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Independent Forest Monitoring Pilot Project Honduras

Mission Report No. 013

Mission of the Independent Monitor (CONADEH – Global Witness)

Audits to timber industries

Sawmill Santa Elena No. 1	
Location:	Lomas de Tasajeras, San Esteban UEP, Olancho Forest Region
Register No.:	169
Sawmill Comercial Eduar´s	
Location:	El Tunal, San Esteban UEP, Olancho Forest Region
Register No.:	2204

Mission date: 14 and 17 March 2006

1. EXECUTIVE SUMMARY

This report refers to two inspections to timber industries: the first one to the Sawmill Santa Elena No. 1, located in the community of Las Lomas de Tasajeras, and the second one to the Sawmill Comercial Eduar's, located in the community of El Tunal, both within San Esteban Municipality, Department of Olancho, and within AFE-COHDEFOR's¹ San Esteban UEP², Olancho Forest Region. These inspections were carried out within the *Independent Forest Monitoring Pilot Project*, currently being implemented in the country.

The independent monitor's conclusions regarding these audits are as follows:

- Sawmill Santa Elena No. 1 had not notified the change of location of its premises to AFE-COHDEFOR, hence breaching Articles 187 and 259 of the General Forest Regulations (Agreement No. 634 of 1984). Furthermore, it does not have the environmental licence required by law, so no activity at all should have been initiated (including the building of the premises)
- At Sawmill Santa Elena No. 1's premises, a discrepancy of approximately 200 m³ of timber was found. This could be the result of the use of timber for the sawmill premises, as the administrators state, or a result of an undocumented sale of the timber.
- Regarding Sawmill Comercial Eduar's, a volume of 9,050 board feet of undocumented pine timber was found, which breaches Articles 236, 240 and 264 of the General Forest Regulations.
- There exist some legal vacuums in the Forest General Regulations, such as the lack of a stipulation about the obligation of industry representatives to keep the required sawmill documents on site.

Subsequent to these conclusions, the monitor makes the following recommendations:

- AFE-COHDEFOR should ensure that due payments for the already issued fines are forthcoming.
- The procedure to issue environmental licences should be reviewed so that these are issued in a reasonable amount of time. The current delay in this process opens the door to poor practices, such as the one documented in this case, where DATA admits the submission of copies of the ongoing process of issuance as valid documentation to initiate activities.
- AFE-COHDEFOR should promote, along with other relevant institutions such as Forest Professional Associations (*Colegios de Profesionales Forestales*), timber companies and other civil society organisations, the review of the General Forest Regulations, with a view to update and improve this legal instrument. These aspects should also be included in the new Forest Law due to be approved.

¹ State Forest Administration – Honduran Corporation of Forest Development (*Administración Forestal del Estado – Corporación Hondureña de Desarrollo Forestal*).

² Projects Implementation Unit (*Unidad Ejecutora de Proyectos*).

- As suggested in report no. 11, considering the poor governance that characterises San Esteban UEP, AFE-COHDEFOAR must ensure that this UEP is provided with at least two technical staff with proven experience and credibility. Furthermore, AFE-COHDEFOR must ensure that DATA is provided with the human, logistical and financial resources to carry out missions at least five days a month, which should include at least two technical staff. Such missions must be implemented in close liaison with other relevant actors, such as FEMA, PARN and the Regional Directorate of AFE-COHDEFOR.

2. REPORT RESPONSIBILITY AND INSTITUTIONAL COLLABORATION

This report has been produced by the *Independent Forest Monitoring Pilot Project*, implemented in Honduras by CONADEH³ and Global Witness, in support of AFE-COHDEFOR. During the work, the monitor had total support from AFE-COHDEFOR, both in the gathering of information and in the clarification of legal aspects.

3. CONSTRAINTS

In the Sawmill Comercial Eduar's inspection, there was a delay due to the unavailability of the sawmill documents on site. It took several hours for the owner to arrive with such documents. There were no other constraints or obstacles for the implementation of the mission.

4. RESULTS

4.1 General overview of the work

This report refers to two inspections to timber industries: the first one to the Sawmill Santa Elena No. 1, located in the community of Las Lomas de Tasajeras, and the second one to the Sawmill Comercial Eduar's, located in the community of El Tunal, both within San Esteban Municipality, Department of Olancho, and within AFE-COHDEFOR's San Esteban UEP, Olancho Forest Region. These inspections were carried out within the *Independent Forest Monitoring Pilot Project*, currently being implemented in the country.

³ National Commission for Human Rights (*Comisionado Nacional de Derechos Humanos*).

4.2 Main findings

a) Sawmill Santa Elena No. 1

This inspection was carried out on 14 March 2006, with the participation of representatives from PARN⁴, CONADEH, AFE-COHDEFOR and the industry's administrator.

Firstly, an examination of the documents required to operate sawmills was carried out. These included the municipal operation permit, monthly reports, forest products entry and exit records, AFE-COHDEFOR's registration and the environmental licence.

It is worth noting that, despite the fact that Sawmill Santa Elena no.1 had already initiated the procedure to obtain an environmental licence, it has not been approved yet, and according to the General Environmental Law⁵ it should not carry out any activities without it. In practice, however, DATA only requires copies of the ongoing process of issuance of the environmental licence, with a view to prevent delay of operations, as these licences take time to be approved. This, however, is a poor practice which opens the door to an excessive arbitrariness and which also breaches the law.

On the other hand, according to the information provided by staff and the administrator of this industry, this sawmill is changing location. It was previously located in the site known as Cerro El Blanco or Las Crucitas, in Jano Municipality, Olancho, and the notification of the change of location had been presented.

This situation was confirmed by DATA staff in its headquarters in Tegucigalpa. They corroborated that Sawmill Santa Elena No. 1 has the operation permit required, but not the notification of location to a new site. This incurs a fine of Lps. 1,000.00 (US\$ 53.00) according to Articles 187 and 259 of the General Forest Regulations.

An inventory of the timber located within the premises was carried out, with the objective of corroborating that the volume of timber stocked coincided with that registered in the official documents.

⁴ State Attorney for the Environment and Natural Resources (*Procuraduría del Ambiente y Recursos Naturales*).

⁵ Decree No. 104-93



Picture 1: Overview of Sawmill Santa Elena No. 1



Picture 2: A member of the monitoring team carrying out the inventory

The following table shows that, when comparing the volume of incoming timber registered in the official documents with that located on site, there is a difference of approximately 9%. So there is less timber on site than that registered in the documents.

Volume according to the official permits	Volume according to the inventory
2,065.66 m ³	1,862.66 m ³

This difference surpasses the allowed limits (4%⁶). This significant difference (approximately 200 m³) could be the result of one of two situations:

- The timber has been used for construction of some facilities within the sawmill. However, by observing the existing facilities, it seems unlikely that 200 m³ have been needed.
- The timber has been processed and sold in a clandestine way, that is, with no documents or registration, although the monitor does not have evidence to prove this possibility.

b) Sawmill Comercial Eduar´s

This inspection was carried out on 17 March 2006, with the participation of representatives from PARN, CONADEH, AFE-COHDEFOR, Global Witness, and staff and owner of the industry.

In order to start the inspection, the person in charge was requested to provide the information necessary to carry out an audit. Such information was not on site, but at the owner's home, so the owner was contacted and requested to provide the information as soon as possible⁷. This delayed the examination of documents for four hours, and in the meantime an inventory of the timber on site was carried out.

⁶ Article 241 of the General Forest Regulations.

⁷ Section 4 of the General Forest Regulations, concerning the control of forest industries, does not specify whether the industry documentation has to be kept on site.

The following table summarises the findings on site (where an inventory was carried out) and their comparison with the documentation presented by the industry. These show that a volume of 9,050 board feet of timber in the sawmill had no documents proving their origin or legality.

		Volume
Incoming timber	Previous volume on site (logs) ⁸	574.93 m ³
	Incoming timber according to permits ⁹	44.10 m ³
	Sub total 1	619.03 m³
Outgoing timber	Outgoing timber according to permits	574.38 m ³
	Timber on site (logs)	44.10 m ³
	Excess of sawn timber	9,050 p.t.
	Sub total 2	618.03 m³ 9,050 board feet.
Difference	Undocumented timber on site	9,050 board feet

Clarification note: The units used in this table are consistent with those used in the original inventory, which comply with the DATA's established procedures for industry audits.

The data above shows a clear infraction of the forest law, and one which should be fined with Lps. 325,800.00 (US\$ 17,247.22)¹⁰ according to Articles 236, 240 y 264 of the General Forest Regulations.

5. CONCLUSIONS AND RECOMMENDATIONS

The independent monitor's conclusions regarding these audits are as follows:

- Sawmill Santa Elena No. 1 had not notified the change of location of its premises to AFE-COHDEFOR, hence breaching Articles 187 and 259 of the General Forest Regulations. Furthermore, it does not have the environmental licence required by law, so no activity at all should have been initiated (including the building of the premises)
- At Sawmill Santa Elena No. 1's premises, a discrepancy of approximately 200 m³ of timber was found. This could be the result of the use of timber for

⁸ According to monthly reports produced by DATA.

⁹ Transport permits J-161230 y J-161231.

¹⁰ The denunciation has two components (the sanction and the fine) and is calculated as follows:

- The sanction is calculated using the base price of timber in the market (Lps. 6.00/board foot, equivalent to US\$ 0.31/board foot), which is multiplied by the amount of illegal product (in this case 9,050 board feet) and multiplied by three (for the fine itself, the damages and harm).
- The fine is calculated similarly to the sanction and it refers to the value of the product illegally harvested.
- Therefore, the total value of the denunciation is Lps. 325,800.00 (US\$ 17,247.22).

the sawmill premises, as the administrators state, or a result of an undocumented sale of the timber.

- Regarding Sawmill Comercial Eduar's, a volume of 9,050 board feet of undocumented pine timber was found, which breaches Articles 236, 240 and 264 of the General Forest Regulations.
- There exist some legal vacuums in the Forest General Regulations, such as the lack of a stipulation about the obligation of industry representatives to keep the required sawmill documents on site.

Subsequent to these conclusions, the monitor makes the following recommendations:

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- The procedure to issue environmental licences should be reviewed so that these are issued in a reasonable amount of time. The current delay in this process opens the door to poor practices, such as the one documented in this case, where DATA admits the submission of copies of the ongoing process of issuance as valid documentation to initiate activities.
- AFE-COHDEFOR should promote, along with other relevant institutions such as Forest Professional Associations (*Colegios de Profesionales Forestales*), timber companies and other civil society organisations, the review of the General Forest Regulations (Agreement No. 634 of 1984), with a view to update and improve this legal instrument. These aspects should also be included in the new Forest Law due to be approved.
- As suggested in report no. 11, considering the poor governance that characterises San Esteban UEP, AFE-COHDEFOR must ensure that this UEP is provided with at least two technical staff with proven experience and credibility. Furthermore, AFE-COHDEFOR must ensure that DATA is provided with the human, logistical and financial resources to carry out missions at least five days a month, which should include at least two technical staff. Such missions must be implemented in close liaison with other relevant actors, such as FEMA, PARN and the Regional Directorate of AFE-COHDEFOR.