

Backgrounder on the independent evaluation of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan

About the EU FLEGT Action Plan

Illegal logging creates social problems, environmental degradation, harms legitimate businesses and costs governments €7-13 billion in unpaid fees and taxes each year. The EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan of 2003 is the EU's response to illegal logging.

The EU FLEGT Action Plan aims to close the EU market to illegal timber products through several action in seven areas, tackling both the demand and supply side of the problem:

1. Support to timber-producing countries
2. Promoting trade in legal timber products
3. Public procurement policies
4. Support to private-sector initiatives
5. Investment and finance
6. Use of legislation
7. Addressing conflict timber

Two key elements of the EU FLEGT Action Plan are in particular the EU Timber Regulation (EUTR) and the FLEGT licensing scheme, implemented through the conclusion of Voluntary Partnership Agreements (VPA) with timber producing countries outside the EU.

FLEGT VPAs are legally binding trade agreements aiming to ensure that only legal timber and timber products from the signatory country reach the EU market. A VPA partner country that has implemented a timber legality assurance system and other VPA commitments can issue verified legal timber products with FLEGT licences. In addition to promoting legal trade, the VPA addresses the causes of illegality by improving forest governance and law enforcement. A major strength of the VPA is that it looks beyond trade to consider development and environmental issues, as well as how policies affect local populations. VPAs thus contribute to action to address climate change, promote sustainable forest management and achieve the UN Sustainable Development Goals.

The EU is negotiating or implementing FLEGT VPAs with 15 tropical timber producing countries. Together these countries cover 24% of the world's tropical forests and supply 80% of the EU's tropical timber imports. In April 2016, the EU and Indonesia announced their readiness to start FLEGT licensing before the end of 2016¹. VPA implementation is also at an advanced state in Ghana.

The EUTR prohibits the placing on the market of illegal timber and requests EU operators to apply due diligence to ensure that they sources legal timber. The regulation entered into

application in 2013. In February 2016, the EC released a report on the review of effectiveness of the EUTR during its first two years of implementation. The review confirms that a broad range of stakeholders recognises that the Regulation adds significant value to the international efforts to halt deforestation and forest degradation, conserve biodiversity and address climate change. The report finds that the EUTR is on track to achieve its objectives to combat illegal logging and associated trade in illegal timber, but challenges remain.

Some positive trends are visible, namely that EU operators are gradually taking steps to ensure the legality of their suppliers and that there is more awareness of the problem of illegal logging amongst EU consumers. The Regulation has also encouraged producer countries to develop systems assessing compliance with the requirements of the legislation, including by concluding FLEGT VPAs with the EU. However, more effort is needed from both the Member States and the private sector to ensure its effective and efficient application.

Since the EU adopted the FLEGT Action Plan in 2003 other markets have acted to prohibit imports of illegal timber. Australia introduced its Illegal Logging Prohibition Act. The United States revised the Lacey Act to cover illegal logging. Norway, although not an EU member state, chose to implement the EU Timber Regulation. Switzerland is working on a regulation modelled on the EU Timber Regulation. Japan, South Korea and China are all exploring ways to control imports of illegal timber products.

About the EU FLEGT Action Plan's evaluation process

In July 2014 the European Commission started an evaluation of the first 11 years of implementation (2003-2014) of the EU FLEGT Action Plan. The evaluation is based on a wide-ranging consultation process that included an independent evaluation undertaken by an external consultant, surveys, single and multi-stakeholder workshops, targeted interviews, as well as unsolicited inputs from stakeholders. The evaluation process will be concluded shortly with the release of a Commission's Staff Working Document.

The evaluation was an opportunity to reflect with key stakeholders on progress and achievements and to compile, evaluate and summarise the views and expectations of constituents in the EU and in EU partner countries.

The evaluation had three main objectives:

- To assess and document progress, achievements, shortcomings and gaps
- To assess and analyse changes in the global context
- To draw lessons learnt and formulate recommendations that could guide future EU efforts on forest law enforcement, governance and trade

The evaluation covered 2003-2014, the first 11 years of implementation of the EU FLEGT Action Plan. It included in its scope all actions undertaken by EU institutions, EU Member States and partner countries, including efforts of non-state actors and international organisations. It covered the EU FLEGT Action Plan's seven action areas and their interrelationships.

A steering committee composed of members from the Commission and EU Member States oversaw the evaluation. The EU FLEGT Facility managed by the European Forest Institute managed the tendering and contracting process for the external consultants' inputs. A team of eight experts undertook the evaluation between November 2014 and November 2015.

The report's key messages

The report's executive summary has 10 key messages:

1. The FLEGT Action Plan continues to be fully relevant but needs to address new challenges, in particular with regard to deforestation and forest conversion.
2. The overall design is innovative, comprehensive and future-proof, but objectives and intervention logics need to be clarified. Main pillars and action areas should be retained, but FLEGT support to producing countries should be delivered in a more demand-driven and flexible manner, while bottlenecks affecting VPAs should be addressed and the private sector more involved.
3. The Action Plan has not been implemented in a sufficiently balanced manner; strategic direction and monitoring of FLEGT Action should be improved; management and outcome monitoring also need strengthening and require corresponding human and financial resources.
4. Communication has initially not been commensurate to the importance of the EU FLEGT Action Plan as an innovative and experimental policy initiative. More attention should be given to internal and external FLEGT communication at all levels.
5. While the Action Plan contributes to its specific objectives, effectiveness across action areas varies widely. Shifts in priorities and approaches within and between actions areas are required, notably with regard to VPA and EUTR implementation and private sector engagement.
6. While the direct FLEGT objective of decreased EU imports of illegal wood is being achieved, a shift in geographical focus to non-VPA countries and focus on international coalitions is required - if global illegal logging and trade is to be addressed.
7. The FLEGT Action Plan is resulting in improved forest governance in all targeted countries, both VPA and non-VPA. However, fundamental governance challenges persist, slow down progress and need more effective tackling.
8. FLEGT's contribution to the higher objective of Sustainable Forest Management is unclear and needs to be made more explicit. FLEGT has proven to have potential to make an important contribution to poverty reduction, but this requires more attention for domestic timber markets and support for the actors operating in them.
9. FLEGT is largely coherent with EU and international policies. While the principle of basing VPAs primarily on national legislation should be maintained, due attention should be given to obligations deriving from international conventions as well.
10. The FLEGT Action Plan has clear EU added-value through its market leverage and increased political weight. However, effective implementation requires broader political and financial support and promotion across EU Member States, as well as enhanced coordination.

Next steps

Based on the results provided by the consultants, the EC will consider, jointly with EU member states and all concerned stakeholders, possible measures to improve the overall effectiveness of the EU FLEGT Action Plan's implementation, as well as on options to address identified challenges and shortcomings.

This reflection will start with the preparation by the Commission services of a Staff Working Document on the Evaluation of the FLEGT AP, which will be published in the next weeks. It will also draw also upon the results of the EC's recent review of the EU Timber Regulation as well as the results of the performance audit carried out by the European Court of Auditors in 2015.

Consideration by the Commission on strengthening action against illegal logging will advance in parallel with the reflections on a more coherent EU international forest approach to combat deforestation and forest degradation. To feed this reflection, the European Commission's Directorate-General for Environment has contracted a feasibility study, aiming at defining and assessing policy options to increase EU action on global deforestation and forest degradation. The study is expected to be completed in September 2016.

More information

<http://www.flegt.org/>

Forest Law Enforcement, Governance and Trade (FLEGT) www.flegtmedia.org

EU FLEGT Facility media room <http://www.euflegt.efi.int/mediaroom>

Voluntary Partnership Agreements and UN Sustainable Development Goals
<http://www.euflegt.efi.int/publications/vpas-for-sdgs>