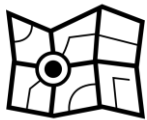




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Nigeria Risk Mitigation Guide

Timber



LIFE - Support EUTR II - LIFE18 GIE/DK/000763

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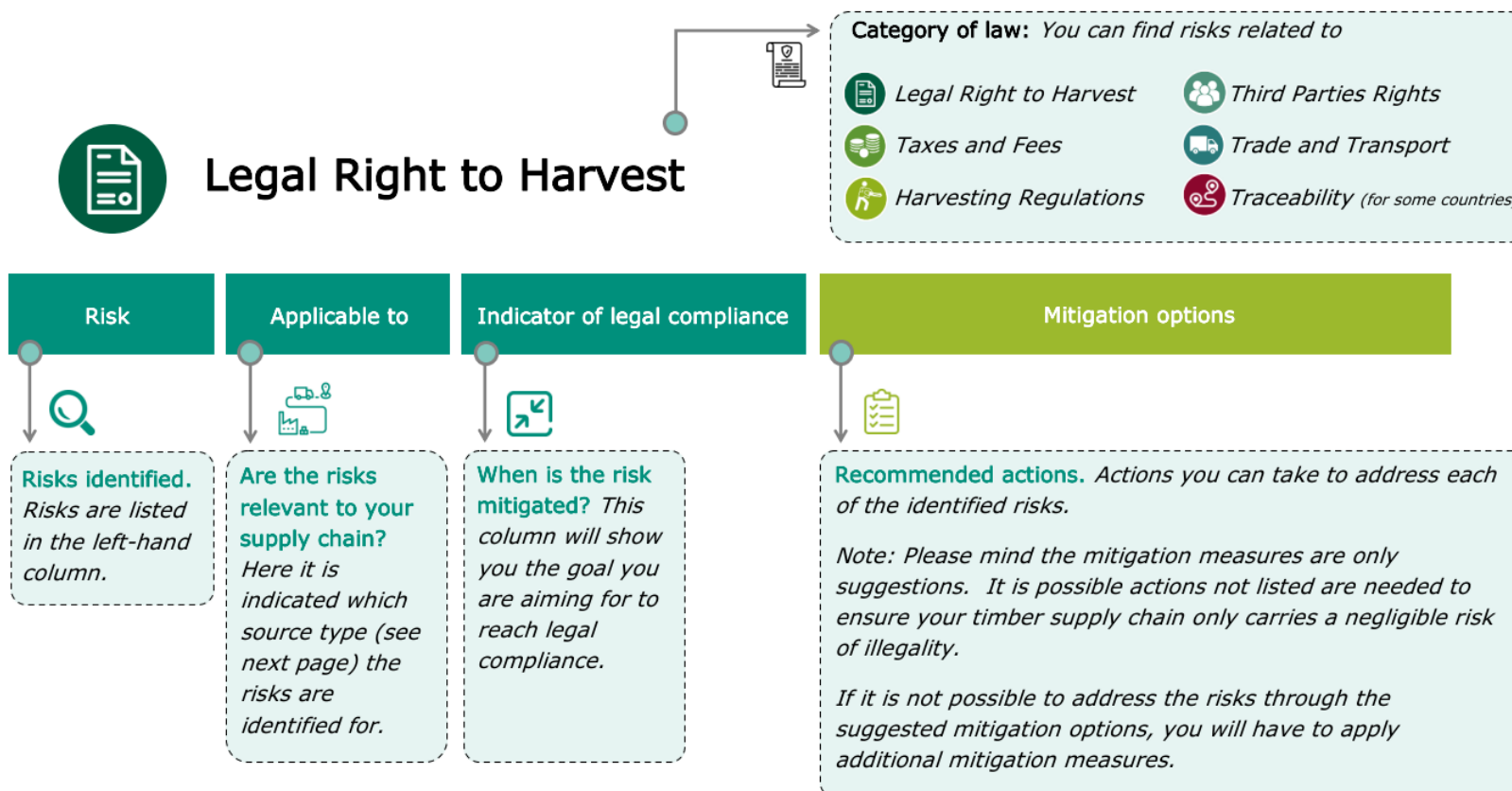


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Nigeria Forestry Risk Mitigation Guide

This guide provides a series of mitigation options to assure low risk of illegality of timber harvested in Nigeria. The guide relates only to timber harvested in Nigeria – not to material imported into Nigeria.



Timber Source Types

To understand what risks are relevant for your supply chain, you will first need to identify the origin of your timber. In general, it is often helpful to know not only the country of origin, but also other information about the origin, such as legal ownership, management regime, forest classification and permits in order to select the Timber Source Type(s) that applies to your supply chain. Identifying the right Timber Source Type is important to detail which risks are related to your supply chain and your timber products and how you can mitigate them.

Definitions used for Timber Source Types in Nigeria:

Forest Reserve	Main source of timber. Forest types within the forest reserves vary according to ecological classification. Hence, forest reserves in the Savanna and Sahel regions may not necessarily have adequate timber resources similar to those in the lowland rain forest areas of southern Nigeria. All forest reserves are owned by the State Governments ¹ and managed the State Forestry Departments (SFDs).
	<i>Permit type:</i> Permit approved by the State Forestry Department
Free Areas	Areas outside the gazetted Forest Reserves boundaries. Free Areas are forested areas that are not under strict management by the State Forestry Departments (SFDs), but permission to exploit trees from Free Areas have to be obtained from SDFs. The areas are important for private forestry development, and some of the areas have been targeted as Potential Plantation Areas (PPAs).
	<i>Permit type:</i> Permit approved by the State Forestry Department
Plantation n Forest Reserve	Area of Forest Reserves reforested with plantation species <i>Permit type:</i> Permit approved by the State Forestry Department

¹ FAO, 1992. Administration of forest revenue system. Available at: <http://www.fao.org/3/x6818e/x6818e10.htm>

Private Plantation Plantations owned by non-government individuals, groups or corporate organizations usually established on private lands.
Permit type: Permit approved by the State Forestry Department



	Legal Rights to Harvest	9-12		Third Parties' Rights	15
	Taxes and Fees	12-13		Trade and Transport	16-20
	Timber Harvesting Activities	13-16		Processing	20-22

Overview of risks in Nigeria



General Risk Level and mitigation needs

Risk	Potential mitigation options
<p>There is a general high level of risks in Nigeria. Below we have listed specific risks that we have identified, but due to a high level of perceived corruption (CPI 25/100 in 2020²) we generally advice for a full evaluation of legal compliance at forest and processing factories level for all aspects of law within Nigeria.</p> <p>For evaluating legal requirements of documents, please see the document guide for Nigeria HERE</p> <p>Geographical scope of Mitigation Options Nigeria has 36 states with independent Forest management and control. Risks in harvesting and processing sector may vary in different states due to variation in sub-national State legislation.</p> <p>Sub-categories³ regulated by federal legislation:</p> <ul style="list-style-type: none"> • 1.11. Health and safety • 1.12. Legal employment • 1.18. Offshore trading and transfer pricing • 1.19. Custom regulations 	<p>For mitigating risks in Nigeria the following types of risk mitigation measures are recommended;</p> <ul style="list-style-type: none"> • Supply chain mapping back to forest level • Onsite verification • Document Review • Consultation <p>Define which state are you sourcing timber from and check sub-national laws in that state related to each area of relevant law (See Nigeria Timber Legality Risk Assessment for more information on relevant law sub-categories⁴)</p> <p>We stress the need for thorough onsite verification to be able to effectively mitigate risks in Nigeria.</p> <p>It is recommended to seek professional advice and support from EU Monitoring Organisations and/or organisations such as Certification bodies with knowledge on the country and forest sector to conduct onsite verification.</p>

² CPI, 2020. Available at: <https://www.transparency.org/en/cpi/2020/index/nga>

³ Sub-categories as defined in the Timber Legality Risk Assessment for Nigeria.

- 1.20. CITES

All other sub-categories are regulated by state level governance legislation.



Legal Rights to Harvest

Risk	Applicable to	Indicator of legal compliance	Mitigation options
Land tenure Conflicts (1.1)	All source types	Land tenure rights and title shall be clearly identified and issued according to legal requirements	<p><i>Review and verify documents:</i></p> <ul style="list-style-type: none"> Valid business registration documents shall exist <p><i>For Forest Reserves:</i></p> <ul style="list-style-type: none"> Concession license agreement Harvesting Permit Forest Management Plan Harvest Permit Payment Invoice <p><i>For Free Areas:</i></p> <ul style="list-style-type: none"> Certificate of Occupancy Harvesting/Block Permit Right of Occupancy Harvest Permit Payment Invoice Signed agreement by all stakeholders entitled to the land <p><i>Consult:</i></p> <ul style="list-style-type: none"> Consult with relevant Land Use and Allocation Committee to confirm that legal status of the operation or rights for conducting the established activities are not subject to court orders or other legally established decisions to cease operations.
Individuals living on the land do not hold Certificate of Occupancy (1.1)	All source types	Certificate of Occupancy shall be issued for people living on the land	

			<p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> • Inspections of harvesting site shall confirm that harvesting takes place within property limits
<p>The standards stipulated in the concession allocation procedures are infringed (1.2)</p>	<p>Forest Reserve</p>	<p>Concession allocation process shall follow legal requirements</p>	<p><u>Review and verify documents::</u></p> <ul style="list-style-type: none"> • A Forest Compartment Allocation Fee Invoice • Harvest Permit Payment (Stumpage) Invoice • Harvesting//Block permit • Concession license agreement • Revenues and payment receipts (Allocation fees, Vehicle Registration, etc. <p><u>Consult:</u></p> <ul style="list-style-type: none"> • Consultation with the State Ministry in Charge of Forestry shall confirm that legal status of the operation or rights for conducting the established activities are not subject to court orders or other legally established decisions to cease operations. It should also confirm the legal procedures for obtaining concession licenses have been followed. <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> • Verify and cross-check that information in the abovementioned documents correspond to the facts in the field
<p>Lack of forest management plans (1.3)</p>	<p>Forest Reserve</p>	<p>Forest Management plan shall be in place</p>	<p><u>Review and verify documents:</u></p> <p>For Forest Reserves:</p> <ul style="list-style-type: none"> • Forest Management Plan shall contain all legally required information. • Annual operating or harvesting plans shall be in place and approved by legally competent authorities. It shall contain information and procedures, according to all legal

			<p>requirements.</p> <ul style="list-style-type: none"> Harvesting restrictions shall be identified in management plan and maps if legally required Harvesting inventories shall be conducted according to legal requirements. <p><i>Consult:</i></p> <ul style="list-style-type: none"> Relevant State Forestry department about existence and implementation of relevant Forest Management Plan for a harvesting site and if the Plan was prepared following legal requirements. <p><i>Onsite verification:</i></p> <ul style="list-style-type: none"> Visit harvesting site to indicate that the contents of the harvesting plans are adhered to in the field
<p>Logging without harvesting permit or Out Turn Volume system (1.4)</p>	<p>All source types</p>	<p>Harvesting permit or Out Turn Volume system are required to conduct harvesting activities</p>	<p><i>Review and verify documents:</i></p> <ul style="list-style-type: none"> A Forest Compartment Allocation Fee Invoice Harvest Permit Payment (Stumpage) Invoice Harvesting//Block permit Out Turn Volume system documentation if this method was used <p><i>Consult:</i></p> <ul style="list-style-type: none"> State Forestry Departments to confirm the validity of harvest permit or Out Turn Volume system used for harvesting. It should also confirm that relevant documents have been issued according to the laws and regulations by the legally designated competent authority. <p><i>Onsite verification:</i></p>
<p>Harvesting permits are issued without following legal requirements (1.4)</p>		<p>Harvesting permit shall be obtained following legal requirements</p>	

			<ul style="list-style-type: none"> Visit harvesting site to confirm that information regarding area, species, volumes and other information given in the harvest permit or Out Turn Volume documents are correct and within limits prescribed in the legislation
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Taxes and Fees

Risk	Applicable to	Indicator of legal compliance	Mitigation options
<p>Non-payment of fees and royalties (1.5)</p> <p>Cheating in tariff tables to pay less fees and royalties</p>	All source types	Royalties and harvesting fees shall be paid according to legal requirements	<p><u>Review and verify documents:</u></p> <ul style="list-style-type: none"> Receipts shall exist for payments of harvesting related royalties, taxes, harvesting fees and other charges Volumes, species and qualities given in sales and transport documents shall match the paid fees Classification of species, volumes and qualities shall match the royalties and fees paid Annual certificate confirming full payment of all taxes shall be available <p><u>Consult:</u></p> <ul style="list-style-type: none"> State Forestry Departments to confirm that the validity of documents provided above
VAT is not paid (1.6)	All source types	VAT of 7.5% shall be paid	<p><u>Review and verify documents:</u></p> <ul style="list-style-type: none"> Review the VAT summary declarations, and proof of VAT

			<p>payment and verify that the declared VAT amount (7.5%) corresponds to the production data (sales) made by the company</p> <ul style="list-style-type: none"> • Receipts for payment sales taxes shall exist • Volumes, species and qualities given in sales and transport documents shall match the fees paid <p><i>Consult:</i></p> <ul style="list-style-type: none"> • Federal Inland Revenue Service to verify that payment of the VAT has occurred as established by the tax law
Nonpayment of income and profit taxes (1.7)	All source types	Income and profit taxes shall be paid	<p><i>Review and verify documents:</i></p> <ul style="list-style-type: none"> • Tax declaration form and Annual Tax Clearance Certificate to verify that correct taxes were indicated <p><i>Consult:</i></p> <ul style="list-style-type: none"> • Federal Inland Revenue Service to verify that the company has correctly paid income and profit taxes



Timber Harvesting Activities

Risk	Applicable to	Indicator of legal compliance	Mitigation options
Harvesting regulation being violated (e.g., soil, young standing trees and seedlings are	All source types	Harvesting regulations shall be followed and complied with	<p><i>Review and verify documents:</i></p> <ul style="list-style-type: none"> • Harvesting permit and Forest Management Plan to verify if it contains sustainable forest management practices • Working site records to verify if it contains any violations made

<p>damaged during harvesting; vegetation is destroyed during road construction for transportation of logs) (1.8)</p>			<p>by specific harvesting company</p> <p><u>Consult:</u></p> <ul style="list-style-type: none"> State forest department about how effective forest operations monitoring has been in the relevant harvesting area State forest department about how a relevant harvesting company complies with harvesting regulations <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> Visit the harvesting area and observe that the soil was not damaged during harvesting, that young trees and seedlings are not damaged, that vegetation is not destroyed during road construction for transport of logs.
<p>Logging in the National Parks and protected areas (1.9)</p>	<p>All source types</p>	<p>Logging is forbidden in National Parks and protected areas</p>	<p><u>Review and verify documents:</u></p> <ul style="list-style-type: none"> Harvesting Permit to take Protected species CITES Permit if importing from Nigeria – all protected species should be listed. Check that rosewood (<i>Pterocarpus erinaceus</i>) is not listed in the CITES permit (CITES recommends suspending commercial trade for this species) All legally protected areas (including species habitats) shall be included in the Forest Management Plan and/or in related documentation as required by the legislation
<p>Illegal logging of protected species without a permit (1.9)</p>	<p>All source types</p>	<p>Protected species can be harvesting only having a special harvesting permit</p>	<p><u>Consult:</u></p> <ul style="list-style-type: none"> Interview forest agents, military control points, hunters, transporters, and sellers regarding their perception of illegal activities by a specific company relating to prohibited species or in protected areas. <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> Visits to the forest area to verify that protected species were

			<p>not harvested</p> <p><i>Conduct targeted timber testing:</i> on samples of purchased material to verify the species or origin of timber). See Preferred by Nature's Thematic article No 1 on Timber Testing Techniques</p>
<p>Harvesting is performed without Environmental Impact Assessment (1.10)</p>	<p>All source types</p>	<p>Environmental Impact Assessment shall be in place prior to harvesting</p>	<p><i>Review and verify documents:</i></p> <ul style="list-style-type: none"> • Verify that Environmental Impact Assessments is in place. Check that it has an approval from National Environmental Standards and Regulations Enforcement Agency (NESREA) • Check who assessed EIA and verify he/she is registered with NESREA, Corporate Affairs Commission and Federal Inland Revenue Service (FIRS). Check that consultant provided the following documents for accreditation with NESREA: <ul style="list-style-type: none"> ○ Certificate of Incorporation with Corporate Affairs Commission; ○ Memorandum and Article of Association ○ Particulars of Directors of the Company; ○ Tax Clearance Certificates of the Company; ○ Evidence of competence in environmental consultancy; ○ Evidence of previous environmental jobs successfully completed; ○ Evidence of registration with other relevant regulatory bodies. <p><i>Consult:</i></p> <ul style="list-style-type: none"> • Consult with NESREA to verify that Environmental Impact Assessment was conducted following legal requirements • Consult relevant stakeholders (state administration for example) to confirm that NESREA followed legal requirements in conducting EIA <p><i>Onsite verification:</i></p> <ul style="list-style-type: none"> • Verify onsite if the environmental requirements have been

			followed
Waste left by logging operators (1.10)	All source types	Residual waste shall be removed from the logging site	<p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> Verify onsite if no waste was left by the loggers
Obligations relating to the safety of the workers are not respected (no personal protective equipment; no health service centers to provide medical examinations before employment; no periodic medical examinations) (1.11)	All source types	Health and safety requirements shall be followed	<p><u>Review and verify documents:</u></p> <ul style="list-style-type: none"> Health safety reports of the company Proof that new employees receive hygiene and security training <p><u>Consult:</u></p> <ul style="list-style-type: none"> Interviews with staff and contractors shall confirm that legally required protection equipment is required/provided by the organization. <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> Verify onsite that all safety and health regulations are followed, and all required safety equipment is be used.
Foreign workers work without required permission (1.12)	All source types	Foreign workers shall have a work permit	<p><u>Review and verify documents:</u></p> <ul style="list-style-type: none"> Employment contracts – verify that they include required information Foreign workers work permit Salary slips - shall be paid officially and declared by the
Forest companies hire workers illegally (1.12)	All source types	Workers shall have work contracts	

<p>The workforce engaged in forestry operations does not conform with the minimum number of staff required to participate in PenCom Scheme (1.12)</p>	<p>All source types</p>	<p>Workers shall participate in PenCom Scheme</p>	<p>employer according to requirements for personnel involved in harvesting activities</p> <p><u>Consult:</u></p> <ul style="list-style-type: none"> With workers: <ol style="list-style-type: none"> 1) to verify that they are legally employed. Ask if they are covered by the obligatory insurances from the company. 2) to verify that at least the legally established minimum salaries shall be paid for personnel involved in harvesting activities. 3) to verify the minimum age of employees 4) to verify that forced or compulsory labor is not involved in harvesting activities. <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> Visit the site and observe employees – if no children are employed.
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Third Parties' Rights

Risk	Applicable to	Indicator of legal compliance	Mitigation options
<p>Individuals living on the land do not hold Certificate of Occupancy (1.13)</p>	<p>All source types</p>	<p>Certificate of Occupancy shall be issued for people living on the land</p>	<p><u>Review documents and verify:</u></p> <ul style="list-style-type: none"> Review the Certificate of Occupancy of communities Ask for evidence from logging operators proving that benefits were transferred to local communities <p><u>Consult:</u></p> <ul style="list-style-type: none"> Local communities where harvesting was taken place to ensure that they received benefits from harvesting operations



Trade and Transport

Risk	Applicable to	Indicator of legal compliance	Mitigation options
<p>False declarations are made regarding species and their volume on transport permits (1.16)</p>	<p>All source types</p>	<p>Species and their volumes shall be correctly declared on transport permits</p>	<p><u>Review documents and verify:</u></p> <ul style="list-style-type: none"> • Log Evacuation Schedule • Import/export Customs Declaration - Is the information of product description, species, quantity/volume, quality, price the same as on the commercial invoice and packing list? • Evidence shall be provided upon request (photographs of labelling) <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> • Physical control where it should be verified that the present material equals what has been invoices and marked
<p>Some unregistered vehicles may be engaged in movement of logs which have been illegally harvested (1.17)</p>	<p>All source types</p>	<p>Transport of harvested timber shall only be performed after complying with legal requirements</p>	<p><u>Review documents and verify:</u></p> <ul style="list-style-type: none"> • Vehicle for Timber Transportation Registration Invoice • Tariff Table (Movement of round log) • Permit to move log across the state • • • All required transport documents shall exist and be documented. • Documents related to transportation, trade or export shall be

			clearly linked to the specific material in question
Transfer pricing laws are not followed (1.18)	All source types	Transfer pricing laws shall be followed	<p><i>Review and verify documents:</i> Verify that the following documents contain required information:</p> <ul style="list-style-type: none"> • Transfer pricing declaration • Transfer pricing disclosure • A master file • A local file • Country-by-country report (CbCR) • Ask company to verify that they submit the documents to electronically via https://transferpricing.firs.gov.ng/login.php <p><i>Consult:</i></p> <ul style="list-style-type: none"> • Federal Inland Revenue Service (FIRS) about company’s compliance with transfer pricing regulation
Transport documents do not contain required information (1.19)	All source types	Transport documents shall include all required information	<p>Do not import logs from Nigeria (only processed or semi-processed material can be exported)</p> <p><i>Review and verify documents:</i></p> <ul style="list-style-type: none"> • Export registration certificate • Bill of Lading • Pre-shipment Certificate • Export permit <p>Verify that above mentioned documents only include processed or semi-processed wood. It should be verified that the documents are fully filled out and there is consistency between the information in the documents and this information should be verified, and reflect the material imported from Nigeria.</p>
Export of non-processed logs and sawn wood (1.19)	All source types	Only processed logs shall be exported	
Illegal timber export (1.19)	All source types	Timber shall be exported following legal requirements	

			<p><u>Consult:</u></p> <ul style="list-style-type: none"> Federal Inland Revenue Services about company's compliance with customs regulations requirements <p><u>Onsite verification:</u></p> <ul style="list-style-type: none"> Visit export site to check if export procedures are followed; check if exported wood dimensions are according to legal requirements <u>Conduct targeted timber testing:</u> (on samples of purchased material to verify the species or origin of timber). See Preferred by Nature's Thematic article No 1 on Timber Testing Techniques
CITES species are exported without required permit (1.20)	All source types	CITES species can only be exported with a legally issued special permit	<p>Due to high level of corruption and fraud related to issuing CITES certificates, control measures are not developed for this indicator – recommendation is to not to buy protected/CITES species from Nigeria.</p>
CITES permits are illegally issued (1.20)			
Illegal export of suspended CITES species - Rosewood (<i>Pterocarpus erinaceus</i>) (1.20)	All source types	Export of <i>Pterocarpus erinaceus</i> is suspended	



Processing

Risk	Applicable to	Indicator of legal compliance	Mitigation options
<p>Companies operate without legal registration of business (1.22)</p>	<p>All source types</p>	<p>Company shall follow business registration requirements</p>	<p><i>Review and verify documents that they include all the required information</i> (some of the documents can be confirmed through an online search of duly registered company in Nigeria. Available at: http://publicsearch.cac.gov.ng/comsearch/)</p> <ul style="list-style-type: none"> • Business Registration Certificate - • Business/ Company Profile • The Company's Memorandum and Article of Association (MEMART) • Particulars of the company's secretary • The particulars of Directors • Particulars of shareholder(s) • The Statement of issued share capital • Particulars of Persons with Significant Control (PSC) • Company Resolution & Certificate of Incorporation • Identification of the director/shareholder & Witness • Invoices about business registration fees paid <p><i>Consult:</i></p> <ul style="list-style-type: none"> • Consult Federal Inland Revenue Services about companies' compliance with business registration requirements
<p>Processing is performed without Environmental Impact</p>	<p>Please see indicator 1.10 Environmental requirements. Legislation and risks related to the processing sector are similar to what has been identified for the forest level in indicator 1.10.</p>		

Assessment (1.23)

Obligations relating to the safety of the workers are not respected (1.25)

Please see indicator 1.11 Health and Safety. Legislation and risks related to the processing sector are similar to what has been identified for the forest level in indicator 1.11.

Foreign workers work without required permission (1.26)

Please see indicator 1.12 Legal employment. Legislation and risks related to the processing sector are similar to what has been identified for the forest level in indicator 1.12.

Forest companies hire workers illegally (1.26)

The workforce engaged in forestry operations does not conform with the minimum number of staff required to participate in PenCom Scheme and Government Minimum Wage Regime (1.26)

About LIFE Legal Wood

[LIFE Legal Wood](#) is an initiative that aims at supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The initiative is funded by the LIFE Programme of the European Union.



LIFE - Support EUTR II - LIFE18 GIE/DK/000763



Preferred by Nature (formerly NEPCon) is an international non-profit organisation working to support better land management and business practices that benefit people, nature and the climate.

We do this through a unique combination of sustainability certification services, projects supporting awareness raising, and capacity building.