

MEETING REPORT  
AD HOC MEETING ON THE EU ACTION PLAN FOR FOREST LAW ENFORCEMENT,  
GOVERNANCE AND TRADE (FLEGT)

29th JANUARY 2015

**Annexes** (zip-folder attached to the mail):

1. Streamlining FLEGT coordination (Agenda item 2)
2. VPA progress (Agenda item 3)
3. Decision making process for issuing FLEGT licenses (Agenda item 3)
4. VPA documenting progress and achievements (Agenda item 3)
5. VPA achievements – Table – *draft version* (Agenda item 3)
6. FLEGT Action Plan evaluation methodology and work plan (Agenda item 4)
7. VPA Financing and support instruments (Agenda item 5)
8. VPA support - Table – *draft version* (Agenda item 5)
9. FLEGT briefing notes updates Description (Agenda item 6)
  - a. FLEGT briefing notes - *clean copies* (extra folder)
  - b. FLEGT briefing notes - *with tracked changes* (extra folder)
10. Presentation of the FERN study (Agenda item 7)
11. Independent market Monitoring - Brochure (Agenda item 8)
12. Calendar of upcoming VPA activities - Table

## **Agenda**

### **1. Introduction**

### **2. Streamlining FLEGT coordination**

### **3. VPA update**

### **4. FLEGT AP Evaluation – Meeting with the evaluation team**

- Presentation of methodology and work plan by the evaluation team
- Discussion: FLEGT progress and achievements; MS expectations regarding the evaluation and preparing the survey of Member States

### **5. Coordinating EC and MS support to FLEGT partner countries (area 1 of the Action Plan)**

- Foreseen funding/support to FLEGT partner countries and VPA process (area 1 and 2 of the Action Plan)
  - a. Presentation by the EC
  - b. Tour de table: MS
  - c. Identification of needs and gaps – possibilities to fill them
  - d. Presentation of the Integrated MAP of FLEGT projects

### **6. FLEGT Briefing notes – updated version**

### **7. FERN study on EU/MS funding for forests and forest dependent people**

- a. Presentation
- b. Discussion

### **8. AOB**

## **1. Introduction**

Roberto Ridolfi, Director of DG DEVCO, and Cristiana Pasca Palmer, Head of Unit, welcomed all participants to the meeting and expressed that the broad attendance is an illustration of the sustained interest in FLEGT.

Roberto Ridolfi and Cristiana Pasca Palmer highlighted the important role of FLEGT and the key role of forests to tackle climate change. They emphasised that one of the key achievement of FLEGT is the forest governance reform *processes* triggered by VPAs. By nature, these processes take time. They encouraged participants to influence their governments to enhance their support to the FLEGT Action Plan. Member States support, notably to VPAs is critical to success. They thanked those Member States that have agreed to take the role of lead member state in VPA partner countries and to mobilize their aid instruments to support FLEGT implementation; they invited other Member States to also contribute and consider taking the role of lead member state or to co-finance FLEGT instruments. It is also important to highlight what FLEGT has achieved during the United Nations Climate Change Conference in Paris 2015. They encouraged Member States to contribute actively to the FLEGT AP Evaluation, and in particular in the Member States survey that will be launched soon.

## **2. Streamlining FLEGT coordination**

Observing that EU coordination on FLEGT is complex and that there is a need for coordination on the broad action plan -besides coordination at the level of individual measures such as VPAs and EUTR- the Commission gave an overview of the main mechanisms for EU coordination on FLEGT. The Commission noted that the Council Working Party on Forests is an important forum to discuss horizontal FLEGT issues such as the Action Plan evaluation. It clarified that a new FLEGT expert group has been created, in line with the Lisbon Treaty which introduced new rules for Comitology and the use of expert groups and suggested that the FLEGT ad-hoc meeting, which focuses primarily on VPAs and development cooperation, should be linked –possibly as a sub-group- to this new expert group, in order to ensure coordination. In this context, the FLEGT Committee will focus on comitology issues, while the new expert group will cover other aspects such as enforcement, policies etc. Some participants insisted on the importance of maintaining a space for more informal discussions.

## **3. VPA update**

The EC presented the new framework used to report on VPA's progress for countries in negotiation and implementation (see annex). The framework stems from the need of documenting and communicating progress on the VPAs in a consistent manner as well as of contributing to inform the FLEGT AP evaluation. 10 measures/thematic areas and a series of indicators structure the information in an online database which will be available to the EC, Member States and other users depending on access rights. Colour codes help also exemplify progress (green, yellow, red, grey).

The EC gave an overview of progress of the countries in negotiation and implementation (see annex). A more detailed state of play is described in a table distributed during the meeting (see annex). For the countries in implementation, the EC outlined progress on the 10 measures of the VPA (Participatory Decision Making, Legislative and Policy Reform, Timber and Legality Assurance System –TLAS-, etc..). All in all VPAs, through their multi-stakeholder approach, continues to prove instrumental for facilitating the participation of stakeholders in policy making and implementation. They are also key for clarifying legal frameworks, open the door to policy reforms and improve the transparency in the sector. The implementation of the TLAS is however challenging and lags behind the other VPA's

components. The EC is reflecting on solutions for simplification while maintaining the robustness of the systems. Crises and political events may disrupt and delay the process (Ebola in Liberia, CAR). As per countries in negotiation, Vietnam, Côte d'Ivoire and Honduras show steady progress; Laos advances very slowly while Guyana, DRC and Malaysia are facing more challenges in some cases due to a questionable country's commitment. Political change has led to suspension of negotiation with Thailand while there are signs of willingness to resume negotiations in Gabon. The EC presented also the results of a recent mission to Myanmar marking the launch of the VPA's preparation phase.

A debate followed outlining challenges (e.g. engagement on sensitive governance and law enforcement problems, 'conversion timber', growing importance of domestic and regional markets and decline of EU share of tropical timber markets) and opportunities (e.g. growing attention to forests -NY Declaration-, bilateral dialogue with other major consuming/processing countries and multilateral efforts) and the role Member States could play in supporting the process: ensuring an effective implementation of the EUTR to reinforce the business case for VPAs, political support and engagement in VPA countries, better linking Member States' country-programs to FLEGT, support to FLEGT multilateral processes and pilots (e.g. REDD+ pilots in the FCPF).

The Commission took also the opportunity to remind the decision-making process for starting FLEGT licensing and for amending VPAs annexes (see slide 17 and 18 of the presentation on VPAs progress).

#### **4. FLEGT AP Evaluation – Meeting with the evaluation team**

The whole agenda item was facilitated by the evaluation team of the FLEGT Action Plan.

The evaluation Team presented the methodology and the work plan of the FLEGT Action Plan evaluation (see annex).

The representatives of the member states were asked to share their views on the following topics:

- Achievements of the FLEGT Action Plan on the demand side (Member state) and on the global level
- Challenges and gaps for the FLEGT Action Plan
- Expectations regarding the FLEGT Action Plan evaluation

The Member states highlighted the achievements, challenges and gaps of FLEGT implementation and their expectations regarding the Evaluation: their views are summarized in the annexed tables (at the end of this document).

The parallel process of EUTR Review was explained and Member States invited to organise their participation in both processes in efficient way, as the EUTR related issues will be covered by EUTR Review and not repeated under FLEGT AP Evaluation.

#### **5. Coordinating EC and MS support to FLEGT partner countries (area 1 of the Action Plan) Support and Financing Session.**

A presentation by the EU stimulated a discussion (see annex).

The main slides discussed during the session and *tour de table* following the presentation were the three slides on gaps that might exist in VPA countries. Information had been gleaned from an email sent to member states to identify their programmes, focus, duration and cost. This spreadsheet is also provided for future reference. Many member States had not responded thus making the formulation of gaps difficult.

Main Points from discussion of the slides were that:

- The tables did not provide sufficient detail as, although there was a Lead Member State identified in many countries, it did not mean that all country requirements were being met.
- It was noted that the tables were presented to stimulate discussion and they were intended to indicate how the core support measures envisaged by the VPAs were covered. They should not be seen as suggesting that further support is not required. Through the VPA all partner countries are engaging in ambitious forest sector reforms and upgrading of their systems: this requires significant efforts in capacity building, systems development, institutional development, private sector compliance and civil society engagement. Although these efforts need to be funded primarily from the country's own resources, significant donor support is expected, and it needs to be sustained over the medium to long term.
- Although there is a Lead Member State identified it should only be taken as an indication that the combined resources of the Commission and lead Member State cover the core support measures identified in the VPA. It was clear that even in what appeared to be heavily supported countries gaps still remained and, that in order to get faster progress, further support was required, particularly in the weakest partner countries .
- FLEGT implementation in partner countries, particularly the 16 VPA countries needs support from a broader constituency within the Member States. It was considered essential that the resource base needed be strengthened in order to sustain and accelerate progress. It was noted that there were a few member states shouldering the burden for most VPA countries.
- Other member States are invited to engage, either as lead Member State in a partner country or by contributing to co-finance the global FLEGT instruments (EFI FLEGT Facility, FAO FLEGT Programme, ..).
- There was a need for more effort on coordination and support, preferably through joint and/or delegated funding (where a Member State agency or the Commission manages a pool of funds).
- There must be further effort on working with REDD finance in order to systematically promote synergies and ensure that funding could support VPA complementary action.
- It would be useful to indicate where there were sector programmes as this might encourage others to contribute with minimum administration or management.
- There were a number of cross cutting needs discussed including support in provision of facilitators, independent audit, support to civil society and support to private sector amongst others. Part of these needs are covered by global instruments financed by the Commission and/or Member States. It was noted that there was a broad and varied range of support to civil

society in many countries. It was suggested that more analysis of this would be useful in order to tease out areas that were not fully covered.

- The Commission announced the launch in 2015/2016 of a global Call for Proposal to support civil society in FLEGT and REDD. Experience, shows that available funds (25 million EUR for all partner countries) are not likely to be sufficient to cover all the good proposals. Interested Member States are invited to consider funding some of the selected proposals.

The discussion moved on to consider future high level support for FLEGT and VPA's. It was agreed that elements of FLEGT are often 'hidden' within other areas of development cooperation; EU and Member States should attempt to make a more systematic articulation between broader programmes, for example in governance, and FLEGT.

In a quickly changing international landscape, it was also noted that it is important to position FLEGT in the context of broader international agreements. The NEW York Declaration was cited as one but clearly the SDG's are another and the paper's to be drafted on the Means of Implementation.

## **6. FLEGT Briefing notes – updated version**

A short presentation (see annex) was made, outlining the limited changes to the briefing notes.

These are the areas where information was updated:

- existence of the EU Timber Regulation, now in force
- VPAs now exist, so verb tenses shifted from future to present
- some key terms were changed or made consistent: independent auditing, timber tracking system, timber exporting country
- use of EU, not European Commission, after the Lisbon Treaty
- including timber-exporting countries as VPA countries, including import timber.

Other changes included:

- simpler illustrations, ease of reading
- consistent headings and lists
- typographic errors corrected

It was proposed that there would be **Agreement on No Objection Basis from Member States by 27th February 2015.**

Next steps would then include:

- Layout and distribution of the briefing notes in English
- Translations into Spanish and French
- Layout and distribution of the translations

## **7. FERN study on EU/MS funding for forests and forest dependent people Presentation of FERN recent study « Forest, People and Tenure »**

Final report still to come. Presentation by Hugh Speechly (see annex)

Focus of the report:

Globally, forest is under increasing pressure. New approaches like REDD+ also bring new issues and risks (tension for benefit sharing of REDD+ initiatives).

So the risks of access rights loss by populations is increasing, from both deforestation and REDD+ implementation.

The study aims at assessing the coherence and sufficient accountability for these questions of Member States policies. The study was conducted through analysis of documentation (DAC statistics, policy documents, websites,...) and interviews.

#### Main results and tendencies:

Total European ODA increased from 40 billion in 2002 to 70 billion euro in 2012. ODA for forest and biodiversity has increased in absolute terms despite a decrease in relative terms (as a percentage of ODA).

Another strong tendency is a wider use of multilateral agencies to channel this flow.

The report analyses the evolution by sector and by donor country of aid flow, and the drivers of donor's support to forest.

#### Questions and recommendations from FERN:

- Is this new flow of aid properly dealing with forest-dependant people's rights?
- Are these issues sufficiently known from policy officers in charge?
- What are the most appropriate safeguards?
- Safeguards used by multi-lateral agencies (mostly World Bank) are changing. Will the new ones be strong enough?

The reports propose different recommendations, one being using already published standards (as "FAO voluntary guidelines for land tenure... »)

The presentation was well received by the attendees, and several questions were then raised about:

- Dissemination of the report? (not yet, but final version to come late March)
- Green climate fund taken into account? (No, no mention of that from interviewees)
- Private sector money and other sectors taken into account? (no)
- Statistic used, as DAC don't always capture all related aid.

FERN's team insisted that EU donors should seriously allocate efforts and resources to prevent land grabbing risks from their own programmes, and closely monitor elaboration of new safeguards policies for multi-donor agencies.

## **8. AOB**

### **FLEGT week**

The EC reminded and motivated the participants to confirm their attendance to the FLEGT-week as soon as possible. An outline of the FLEGT week program was presented. More information can be found on the following webpage:

<http://www.euflegt.efi.int/web/flegt-week/home>

### **Independent Market Monitoring**

The EC gave an update of the FLEGT Independent Market Monitoring implemented by International Tropical Timber Organization (ITTO). A summary brochure was distributed to the participants (see Annex).

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# Annex

## Notes from the FLEGT Action Plan Evaluation Team Achievements

7 PILLARS	DEMAND SIDE ACTIONS (OWN COUNTRY)	GLOBAL FLEGT AP ACHIEVEMENTS
1. Support to TP Countries 2. Trade 3. Public Procurement 4. Private Sector 5. Finance & Investment 6. Other Legal Instruments 7. Conflict Timber	<ul style="list-style-type: none"> <li>- Operators Awareness raised</li> <li>- civil society particip + role/leverage increased</li> <li>- coop + coord + comm between diff govt depts.</li> <li>- new forest legislation incorp revised procurement</li> <li>- tool to incl Forest Governance in DC</li> <li>- new forest act and flegt reg.</li> <li>- decrease risk of illegal logging and trade nationally, EU wide and internationally</li> <li>- multi-stakeholder platforms for engagement;</li> <li>- CAs established/functioning;</li> <li>- sustainable consumption in timber sector</li> <li>- FAP offered solutions/approaches other than REDD, and infl on REDD</li> <li>- awareness of own consumption and exported deforestation</li> <li>- FLEGT approaches in other domestic areas (wood fuel)</li> <li>- political momentum</li> <li>- benefits exceed costs for industries</li> <li>- knowledge on timber grown</li> <li>- FAP as method for control of commodities and raw materials (eg textiles)</li> </ul>	<ul style="list-style-type: none"> <li>- Awareness raised, incl policy level and beyond illegal timber</li> <li>- Basis for SFM</li> <li>- lessons for raw material sourcing</li> <li>- link to international processes, UNFF</li> <li>- influence on REDD+ : governance now better framed</li> <li>- model for NR governance generally</li> <li>- country partner govts also better coord cross depts.: eg Liberia</li> <li>- trade angle driving private sector demand</li> <li>- EU created and sustained flegt momentum and credibility</li> <li>- unique AP approach, linking supply, demand, trade and all stakeholders for tackling defor and SFM</li> <li>- excellent donor coordination, in Brussels and partner countries</li> <li>- legal reforms</li> <li>- civil society reforms</li> <li>- global forestry discussion fed by flegt</li> <li>- regional work improved dialogue on forests in Asia</li> <li>- bilateral coord mech with China</li> <li>- ITTO – promoting trade in sustainable timber</li> </ul>

<b>GAPS</b>	<b>CHALLENGES</b>
<ul style="list-style-type: none"> <li>- over focus on FLEGT licences – could it have been better designed?</li> <li>- financing and investment of policy and action</li> <li>- fighting unsustainable investments</li> <li>- security issues impact on NR use (conflict timber) – but NB Liberia – UN sanctions on CT led to wider reforms</li> <li>- capacity development for FAP realised late</li> <li>- support to producer countries once implementing TLAS –</li> <li>- communication strategy to consumers – coord on FLEGT and EUTR – processes, case</li> <li>- coherence between FLEGT and EUTR</li> </ul>	<ul style="list-style-type: none"> <li>- length of time of process</li> <li>- how to minimise costs to companies of due diligence esp SMEs</li> <li>- develop simpler tools for DD for operators and authorities</li> <li>- mainstream FLEGT in wider multilateral processes</li> <li>- sustaining engagement with private sector (limited attention to incentives)</li> <li>- maintaining leverage when Imports of tropical timber falling</li> <li>- lobbying by NGOs increasing costs of DD</li> <li>- lack of level playing field ...</li> <li>- no tools/instruments for working with emerging economies – (post dev coop funding)</li> <li>- lack of trust that FLEGT licences will equate to legal timber</li> <li>- is timber focus wide enough (vs commodities driving defor)</li> <li>- MS readiness to receive FLEGT timber</li> <li>- clear definition of DD; so companies can be sure they comply</li> </ul>

### Expectations of FAPE – 30mn

SW	❖ Take all 7 pillars in consideration.
FR (VN)	❖ Overview what works, what are gaps and challenges, and ways forward
SL	❖ Design, timing and coordination of EUTR and ways forward
Austria	❖ Efficiency/ costs of the FLEGT processes.
	❖ How to adapt FLEGT to context
NL	❖ Instruments for linking supply to demand.
	❖ Concrete recommendations for improvement of FLEGT instruments
	❖ How to embed FLEGT into EU instruments and policies
	❖ On Finance and Investment: Recommendations for incentives for good investments (to get rid of bad investments).
FI	❖ Sustainability aspects: Enforcement gaps, unclarities for complying, wondering whether to link to other sustain tools
	❖ Forward looking.
UK	❖ EU at forefront on gov & trade, created hopes, need to engage s/h in non-EU borders
	❖ Limitations of an EU approach
	❖ Adaptation of FLEGT changing context 10 years after.
DE	❖ Showing the unique approach of FLEGT
	❖ Secure long term engagement with / support to PCs
	❖ Pay attention to forest governance and sustainable development.
Malta	❖ Reinforce instruments like CITES
	❖ Are there possibilities for simplification (to make it work better)
	❖ How to make it easier for smaller operators to comply.
IT	❖ Assess how to harmonize approaches for MS re EUTR.
ES	❖ Highlight changes due to FLEGT vs. other circumstances.
Bojan	❖ Questions on EUTR by Indufor. Make sure both processes are driven in parallel.

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