

What is FLEGT?

This briefing is part of a series produced to inform European Union and Member State officials, both within the EU and in Delegations and Embassies outside the EU, about FLEGT and REDD+ and the linkages between them.

FLEGT is a European Union initiative to assist developing countries in preventing illegal logging and benefiting from timber markets. REDD+ is an international mechanism framed by the international negotiations on climate change to provide incentives for developing countries that protect and restore their forest carbon stocks (see Briefing Note 2). FLEGT can support successful REDD+ implementation by promoting improved forest governance and law enforcement, addressing some of the drivers of forest degradation, creating enabling conditions for scaled-up investments and providing a transparent and inclusive national process for policy-making in the land use sector (Briefing Note 3 examines the links between FLEGT and REDD+).

1. WHAT IS FLEGT?

FLEGT (the EU Forest Law Enforcement, Governance and Trade programme) is an initiative of the EU, established in 2003, which aims to improve governance and reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in legally produced timber.

1.1. THE EU FLEGT ACTION PLAN

In response to global concerns about impacts of illegal logging and trade, the European Commission adopted an EU Action Plan for Forest Law Enforcement Governance and Trade in 2003.

The Action Plan describes a package of measures to simultaneously influence both the demand and supply of legal and sustainably produced timber

Measures that aim to increase consumer demand for verified legally and sustainably produced wood include:

- Encouraging the private sector in the EU to adopt **purchasing policies** to ensure only legal timber in their supply chains.
- EU Member States adopting **public procurement policies** that require verification of legal timber production for their supply contracts.
- Excluding illegal timber from the EU market through the new **EU Illegal Timber Regulation** (due diligence).
- Encouraging measures to avoid **investment** in activities that encourage illegal logging.

Measures aimed at supporting developing countries build capacity to supply legal and sustainably produced timber include:

- Technical and financial support from the EU for **improved governance** and **capacity building** of government and non government actors
- Support for producer country governments in combating illegal logging by preventing access to EU markets for illegal timber through **bilateral trade agreements** called Voluntary Partnership Agreements (VPAs).

2. VOLUNTARY PARTNERSHIP AGREEMENTS

Voluntary Partnership Agreements (VPAs) are bilateral trade agreements between the EU and a Partner Country (either producing or processing timber). They provide a strong working example of a market mechanism designed to foster better forest governance. VPAs include commitments and action from both parties to halt trade in illegal timber, most importantly through the implementation by the Partner Country of a timber licensing scheme for timber exported to the EU. Once the scheme is in place, only licensed timber from that country will be allowed in the EU. Each Member State is responsible for putting in place a mechanism to exclude unlicensed timber from VPA Partner Countries. Each licensing scheme will be underpinned by a Legality Assurance System that monitors and verifies legal compliance along the supply chain from the forests to port or market (see Box 1 for more details).

VPA negotiations are initiated at the request of the Partner Country and go through a number of stages before the agreement is finalised (see Figure 1).



The negotiation process together with the development and implementation of the licensing scheme has a number of positive impacts including:

- The active promotion and institutionalisation of **improved governance** in the forest sector;
- Better enforcement of existing forest, environmental, social and trade related laws;
- Measures which support **reduction in corruption**;
- Adequate recognition of the rights of forest-dependent communities and Indigenous Peoples;
- Development and use of **effective monitoring** systems;
- Greater **transparency and accountability** including a mechanism for consultation at national level on forest governance.

The decision to develop a VPA is voluntary but they are binding on both parties once they come into force. VPAs have already been agreed with Ghana, Congo (Brazzaville) and Cameroon. Negotiations are underway with Liberia, CAR, Gabon, DRC, Indonesia, Malaysia, and Vietnam. Other interested parties include Sierra Leone, Madagascar, Ecuador, Peru, Bolivia, Guyana, PNG, Cambodia, Laos and Thailand.

3. PUBLIC AND PRIVATE PURCHASING POLICIES

Several member states and many private companies within the EU have put in place policies which require all timber and timber products they purchase must be from verifiably legal sources. This both reduces the market for illegal timber and provides a market for producers, processors and traders who are actively seeking legal and sustainable timber. Currently the main way of demonstrating compliance with these policies is through privately operated certification schemes. Once FLEGT-licensed timber is available, it will also provide the assurance consumers are looking for.

4. EU ILLEGAL TIMBER REGULATION

In October 2010, the EU adopted legislation which prohibits the sale within the EU market of timber

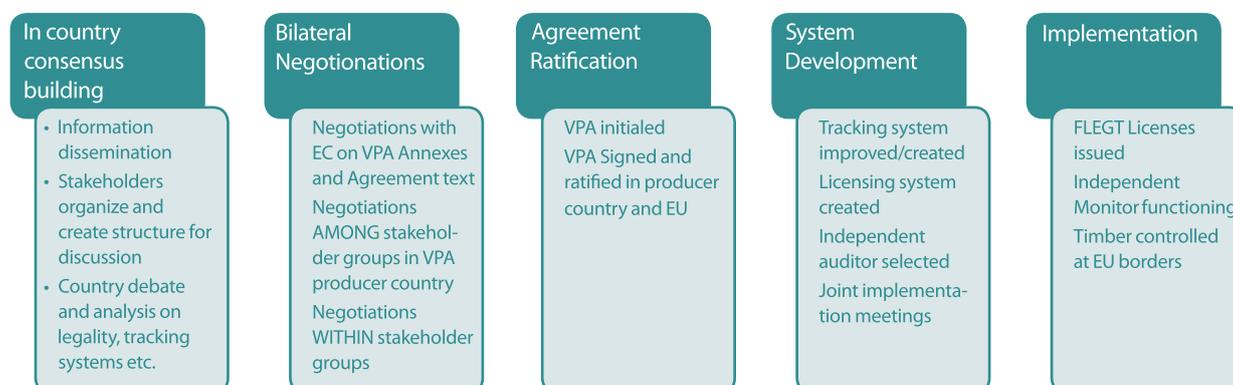
logged illegally according to the laws of the country of harvest. The EU Illegal Timber Regulation (EU 995/2010) requires companies to implement a 'due diligence' system to minimise the risk that timber they sell was harvested illegally. The EC and Member states are now working on implementation mechanisms and the legislation will come fully into application in March 2013 allowing time for operators to adapt their business processes.

Box 1: Legality Assurance Systems

Underpinning the issuing of FLEGT licenses is a Legality Assurance System (LAS). The purpose of a Legality Assurance System is to verify that timber is being produced legally and that illegal timber is being excluded from the supply chain. There are five main components to a FLEGT LAS:

1. **Definition of legality:** It is necessary to define which laws will be included within the scope of the licensing system. In general it is expected that laws related to technical, economic, environmental and social aspects of forest management will be included. Partner Countries are expected to adopt a transparent and inclusive process with full stakeholder involvement in developing the definition.
2. **Supply chain control:** It is necessary to ensure that legal timber can be traced from the point of harvest to the point of export through intermediate transport, storage and processing. This is necessary to prevent illegal timber being mixed with legal timber.
3. **Verification:** There must be a system in place to verify that the relevant laws are being met in the forest and that adequate supply chain controls are being implemented. It may be government, NGOs, the private sector or a combination which provide this verification.
4. **Licensing:** Each Partner Country will need a system for issuing FLEGT licenses for timber being exported to the EU.
5. **Independent Auditing or Monitoring:** Each Partner Country will be responsible for developing and implementing the LAS. As part of the LAS, there will be regular independent audits of the systems to ensure that it is functioning adequately and delivering the desired output of licensed timber that is verified legally produced.

FIGURE 1
Process for the negotiation, agreement and implementation of Voluntary Partnership Agreements.



5. WHO IS INVOLVED IN FLEGT?

VPAs: Within the EU, the EC leads in the development and monitoring of the VPA with the active support and participation of Member States. Each Member State appoints Authorities with responsibility for implementing border controls established by the FLEGT Regulation in 2005. A FLEGT Committee made up of MS officials working together with the Commission will have oversight for functioning of the FLEGT licence scheme on the EU side.

In VPA partner countries the programmes are led by Government, generally the Ministry responsible for the forest sector. In most VPA countries, the negotiations have resulted in strong stakeholder platforms and institutions that will continue to support implementation and ensure national oversight. These include the private sector, environmental and social NGOs and indigenous peoples and local communities. Once the system is running, there will also be an independent auditor providing oversight of the system.

Each individual VPA establishes a joint committee of representatives from the EU and partner country who have responsibility for oversight and monitoring, taking action to resolve problems, reflecting on independent audits and other reports, ensuring effective implementation of VPA.

The Illegal timber regulation: The EC through DG Environment is leading on developing the detailed requirements for implementation of the regulation, with each Member State then responsible for developing the required competency to implement the regulation nationally.

Contacts and Resources

The FLEGT programme is coordinated by the European Commission with input from the individual Member State governments. Within the Commission DG Environment and DG Development share responsibility for the programme coordination while the European Forest Institute (EFI) provides technical support through the EFI FLEGT Facility.

Further information is available from:

- European Commission: A set of EU briefing notes (BN) on FLEGT is available for reference from: http://ec.europa.eu/development/policies/9interventionareas/environment/forest/flegt_briefing_notes_en.cfm
- Chatham House runs an illegal logging website which has comprehensive information on everything relating to illegal logging including FLEGT: <http://www.illegal-logging.org>
- The European Forest Institute has a website on the EU FLEGT Action Plan at <http://www.euflegt.efi.int>

This Briefing Note was prepared by Proforest with inputs from EC and Member State officials, the government of Norway and representatives of FCPF and UN-REDD.

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