

EU FLEGT: supporting improved governance in the timber trade.

... And offering a REDD Reality Check?

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2003 EU FLEGT Action Plan: consumer responsibility in the global timber trade

FLEGT: Forest Law Enforcement, Governance and Trade

- Legislation to restrict access to EU market for illegal wood
- Voluntary partnership agreements (trade/aid agreements)
- Green public procurement policies for legal and sustainable timber
- Support to timber trade to develop CSR policies
- Action to reduce the flow of public and private investment to illegal forest product processing

VPA incentives – harnessing the timber market for improved ‘forest governance’

| VPA country | 2007 timber exports to EU |
|-------------------|---------------------------|
| Vietnam | US\$ 6.33 billion |
| Indonesia | US\$ 1.86 billion |
| Malaysia | US\$ 1.24 billion |
| Cameroon | US\$ 609 million |
| Gabon | US\$ 392 million |
| Ghana | US\$ 139 million |
| Congo Brazzaville | US\$ 120 million |
| CAR | US\$ 34 million |

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What is a voluntary partnership agreement?

A bilateral, legally-binding commitment between the European Union and timber exporting countries to trade only in timber products which have been verified according to an agreed standard of legality.

Aim:

- Joint investment in capacity to enforce and verify forest law in countries with governance challenges
- Joint commitment to European consumers that they are not buying illegal wood

FLEGT Voluntary Partnership Agreements

1. PREPARATION

Informal dialogue, provision of information on FLEGT aims and requirements, governance assessment, stakeholder identification



Multi-stakeholder interaction (government agencies, industry, NGOs)

2. NEGOTIATION

Formal bilateral negotiations, concluded by a legally binding agreement on:

1. Definition of legal timber
2. Timber tracking system
3. Compliance with legality definition and application of tracking system
4. Issuing FLEGT licenses
5. Independent monitoring



Negotiation partners: EU and country government.

Informed and supported by a multi-stakeholder process.

3. DEVELOPMENT

Implementation and independent assessment of legality assurance systems agreed in VPA



Government is implementing and supported by donors.

Observed and informed by stakeholders.

4. IMPLEMENTATION

Full operation of the licensing scheme, exclusion of non-licensed wood from the EU



Supervised by the Joint Implementation Committee.

Informed by stakeholders.



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Legality Assurance Systems: 5 elements

- 1. Legality standard:** stakeholder-endorsed, identifying conflicts and potential for reform
- 2. Chain of custody (CoC) control:** credible system to control wood as it moves from forest, through processing to point of licensing.
- 3. Internal compliance audit:** government agency assessing evidence of compliance and effective CoC
- 4. Licensing Authority:** government agency issuing licenses based on evidence of compliance and CoC
- 5. Independent Monitor:** systemic monitor reporting to EC and partner country

Countries



Preparation: Vietnam, Ivory Coast, CAR

Negotiation: Malaysia, Indonesia, Liberia, Gabon,
Cameroon?

Development: Ghana, Republic of Congo (Brazzaville)

In practice: from preparation to conclusion of negotiation is taking between 18months (RoC) and **5 years and counting** (Indonesia)

What have we achieved so far?

| | 2007 | 2009 |
|--|-------------------------|---|
| Civil society | | |
| NGO coordination | None | NGO Platform |
| NGO involvement in drafting laws | None / Very limited | Foreseen |
| Multi-stakeholder dialogue | | |
| Structured NGOs – Government- Industry dialogue | None / Very limited | Technical secretariat Nat. Consultative Group JIC |
| Policy reforms | | |
| Legislation to promote and protect the rights of indigenous peoples | Law drafted but pending | Linked to FLEGT license |
| Forest policy reform based on good governance principles | Not foreseen | Linked to FLEGT license |
| Civil society participation in concession allocation processes | Not foreseen | Linked to FLEGT license |
| Civil society and community involvement in the development of management plans and social agreements (cahier de charges) | Not foreseen | Linked to FLEGT license |
| Involvement of communities and civil society in the management of forest concessions | Not foreseen | Linked to FLEGT license |
| Community forestry | Not foreseen | Linked to FLEGT license |
| Transparency and information exchange | | |
| Availability of laws, social agreements, management documents, taxes, etc. | None / Very limited | Foreseen |
| Independent observer | | |
|  Long-term commitment | 3-years project | Funding foreseen in VPA |
|  Involvement of local civil society | Shadow team | Foreseen |



Implementation

?

Lessons for REDD #1

1. US\$15-18 billion/year in foregone government revenue (World Bank estimate) suggests that national economic interest is not the primary driver of government decision making in many forest rich countries.
2. Low barriers to entry undermine whole system including those countries which are acting with integrity. VPAs provide additional financial support and time for countries which cannot yet verify their exports – they don't reduce standards for licensing.

Lessons for REDD #2

1. If participation is valued (as negotiators claim it is) then it should be measured sensibly through outputs not inputs.
2. Changing behaviour across a sector takes time. Creating a false sense of urgency will undermine quality of analysis, planning and outcomes.
3. Independent monitoring/auditing/verification are accepted prerequisites of credible timber products and purchasing policies. Carbon, as an 'intangible' product, will need more not less monitoring and verification if it is to avoid becoming a failed market.



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