With the introduction of consumer market regulations, such as the European Union’s Timber Regulation, international market access for tropical timber increasingly requires suppliers, including micro, small and medium enterprises (MSMEs), to demonstrate legality. In order to significantly increase legal forest management and develop long-term livelihood opportunities through associated trade, increasing legality within domestic markets is also needed.

The FAO-EU Forest Law Enforcement, Governance and Trade (FLEGT) Programme has supported the development of e-commerce platforms, which helps incentivize legal timber trade, increase access to markets, and protect livelihoods. These platforms have become even more relevant in the context of the COVID-19 pandemic, encouraging business continuity by reducing the need for face-to-face interactions between buyers and sellers.

**Legality key to market access**

To access international markets, timber industry operators must increasingly demonstrate the legality of their products. Many domestic markets are also introducing similar requirements for legality, with implications for MSMEs who are required to comply.

In Ghana, the Timber Industry Development Division of the Forestry Commission (TIDD) linked logging contractors, MSME millers and domestic timber traders through the Unremoved Yield Portal, which makes previously unavailable legally produced timber accessible to MSMEs. The portal was created after small operators reported difficulties competing with larger companies in accessing raw materials, especially within the domestic market.

TIDD has worked with industry associations to ensure that their members are formally registered and approved by TIDD prior to gaining access to the portal. This practice ensures that the operations meet commitments to legality outlined in the Ghana–EU FLEGT voluntary partnership agreement.

**The increasing importance of digital solutions**

The trend towards the digitization of markets has been accelerated by the outbreak of the COVID-19 pandemic, as timber producers and traders in tropical timber-producing countries have faced the cancellation of orders and an overall drop in trade, impacting on the livelihoods of many MSMEs.

Partners looked towards digital solutions that could facilitate market access whilst upholding legality commitments. This approach has been particularly successful in Indonesia, where the Programme supported the establishment and operationalization of three online platforms to improve market access.

The Volunteer Alliance for Saving Nature (Aliansi Relawan untuk Penyelamatan Alam, ARUPA) established the Woodenasia e-platform to link community forest owners who had reported challenges in marketing legally produced timber with processors who had faced difficulties accessing raw materials. The platform now features over 200 timber, furniture and handicraft items produced by verified, legal MSMEs.
"Following the outbreak of the pandemic, we noticed an 80 percent increase in online trading of timber products through social media platforms such as Facebook and Instagram, which motivated us to create a dedicated platform for facilitating trade in legal timber and wood products", reported Edi Suprapto, Executive Director of ARUPA.

Still in Indonesia, the Programme supported a similar platform developed by Lembaga Studi Ekosistem Hutan (LeSEHan), which helps to link buyers and sellers of legal timber. Enterprises that upload data on to the web-based Indonesia timber legality verification system (System Verifikasi Legalitas Kayu, SVLK) Impact Monitoring System gained access to the portal as an incentive for MSMEs to contribute to real-time monitoring of livelihood and economic impacts of SVLK implementation.

By enabling operators to contribute information to the monitoring platform, MSMEs in Indonesia contribute toward improving SVLK implementation. Meanwhile, MSMEs wishing to sell their products on ARUPA’s platform must provide proof of SVLK certification.

“'We need to learn from our experience during the pandemic that online trade is not only possible for MSMEs, but it comes at a reduced cost for operators while promoting legality', continued Edi Supranto.