

Support study for development of the non-legislative acts provided for in the Regulation of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market (Illegal Timber Regulation)

Objectives

The ITR envisages that detailed rules shall be adopted by the Commission to ensure its uniform implementation by the Member States. These detailed rules are linked inter alia to Article 6 (Due diligence system) and Article 8 (Monitoring organizations).

Article 6 (Due diligence system) describes in general terms the due diligence system economic operators should have in place to make sure they place only legally harvested timber and products derived from such timber on the internal market. The due diligence system should contain the following 3 elements:

- measures and procedures providing access to information concerning the operator's supply of timber or timber products placed on the market;
- risk assessment procedures enabling the operators to analyse and evaluate the risk of illegally harvested timber or timber products derived from such timber being placed on the market;
- risk mitigation procedures, except where the risk identified is negligible, which consist of a set of measures and procedures that are adequate and proportionate to minimise effectively that risk and which may include requiring additional information or documents and/or requiring third party verification.

Article 8 (Monitoring organizations) provides that third parties, known as monitoring organisations, could have specific tasks in assisting and monitoring whether operators meet the requirements of the ITR. It also lays down the basic requirements third parties shall meet to qualify as a monitoring organisation and be recognised officially by the Commission as such.

The Commission has decided to undertake an objective, in-depth analysis of existing information in relation to risk assessment and risk mitigation procedures, described above as parts of the due diligence system, which many companies and industry federations have in place to ensure that only legally harvested wood or products made of such wood enter their supply chain. An additional issue, related to the first one, would be to gather information and find out how best applicants could demonstrate they fulfil the ITR requirements to become monitoring organisations.

Content / Description of the tasks

The project would seek to identify the most efficient ways to fulfil the requirements of the Regulation, taking into account in particular relevant best practices. In order to achieve the objectives to this project, the Contractor has to carry out the following tasks:

Task I. Best options for risk assessment and risk mitigation procedures:

1. Study of the existing risk assessment tools for measuring the risk of supplying illegal timber to the internal market in Europe and worldwide

a) A comprehensive desk study comprising an in-depth and objective analysis of the existing risk assessment tools for measuring the risk of supplying illegal timber to the internal market used by the timber industry. The study should examine at least 10 risk assessment tools used by:

- Timber Trade Federations
- Private sector companies
- Developed by NGOs
- Methodologies developed by national governments within the EU

Practical experience of the use of risk assessment tools should be summarised

b) Review at least one risk assessment tool from each of three other sectors

2. Study of the existing risk mitigation systems for effectively minimising the risk of supplying illegal timber to the internal market used by the timber industry in Europe and worldwide

a) A comprehensive desk study comprising an in-depth and objective analysis of the existing risk mitigation systems for minimising the risk of supplying illegal timber to the internal market used by the timber industry. The study should examine at least 10 risk mitigation systems to mitigate the risk identified by their risk assessment tools, preferably those used by entities examined under task I.1 above, used by:

- Timber Trade Federations
- Private sector companies
- Developed by NGOs
- Methodologies developed by national governments within the EU

Practical experience of the use of risk mitigation systems should be summarised.

b) Review of at least one risk mitigation system from each of the three other sectors examined under Task I.1(b)

3. In parallel, in view of complementing the above tasks, consultation with all relevant stakeholders should be conducted. The bid should indicate how different groups of stakeholders will be consulted. Evaluation of the consultation results and comparative review against the outcome of the desk study should be carried out.

4. A critical analysis with an initial assessment by the Contractor of the results obtained from the task described above and related conclusions, in particular on the use of the most appropriate risk assessment and risk mitigation procedures in order to meet the requirements for implementing Article 5 (Due diligence system) of the draft Regulation.

Task II. Options and best practices for the use and recognition of third party organizations entrusted with certain responsibilities in the framework of EU legislation

1. A comparative desk study of different options and best practices for the use and recognition of third party organizations entrusted with certain responsibilities in the framework of EU legislation
2. On the basis of the study under Task I, in-depth analysis of different ways for demonstrating compliance with the requirements laid down in Article 8 (Monitoring organizations), paras 1 and 2 of the draft ITR¹.
3. A summary and recommendations

Task III. Assist the Commission with organising two workshops on the deliverables of the previous tasks: one with the timber industry and one with NGOs

1. The Contractor shall organise two workshops to obtain inputs from interested parties. The results of the workshops should be taken into account in the further work of the Contractor. The Contractor shall:

- provide a proposal for the agenda;
- present the achieved project results;
- invite participants and speakers if relevant;
- draft minutes of the workshops;
- moderate;
- summarise the results.

The Commission will provide the venue for the workshops. The working language of the workshops will be English.

Based on the above described tasks the Contractor should identify and assess best options for risk assessment and risk mitigation procedures as described in Article 6 of the draft ITR. It should also identify and assess best options for applicants for monitoring organisations to demonstrate they fulfil the requirements listed in Article 8 (Monitoring organizations), paras. 2 and 3 which, in turn, will provide the European Commission with a workable tool to assess whether they comply with those requirements.

The assessment of the different options should be undertaken using criteria that allow for an assessment of their relative pros and cons. Although this will not be a formal Impact Assessment, the guidance on Impact Assessment, provided by the Secretariat General of the European Commission and available at:

http://ec.europa.eu/governance/impact/key_docs/key_docs_en.htm, may be of use. In particular, the proposed option should be screened according to the following criteria:

- **Effectiveness:** the extent to which options can be expected to achieve the objectives of the proposal;
- **Efficiency:** the extent to which objectives can be achieved for a given level of resources/at least cost (cost-effectiveness);

¹ See on <http://www.europarl.europa.eu/oeil/file.jsp?id=5704232>. Note article numbering could be changed in the final adopted text.

- **Consistency:** the extent to which options are likely to limit trade-offs across the economic, social, and environmental domain.

The assessment should take place within the framework set by the draft ITR and take into account the concerns of stakeholders, civil society, socio-economic consequences and relationship with international trading partners and organizations (e.g. size of market, purposes and trends). It should also take into account the outcome of the workshops presenting the critical analysis for discussion and evaluation.

The Contractor should plan to visit at least five Member States representing the range of conditions within the EU. The Contractor should also attend a workshop on illegal logging that will be held in Chatham House, London on 27th and 28th January 2011. The Contractor should identify relevant stakeholders and seek their input. The Contractor must indicate clearly the sources of information used, including meetings and field visits, as well as the method used to carry-out the study.

The final report shall thoroughly and objectively address the described issues and present sound conclusions.

The Contractor must work in close collaboration with the relevant services of the European Commission.