply of artisanal and industrial companies. They will have secure and guarded storage areas, with a management unit and material-handling equipment. The platforms will be supervised by a central agency that will function as a central purchasing office. All the pieces are already marked and labelled, so traceability is ensured. The resulting manufactured goods will have previously been sold by public tender. Regional forestry commissions will be in charge of this.
74. Initially, the platforms will mainly be used to store and process timber originating from the current stockpiles. Once these stockpiles have been exhausted, the platforms will be reoriented toward structuring a timber sector that operates with legal timber. However, the following should be done before this:
 - a) take stock of Malagasy industries and assess their performance;
 - b) identify investors that are capable of installing and implementing a new technology and making this project feasible;
 - c) conduct a market study.
75. Timber processing can be conducted in different ways, including the following:
 - a) processing by artisans, which takes into account the economic impact and the category or quality of the timber whose value is to be enhanced. Artisans currently have problems obtaining raw materials and can absorb wood of low and medium quality that is not interesting for the sale of the wood in its present condition. If appropriate awareness-raising campaigns are conducted, this could reduce the pressure on forests. The sale of artisanal wood products is an element that should not be neglected for the development of tourism;
 - b) processing by an industry aimed at reaching the foreign market. Considering that rosewood and ebony are precious woods, they can be given added value by targeting a few “niches” as specific finished products. In addition, for large and medium-sized sawmills, this option represents an opportunity to improve their professionalism and broaden the range of products exported by Madagascar. This option can help develop the local industry by opening up towards a partnership with the international sphere;
 - c) making charcoal is just a possibility to add value to very low quality products.

Elimination/Destruction

76. The option of destroying the wood does not provide income to any stakeholders and implies a more or less dissuasive moral aspect for the resumption of logging, particularly if it is conducted after the stockpile audit is completed.
77. However, rosewood and ebony differ from rhino horn and elephant ivory in that they have a much more direct, obvious and practical use in everyday life. Analyzing and referring to the results obtained from the best practices reported on the destruction of stockpiles of illegal goods to fight illegal trafficking, it must be admitted that the burning of stockpiles is psychologically and culturally aggressive with regard to traffickers.
78. The Government will take the necessary measures to ensure that this option does not cast any doubts and does not induce a negative behaviour in the population out of discontent, which would lead to not giving trees and the forest their fair value. It is key to prevent this option from being perceived as a contradictory message and an action that is inconsistent with the education and communication efforts undertaken so far promoting the care of trees and reforestation.

Managing the proceeds of the sale of the wood in its present condition

79. In accordance with applicable regulations, the proceeds of the sale of seized or confiscated goods will revert to the national treasury, specifically to a special account for the governance of precious woods. The Government is committed to establishing a sustainable development program for the use of these funds.

80. The special account for the governance of precious woods will collect the proceeds of the sale of precious woods that the Government of Madagascar is committed to use to conduct activities that promote the development of the regions of origin of the timber.
81. This committee is a working group established by decree. It and is composed of representatives of the stakeholders: the Government, the interministerial committee, BIANCO (the independent anti-corruption office of Madagascar), SAMIFIN (the Malagasy Financial Intelligence Unit), the regional and local authorities, local community associations, groups or unions of operators, NGOs. The committee will have the following powers:
 - a) organizing and supervising the terms of the sale;
 - b) establishing a Development and Conservation Plan that responds specifically to the problem of precious woods, particularly in the north-east. The plan will be drawn up in accordance with the guidance issued by the stakeholders;
 - c) respecting the principles of distribution and use of proceeds.
82. The Government will particularly endeavour to prevent any association of ideas in the population of neighboring communities between the fact of obtaining certain infrastructures or social goods and the illegal logging of rosewood. This would have a perverse effect and may push these populations to develop a bad reflex: the idea of felling more trees once the effects of such goods have faded or new needs become apparent.
83. The proceeds will be used to fund the Sustainable Development Program established in the framework of:
 - a) remedial operations;
 - b) management of protected areas and protection of the biodiversity of Madagascar;
 - c) support for community management and governance initiatives in the regions where precious woods are illegally logged;
 - d) contribution of regional authorities to the Development Fund;
 - e) forest governance;
 - f) social investments, enabling infrastructures (roads, bridges, etc.) in the regions;
 - g) use by the State to control forests and particularly protected areas.

Risks and mitigation measures

Risk	Mitigation measure planned
<p>Uncertainty on reference prices and the behaviour of the market. The possibility that potential buyers may reach an agreement to make prices collapse should not be ruled out (sale of the wood in its present condition).</p>	<ul style="list-style-type: none"> - Setting eligibility criteria for buyers to eliminate the instigators of this illegal trafficking from the selection. - The requirement that the party entrusted with the sale must make a transfer of know-how. - Defined staging of the sales to adjust the implementation of this option.
<p>The laundering of freshly logged precious woods through the storage centres or platforms (option of enhancing the value of the wood) and risk of new logging due to the easy monetary conversion of a stockpile of illegal timber with high market value.</p>	<ul style="list-style-type: none"> - Strong control and security mechanism: forests, aerial surveillance of the coast. - Use of the first proceeds to manage and secure protected areas. - Good organization and planning of operations to ensure their security and traceability and facilitate controls and tracking. - Operation conducted by an independent third party with the required expertise to ensure better efficacy and the success of operations.
<p>Disruption in the supply of raw material once the stocks have been exhausted, which is likely to discourage investors.</p>	<ul style="list-style-type: none"> - Continuation of the reform of the current forest policy, one of whose priorities is to effectively control forest exploitation and illegal trade as well as the processing sector.
<p>Reprisals of operators after preventive seizures.</p>	<ul style="list-style-type: none"> - Collaboration between the army and the mixed investigation units as well as the third parties that will be in charge of the transport and sales.
<p>Loss of income for some local communities, dissatisfaction and manipulation by operators and reprisals against the authorities.</p>	<ul style="list-style-type: none"> - Transparency in the implementation of the use plan, particularly in the allocation of resources. - Participation of the ministry in charge of communication to ensure the transparency of all operational stages and the information of the population about all the texts and procedures related to the reform. - Collaboration with local NGOs on awareness-raising and communication aspects.

