



FLEGT VPA update

FLEGT ad-hoc Coordination Meeting

Brussels, 29 January 2015

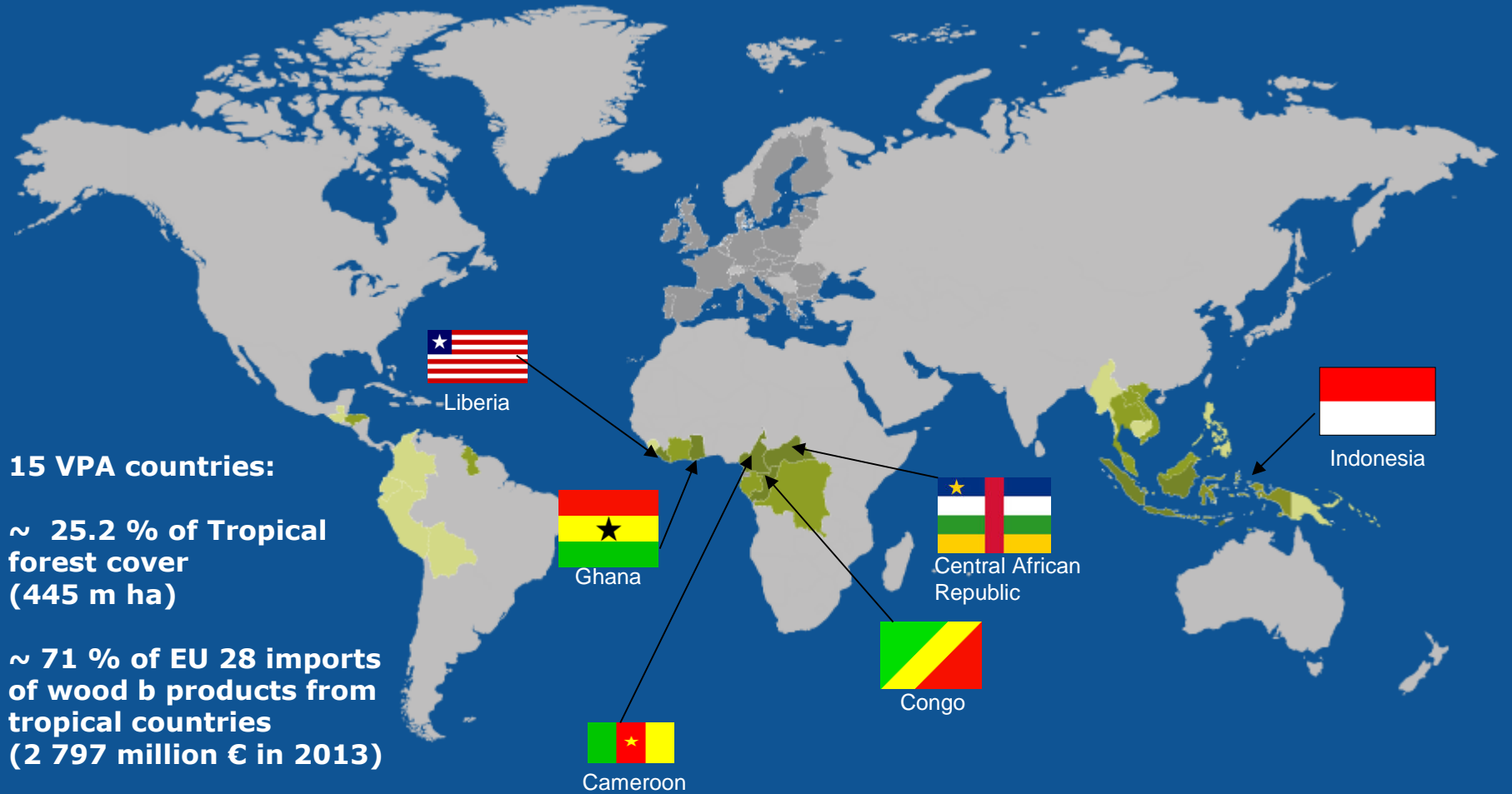
Introduction

Overview of progress in FLEGT Voluntary Partnership Agreements :

- 1. In implementation countries - across 10 main themes**
- 2. In negotiation countries - general overview**
- 3. In countries preparing for negotiations**
- 4. Challenges & Opportunities**
- 5. Conclusions**

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- Procedure for amending annexes to VPAs**
 - Decision-making process on FLEGT licensing**
 - EU preparedness to receive FLEGT licenses**

Progress on VPA Implementation





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1. Participatory Decision Making

Country	Establishment	Representation of stakeholder voices	Functioning of participatory mechanisms	Comment
Ghana				Good CSO engagement and regular consultation.
Indonesia				CSO engagement is based on a solid platform. Good Inter-ministerial coordination.
Liberia				Exists and meets regularly on a monthly basis. Community Representatives.
RoC				Structures in place but do not meet as planned
CAR				Structures in place and used even during crisis but need better engagement stakeholders
Cameroon				Structures in place; better attention to stakeholder inputs needed

2. Legislative and Policy Reform as ID in VPA

Country	Enabling FLEGT Legislation	Broader Legal Reforms	Policy Reforms	Comment
Ghana				Still considerable commitment to reform and ongoing
Indonesia				TLAS is comprehensively described and embedded in legislation
Liberia				Drafted new regulations for half of the areas identified for law reform in the VPA
RoC				Some of the VPA commitments have already been addressed
CAR				Agreed priority reform commitments as identified in the VPA.
Cameroon				Framework in place; implementing rules being further developed

3. Timber and Legality Assurance System

Country	Legality matrix	Product Scope	Imports	Tracking & control	Legality verification	Transit timber	Ind. Audit	Licensing system	Complaints mechanism	Eval. of TLAS	Indep. Observe	Law and non-compliance
Ghana	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green
Comment: TLAS rolled out to whole country. Evaluation undertaken and weaknesses being addressed												
Indonesia	Green	Yellow	Yellow	Yellow	Yellow	Grey	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Comment: TLAS is mandatory for all operators as of 1st Jan. 2015 (related to the products covered in Annex I). Some elements still need further development. Full implementation at national scale remains a challenge.												
Liberia	Green	Green	Yellow	Yellow	Yellow	Yellow	Grey	Yellow	Yellow	Grey	Green	Yellow
Comment: The legal requirements for timber within the TLAS are established for main timber sources. Additional regulations are under development to cover more sources. TLAS outourced.												
RoC	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Grey	Grey	Green	Green
Comment: Under development with a focus on the contracting of a developer												
CAR	Green	Green	Grey	Yellow	Yellow	Grey	Grey	Yellow	Grey	Grey	Yellow	Grey
Comment: Before crisis, government started work on verification procedures. Now, assessing country conditions for re-starting work												
Cameroon	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Grey	Yellow	Green	Yellow
Comment: Partly in place; traceability and information system being developed. Pre-evaluation planned in 2015												

4. Trade and FLEGT Licenses

Country	FLEGT licensing start	FLEGT licenses issued	Receive FLEGT licenses	other regional and global markets	Tracking domestic trade	Tracking imports	Comment
Ghana							LAS track domestic market as well as exported products. Developing for imported timber
Indonesia							The handling of FLEGT licenses has been tested on both sides and the online access to information on export licenses is already possible for EU CA's
Liberia							No export permit is issued to uncontrolled timber
RoC							TLAS is still under development
CAR							TLAS to be developed. Timber exports continued during the conflict
Cameroon							Framework in place but operational conditions not ready yet

5. Domestic Market Measures

Country	Policy (and law) reform to tackle illegality in the domestic market	Structure & organization of the informal sector	Legality verification applied to domestic market trade	Comment
Ghana				Included in the VPA.
Indonesia				Included in the VPA.
Liberia				Included in the TLAS, in second stage. New chainsaw milling regulation passed. Efforts ongoing.
RoC				The new draft forest law creates a new permit type for 'domestic exploitation'
CAR				Domestic market not covered by the LAS, but will need segregation
Cameroon				Foreseen in VPA; little progress

6. Transparency

Country	Transparency as a VPA Annex	Comment
Ghana	Green	<i>No Annex but all info. available on Forestry website</i>
Indonesia	Yellow	<i>Committed to implement transparency measures in VPA – National Freedom of Info law.</i>
Liberia	Yellow	<i>Access to info has improved. Comprehensive approach yet to be developed</i>
RoC	Green	<i>Started to make information available as foreseen in VPA</i>
CAR	Grey	<i>Gained government interest before the crisis – no movement since.</i>
Cameroon	Yellow	<i>Dedicated website. Continued progress with public information disclosure; further efforts needed</i>

7. Communications

Country	Communication & outreach	Comment
Ghana	Yellow	<i>Communication plan exists. Websites, reports and press articles are frequently used</i>
Indonesia	Yellow	<i>Implementation of a joint communication strategy of the JIC started in late 2014</i>
Liberia	Yellow	<i>Recent development of a FDA communication plan for the VPA is expected to improve institutional communication</i>
RoC	Green	<i>Dedicated website provides information since 2012.</i>
CAR	Grey	<i>No work ongoing – due to resume?</i>
Cameroon	Yellow	<i>Communication Plan. Dedicated pages on MINFOF + EUD websites</i>



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8. Institutional strengthening and capacity development

Country	Regulate & verify	For law enforcement	To licence or assure legal compliance established	To self-organize and engage in implementation	To comply and adapt business practices	To monitor forest crime	To monitor impacts	For cross-government coordination
Ghana	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow	Green
<i>Comment: Plan for Impact Monitoring in place. Funding to be discussed. Next Impact Working Group meeting in February will finalise.</i>								
Indonesia	Green	Yellow	Yellow	Grey	Yellow	Yellow	Green	Yellow
<i>Comment: Indonesia's capacity to regulate is strong.</i>								
Liberia	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow
<i>Comment: Large gap but improving</i>								
RoC	Yellow	Grey	Yellow	Yellow	Yellow	Grey	Grey	Yellow
<i>Comment: Number of Efforts have contributed but still weak</i>								
CAR	Red	Red	Grey	Yellow	Yellow	Yellow	Grey	Yellow
<i>Comment: Risks that achievements made in negotiation are being lost with crises; capacity civil society promising</i>								
Cameroon	Yellow	Yellow	Grey	Yellow	Yellow	Yellow	Yellow	Yellow
<i>Comment: Large gap remaining; strong support from GIZ</i>								

9. Monitoring Structures

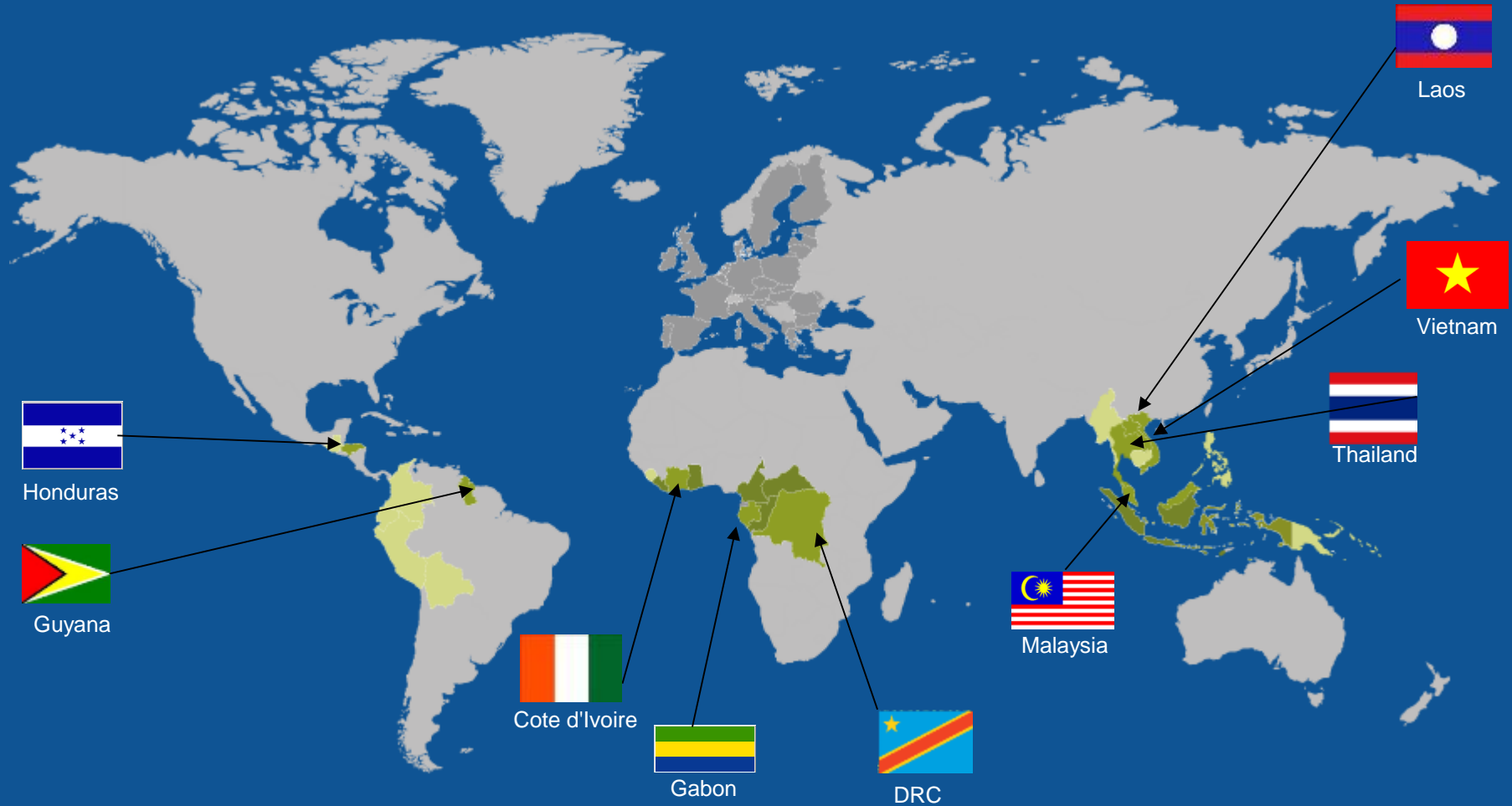
Country	JIC functioning	VPA Impacts monitored	Complaints & conflict resolution mechanisms functioning	VPA annual reports published	Comment
Ghana	JMRM				Effective and wider participation
Indonesia					Understood and increasingly in place.
Liberia					Joint Implementation Committee convenes regularly
RoC					In place but no meet as planned (technical group yes; JIC no)
CAR					"light" JIC to gradually restart the process in Dec 2014
Cameroon					Mostly in place; impact monitoring discussed by JIC, Timely preparation of annual report

10. Broader Reforms and Effects on other Sectors

Country	Corruption: Actions to prevent and mitigate	Broader land tenure reform	EUTR measures	FLEGT lessons applied beyond the forest sector	Other governance challenges addressed during VPA process	Comment
Ghana						Strong ownership of VPA process, but limited evidence of impact in other sectors; Public Procurement Policy.
Indonesia						Some indications of broader governance reforms triggered, though still early stage
Liberia						Land Rights Policy, finalized in May 2013
RoC						FLEGT participatory processes have served as a model for the REDD+ process.
CAR						
Cameroon						Lack of broader reforms; concerns with draft new forestry law



Progress on VPA Negotiaton



	Comment Colours to highlight issues
Cote D'Ivoire	<i>The negotiation process is advancing: 2 formal negotiation sessions and 6 technical sessions have been held since the start of the negotiations in June 2013.</i>
DR Congo	<i>Slow. Lack of governmental funding with little clear commitment and a (currently) very complex political environment. Slow process of building legality matrixes.</i>
Gabon	<i>On hold since 2012. New Team in place at Ministry. Attempting to re-launch process. Structure of stakeholder consultations and organisation unclear at the moment.</i>
Guyana	<i>Slow progress. Recently re-engaged. Questionable commitment.</i>
Honduras	<i>All very positive signals. 3rd Negotiation 26-30 Jan 2015 in Tegucigalpa Commitment and open.</i>
Laos	<i>At the political level, the decision making mechanism is not organized. Lack of political commitment. Some technical discussions on product scope and legality.</i>
Malaysia	<i>Issues remain over Sarawak. TLAS yet to be completed.</i>
Vietnam	<i>NGO's actively engaged. Agreement to update legal framework. TLAS text near final. Open communication.</i>
Thailand	<i>EU Foreign Affairs Council conclusions, adopted in June 2014, suspended official visits and negotiations until a democratically-elected government is in place.</i>

VPAs with Honduras, Guyana and Vietnam might be signed in 2016; Côte d'Ivoire in 2017; others: ?

Progress in other countries



- **Preparing to negotiate:** Cambodia, Myanmar/Burma
- **Informing:** Bolivia, Colombia, Ecuador, Guatemala, Peru, Philippines, Papua New Guinea, Solomon Islands, Sierra Leone



Challenges and opportunities

- **Engaging on difficult/sensitive governance and law enforcement problems with some of the weakest states –where forests often escape to the rule of law...**
- **(Illegal) conversion of forest land to agriculture becoming a major issue -> "conversion timber" - may undermine FLEGT VPAs ... At the same time VPAs can contribute to address the issue and inspire other initiatives on deforestation**
- **REDD+ and growing attention to forests (NY Declaration), wildlife trafficking (incl. timber) and environmental crime (money laundering, corruption, etc.)**
- **Growing importance of domestic and regional markets ! + Integration of local / informal operators in the trade of legal timber; support to these operators prioritized in new EU actions**
- **Stakeholders participation, human rights, land tenure issues**



Challenges and opportunities (II)

- VPA process is demanding in terms of political, human and financial resources: sustained commitment is needed. **Support from EU MS is key (Political, Financial)** + participation in the JIC
- Graduation of middle income countries from dev cooperation (e.g. IDN, MY, TH)
- EUTR in force since 03/2013 – **effective implementation required** to reinforce the business case for VPAs – weak enforcement = confusing signal and a disincentive to sustain VPA efforts
- Emerging economies and sharp decline of EU share of tropical timber markets ⇒ continued bilateral dialogue with other major consuming/processing countries and multilateral efforts

Conclusions (I)

1. Sustained interest in many countries (diversity of motivations!)
2. Progress steady but slow
3. Crises and political events may disrupt and delay the process (Ebola in Liberia, CAR, elections in Guyana)
4. Some signs of fading interest ...
5. Power of the FLEGT approach to effect deep, broad and lasting positive change in forest governance (awareness, participation, advocacy, clarifying legal frameworks, political space, transparency, dialogue, independent observation, public scrutiny, broader policy and law reforms)
6. but ... Broad and lasting changes take time and require sustained political commitment

Conclusions (II)

7. Timber Legality Assurance Systems in development in the 6 implementing countries
8. Developing robust systems is more challenging than expected – gap between the VPA ambition/complexity and capacities/current practices ⇒ relatively slow progress, TLAS not yet operational – need to Keep it Simple yet Robust
9. First FLEGT licenses coming ! Ghana and Indonesia ambition to start issuing licenses in 2015 ...
- 10. The EU and MS must be ready to receive them!**



Procedure for amending VPA Annexes

- **All VPAs: amendments of the annexes can be adopted by the Joint Implementation Committee (JIC), which drafts a proposal**
- **Internal EU procedure is set out in the Council Decisions on the conclusion of the VPAs: EU position in JIC is determined by COM in accordance with examination procedure; this means:**
 - **COM submits draft implementing act to FLEGT Committee**
 - **Voting and adoption are set out in Art. 5 of Regulation 182/2011 - the Committee delivers an opinion and the Commission adopts the draft implementing act**



Decision-making process for starting FLEGT licensing

- 1. When a Partner Country considers its timber legality assurance system has met all the requirements, an independent joint assessment of the timber legality assurance system is undertaken.**
- 2. Upon a satisfactory outcome it notifies the EU, via the JIC.**
- 3. Following the assessment JIC adopts a recommendation. COM informs the FLEGT committee/WPF and consents to the recommendation.**
- 4. Upon confirming this, the EU adds the Partner Country, and any additional products to be covered by the licensing scheme, to the Appendices of the EU FLEGT Regulation.**
- 5. From this point, all applicable products exported from the Partner Country to the EU require a FLEGT licence.**



EU progress on preparedness for Licenses

- **Last official update from Member States on the state of play of implementation – July 2014**
- **Not fully prepared: GR; MT; PL; RO; SK; ES**
- **Pilots launched against 6 MS, which may lead to infringements if no rapid improvement is shown**



Thank You



VPA countries: Forest cover and Value of EU28 annual imports of wood based products 2013

Forest cover represented by VPA countries (in implementation and negotiation)

Tropical forest: 25.2 % (445 million ha's)

- 11 % of world forest area
- 39 % of forest area in Africa
- 28 % of forest area in Asia
- 2 % of forest area in Central and South America

Value of EU 28 imports of tropical products in 2013 from VPA countries (implementation and negotiation)

71 % of all imports from tropical countries (2797 million €)

- 93 % of all pulp imports from tropical countries
- 75 % of all wood imports from tropical countries

Assumptions: "Tropical forest" is taken to include all forests in countries wholly located in the tropical zone together with 354 million hectares of forest located in the tropical zone of Brazil.



Impact Monitoring and reporting

- = **Joint commitment in all VPAs**
- **Systematically documenting progress & achievements in all VPA countries**
- **First joint Annual reports for concluded VPAs: Ghana, Cameroun, Liberia (copies available)**
- **Impact monitoring starting - developing methodologies in Ghana – willingness to build on country systems and to keep it simple.**
- **Civil society monitoring ongoing in all implementing countries, with support from EU and/or MS.**
- **Monitoring impact on timber trade to the EU through the FLEGT Independent Market Monitoring (ITTO)**