



FLEGT Briefing Notes

Forest Law Enforcement, Governance and Trade

Voluntary Partnership Agreements

1 What are Voluntary Partnership Agreements?

The EU FLEGT Action Plan recognises that, as a significant consumer of wood products, the EU shares responsibility with timber-producing countries to tackle illegal logging and its associated trade. However, there is currently no practical mechanism for identifying and excluding illegal timber from the EU market.

The FLEGT Action Plan therefore proposes the development of Voluntary Partnership Agreements (VPAs) between the EU and individual timber-producing countries (FLEGT Partner Countries). These agreements are designed ultimately to eliminate illegally-produced timber from a Partner Country's international and domestic trade.

A VPA is a binding agreement between the EU and a Partner Country by which the EU and the Partner Country undertake to work together to support the aims of the FLEGT Action Plan and to implement a timber licensing scheme. To enable this, a new European Regulation on the implementation of the FLEGT licensing scheme has been adopted¹.

2 What do VPAs cover?

VPAs aim to contribute to timber-producing countries' commitments to promote sustainable forest management by supporting improvement in forest law enforcement and governance.

One element common to all agreements will be that Partner Countries have, or be committed to developing, credible legal and administrative structures and technical systems to verify that timber is produced in accordance with national laws. This implies:

- A commitment to ensure that the applicable forest law is consistent, understandable and enforceable and promotes sustainable forest management;

The titles of the eight briefing notes in this series are:

1. What is FLEGT?
2. What is legal timber?
3. A timber legality assurance system
4. Control of the supply chain: Wood tracing systems and chain of custody
5. Legality assurance systems: requirements for verification
6. *Voluntary Partnership Agreements*
7. Guidelines for independent monitoring
8. Market participant-based legality assurance and FLEGT licensing

- Developing technical and administrative systems to monitor logging operations and identify and track timber from the point of harvest to the market or point of export;
- A commitment to improve transparency and accountability in forest governance;
- Building checks and balances into the tracking and licensing system, including the implementation of an independent monitoring system;
- Developing procedures to licence the export of legally harvested timber.

However VPAs also need to recognise that conditions affecting forest governance and law enforcement in Partner Countries differ. In each country, a VPA will need to take account of factors such as national forest governance issues, forest-related legislation, the nature of forest and land rights, the nature of timber trade, current forest sector initiatives and the capacity to implement agreements.

Key elements to consider in designing and implementing VPAs are likely to include:

- Social safeguards – VPAs should seek to minimise adverse impacts on local communities and poor



people by taking account of indigenous and local communities' livelihoods associated with forests. Partner Countries will also be encouraged to link FLEGT issues to their poverty reduction strategies and to monitor the impacts of VPAs on poverty;

- Stakeholder involvement – Provision should be made for regular consultation with stakeholders during the design and implementation of VPAs. This should include ways to involve the private sector in efforts to combat illegal logging but should also ensure that any requirements imposed are not an undue burden on small-scale producers.

In some Partner Countries, meeting these commitments will require considerable institutional strengthening and capacity building. VPAs should identify areas in which there is a need for technical and financial assistance. Any assistance will be directed towards promoting legality in the forest sector, as a fundamental step towards achieving sustainable forest management. Likely areas of focus will include:

- Assistance with undertaking legislative and regulatory reforms, where needed
- Assistance to develop systems to verify that timber has been harvested legally

- Capacity building for Partner Country governments and civil society
- Seeking just and equitable solutions to illegal logging which minimise adverse impacts on forest-dependent communities
- Strengthening existing institutions and institution building
- Support for policy, legislative and regulatory reform in the forest sector.

3 Developing a Voluntary Partnership Agreement

Negotiation and effectiveness of the Agreement

Voluntary Partnership Agreements are initiated by informal discussions between the EU and prospective Partner Countries, generally undertaken by the European Commission and one or more Member States. These aim to ensure that stakeholders in the country are have a good understanding of the aims of a VPA and the mechanisms for its implementation. It also





helps the EU gain an understanding of forest sector issues in the country that need to be addressed in designing a VPA. A prospective Partner Country notifies the European Commission when it is ready for formal negotiations.

Negotiation of an agreement will focus on issues of importance to forest law enforcement and governance in the Partner Country. The negotiation process may take several months.

A VPA will come into force when the negotiation process has been concluded and the administrative requirements of each party (e.g. ratification) have been completed.

The Joint Implementation Committee

A Joint Implementation Committee (JIC) made up of representatives of the Partner Country, the European Commission and Member States will be established to oversee implementation of each VPA. It will be responsible for ensuring that discussion between the EU and the Partner Country is regular and effective. It will facilitate, monitor and supervise the implementation of the Partnership Agreement and mediate and resolve any conflicts and disputes that arise. The JIC's tasks will include:

- Deciding on the timing of the effectiveness of the licensing scheme;
- Monitoring and reviewing overall progress of implementation of the Partnership Agreement;
- Reviewing reports from the Independent Monitor and complaints about the operation of the licensing scheme;
- Mediating and working to resolve conflicts relating to the Agreement and the licensing scheme.

Planning and implementation

Each VPA should include a detailed plan that sets out clearly defined, time-bound actions for improving forest sector governance and implementing the licensing scheme.

It may be some time after a VPA comes into force before the operation of a licensing scheme becomes effective as there may be a need to develop or strengthen the Legality Assurance System. When a Partner Country considers its Legality Assurance System has met all the requirements it will notify the EU, via the JIC.

Upon confirming this, the European Commission will add the Partner Country, and any additional products to be covered by the licensing scheme, to the Appendices of the EU FLEGT Regulation. From this point, all applicable products exported from the Partner Country to the EU will require a FLEGT licence.

Scope of Partnership Agreements

The licensing scheme will initially cover a limited range of solid wood products (i.e., logs, sawnwood, veneers and plywood). However, each VPA will include provision to extend the scope to other product categories, where this is beneficial for the Partner Country.

Reviews and reporting

Annual reports on the development and implementation of each VPA will need to be prepared. These reports will include details of the achievement of the objectives and agreed time-bound actions as well as progress on eliminating illegal timber exported to non-EU markets and sold in the domestic market. When a FLEGT licensing scheme is operational, details should also be provided of the number of FLEGT licenses issued and the quantities of timber products exported to the EU.

Each VPA should include provision for review of its effectiveness and impact. The first review should be carried out no later than two years after a VPA starts, although additional reviews may be called for when issues with implementation arise.





Duration of Partnership Agreements

Once in effect, Partnership Agreements will remain in force until either the EC or the Partner Country informs the other of their intention to withdraw, with advance notice of one year. Where any review identifies serious failures in the implementation of the Partnership Agreement and these are not rectified within a mutually agreed timeframe, the Agreement can be suspended, with the result that the Partner Country will revert to non-partner status.

4 What advantages for FLEGT Partner Countries?

Implementing the VPAs and the licensing scheme will require capacity building and investment to ensure reliability and credibility. In return, there are advantages for Partner Countries. These include:

- Political and financial reinforcement of Government reforms aimed at improving forest governance;
- Improved access to EU markets, as public and private procurement policies increasingly specify the use of legal timber and the exclusion of unidentified or illegal timber, since all imports to the EU will be considered legal;

• Increased revenue from taxes and duties which, in some cases, may exceed the costs associated with running the licensing system;

• Increased revenue to finance poverty reduction and community development programmes;

• Priority for EU development assistance for FLEGT-related measures;

• Additional enforcement tools to combat illegal activities;

• A foundation framework for which will facilitate private operators to progress to certification of sustainable forest management;

• Improved international reputation for Governments' commitment to good governance.

Trade with countries that choose not to enter into VPAs will be unaffected. However, as purchasers increasingly adopt policies favouring procurement of verified legal timber, countries which have problems with illegal logging and which choose not to enter into VPAs may find their market share in the EU reduced.

1. EC Regulation No 2173/2005 On the establishment of a FLEGT licensing scheme for imports of timber into the European Community

