



Council of the
European Union

Brussels, 5 August 2016
(OR. en)

11648/16

AGRI 443
FORETS 37
ENV 522
RELEX 683
DEVGEN 186

COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 3 August 2016

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: SWD(2016) 275

Subject: COMMISSION STAFF WORKING DOCUMENT Evaluation of the EU
Action Plan for Forest Law Enforcement Governance and Trade (FLEGT)

Delegations will find attached document SWD(2016) 275.

Encl.: SWD(2016) 275



Brussels, 2.8.2016
SWD(2016) 275

COMMISSION STAFF WORKING DOCUMENT

**Evaluation of the EU Action Plan for Forest Law Enforcement
Governance and Trade (FLEGT)**

{SWD(2016) 276}

Evaluation of the EU Action Plan for Forest Law Enforcement
Governance and Trade (FLEGT)

1. SUMMARY	3
2. INTRODUCTION	4
2.1 Purpose of the evaluation	4
2.2 Scope of the evaluation	5
3. BACKGROUND TO THE INITIATIVE	5
4. EVALUATION QUESTIONS	7
5. METHOD	7
Limitations — robustness of findings	8
6. IMPLEMENTATION: STATE OF PLAY	8
7. ANSWERS TO THE EVALUATION QUESTIONS	15
Relevance	15
Effectiveness.....	16
Efficiency	19
Coherence	21
Sustainability	22
EU added value.....	23
8. CONCLUSIONS	23
ANNEX I: PROCEDURAL INFORMATION	25
ANNEX II: CONSULTATION SURVEYS	28

1. SUMMARY

This Staff Working Document evaluates the performance of the EU Action Plan for Forest Law Enforcement Governance and Trade (FLEGT) during the period 2003-2014.

The FLEGT Action Plan was proposed by the European Commission in May 2003¹ and endorsed by the Council² as a contribution to the international fight against illegal logging and associated trade. It sought to address the growing problem of illegal logging and its associated trade on the basis of cooperation between producers and consumers and a combination of demand- and supply-side measures in seven interrelated action areas: support to timber-producing countries, trade in timber, public procurement, private sector initiatives, safeguards for financing and investment, use of existing legislative instruments and conflict timber.

The evaluation finds that the Action Plan responded in an ambitious and innovative manner to the complexities of illegal logging and associated trade, and in view of the persistence of the problem it remains highly **relevant**. It suggests that its three pillars (law enforcement, governance and trade) were appropriate to tackle comprehensively the root causes of the problem. Nevertheless, the evaluation has highlighted changes in the EU and global context that may affect the relevance of the Action Plan, in particular the considerable change in patterns in the global timber trade and the increasing emphasis on climate change and deforestation linked to agricultural commodities.

The evaluation concludes that the Action Plan has been partially **effective** in that it has raised awareness of the problem of illegal logging at all levels and has contributed to improved forest governance globally and particularly in targeted countries and to reduced demand for illegal timber in the EU. The degree of effectiveness achieved in each of the action areas varies, reflecting priority given and level of investment by the various actors involved. In this respect, an important finding is that efforts have not been sufficiently adapted to the evolving international context nor tailored to the capacity of each timber-producing country.

Implementing the Action Plan has proved more complex and demanding than initially envisaged. Deficient planning and monitoring systems, inadequate coordination and insufficient human and financial resources have hampered **effectiveness** and **efficiency**.

FLEGT is recognised by EU and non-EU stakeholders from the civil society, the private sector and governments as **relatively cost-effective**. It has helped to 'raise the bar' internationally by improving forest governance, increasing the involvement of civil society, improving transparency and accountability, increasing income and creating conditions for fairer competition. Due to the complexity of collecting detailed information on FLEGT-related expenditure, the evaluation is largely based on overall estimates. Total expenditure on FLEGT over an 11-year period (2003-2014) is estimated at EUR 885 million. Most of the resources were allocated to supporting timber-producing countries. Expenditure in this action area is estimated at EUR 651 million, including

¹ Communication from the Commission to the Council and the European Parliament — Forest Law Enforcement, Governance and Trade (FLEGT) — Proposal for an EU Action Plan, COM (2003) 251.

² Council Conclusions Forest Law Enforcement Governance and Trade (FLEGT) 268/2003, OJ C 268/1, 7.11.2003.

EUR 277 million from the Member States and EUR 374 million from the Commission. Partner countries and stakeholders have also contributed financially to FLEGT. Voluntary Partnership Agreements (VPAs) often involve countries with widely different circumstances, so costs vary significantly and are contingent on the in-country baseline situation, political context and investment made.

FLEGT is a good example of **policy coherence**. Its innovative design binds together, in a mutually supportive manner, development cooperation, environment and trade policies and actions within and outside the EU. It is in line with EU policies on sustainable development, environmental protection, climate change and promotion of fair trade.

The FLEGT Action Plan generates **EU added value** through EU market leverage, aid coordination and increased political weight, which could not be achieved at Member State level.

As regards **sustainability**, the Action Plan has already yielded lasting changes in producer countries including clarification of legal frameworks, policy reforms, governance, participatory processes and work on setting up verification schemes, while it is starting to influence the behaviour of EU importers and the dialogue among market players globally. However, governance challenges persist and more needs to be done to tackle illegal logging in many countries. Implementation of fully functional Timber Legality Assurance Systems in producing countries will require continued investment, to keep improving governance frameworks (institutions, laws, enforcement agencies, judiciary), to strengthen capacity in all stakeholder groups and to build or strengthen operational systems. High-level political commitment to FLEGT in the EU, and in partner countries, is an important factor in continuing to strengthen forest governance and tackle illegal logging. The EU's continued engagement with other countries e.g. China, Japan, Brazil, and international and regional institutions such as the World Bank, the Food and Agriculture Organisation of the United Nations (FAO) and the International Tropical Timber Organisation (ITTO) also remains important.

The conclusions of the evaluation, and related exercises such as the evaluation of the EU Timber Regulation (EUTR)³ and the European Court of Auditor's Special Report on FLEGT support to timber-producing countries,⁴ will feed into reflection on how to address identified challenges and shortcomings and improve the performance of the Action Plan, taking into account the evolving global and EU context.

2. INTRODUCTION

2.1 Purpose of the evaluation

This Staff Working Document presents the results of a comprehensive evaluation of FLEGT Action Plan implementation in the period 2003-2014. It assesses progress and achievements in implementing the Action Plan and any shortcomings and/or gaps, in

³ http://ec.europa.eu/environment/forests/eutr_report.htm

⁴ <http://www.eca.europa.eu/en/Pages/DocItem.aspx?did=33292>

view of changes in the global context since 2003 that may affect its relevance. It is informed by an independent evaluation undertaken by an external consultant.⁵

In parallel, the Commission carried out a review of the functioning and effectiveness of the EUTR — a major component of the FLEGT Action Plan — and submitted a Report to the European Parliament and the Council.⁶ This Report is accompanied by a Staff Working Document on the evaluation of the first two years (2013-2015) of application of the EUTR.⁷

In addition, the European Court of Auditors carried out a performance audit in 2015 focusing on EU support to timber-producing countries under the FLEGT Action Plan, resulting in Special Report No 13/2015.

2.2 Scope of the evaluation

The evaluation covers all measures taken in the first 11 years of implementation (2003-2014) under the seven interrelated action areas of the Action Plan by the EU institutions, EU Member States and partner countries, including initiatives by a variety of state and non-state actors and international organisations.

In accordance with the EU Better Regulation Agenda,⁸ the performance of the Action Plan is evaluated in terms of relevance, effectiveness, efficiency, coherence and EU added value; sustainability has also been added to the evaluation criteria.

3. BACKGROUND TO THE INITIATIVE

In line with its responsibility as one of the largest consumers of timber and timber products and in view of the global concerns about the negative environmental, social and economic impacts of illegal logging, in 2003 the EU adopted the FLEGT Action Plan to address the growing problem of illegal logging and related trade. The clandestine nature of illegal logging made its scale and value difficult to estimate in relation to the global trade in forest products, but strong evidence suggested that it was a substantial and growing problem.⁹

The Action Plan aims at reducing illegal logging globally by supporting governance reforms and capacity building in timber-producing countries, by working to develop multilateral cooperation to combat the trade in illegally harvested timber and by taking measures to reduce the consumption of illegally harvested timber in the EU and ultimately in major consumer markets elsewhere in the world. Innovatively, the Action Plan aims to exert comprehensive influence on illegal logging and associated trade on the

⁵ http://ec.europa.eu/europeaid/evaluation-eu-flegt-action-plan-forest-law-enforcement-governance-and-trade-2004-2014_en

⁶ COM (2016) 74 final.

⁷ SWD (2016) 34 final.

⁸ Commission communication *Better regulation for better results — An EU agenda*, COM (2015)215, and *Better regulation guidelines* (Commission Staff Working Document), SWD (2015) 111.

⁹ The Organisation for Economic Cooperation and Development (OECD) estimated that the global trade in timber was worth over EUR 150 billion a year (OECD Environmental Outlook, Paris, 2001, p. 122) and there was strong evidence that a significant share of this trade was likely based on illegally harvested timber (World Bank, Forest Sector Review, 1999).

basis of collaboration between producers and consumers and a combination of measures targeting the production and availability of, and demand for, illegal timber. The Action Plan is structured around the seven action areas listed below, designed to tackle the issue of illegal logging and trade from both the supply side and the demand side.

Action Area 1: Support for timber-producing countries

This action area aims at providing support to developing countries on governance reforms and capacity building using development cooperation mechanisms. It identified the following main areas in which producing countries would need support:

- Promoting equitable and just solutions to the illegal logging problem. Given the direct impact that legal frameworks and law enforcement action can have, particularly on forest dependent communities, the Action Plan aimed at promoting an inclusive, participatory process of legal review and reform and at mitigating any negative impacts on vulnerable groups from actions addressing illegal logging.
- Building systems to verify that timber has been harvested legally.
- Promoting transparency of information within the forest sector in order not only to facilitate the monitoring of the sector but also to dissuade non-compliance.
- Capacity building for partner country governments and civil society. The Action Plan identified the need of partner countries for support to implement governance reforms, tackle corruption, and increase enforcement capacity and revenue collection.
- Promoting forest policy reform. The Action Plan identified the need for simplification and reforms of forest laws and policies which may be outdated, contradictory or too complex, thus inadvertently creating incentives for illegal activities.

Action Area 2: Trade in (legal) timber

The Action Plan stems from acknowledgement that international demand for timber provides a substantial market. In the absence of a multilateral framework to tackle the problem, the Action Plan provides an avenue to help producing countries to control the legal origin of their exported timber through VPAs.

This area includes actions to:

- Pursue international cooperation with other major markets for timber and key timber-producing countries with a view to developing a multilateral framework to restrict the volumes of illegal timber traded globally.
- Develop a voluntary licensing scheme to ensure that only legal timber is imported from countries participating in the scheme. FLEGT VPAs are bilateral trade agreements¹⁰ that, through the establishment of Timber legality assurance systems (TLAS), guarantee that timber products exported to the EU are from legal sources and licensed as such through FLEGT licences. These agreements also aim to support partner countries in enforcing their own regulations and improving governance of the sector.
- Review the feasibility of additional legislative options to control imports of illegally harvested timber into the EU.

¹⁰ The Action Plan also envisaged the possibility of regional trade agreements. However, a regional approach is hampered by the diversity not only of legal and policy frameworks but of political contexts among timber-producing countries.

Action Area 3: Public procurement policies

The Action Plan recognised that the public procurement framework in place at the time of its adoption offered a number of possibilities to take into account environmental considerations and to address illegal logging and sustainable forest management and encouraged Member States to make use of these possibilities. The aim is to give contracting authorities guidance on how to deal with legality when specifying timber in procurement procedures.

Action Area 4: Support for private sector initiatives (PSIs)

Initiatives by the private sector designed to demonstrate responsible sourcing in the forest-based sector include certification to sustainable forest management (SFM), certification of legality, Chain of Custody standards, Responsible Purchasing Policies and Corporate purchasing policies and supply chain management systems. The Action Plan proposed to promote and draw lessons from successful private sector initiatives on the procurement of legal and/or sustainable timber, encourage private sector participation, and stimulate the development of PSIs in timber-producing countries.

Action Area 5: Safeguards for financing and investment in the forest sector

The Action Plan encouraged banks and financial institutions to take social and environmental factors into account when conducting due diligence and assessing the viability of investments in the forest sector.

Action Area 6: Support the Action Plan with existing legislative instruments

The Action Plan envisaged support from three specific areas of law: (1) anti-money laundering legislation, (2) the Convention on International Trade in Endangered Species (CITES) and (3) other legislative instruments such as Member States' stolen goods legislation and the OECD Convention on Bribery and Corruption.

Action Area 7: Work to address the problem of conflict timber

The Action Plan includes a commitment to support the development of a definition of 'conflict timber', to follow up UN Security Council recommendations and to address in development cooperation programmes the role forests play in the context of conflicts.

As regards implementation of the above activities, the FLEGT Action Plan proposed a coordinated EU response, drawing on the different strengths and capacity of the Commission and EU Member States.

The Council of Ministers welcomed the FLEGT Action Plan as a first step to tackling a complex problem that requires a multidisciplinary approach, emphasising that forest law enforcement, governance and trade needed to be addressed within the framework of sustainable development, sustainable forest management and poverty reduction. In its Resolution, the European Parliament¹¹ acknowledged the devastating effects of illegal logging and the need to address the trade in illegally sourced timber.

¹¹ European Parliament Resolution, B5-0397/2003.

4. EVALUATION QUESTIONS

The evaluation questions are presented in Annex I.

5. METHOD

The evaluation, which is supported by an independent evaluation undertaken by an external consultant, is based on a wide-ranging consultation process. It included four surveys to gather information on financial flows, management and implementation and perceptions of achievements; single and multi-stakeholder workshops; and targeted interviews on an individual or group basis, structured around the evaluation questions. Furthermore, the FLEGT Week (March 2015),¹² which brought together 300 stakeholders from governments, private sector, civil society, international organisations and the EU, was framed around the evaluation of the Action Plan.

Balanced attention was given to the different categories of stakeholders — public authorities, the private sector and civil society — and groups of countries. Consultations took place in the EU, but also in several countries engaged in a VPA process (VPA countries), in other producer countries and in non-EU consumer countries. Details of these consultations can be found in Annex II.

The conclusions of the Commission Report to the Council and the European Parliament on the evaluation of the effectiveness and functioning of the EUTR are incorporated in this SWD, where appropriate.

As regards trade data, official trade statistics were used, including Eurostat for the EU, ITTO figures and bilateral trade statistics for several producing and consuming countries, plus United Nations International Trade Statistics data.

Limitations — robustness of findings

As also flagged by the European Court of Auditors, the Action Plan sets out an ambitious overarching policy framework for action by the Commission and EU Member States to combat illegal logging and its associated trade, but does not specifically identify targets, priorities, deadlines and the relevant budgets.

While implementation plans have been developed for the VPAs and for all projects and instruments to support producer countries, the lack of a common multi-year implementation strategy and work plan makes it a challenge to assess progress achieved to date against set milestones and to take into full consideration the wide range of actions carried out by multiple actors.

In addition, the clandestine nature of illegal logging makes its scale and value difficult to estimate in relation to the global trade which is captured by official statistics. This difficulty contributes to significant uncertainties in baseline data. This lack of reliable data on illegal logging and trade has been a fundamental constraint in terms of assessing

¹² <http://www.flegtweek.org/action-plan-evaluation>

resolutely the extent to which illegal logging and related trade have changed, as well as the extent of the Action Plan's contribution to that change.

Some of the actions provided for in the Action Plan have only been recently implemented (e.g. the EUTR) while others have not yet borne fruit (e.g. the FLEGT licensing scheme). As a result, the evaluation could not fully assess the performance of some of the mechanisms designed in the Action Plan and based on the synergy of several actions on the demand and supply sides.

Notwithstanding these limitations, the evaluation is based on a review of best available quantitative and qualitative evidence of causality between actions and effected changes, as well as unexpected and unintended impacts. It made extensive use of stakeholders' and experts' views, field visits, case studies and anecdotal evidence about the likely influence the Action Plan exerted on illegal logging and related trade.

6. IMPLEMENTATION: STATE OF PLAY

This section presents progress and achievements in the implementation of the seven action areas of the Action Plan, as well as shortcomings and gaps. It provides the basis on which some of the answers to the evaluation questions — in particular regarding effectiveness — in section 7 are drawn. The evaluation has shown that not all aspects of the Action Plan have received equal attention in the implementation phase. Resources have been focused on measures perceived to be most effective or most urgent.

Action Area 1: Support to timber-producing countries

Support to timber-producing countries has been one of the main areas of focus in the implementation of the Action Plan. This support was provided by both the Commission and individual Member States. As a consolidated budget was not provided for in the Action Plan, support was drawn from various geographic and thematic EU funding instruments. It was provided both to governments and to different organisations in producer or processing countries, and was primarily focused on the preparation, negotiation and implementation of the VPAs. Support to non-VPA countries' efforts to combat illegal logging and improve forest governance has increased over the last few years, notably through the FAO FLEGT programme.¹³ Countries not eligible for development cooperation funds benefited from other instruments in support of FLEGT, such as the European Neighbourhood and Partnership Instrument East Countries Forest Law Enforcement and Governance Programme (ENPI FLEG Programme).¹⁴

Equitable and just solutions

National stakeholder dialogues have been promoted in several producing countries, including all VPA countries, as well as non-VPA countries enabling equitable and credible decisions that reflect a broad consensus among stakeholders.

In the VPA context, the participation of diverse national stakeholders in VPA negotiations and implementation has led to opening the space for enhanced dialogue and

¹³ <http://www.fao.org/in-action/eu-fao-flegt-programme/en/> .

¹⁴ <http://www.enpi-fleg.org/>.

for policy reform between government, civil society and the private sector. This has generally allowed stakeholders, including indigenous peoples, to bring important issues such as land tenure and access to forest resources to the centre of the discussion and in certain instances to obtain legal reform to support community forest management and/or recognition of customary rights. In Honduras, for example, indigenous peoples have recently engaged in the VPA negotiation process, demanding that their concerns be openly addressed. The involvement of a wide range of stakeholders in the VPA process has allowed each country to devise creatively its own ways to incorporate a large and often unregulated informal sector into their legal framework. The involvement of some stakeholders — especially small and medium-sized enterprises (SMEs) — has been more challenging to secure, although in some countries they have been closely associated. In Indonesia their involvement resulted in tailored solutions for legal compliance (i.e. group certification and a self-declaration mechanism).

The FAO FLEGT Programme has been providing technical and financial support to several initiatives including Colombia's Inter-sectoral Pact — a voluntary agreement between public and private institutions and civil society organisations aimed at ensuring that timber harvested and marketed derives exclusively from legal sources — and the Veeduría Forestal Comunitaria in Peru — a mechanism for independent observation by indigenous communities of the utilisation and assessment of forest resources.

The FAO FLEGT Programme (Phase II, 2012-2016) also developed activities under different thematic areas that addressed private sector needs, through needs assessment and training activities and promoting compliance with legal requirements and regulations (including support towards certification of SMEs).

Furthermore, impact monitoring systems are being developed with the assistance of the EU FLEGT facility¹⁵ in VPA countries, particularly those in advanced stages of implementation such as Ghana and Indonesia. Their main objective is to assist in reducing the risks for unintended negative effects on people's livelihoods. In addition, various initiatives have been undertaken to facilitate understanding of the extent to which the VPA changes the livelihoods of local actors such as the development of a VPA Impact Assessment framework, currently piloted in Ghana and Cameroon.

Transparency

In the VPA context, considerable efforts have been made to increase transparency frameworks in producing countries. Clear evidence of progress in this area is the inclusion of transparency / public information disclosure requirements in the VPAs, along with provisions for independent monitoring of the Timber Legality Assurance System and independent observation by civil society. VPA countries and the EU publish records of negotiation sessions and of the joint implementation committee¹⁶ meetings, as well as annual reports, while some VPA countries such as the Republic of the Congo have included a communication strategy in the VPA. Several countries that have

¹⁵ <http://www.euflegt.efi.int/home/>.

¹⁶ In each VPA, the EU and the partner country set up a Joint Implementation Committee. Its main purpose is to oversee VPA implementation. The Committee holds both technical and political meetings. Committee members represent the EU and the VPA partner country. An annex to the VPA or the main text describes how the Joint Implementation Committee operates.

concluded VPAs with the EU have set up websites to make information available¹⁷ or have been publishing information on other relevant websites, while some negotiating countries have also shared information on the negotiations, including publishing draft annexes (e.g. Vietnam and Guyana), or stakeholder consultation reports (e.g. Malaysia). Most VPA countries have included stakeholder representatives from the private sector, civil society and indigenous peoples in their negotiation teams.

Verification systems

Several Timber Legality Assurance System related projects of differing scale supported by FLEGT have been implemented, but progress has been slower than expected due to the technical complexities of setting up nation-wide traceability and verification systems and the limited capacity on the ground. Functioning systems which should soon result in issuance of FLEGT licences have been set up in some countries (Indonesia and Ghana) while in other countries the systems are still being developed. In Indonesia a verification and licensing mechanism for all exports has been active since 2013. This system has been significantly strengthened after the ratification of the VPA. A joint assessment of the system has been successfully concluded and the Indonesian Timber Legality Assurance System is now on course to start delivering FLEGT licences as soon as the internal procedure on the EU side has been completed.¹⁸

Capacity building

Considerable donor effort has gone into capacity building for all FLEGT stakeholders in different ways. Respondents to the open public consultation considered capacity building to be one of the most important achievements of the Action Plan. The EU provides technical assistance and capacity-building support to VPA countries through different geographic and thematic support programmes such as the EU FLEGT facility. Support also targets civil society — for example to build capacity for independent monitoring, often involving partnerships between EU NGOs and counterparts from VPA countries. Capacity-building projects also target the private sector, in particular SMEs, to support their preparedness to comply with legality requirements. Capacity building under FLEGT goes beyond the forestry services and administration, to include other public authorities. These includes ministries of trade, the environment and employment, and law enforcement agencies — which often have a seat in the joint implementation committees (e.g. training of public prosecutors in Indonesia, under the Illegal Logging Response Centre project¹⁹).

EU support reaches non-VPA countries facing challenges in illegal logging and forest governance, through for example the FAO FLEGT programme.

¹⁷ Cameroon (<http://apvcameroun.cm/>), Liberia (<http://www.fda.gov.lr/>), Ghana (<http://www.fcghana.org/vpa/>), Republic of the Congo (<http://www.apvflegtcongo.info/>), Indonesia (<http://silk.dephut.go.id/>).

¹⁸ With a view to starting FLEGT licensing in Indonesia, on 9 June 2016 the Commission adopted a delegated regulation [C (2016) 3438] to amend the annex to the FLEGT regulation. The delegated regulation is currently under scrutiny by the European Parliament and the Council (the European Parliament and the Council have the right to express objections in the two months following the adoption). FLEGT licensing will be able to start when the regulation applies.

¹⁹ EC-Indonesia FLEGT Support Project, AIDCO/2004/16830. The main purpose is to promote the role of forests in the sustainable development of Indonesia through creating appropriate conditions for curbing illegal logging and associated trade.

Policy reform

FLEGT has supported policy reviews aimed at clarifying existing legal frameworks. This has led to improving recognition of tenure and land rights and refinement of requirements for allocating logging rights, simplifying rules, addressing gaps and reconciling contradictions. Work around the definition of legality in the context of the VPA multi-stakeholder negotiations has helped several countries such as Liberia and Ghana to identify key areas for reform and facilitated legal reform such as the law on indigenous peoples' rights in the Republic of the Congo. The establishment of an open and participatory consultation and decision-making process has enabled scrutiny and pressure from stakeholders, which provides the necessary impetus for more thorough-going reforms, including the integration of customary and human rights laws.

Action Area 2: Trade in timber

Voluntary licensing of exports

As a cornerstone of the Action Plan, the FLEGT Regulation was adopted in 2005 to provide the legal framework for a voluntary FLEGT licensing scheme for exports to the EU of timber originating in countries that have signed a VPA with the EU.

To date, six VPAs have been concluded (with Cameroon, Central African Republic, Ghana, Indonesia, Liberia, and the Republic of the Congo) while nine more are under negotiation (Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand, and Vietnam).

No FLEGT licensing system is operational to date, although Indonesia is now close to licensing and Ghana has also taken significant steps in that direction.

Multilateral framework and international cooperation

The EU and its Member States have continued to engage in relevant multilateral and regional fora (particularly the United Nations Forum on Forests (UNFF), the ITTO, the FAO and Forest Europe) to advance international dialogue on a multilateral framework to combat illegal logging and associated trade and to put forest law enforcement, governance and trade firmly on the agenda of these organisations. While there has been significant success in terms of raising the profile of FLEGT-related issues on the international agenda, the international community is far from a harmonised approach, let alone a legally binding framework on illegal logging and associated trade.

Bilateral dialogues within the framework of the FLEGT Action Plan with consumer countries such as Japan, the United States (US), China, Korea and Australia, and also with major producers such as Brazil and Russia, have been developed over the years as part of a broader political agenda, mainly through the High Level Environment Dialogues and/or through the trade dialogues/negotiations and regional forums. The main objectives were to raise awareness, share information, build mutual understanding, consolidate efforts, create synergies and establish cooperation against illegal logging.

Engagement with China has received increased attention since formal cooperation was set up in 2007 through the Bilateral Coordination Mechanism on Forest Law Enforcement and Governance. It has convened annually since 2009. There has been regular environment dialogue with Russia since 2007, supported by the ENPI FLEG programme.

In its recent bilateral trade agreements, e.g. the EU-Central America Association Agreement and the Free Trade Agreement with Vietnam, the EU has included a Trade

and Sustainable Development chapter with specific provisions on sustainable management of forests, and on combating illegal logging and trade in forest products. Where relevant the agreements also cross-reference the FLEGT VPAs.

Additional legislation

One of the main achievements under this action area was the adoption of the EUTR, which prohibits the placing on the EU market of illegally harvested timber and timber products. Under the EUTR, operators placing timber or timber products on the EU market for the first time must exercise ‘due diligence’, and traders selling or buying timber products already placed on the EU market must keep records of their suppliers and customers. The legislation entered into force on 3 March 2013. The EUTR was developed as a necessary demand-side measure to support the corresponding supply-side measure: the FLEGT VPAs. Without the EUTR, there would be much less incentive to implement the VPAs, as assurance of legality would not be required in the EU. The VPA process, in turn, can help operators in EU and non-EU countries to demonstrate compliance with EUTR requirements.

Action Area 3: Public procurement

Member States develop and apply their own public procurement policies in line with the general procurement rules set at EU level. Under the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan,²⁰ the Commission published a communication on green public procurement (GPP),²¹ following which common criteria were developed, including criteria for wood-based products.²² These criteria require that any virgin timber used must be legal on the basis of FSC²³ or PEFC²⁴ or equivalent certificates, FLEGT licences or a declaration of legality accompanied by a chain-of-custody tracking system.

While adoption is voluntary for Member States, GPP criteria are steadily being taken up by Member States²⁵ and the number of national public procurement policies on timber products in EU Member States has significantly increased since the adoption of the FLEGT Action Plan. Today 22 Member States have some form of public procurement policy on timber/wood in place. These policies vary in terms of design, scope and coverage and while some require legal compliance — also accepting FLEGT-licensed timber — others are limited to timber from certified sustainable sources.

Several consumer countries have developed public procurement policies ensuring sourcing of legal and/or sustainable timber (China, Japan, Mexico, New Zealand, Norway and Switzerland) while some producer countries, VPA and non-VPA, have also started to work on public procurement policies on timber/wood (e.g. Indonesia, Ghana and Colombia), mainly to support the domestic market, which is usually dominated by SMEs.

Action Area 4: Private sector initiatives (PSIs)

²⁰ COM(2008) 397 final.

²¹ COM(2008) 400 final.

²² http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm.

²³ Forest Stewardship Council.

²⁴ Programme for the Endorsement of Forest Certification.

²⁵ http://ec.europa.eu/environment/gpp/case_group_en.htm.

While most PSIs designed to demonstrate responsible sourcing were developed before the adoption of the Action Plan, they have strived to align their policies with FLEGT instruments, notably the EUTR, thus aiming to provide direct responses to the FLEGT Action Plan.

SFM certification schemes have been the most prominent sourcing initiative and appear to have been stimulated by public procurement policies and to some extent by the EUTR. Most schemes cover ‘legality’ and most consider a recognised SFM certificate as mitigating the risk of illegality with reference to the EUTR (Article 6). Although certification schemes are limited in terms of geographic and trade volume coverage, VPA and certification can be mutually supportive. On the one hand, VPAs can help set preconditions for sustainable forest management and hence for certification. On the other hand, certification can help demonstrate legality in VPA countries. Four VPA countries provide for recognition of certification schemes in their licensing schemes (Cameroon, the Republic of the Congo, Liberia and the Central African Republic).

Private legality certification schemes developed to demonstrate legality as a first step towards SFM certification have been taken up by the markets, and indeed some several have been aligning their standards to VPA and/or EUTR requirements. Responsible purchasing policies based on codes of conducts developed by timber trade federations have also aligned themselves with the Action Plan’s objectives and EUTR requirements. Corporate responsibility-influenced purchasing policies have also been developed by international groups of companies. Finally, initiatives have been developed to promote responsible sourcing of timber through partnerships between the EU timber trade federations and suppliers in timber-producing countries, e.g. the Timber Trade Action Plan (2005-2013).²⁶

Action Area 5: Financing and investment

Available information indicates that the Commission’s and Member States’ efforts in this area have been confined to awareness-raising, in view of the limited potential for public sector intervention, but these efforts have contributed to changes in financial institutions’ practices.²⁷ Since the adoption of the Action Plan, a few financial institutions have taken steps to improve due diligence in forest-sector investments.

Most of the development finance institutions have included standards and criteria for sustainable investments in the forest industry in their policies, e.g. the sustainability framework of the International Finance Corporation (IFC — World Bank group)²⁸ whose standards are now widespread. The Action Plan has been explicitly included in the European Investment Bank (EIB) forest policy guidelines, and in EIB-funded projects.

As regards Export Credit Agencies, OECD commitments are spelled out in the Arrangement on Officially Supported Export Credits, which requires *ex ante* screening of

²⁶ This initiative was funded by the Commission and co-funded by the partner timber trade federations of the United Kingdom (the UKTTF), the Netherlands (the VVNH), Belgium (the FBCIB) and France (the LCB), which provided training and technical support to build capacity among European buyers and their timber suppliers in Africa, Asia and South America, promoting legality verification as a means to demonstrate responsible tropical forest management.

²⁷ Evaluation of the EU FLEGT Action Plan, Final report, p. 67.

²⁸ http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_site/Sustainability+and+Disclosure/Environmental-Social-Governance/Sustainability+Framework

projects based on locally applicable and international standards, such as the IFC's performance standards or EU legal requirements. Most EU-based Export Credit Agencies have in the meantime adopted policies on environmental and social standards.

Several private international banks have also established policies on investment in the forest-based sector. These are mainly certification-based.

Action Area 6: Supporting the Action Plan with existing legislative instruments

As regards anti-money laundering laws, although initial analysis confirmed that there was scope for applying them to illegal logging cases it also recognised that enforcement in non-EU countries would be complicated, while it would not be a top priority for law enforcement agencies in Europe. Indeed instances of enforcement have yet to be reported. Nonetheless, in recent years increased attention has been given by both the Commission and Member States to working on illegal logging and trade with international organisations, such as Interpol and the United Nations Office on Drugs and Crime (UNODC), and with law enforcement agencies in EU Member States and timber-producing countries. The issue of environmental crime, including both wildlife and forest products trafficking, has also risen much higher on the international agenda, providing opportunities for increased engagement. The EU recently adopted an EU Action Plan against wildlife trafficking²⁹ which covers both flora and fauna and which encompasses organised crime issues, the fight against corruption and improved cooperation with partner countries. In that regard, it will reinforce relevant FLEGT action.

The EU has sought to implement the Action Plan and the CITES and related EU wildlife trade regulations in a mutually supportive way. Not only has the EU supported listing in CITES of additional timber species, but recognition that CITES objectives are in line with FLEGT has led to the inclusion of an exemption from the due diligence requirement under the EUTR for timber from species legally imported under CITES. In turn, the adoption of the EUTR has also influenced amendments to EU wildlife trade legislation,³⁰ reinforcing the Commission Regulation with a legal basis for allowing Member States' authorities to refuse an import permit if there are serious doubts as to the legality of a shipment of CITES specimens.

Other relevant examples of effective use of existing legislation include the amendment of the EU Accounting and Transparency Directives³¹ to require businesses active in the extractive and logging industries to publish their payments to governments relating to the exploitation of natural resources.

Action Area 7: Conflict timber

The Commission and some Member States took action such as supporting the UN Security Council Resolution banning timber imports from Liberia and Myanmar and

²⁹ COM(2016) 87 final.

³⁰ Commission Regulation (EU) 2015/870 of 5 June 2015 amending, as regards the trade in species of wild fauna and flora, Regulation (EC) No 865/2006 laying down detailed rules concerning the implementation of Council Regulation (EC) No 338/97, OJ L 142, 6.6.2015, p. 3.

³¹ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

working on natural resources and conflict in the Democratic Republic of the Congo (DRC), Liberia, Central African Republic (CAR) and Myanmar. Under the EUTR, conflict timber is addressed under the due diligence system, which is linked to sanctions issued by the UN Security Council or the EU. Conflict timber has been included in some VPA negotiations with countries affected by conflict.

7. ANSWERS TO THE EVALUATION QUESTIONS

Relevance

The FLEGT Action Plan responded to the main concerns of the international community in relation to the challenges related to illegal logging in an innovative manner, and in view of the persistence of the problem it remains highly **relevant**. Indeed, forest practices inquiries and market studies indicate that it is still a substantial problem. According to a Chatham House report,³² while significant progress has been made in reducing illegality in the forest sector over the past decade, the problem remains widespread. In 2013 more than 80 million cubic metres (m³) of timber — as measured by roundwood equivalent volume — were thought to have been illegally produced in the nine producing countries assessed.³³ This is equivalent to nearly one third of their total production of timber.³⁴

Illegal logging continues to have a wide range of negative environmental, social and economic impacts. Together with mining, conversion to agriculture, urbanisation and infrastructure building, it is an important driver of deforestation and forest degradation, which are estimated to account for 7 % to 14 % of total CO₂ emissions from human activities.³⁵ It threatens biodiversity and can favour illegal trade in wildlife. It undermines the rule of law, may impact on the rights of indigenous peoples and local communities, fosters corruption and organised crime, and perpetuates conflict. Illegal logging can affect world timber prices and undercut the economic viability of compliant operators. It also results in the loss of significant government revenue. Illegal logging results from, and at the same time contributes to, poor governance in the producing countries, thereby undermining their progress towards sustainable development.

The FLEGT approach was problem-driven and incentives-oriented, strongly focusing on addressing comprehensively the root causes of the problem and on building partnerships between the EU and producer countries and other major consumers. The Action Plan's design has been found by the evaluation to be 'future-proof', as it seeks to tackle the variety and complexity of the challenges associated with illegal logging and associated trade in a pragmatic way that respects the sovereignty of producer countries and takes into account the global and local political and economic context, as well as the interests of all the stakeholders concerned. In that context, there is continuing support from across a broad range of stakeholders in the EU and in VPA countries, civil society organisations

³² Alison Hoare, *Tackling Illegal Logging and the Related Trade: What progress and where next?* July 2015.

³³ Brazil, Cameroon, the Democratic Republic of the Congo (DRC), Ghana, Indonesia, Laos, Malaysia, Papua New Guinea (PNG) and the Republic of the Congo.

³⁴ The vast majority of illegal timber came from Indonesia (around 50 %), Brazil (25 %) and Malaysia (10 %). In other countries such as the DRC, Ghana, Laos, Papua New Guinea and the Republic of the Congo, which produce less timber overall, illegal timber accounts for a much higher share of their total production.

³⁵ <https://ec.europa.eu/jrc/en/news/reporting-greenhouse-gas-emissions-deforestation-and-forest-degradation-pan-tropical-biomass-maps>.

and the private sector for maintaining law enforcement, governance and trade as key pillars of EU action.

Having established the Action Plan's continuing relevance to combating illegal logging, the evaluation also highlights the considerable change in patterns in the global timber trade that has occurred since the inception of the Action Plan. The EU remains a major timber importer (including of tropical timber). However, imports of tropical timber have fallen. In the meantime, China has risen as the world's largest importer, exporter and consumer of timber products. It and other Asian countries such as Vietnam are now key processing hubs. Some concerns have been raised that part of the fall in imports might reflect a more negative perception of tropical timber, as a result of the growing attention given to illegal logging. At the same time, domestic and regional markets in Africa, Asia and Latin America have grown substantially and the importance of small and often informal producers and processors is increasingly recognised. Therefore, the EU's leverage to fight illegal logging on a global scale through demand-driven measures has weakened.

Furthermore, other changes in the global context were highlighted by many stakeholders. First, more and more forests are being cleared for agriculture and other land uses (e.g. mining, urbanisation and infrastructure building). FLEGT instruments, in particular the VPAs, can help address challenges of illegal forest conversion through various levers and tools (governance, multi-stakeholder dialogues and public participation, legality definitions, forest surveillance). However it does not address the issue of legal forest conversion. Moreover, global political attention has shifted from illegal logging to the fight against deforestation and the role of forests in mitigating and adapting to climate change. Indeed, the Action Plan was conceived and developed in the context of global discussions on deforestation although as such it does not address all drivers of deforestation.

Effectiveness

The FLEGT Action Plan has been effective in achieving its main objectives: it has raised awareness of the problem of illegal logging at all levels, it has contributed significantly to improved forest governance globally and particularly in targeted countries, and to a reduced demand for illegal timber in the EU. The degree of effectiveness achieved in each of the action areas nonetheless varies, as explained below, reflecting different levels of effort and investment. In this context, the focus over the years has been on measures perceived to have the potential to be more effective, particularly VPAs and the EUTR. The degree of progress made in VPA countries so far and prevailing national political and economic contexts have shown that support was not sufficiently tailored to the challenges and capacity of each country.

As a strategy, the Action Plan was conceived as an open-ended framework, with a flexible structure aimed at stimulating awareness and building relationships around common interests at different levels and between different groups of stakeholders. While this has been one of its fundamental strengths in view of the complexity of the problem, it has not been helpful for framing its implementation. In particular, the limited baseline information on timber trade flows, the extent and nature of illegality, in-country capacity and issues of political economy, and the absence of a multi-year implementation plan to guide strategic management and monitoring, has rendered overall planning and implementation of FLEGT action, and VPAs in particular, largely demand-driven.

Initiatives developed to **support producer countries** in the VPA context have, overall, produced good results in terms of improved governance, especially through the establishment of effective multi-stakeholder participation processes, capacity building, increased transparency, awareness-raising and policy dialogue.³⁶

Multi-stakeholder participation has been effectively supported, although efforts to reach out to the private sector (in particular, SMEs) in some producer countries have not always been sufficient to secure its support and integration in the process. At policy level, the ‘illegal logging’ agenda built momentum for the necessary reforms. Many countries have been implementing review processes of their legal and policy frameworks. The VPA negotiations have also made important contributions in this area. Advances are significant, although achievements vary between different countries. Implementation and enforcement of the legal and regulatory requirements will eventually determine the extent of positive change.

Initiatives and measures with regard to **trade in timber** have had some successes, notably the adoption and entry into application of the EUTR and — to some extent — the development of bilateral dialogues, notably with Russia and China.

The optimism prevailing at the time of the Action Plan led to ambitious expectations as regards the timing of FLEGT licences. However, the negotiation and implementation of the VPAs proved more complex and demanding than expected, requiring significant capacity building, institutional strengthening and facilitation, tailored to the challenges and capacity of each country, and political commitment on the part of the partner country.

Timber legality assurance systems have been developed as part of the VPAs, and although they have not yet resulted in a flow of FLEGT-licensed timber, the steps already taken in partner countries have facilitated compliance with the EUTR requirements. The deeply entrenched problems of forest governance in the VPA countries, the required credibility level of any FLEGT licensing system, the participatory nature of the process, technical difficulties linked to the development of the timber legality assurance systems and the limited capacity of national stakeholders, often compounded by varying levels of political commitment, have so far proved to be significant challenges to introducing licensing.

The EUTR is considered to be the most important achievement in this action area, notably for the strategic support that it can provide for achieving the AP objectives if effectively applied across the EU.

The recent evaluation of the EUTR shows that since its entry into force, it has encouraged more responsible sourcing policies and, therefore, demonstrated its potential to change operators’ market behaviour and establish supply chains free of illegally harvested timber. It has also created an incentive for producer countries to start the development of timber legality verification systems, including through VPAs. The evaluation also highlights that the EUTR is globally perceived as an important legislative

³⁶ See section 6: Implementation state of play, point ACTION AREA1.

instrument and together with similar legislation adopted by the US (the Lacey Act) it has inspired other consumer countries such as Australia to develop similar legislative acts.

That has contributed to the achievement of the overall objectives of the Action Plan, although the impact is not quantifiable due to the short implementation period of the Regulation.

On the other hand, it was concluded that further efforts are needed from Member States and the private sector to achieve effective and efficient application of the EUTR. In particular, the competent authorities in Member States have so far not been allocated with the sufficient human and financial resources to fully enforce the Regulation.

Overall, initiatives on **public procurement** had a clear positive effect on the market, boosting demand for verified and/or certified timber products³⁷ and stimulating improvements in the certification systems, while also encouraging further uptake of procurement policies. The number of national public procurement policies on timber products has significantly increased since the adoption of the Action Plan, although limited harmonisation in terms of product scope and requirements (legal, sustainable, legal and/or sustainable, sustainable or FLEGT licence) has prevented implementation from being optimal.

Driven by an increased awareness of corporate environmental responsibility, increasing global regulatory requirements and mounting pressure from NGOs, the private sector has been intensifying its efforts to source legal and sustainable timber. Following the adoption of the Action Plan and developments with respect to the EUTR, PPP and VPAs, different **PSIs** have been aligning their standards and methodologies to comply with and to contribute to the FLEGT objectives. FLEGT aims at levelling the playing field for compliant operators and enabling a strong forest-based sector with competitive products, so the involvement of the private sector in the implementation of the Action Plan is instrumental in attaining the objectives. While opportunities do exist for increased active engagement of the private sector, strategies are needed to enhance and facilitate collaboration with private sector initiatives, address the fragmentation of initiatives, improve their performance, secure their compliance and mitigate negative impacts, especially on SMEs. In this regard, special support programmes have been developed by the EU FAO FLEGT programme and the EU FLEGT facility to work more closely with the private sector in producing countries.

Although measuring the effectiveness of work undertaken in the **‘Financing and Investment’** action area is hampered by the limited information disclosure and reporting of the activities of financial institutions, several positive developments have so far been noted owing partly to Member States’ and Commission efforts to encourage greater scrutiny in forest-based sector investment.³⁸ In particular, the standards developed by the

³⁷ For example, in the UK the certified share of timber and panels increased from 55 % in 2005 to over 80 % in 2008 and in the Netherlands from 13 % in 2005 to 34 % in 2008, 68 % in 2011 and 87.7 % in 2004. Evaluation of the EU FLEGT Action Plan, Final report, p. 54.

³⁸ In 2004, the German and Dutch governments organised a workshop on Illegal Logging and Measures to Combat Money Laundering, where possible strategies were explored. Germany also consulted with and informed national stakeholders on the possible risks of money laundering connected with illegal logging activities. The UK government’s Department for International Development (DFID) funding for the Forest Governance, Markets and Climate programme seeks partly to raise awareness of the role financial institutions can play in minimising the production of and related trade in illegal wood-based products.

World Bank group are now globally recognised. Forestry is only one of the many sectors relevant to private financial institutions and environmental and social due diligence has a wider scope than illegal logging alone. The EUTR has in addition prompted action by financial institutions by raising the risk profile of forest-based sector investors and timber product importers.

Under **Supporting the FLEGT Action Plan with existing legislative instruments**, cooperation with international organisations such as Interpol and UNODC, law enforcement agencies in EU Member States and timber-producing countries has recently increased, contributing to enhanced opportunities for applying anti-money laundering legislation to illegal logging cases.

CITES contributes to fighting illegal logging of the species it covers. Synergies established between CITES and FLEGT, and in particular the EUTR, have been mutually beneficial, thus contributing to achieving this primary objective. EUTR and CITES are legal texts enforced by customs and competent authorities. CITES has benefited from the ‘raise-the-bar’ effect of the EUTR; CITES provides FLEGT with learning-by-doing experience. Furthermore, the Accounting and Transparency Directives have included disclosure duties for large companies that are also active in logging primary forests. This obligation also contributes to increased transparency.

On the topic of **conflict timber**, action on illegal logging has been taken, although due to the lack of clarity about the specific role of the FLEGT Action Plan and limited interest among Member States that action has been found to be only a moderate success. VPAs indirectly address conflict timber by reducing opportunities for illegal operators to access forest resources and trade in them. VPAs have been concluded with Liberia and the CAR and are under negotiation with the DRC. Furthermore, the EUTR addresses conflict timber in the due diligence context.

The design of the Action Plan provided a comprehensive overarching framework but has not been helpful for guiding implementation, especially in view of the limited information on timber trade flows, the extent and nature of illegality, in-country capacity and issues of political economy. While management and coordination structures both in the Commission and between the Commission and Member States have been put in place, the evaluation found that weak planning and monitoring hampered their effectiveness.

As regards the Action Plan’s contribution to the higher-level objectives of sustainable development, sustainable forest management and poverty reduction, the available evidence is very limited and does not allow reliable conclusions to be drawn. However, the VPA impact assessment frameworks recently piloted in some countries may help draw such conclusions in the future.

Efficiency

Many stakeholders, both in the EU and in producer countries, recognise the FLEGT Action Plan as relatively cost-effective given the wide range of measures involved (e.g. regulations, political dialogues, trade agreements, development cooperation support) and the multiple levels of action (global, EU, Member States and non-EU countries).

Benefits include ‘raising the bar’ internationally by improving forest governance, increasing the involvement of civil society, improving transparency and accountability in the forest sector, increasing income and levelling the playing field. Efforts to improve

forest governance in partner countries, as prioritised in VPAs (e.g. through clearer legal frameworks, transparency and increased capacity) contribute to avoiding illegal logging and trade and, hence, loss of income from permits, taxes and fines. A lack of data complicates quantification of these benefits and only anecdotal evidence is available for example, the Republic of the Congo has reported increased tax revenue due to FLEGT-related action.

Costs vary significantly across the action areas and are contingent upon the in-country baseline situation, political setting and investment made. The independent evaluation of the Action Plan focused in particular on the ‘Support to timber-producing countries’ and did not consider the efficiency of other actions such as the cost-effectiveness of public procurement policy. A review of the EUTR found that its cost-effectiveness is in line with the original forecast in the related Impact Assessment, that compliance costs for the private sector are generally considered manageable (particularly for companies already applying responsible sourcing policies), and that opting for cost-effective practices can reduce such costs.

The cost of support provided to timber-producing countries is considered substantial, but most stakeholders recognise that this is necessary because they are complex and comprehensive. VPA processes, in particular, have been found to be human resource-intensive and can place a significant burden on public authorities, both in the EU (particularly the Commission) and in producer countries. In this respect, some stakeholders have suggested exploring options to simplify verification systems under the VPAs, while maintaining their robustness.

The multiplicity of initiatives and funding sources makes it difficult to consolidate data on FLEGT investments from all contributors and to ensure data is complete, but the evaluation produced estimates of financial expenditure. Total expenditure on FLEGT over an 11-year period (2003-2014) is estimated at EUR 885 million. Most of the resources were allocated to support timber-producing countries. Expenditure in this action area is estimated at EUR 651 million, including EUR 277 million from the Member States and EUR 374 million from the Commission. Contributions from producer country governments, civil society and the private sector are estimated at EUR 53 million.

The estimate of expenditure should be seen in the context of the period (11 years) and the number of countries involved. A total of 46 partner countries (15 VPA countries and 31 non-VPA countries) have received direct support. The level of FLEGT support has varied greatly from one country to another and engaging in a VPA does not guarantee direct support from the Commission or other donors.

Comparing FLEGT investment (11 years in 28 Member States, 15 VPA countries and 31 non-VPA/non-EU countries) with other investment like the WB Forest Investment Programme (EUR 420 million for eight pilot countries in four years on REDD+ projects), the Forest Carbon Partnership (EUR 600 million since 2008 for development of a REDD+ system in 37 (sub-) tropical countries) or the Green Climate Fund, with EUR 10 billion in pledges, is challenging: while amounts may appear similar, objectives and outcomes cannot be compared.

The largest share of EU and Member States’ financial resources for FLEGT has been allocated to Action Area 1 (support to producer countries): 73.8 %, followed by Action

Area 2 (Trade in timber) (5 %), Action Area 3 (Private Sector Initiatives) (2 %) and Action Area 7 (Conflict Timber) (1 %). This is explained by the fact that development cooperation entails significant budget allocations, whereas efforts in other action areas primarily require staff allocations. However, a significant share of the funds spent under Action Area 1 contributes to other action areas, in particular Action Area 2 — through funds allocated to support VPAs, for example — and Action Area 4, because part of the support to producer countries was for private sector initiatives in those countries.

Funds spent under Action Area 1 have covered a wide range of action, such as support to improved transparency, civil society participation, reinforcement of timber production capacity (in particular among SMEs), and development of legality assurance systems. Commission information on FLEGT-related projects under Action Area 1 indicates that the three main categories of support are: (1) capacity building and institutional strengthening; (2) policy and regulatory frameworks; and (3) development of legality assurance systems. Funding categorised as support to VPA negotiations and implementation is relatively minor in comparison to other categories, but there is significant overlap between the different categories.

Information on the costs and benefits to businesses in partner countries is fragmented and highly qualitative. Investments were found to differ greatly according to the type and size of the company and according to the country. Compliance with the legality assurance requirements entail costs for companies in VPA countries, notably as regards their operating procedures, while expectations of increased economic returns are based on improved market access for FLEGT-licensed timber and thus increased trade volumes and turnover. In Indonesia for example, Commission support is estimated at EUR 20 million, and UK support at EUR 60 million, while the Government of Indonesia contributed EUR 20 million. Certification costs for the Indonesian Timber Legality Assurance System (SVLK) are approximately EUR 2 000 to EUR 3 000 per company. A group certification scheme has been introduced to manage costs for SMEs, while the government subsidises SME certification. So far, approximately 1 000 big companies have been certified and 2 350 SMEs, at a total estimated cost of EUR 5 million.³⁹

The absence of a multi-year implementation plan to guide activity planning by setting clear targets, indicators for outcome-oriented monitoring, deadlines/timeframes and associated budgetary resources has hampered efficiency. The lack of attention given to several action areas meant they did not benefit from synergies of the Action Plan. Planning and monitoring systems for VPAs and related support actions have started to become operational but improvements are needed to provide inputs into strategic planning processes. Meanwhile, the human resources needs for management of FLEGT action, and VPAs in particular, were underestimated due to the unforeseen complexity of VPA processes and the long-term implementation challenges. While FLEGT has mobilised significant funding, there is no central function to track FLEGT-related funding from all sources, projects and their costs, or to evaluate that funding's objectives and monitor its effectiveness. This hinders monitoring of cost-effectiveness.

³⁹ Evaluation of the EU FLEGT Action Plan, Final report, p. 134.

Coherence

The FLEGT Action Plan is a good example of policy coherence, by virtue of its innovative design. It combines development, trade and environmental policies, and also brings together other EU and international policies and frameworks including sustainable development, environmental protection, climate change mitigation/adaptation and promotion of fair trade. The Action Plan's fight against illegal logging is the core of the EU forest strategy,⁴⁰ while the 7th Environmental Action Plan commits to continuing to promote sustainable development through the negotiation and implementation of FLEGT VPAs.⁴¹ The new 'Trade for all' strategy⁴² recognises EU work on illegal logging as an example of responsible management of supply chains and commits to further developing initiatives in this field.

The main regulatory instruments — the FLEGT Regulation and associated VPAs, and the EUTR — are coherent, as is their relationship with CITES. They are complemented by voluntary measures such as public and private procurement policies and bilateral dialogues with consumer and processing countries and by provisions in the EU's recent trade agreements.⁴³

Although FLEGT and REDD+ originate in very different contexts and follow different approaches, their interests coincide, as both aim at sustainable forest management and they are mutually supportive. FLEGT can support successful REDD+ implementation in producer countries by directly addressing some of the drivers of forest degradation and loss. It also addresses promoting improved forest governance and law enforcement and establishing strong and effective multi-stakeholder processes, thereby creating enabling conditions for scaled-up investment and more transparent and inclusive national land use policies. REDD+ can support FLEGT by providing an incentive for conservation, sustainable use and restoration of forests. REDD+ can also increase momentum to improve governance of land use, clarify land tenure, build technical capacity and social and environmental safeguards in the forest sector and provide additional sources of finance.

As regards consistency with national legal frameworks, by focusing on national legislation in the country of harvest as the legal basis for both the EUTR and VPAs, the FLEGT approach has strengthened the principles of partnership and national sovereignty of the producing country. This is a key value in the FLEGT approach; it contributes to national ownership, sustainability and more effective enforcement at local level.

The Action Plan also contributes to addressing goals 8 (inclusive and sustainable economic growth), 12 (Responsible Consumption and Production), 13 (Climate Action),

⁴⁰ Commission communication *A new EU Forest Strategy: for forests and the forest-based sector*, COM(2013)659.

⁴¹ Decision No 1386/2013/EU of the European Parliament and of the Council on a General Union Environment Action Programme to 2020 'Living well, within the limits of our planet', OJ L 354/198. .

⁴² http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf.

⁴³ Note that the assertion in the independent evaluation that there is a lack of synergy between the action plan and trade agreements concluded by the EU is based on erroneous information provided by one stakeholder that has not been triangulated. In fact there are specific provisions in all recent EU bilateral trade agreements that support the action plan.

15 (Life on Land), and 16 (peaceful and inclusive societies) of the 2030 Agenda for Sustainable Development.

Sustainability

The FLEGT Action Plan has already prompted lasting changes in some producer countries (e.g. clarification of legal frameworks, policy reforms, governance, inclusive and participatory processes opening democratic space, and work on setting up verification schemes). It is starting to generate the expected changes in the timber trade, as well (e.g. in the behaviour of EU importers and exporters in non-EU countries, dialogue and cooperation among market actors globally, and a bigger market for verified or certified timber). However, moving from agreement on concepts to practical implementation remains a challenge and more needs to be done to address illegal logging in many countries. Implementation of fully functional timber legality assurance systems in VPA countries will require continued investment to keep improving governance frameworks (institutions, laws, policing, judiciary, etc.), to strengthen capacity in all stakeholder groups and build operational systems. At the same time, FLEGT VPA processes have generated long-term obligations for both the EU and partner countries. The sustainability of FLEGT's success therefore hinges to a large extent on continued high-level political commitment to it, both in the EU and in partner countries. It also depends on the EU's ability to exercise influence, despite its declining trade leverage, and to motivate others to step up their efforts at national level and/or engage in international cooperation, including key countries (China, Japan, Brazil, Russia) and international and regional institutions (the World Bank, the FAO, the UNFF, the ITTO, ASEAN, Interpol, and others).

EU added value

The FLEGT Action Plan is a joint undertaking between the Commission and the Member States. Its added value stems from a coordinated approach to its implementation which draws on the combined strengths and capacity of the EU and its Member States. That said, the evaluation concluded that not all Member States participate actively in the implementation of the Action Plan, with the exception of the EUTR.

Illegal logging and associated trade remain a pervasive problem at global level and in the EU. Continued action at the EU level and stronger international cooperation between the EU and non-EU countries (both producing and consuming countries) remain necessary.

The EU is the world's largest exporter and importer of goods and services, the largest foreign direct investor and the main destination for foreign direct investment (FDI). As regards trade in timber, the EU remains a prominent market. In that context, and bearing in mind its exclusive trade policy competence, the EU has much greater market leverage and greater political and diplomatic weight than any individual Member State and is thus better placed to exercise strong influence in the international forestry and timber trade arena.

The common commercial policy operating in the EU and the single market, allowing the free movement of goods between Member States, can also be better supported by a common EU policy on FLEGT.

In the context of development and while taking into account that it has been primarily Member States financing official development assistance (ODA) that have been active in

Action Area 1 (support to producing countries), the Action Plan provides a platform for better coordination of EU and Member States' development aid to the forest sector in developing countries. This is likely to have generated efficiency gains, due to coordinated action and synergies between programmes, but the lack of reliable data did not allow them to be quantified.

8. CONCLUSIONS

The evaluation confirms the relevance and the innovative design of the FLEGT Action Plan, and its important contribution to the international fight against illegal logging and associated trade. The evaluation concluded that the AP's design is 'present and future-proof' and that support for FLEGT remains strong across EU and VPA countries, civil society and the private sector. It nevertheless acknowledges implementation challenges and changes in the global context which should inform future action across and within the different pillars and action areas of the FLEGT Action Plan.

The FLEGT Action Plan has been effective in terms of its overall objectives (improved forest governance globally and reduced demand for illegal timber in the EU); however, the degree of effectiveness achieved in each of the action areas reflects the priority given and the level of investment. The Action Plan has helped build a global coalition to fight illegal logging and trade, by mobilising governments in the EU, 15 VPA partner countries, other producer and consumer countries, and a wide range of stakeholders. While the EUTR has only been into force since 2013 and the first FLEGT licences are expected to be issued soon, the process of moving towards these achievements has already yielded lasting changes in some producer countries in terms of legal reforms, governance and democratic processes, and it is starting to influence the behaviours of market actors. These effects are likely to be enhanced with better implementation and enforcement of the EUTR and the issuance of FLEGT licences.

Many stakeholders, both in the EU and in producer countries, recognise the FLEGT Action Plan as relatively cost-effective. Wider benefits include 'raising the bar' internationally by improving forest governance, increasing involvement of civil society, improving transparency and accountability, increasing income and level the playing field, while costs differ significantly and are contingent upon the in-country baseline situation, political context and investments made. Most of the expenditure has gone into 'Support to producer countries' although a significant share of that support has contributed to other measures, such as trade and private sector initiatives. Difficulties have been encountered in collecting relevant information on expenditure, because of the variety of sources and the lack of monitoring and evaluation arrangements. Conclusions could therefore only be drawn on the basis of a qualitative analysis of costs and benefits.

The design of the Action Plan provided a comprehensive overarching policy framework but does not include targets, priorities and associated budgetary resources to facilitate strategic planning. This has hampered its effectiveness and efficiency. Meanwhile, human resource needs for management of FLEGT action, and VPAs in particular, have been underestimated due to the unforeseen complexity of the VPA processes and the long-term implementation challenges.

The Action Plan is a good example of policy coherence between EU and international policies and frameworks including sustainable development, environmental protection and climate change; however, it requires more active participation by EU Member States;

better planning, steering and coordination in the deployment of the various measures and support; and stronger monitoring and evaluation arrangements.

The results of the evaluation and related exercises such as the Review of the EUTR and the European Court of Auditors' Special Report on FLEGT support will feed into reflection on how to address the challenges and shortcomings identified and how to improve the overall performance of the Action Plan.

ANNEX I: PROCEDURAL INFORMATION

Lead DG: International Cooperation and Development (DEVCO)

Agenda planning number: 2016/DEVCO+/005

The Commission held informal consultations in 2013 in preparation for the evaluation of the FLEGT Action Plan, including during a multi-stakeholder session at FLEGT Week 2013. The evaluation and an initial concept for the evaluation were further discussed with relevant DGs and Member States at the EU FLEGT *ad hoc* meeting of 17 January 2014, after which a steering group was formed to oversee the entire evaluation process.

The steering group was composed of relevant Commission departments (DG DEVCO, DG ENV, DG GROW, and the Secretariat-General) and two representatives of EU Member States (Netherlands and United Kingdom). In parallel, the evaluation has been discussed regularly in meetings of the Commission Inter-Service Group on forests, and in meetings of the Council Working Party on Forests and of the FLEGT/EUTR experts group. The steering group held its first meeting on 28 May 2014. It discussed and validated the terms of reference and the Commission proposal to hire a team of independent experts to undertake the evaluation through the European Forestry Institute (EFI), which hosts the EU FLEGT facility. The EFI published a tender on 24 July 2014. The offers were evaluated by the steering group, and TEREА was selected as the winning tender.

The evaluation covered questions of relevance, efficiency, effectiveness, impact, sustainability, coherence and EU added value. It was conducted in four phases. In the inception phase, the methodology was further specified, most of the review of the literature on FLEGT was carried out and stakeholder consultations started. In the ‘desk’ phase, surveys of EU Member States and key partner countries were conducted, and an open public consultation, published on Commission’s website ‘Your Voice in Europe’, was launched. In the ‘field’ phase, partner countries were visited. In the synthesis phase, the draft report was prepared.

The team of independent experts submitted its preliminary findings to the steering committee on 21 September 2015. The report went through several revisions on the basis on inputs from the steering committee and comments from the Commission Inter-Service Group on Forests, the Council Working Party on Forests, and the FLEGT/EUTR experts group. The draft conclusions were then presented in several meetings of these bodies between September and December 2015. The steering committee approved the final report on 20 April 2016. The report and its annexes were published on the Commission website on 3 May 2016.

EVALUATION QUESTIONS

In line with the ‘Better Regulation’ Agenda and Guidelines, the FLEGT Action Plan was evaluated with particular attention to questions of effectiveness, efficiency, relevance, coherence and EU added value. It also considers the action plan’s sustainability.

Relevance

- What are the objectives and overall strategy of the FLEGT Action Plan and how were they set? To what specific problems did the AP respond and how were these problems identified? How were the objectives relevant to those issues and to stakeholder priorities, needs and interests in the EU Member States and in producer countries, in 2003 and nowadays?
- How were the seven action areas and related actions and policy instruments designed and to what extent were they necessary and sufficient for achieving the objectives of the FLEGT Action Plan? Were there any important omissions? Has the selection of partner countries been appropriate? In light of external developments since 2003 and current trends, is the design still appropriate today and likely to be appropriate in the future?

EU added value

To what extent does the EU action under the EU FLEGT Action Plan add value to what would have resulted from Member States' interventions in the same context?

Efficiency

- Have the elements of the FLEGT Action Plan been implemented in a balanced manner, reinforcing each other and producing the expected synergy? Have there been any gaps or shortcomings in the implementation and management of the FLEGT Action Plan, and how has this affected its overall effectiveness?
- To what extent have the various FLEGT actions, by the EC, by EU Member States and by partner countries been cost-effective and commensurate instruments for achieving FLEGT objectives?

Effectiveness

- To what extent have interventions and policy measures within the seven action areas led to the intended results (output and outcomes)? What mechanisms, actors and factors have influenced the levels of achievement, and how could the effectiveness of the action areas be increased?
- To what extent have the objectives of the FLEGT Action Plan been achieved or are they likely to be achieved? To what extent and how did actions under the FLEGT Action Plan contribute to these achievements and to what extent were those achievements the result of other instruments and trends? What actors, factors and mechanisms are affecting the impact of the FLEGT Action Plan? Which stakeholders have benefited and which have not?
- What other emergent, unexpected outcomes, impact and side effects, either positive or negative, have FLEGT actions (including the EU TR) brought about? Who benefited and who did not, and through which mechanisms?
- To what extent has the FLEGT Action Plan contributed to its higher objectives in partner countries? Through what pathways have these benefits been achieved, and how could the FLEGT Action Plan contribution to these objectives be enhanced? How could good practices from FLEGT inform work in other sectors?

Coherence

- How have coherence and complementarity for FLEGT been pursued, to what extent have FLEGT measures complemented, duplicated or contradicted other EC, MS and other donor policies, strategies and programmes, and how have interferences been handled?

Sustainability

- How likely are FLEGT mechanisms, systems and positive impacts to be sustained and over what time frame? To what extent do the issues addressed by FLEGT interventions continue to require action at the EU level, and what could be the consequences of stopping the EU interventions? What factors and conditions foster sustainability of FLEGT results? What are the linkages, spin-offs or synergies of FLEGT action with wider multilateral processes, such as UNFF, international initiatives such as the US Lacey Act or REDD+ processes?

ANNEX II: CONSULTATION SURVEYS

1. Introduction

A total of three surveys were drafted. Three were online surveys: the EU Member State (governments) surveys, the VPA Country Survey (government) and an open public consultation (for all stakeholders). One was paper-based: the Private Sector Survey. The online EU Member State Survey (English only) was launched on the EU Survey site (<https://ec.europa.eu/eusurvey/>) in April 2015, and Member States were also invited to contribute via emails to FLEGT focal points.

The surveys aimed to collect information on three topics:

1. Contributions to budgets, management and implementation of the FLEGT Action Plan;
2. Perceptions of the achievements of the FLEGT Action Plan;
3. Expectations for future FLEGT action.

As required by the evaluation's terms of reference, the EU survey was based on the questionnaire developed for the EU FLEGT Action Plan Progress Review of 2010, in order to permit comparison. The questionnaire (including an *excel* file for collecting information on budgets) covered the period 2003-2014. A total of 23 of the 28 Member States responded. 13 Member States returned the file with budget information.

Analyses were conducted on budgets and comparing the results of the current evaluation with those of the Progress Review of 2010. A report containing all results can be found in Volume 2, Annexes 4 and 5, of the independent evaluation.

In May 2015, the English version of the VPA Country Survey was launched on the EU Survey site, and in June, French and Spanish versions followed. The survey was designed to cover all VPA countries and to better understand:

1. the VPA country governments' budgets for FLEGT and their in-kind contributions, and the nature of stakeholder participation in Action Plan implementation, with special attention to the VPA process and the development of the timber legality assurance systems;
2. the VPA country governments' perceptions of achievements of the EU FLEGT Action Plan, with special attention to legality assurance systems, and to the actors and factors that influenced achievements;
3. the VPA country governments' expectations for future FLEGT action.

A total of 11 out of 15 countries responded to the survey: all six implementing countries returned the questionnaire, either via the EU Survey site or in a Word version. Five out of nine of the negotiating VPA countries also returned the questionnaire.

A Public Survey was drafted to reach those stakeholders who could not be reached through field visits and/or teleconferences, such as national NGO staff, academics and consultants. This survey focused on the same three issues as the Member State Survey

(see above). Versions were produced in English, French and Spanish, and all were posted on the evaluation website (www.flegt-evaluation.org). With the help of the European Forestry Institute, the Global Timber Forum and the World Resource Institute, the survey was publicised among a wide range of people, and all versions of it were accessible online for at least 12 weeks. A total of 87 people responded. Sixty per cent of the respondents were NGOs active at national or international level.

Lastly, a short Private Sector Survey was produced in view of the relative difficulty of canvassing private sector stakeholder opinion through other means. The survey was paper-based, and was presented to participants at the Global Timber Forum held in Shanghai, China, in June 2015, at a session provided to the evaluation team specifically for this purpose. In addition to the three issues covered in the other surveys, the survey focused on the impact of the EU Timber Regulation on the private sector and sought their views on the VPA process and FLEGT licences. A total of 14 private sector actors attended the forum session and completed the questionnaire.

2. Main conclusions of EU Member States survey

Responses and completeness

Of the 28 EU Member States, 23 returned a filled-in questionnaire and 13 returned the appendix with the table with activities and budgets. Financial data from the appendix is incomplete and should therefore be seen as indicative.

Part I — Involvement of Member States

Level of involvement: all Member States governments are of course involved in the Action Plan. However, there are great variations in active involvement of EU Member State governments, in terms of: (a) their participation in FLEGT governing bodies, (b) the numbers and types of action areas they are involved in, (c) the funds they invest in the Plan, and (d) their focus on legality versus sustainability. There seems to be a division between:

- responding EU countries that have sizeable imports of tropical timber (FR, IT, NL, UK, BE and DE) — and/or are involved in development cooperation (FI, DK) — and
- those that have limited imports of tropical timber — and/or are less or not active in development cooperation.

The countries from the latter category are less actively involved.

This picture raises the question whether the Action Plan is genuinely a fully fledged EU initiative or is for only some of the (mainly north-western) EU Member States.

Involvement of non-state actors (non-governmental and private actors): Six responding Member States reported involvement of non-state actors in the Action Plan in their country, while the other 17 did not. Valuable lessons can be learned from the six EU states that reported involvement of non-state actors. For example, their involvement is said to have benefited the implementation and enforcement of the EUTR through their campaigning and lobbying efforts.

Budgets: Detailed figures on EU and Member-State investments in FLEGT-related action areas and activities have been hard to obtain due to the difficulty of quantifying FLEGT-related actions in financial terms and, possibly, a lack of information on investment in FLEGT-related action areas and activities by Member States themselves. All figures mentioned in the Member State survey (which includes EU figures as well) should be seen as indicative. Between 2003 and 2014 the Member State survey data report an indicative amount of more than EUR 650 million spent on Action Area 1 ‘Support to producing countries’ (around 80 % of the total reported EU budget). One third of this amount was allocated specifically to Africa, one sixth to Asia.

Action areas where progress is limited: Involvement in Action Area 5 — Finance and Investment and Action Area 7 — Conflict Timber has been very limited.

Part II — Perceptions of achievements

Conclusions on action areas

Three action areas (1 — Support to producing countries, 2 — Trade in timber, and 3 — Use of public procurement policies) are mentioned by the majority of responding Member States as achieving results (by 19, 21 and 13 Member States respectively). The responding Member States pick out Action Area 2 — Trade in timber, in particular, as achieving results. Fewer Member States (eight) answered the question about action areas that are not achieving results. Those that answered this question indicate that Action Area 6 — Existing legislative instruments and Action Area 7 — Conflict timber are perceived as achieving fewer results.

Action Area 1 — Support to producing countries: The main achievements mentioned are the stakeholder engagement process (4 respondents); the start of a policy dialogue to improve forest governance (4); and the development of a timber legality assurance system (4). Two mentioned improved transparency. Non-achievements include ‘No TLAS/no FLEGT licences yet’.

Action Area 2 — Trade in timber: The main achievements mentioned refer to the EUTR, e.g. increased collaboration within the EU on implementation of the EUTR, and the fact that the EUTR is being implemented in almost all countries, which is in itself quite an achievement for a number of Member States. Others state that it is too early to assess results, that the EUTR still needs reinforcement, and that it has not yet had an impact on trade patterns.

Action Area 3 — Use of public procurement policies: Two Member States state that public procurement policies have created awareness and changes in the timber industry, both in producer and in consumer countries.

Action Area 4 — Private sector initiatives: Nine Member States indicate this as an area that produces results. Three see changes in certification practices within the industry and two see increased awareness and norms. One Member State sees improved collaboration between the private sector in consuming and producer countries. One Member State states that the private sector will not be really interested in embarking on private sector initiatives if there are no clear financial incentives.

Action Area 5 — Finance and investment: Six Member States say they see achievements in this area. They see a growing awareness to build in safeguards into investment, and see some financial institutions moving towards codes of governance and corporate social responsibility. One Member State claims that the FLEGT Action Plan is not the right instrument for work in this area.

Action Area 6 — Use of anti-money laundering and other existing legislative instruments: Only two Member States see achievements in this area, while five do not. Reference is made here to the inability to apply domestic jurisdiction to crimes committed abroad.

Action Area 7 — Conflict timber: Member States do not see any achievements in this area. Some Member States refer to the complexity of the issue, while others think it goes beyond their competence and should be dealt with by the UN or the EU.

Conclusions on implementation and coordination

Although the answers are not all consistent, they suggest that the majority of respondents are satisfied with the level of implementation and the results of the Action Plan. The same is partly true of management and coordination, although quite some recommendations for improvements have been made.

Actors and factors influencing implementation and achievements

General factors and actors: Factors and actors cited as negatively influencing the Action Plan included its complexity, the fact that FLEGT licences do not always comply with Member States' public procurement policies, and the low economic value of forests compared to the value of e.g. palm oil production.

Main positive factors and actors: These include the use of legally binding instruments (like the EUTR and FLEGT Regulations) to obtain long-lasting commitment; stakeholder engagement and pressure from NGOs; and the flexibility of the Action Plan.

Part III — Future of the FLEGT Action plan

Comparing current and future involvement by Member State, almost all Member States indicate they will either reduce or maintain the same level of involvement in the future.

All EU Member State respondents believe that the objectives and actions of the FLEGT Action Plan are still highly relevant. Many frame this in terms of contributing to improved forest governance to fight deforestation and to sustainable forest management, rather than just reducing illegal logging and/or trade. The responses also refer to ever-increasing pressure on forests since 2003 and particularly to new threats such as the conversion of forests to agriculture and the emergence of new markets like China and India. A question raised by one Member States is whether these require a separate new action plan or can be accommodated by the existing FLEGT Action Plan.

Respondents' recommendations for the future

The number one signal given by respondents (10) is that the focus should be on finishing ongoing actions first and on keeping areas which are perceived as most effective: ensure full implementation of the EUTR (5); make sure the first FLEGT licences enter the market (5); and continue with the initial objective of FLEGT — Forest Governance (2). Two Member States explicitly state that no major revisions are needed at all.

Supply-side measures: Recommendations for supply-side measures are very diverse and individual measures are in general not mentioned by more than one Member State, except for ‘more focus on sustainable forest management’ (2).

Demand-side measures: Besides the need for better implementation of the EUTR and various issues mentioned only once, three Member States suggest developing collaboration between competent authorities, the Commission and other stakeholders.

To gain relevance, three Member States suggest linking FLEGT to agricultural deforestation / conversion / ecological footprint tools, and other drivers of deforestation like wood energy / charcoal. Five Member States suggest using FLEGT as a tool for other policy areas like REDD+, biodiversity and climate change.

To operate more effectively, two Member States suggest better allying with other consumer countries like Japan, China, Korea, the USA and Australia, besides one-time suggestions such as ‘make FLEGT an integral part of all EU actions focusing on international forest policies’ and ‘get overviews of actions carried out to ensure better coordination of activities’.

To operate more efficiently and to make better use of resources, one Member State states that ‘FLEGT has been implemented very efficiently already, though further improvements could be made: at present the model relies heavily on coordinating bilateral programmes, which are resource-intensive and result in piecemeal coverage’. Another suggestion made is to develop a multi-donor trust fund in order to reduce costs and pool resources (as the United Kingdom currently does with France, the EU and Norway), and to encourage multilateral initiatives especially with development banks to support (developing) partner countries.

3. Main conclusions of VPA countries’ survey

Responses and completeness

Eleven VPA countries returned the questionnaire: all six implementing VPA countries (Ghana, Indonesia, Liberia, Cameroon, the Central African Republic and the Republic of the Congo) and five of the nine negotiating VPA countries (Cote d’Ivoire, Honduras, Malaysia, Vietnam and Thailand). With one exception, all questionnaires were answered quite fully.

Conclusion on involvement

The VPA processes in the countries are led by forest departments, sometimes in combination with other departments. In most countries a broader range of other government departments are involved as well. Non-state actors are involved in all VPA countries, and where joint implementation committees have been set up they include representatives of both the private sector and civil society. The main reasons given for engaging in a VPA process include ‘to improve access to the EU market (10

respondents)’, ‘to improve forest governance (9)’, ‘to combat illegal logging and trade (8)’ and ‘for the sustainable management of the national forest resources (8)’.

Conclusions on activities and budgets

The budgets reported (received by both the Member States and/or the EU) do not match figures available to the evaluators. This suggests that VPA countries may not know in full and/or do not wish to report what support they receive. The same is true for their own investment in VPA-related activities.

Besides embarking on a VPA, countries report taking other measures to combat illegal logging and trade, including reforming the domestic market (8 respondents), national public procurement policies (6), support to private sector initiatives (5), measures to deal with conflict timber (4,) certification (3), and the revision of policies and legislation (4).

Although inclusion of the domestic market is covered in most VPAs, this is not evident for all VPA countries (e.g. Vietnam). The implementing VPA countries that did include the domestic market note the complexity of doing so: in many countries, domestic and export markets are heavily intertwined.

Conclusions on achievements and challenges

General: The involvement of stakeholders in the VPA process is seen as one of the main achievements by all responding VPA countries. The challenges mentioned are very diverse. TLAS development is mentioned as both an achievement and a challenge. Other achievements mentioned include improved forest governance. Economic achievements such as increased revenues, livelihood and poverty reduction and economic development are hardly mentioned.

EUTR: For most countries, the impact of the EUTR is perceived as fairly low. One country states that the EUTR drastically reduced the number of exporters, while others imply that suppliers are still trying to understand what is really needed in terms of evidence. The list of documents types cited as serving as evidence for the EUTR is long and diverse, suggesting that there is still confusion about what is needed to comply with the rules. Nevertheless, respondents say that evidence is hardly ever verified.

Timber legality assurance systems: The development of these systems is mentioned as both an achievement and as challenging by countries. One of the main challenges referred to is complexity, especially the complexity of the traceability system. As one respondent writes: ‘The TLAS demanded by the EU is too stringent’. Most countries face long delays and do not provide any deadline for issuing FLEGT licences.

Conclusions of future actions

FLEGT objectives are considered relevant, not only since illegal production and trade persist and FLEGT strengthens national efforts in this regard, but also in view of the role of forests in fighting climate change. But VPA partners feel that actions and approaches to achieve FLEGT objectives should be reviewed in order to better match FLEGT ambitions with realities on the ground. This seems to point to FLEGT communication challenges as well.

There is a perceived need for greater recognition that VPA implementation requires conditions such as strong institutions, human and financial resources, and capacity to implement and enforce the relevant laws and legislation included in the TLAS ‘... which are lacking in most tropical countries’. Respondents also stress that actions should not be standardised, but tailored to the specific economic and social needs, conditions and legislation of each country; particular reference is made to wood tracking systems. As one respondent phrases it: ‘We need to strike a balance between ambitions and realities on the ground. Implementation by phases is one way forward.’

4. Main conclusions of the open public consultation

Responses and completeness

A total of 84 respondents completed the 10-question online questionnaire for the open public consultation. Of these, 59 used the English questionnaire, 25 the French questionnaire and none the Spanish questionnaire. Around 60 % of the respondents were NGO/CSO staff, 6 % government staff, 2 % private sector, 13 % consultants and more than 15 % ‘others’.

General conclusion

There was a higher response from NGO/INGO staff and English-speaking actors. It seems the NGOs have a stronger connection to the EU FLEGT Action Plan, and were possibly better informed and more willing to respond than the private sector, universities and government staff.

Conclusion on overall opinion of the EU FLEGT Action Plan

The EU FLEGT Action Plan is still valued and supported by the respondents: 46 % of respondents rate the Action Plan as very good/good, while 21 % rate it as poor/very poor. Another 33 % rate the Plan as satisfactory. Characteristics that are rated best include ‘relevance’, ‘design’ and ‘impact on forest governance’.

Conclusion on understanding and awareness of the EU FLEGT Action Plan

From the answers, one can conclude that there is confusion about the Action Plan, and specifically the difference between the VPA, the Action Plan, FLEGT licences and the EUTR. There is also a considerable difference in the level of awareness of the Action Plan between French- and English-speaking actors, and between actors with and without an academic background. This has prompted the recommendation to better target communication on the Action Plan.

Conclusion on achievements

Main achievements of the Action Plan mentioned are ‘Improved stakeholder involvement’ (almost 30 % of the responses), followed by ‘improved forest governance’ (> 10 %), and awareness and capacity building (> 10 %). However there are also concerns about sustained progress towards forest governance: around 20 % of the responses indicate that the lack of political will and effective implementation of the legal framework are still major challenges. So although the Action Plan appears to create considerable leverage for improving forest governance, some persistent challenges are still there.

Conclusion on challenges

The main challenges mentioned are ‘effective implementation of the VPA’ (12 % of responses), the ‘lack of political will and corruption’ (> 10 % of the responses) and ‘Changing markets’ (trade flow towards China) (8 % of the responses). The complexity and length of the VPA process to obtain FLEGT licences is cited as affecting the credibility of the Action Plan.

Conclusion on future actions

The three most cited future actions are ‘starting to address deforestation and sustainability — rather than only legality’ (58 %), ‘increased linkage with other processes and initiatives such as REDD’ (56 %), and ‘simplification of the processes’. It is also noteworthy that international NGOs recommend a stronger focus on demand-side measures (than non-NGO respondents do), while national NGOs want FLEGT to better link with other processes and want the VPA process simplified.

5. Main conclusions of the traders’ survey

Responses

In total, 14 respondents took part in the traders survey. The questionnaire was part of the FLEGT Action Plan evaluation session organised by the consultant during the Global Timber Forum, Shanghai, 9-11 June 2015.

Observation

Since participation was voluntary, the number of respondents is small. Therefore the conclusions may not be strongly substantiated.

Conclusions on attitude and practices towards illegal logging and trade

All respondents see illegal logging and trade as an important problem. The main reasons mentioned are that ‘it causes deforestation and damages the environment’ (7), and ‘it distorts the level playing field at the timber market’ (5).

The majority of respondents currently verify the legality of their products (5 always, 6 regularly), although their customers do not always ask for legality (2 always, 5 regularly and 5 sometimes).

Measures taken to avoid illegal timber include ‘using certification’ and ‘timber legality verification systems’ (9 respondents), ‘buying certain wood species (3)’, ‘using a due diligence system (3)’.

Conclusions on involvement

There is a high level of awareness of FLEGT among the respondents (nine out of 14 respondents), and the vast majority is involved in the Action Plan. None of the respondents revealed any of their budgets for these activities. The main reasons for their involvement in the EU FLEGT Action Plan are ‘to improve access to the EU market’ (9), and ‘to combat illegal logging and trade’ (9). Again, ‘sustainable management of national forest resources’ is also rated highly (7).

Conclusions on changes, achievements and challenges

Seven respondents indicate that their supply chain has changed due to the EUTR. Changes mentioned are that operators ask for proof (of legality) nowadays (4) and/or ask for certified products (3).

By far the main achievement of the Action Plan mentioned by the respondents (8 times) is increased awareness in the private sector (among operators, importers, suppliers and producers) of the issue of illegal timber. Other major achievements mentioned are 'increased efforts to comply with regulations', and 'the creation of a level playing field'.

The main challenges mentioned are uneven implementation and enforcement of the EUTR (3); the length and complexity of the VPA process/too challenging (6), and traceability along the chain (3).

Conclusions on future actions

The results indicate that the majority of respondents think the FLEGT Action Plan is still relevant. They appreciate the fact that illegal logging is on the international political agenda and that efforts are made to consult all relevant stakeholders. The two main recommendations to improve the relevance and effectiveness of the Action Plan are: (1) ensuring even implementation and enforcement of the EUTR, and (2) simplifying the requirements for EUTR and VPA/FLEGT licences, partly by fast-tracking VPAs. Other recommendations are: (3) strengthening of the role of the private sector in FLEGT and (4) providing support to SMEs. Other remarks made are that private sector capacity to comply with requirements needs to be built; that support to producer countries is very helpful (something that is missing in the USA Lacey Act); and that, even without FLEGT licences, 'a lot has been gained in terms of private sector awareness'.