



REDD from a FLEGT VPA perspective

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EC REDD position

- EU climate change ambition: limiting climate change to 2C above pre-industrial levels
- Reduce emissions from deforestation and forest degradation i.e.
 - Halting global forest cover loss by 2030
 - Halving tropical deforestation by 2020



EU FLEGT Action Plan

Frames EC tropical forest work – coordinates supply and demand side measures for timber:

- *Voluntary Partnership Agreements* supported by
- EU legislation to exclude illegal timber from the EU market

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- Development cooperation
 - Generating demand through public procurement policies
 - Promoting certification and labelling
 - Support private sector initiatives
 - CITES/UNFF/ITTO



VPA's agreements

- Increase trade in guaranteed legal timber between FLEGT countries and the EU
- Set up control and licensing systems to provide a Government-backed guarantee of legality
- Provide financial, technical and institutional support to improve forest governance
- Generate demand on the EU market/create market incentives (Due Diligence Regulation & public procurement)

The VPA components

1. Definition of legality – the standard (stakeholder engagement)
2. Verification – checks that FMU operations meet the standard
3. Chain of custody – tracking products from FMU to export
4. Licensing – official evidence that each export shipment is legal
5. Independent monitoring – to maintain system credibility
6. Market monitoring – effects of FLEGT on the EU market
7. Management structure

■ Different partner countries => different approaches: TLAS can be met in many ways as long as assurance of legality is given

- building on systems existing in partner countries, providing acceptable uniformity between systems, enabling consistent evaluation of different systems
- based on Principles & Criteria



EU legislation supporting FLEGT licensed timber

- **Objective:** to minimise the risk of illegally harvested timber being sold on the EU market by requiring ‘due diligence’ from ‘operators’.
- **‘Operator’:** **any** legal or natural person supplying the EU market with timber products
- **‘Due diligence’** a set of procedures aimed at avoiding trading in illegally harvested timber



EU legislation

Due Diligence regulation

- **Product scope:** all timber and timber products, be it imported or domestically produced

- **Point of control:** first placing on the EU market
 - Importers for imported products
 - Primary producers for domestically produced timber

- **Legality:** defined on the basis of the legislation of the country of harvest
 - FLEGT licensed timber presumed legal/green lane EU market



Due diligence system

- **Obligation on operators:** Use a due diligence system which will sufficiently guarantee legality;

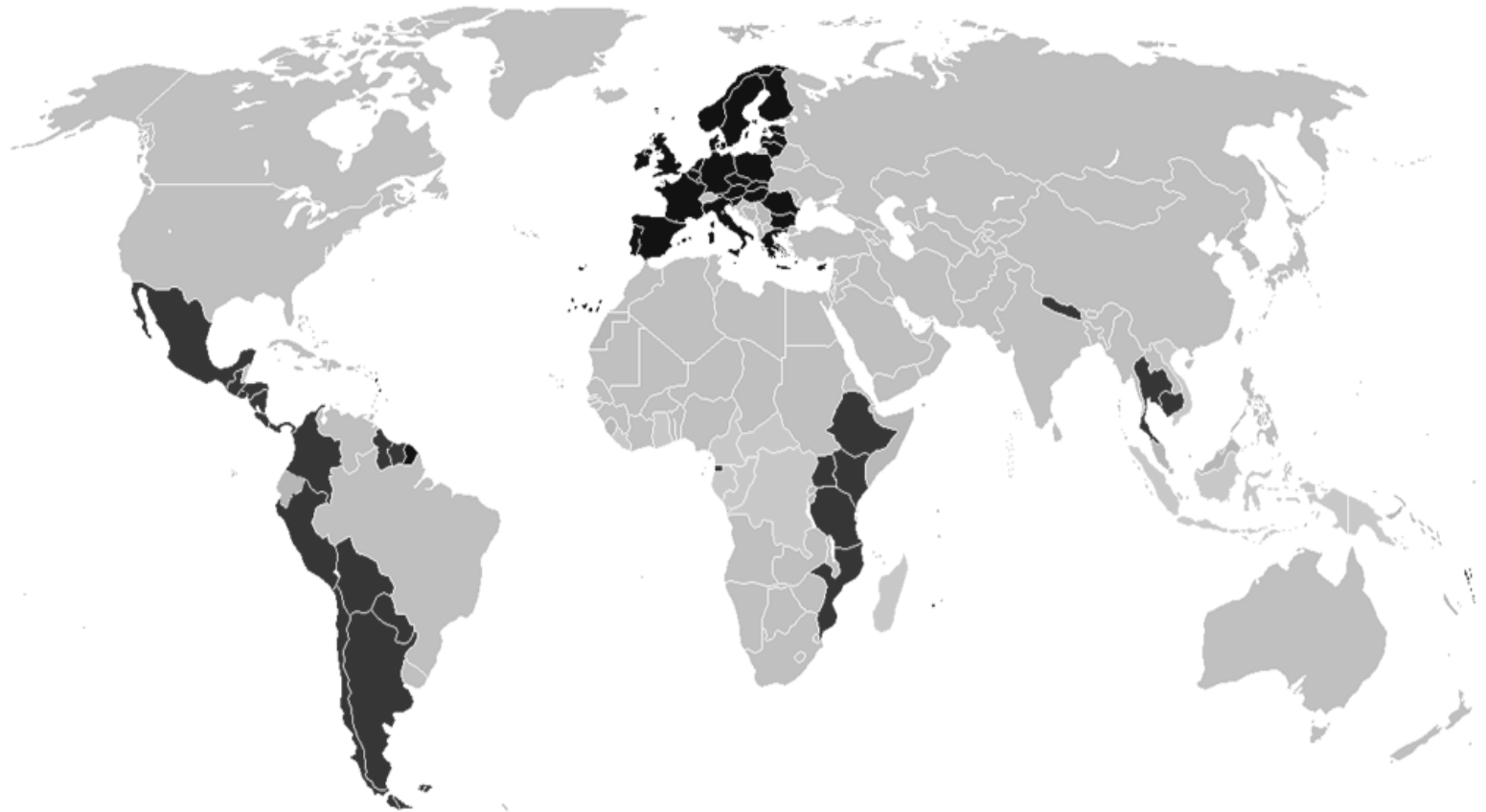
- **Elements of the due diligence system:**
 - Product information: description, country of harvest, volume or weight, supplier & legal compliance
 - Risk management: high risk = stricter controls
 - Auditing of the effectiveness of the system

- Operators can either set up their own systems or make use of the system of a monitoring organisation

Asian countries in REDD & FLEGT

- **Cambodia, Laos, Vietnam, Thailand:** candidate REDD countries in the World Bank Forest Carbon Partnership Facility (WB FCPF)
- **Vietnam:** pilot country of UN REDD
- all established a Climate Change Committee and REDD Unit within FA; all are implementing pilot REDD-related projects
- **Vietnam & Laos** signed a MoU for cooperation to combat illegal logging and illegal transboundary trade of timber
- a Lower Mekong regional approach to REDD is under development
- **Malaysia & Indonesia** negotiating a VPA
- **Vietnam** exploring FLEGT cooperation
- **China** and EU FLEGT bilateral mechanism

FLEGT & REDD



REDD countries
(in WB FCPF)

Both FLEGT (at different stages) and REDD

Only FLEGT

FLEGT and REDD – practical overlap 1

VPAs do not explicitly aim to reduce deforestation – however implementing a VPA can support governments that wish to do so, in a number of practical ways.

VPA DEFINING LEGALITY / NATIONAL STAKEHOLDER PROCESSES

- Requires identification of forest-relevant stakeholders, development of trust over time
- Requires clarification of forest law, identification of perverse incentives
- Requires clarification of land tenure and ownership of trees

= All would support the development of an effective and legitimate national REDD/Land Use strategy

FLEGT and REDD - practical overlap 2

VPA LEGALITY ASSURANCE SYSTEM

- Requires concession inventories

= would support development of REDD baseline

- Requires institutions able to conduct and internal audit as well as third party independent system 'monitor'
- Requires reconciliation/timber flow balance

= would support verification/ground truthing under a performance based payment mechanism (fund or market)

- Makes clear the standard for forest management across the country

= would support a mechanism which provided an income stream for carbon neutral management / SFM (assuming legal code meets SFM standards)



VPA in Action the Malaysia case

- **EU market** covers ca 15% of Malaysian timber export

- **Malaysia** the first to volunteer
 - nearly concluded negotiations
 - aiming to be the first country to provide FLEGT licensed timber to the market (first mover)

- **Why volunteer?**
 - Reputation
 - existing ambition
 - phased approach towards sustainability standards
 - easy.



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VPA in Action the Malaysia case

■ The process

- Consultations since 2005; negotiations started in Jan 2007
- Senior Official & Technical Working Group Meetings (in situ & VC)
- 4 areas of work
 1. Timber Legality Assurance System (TLAS)
 2. Agreement Text (the VPA)
 3. Capacity building assessment and financial arrangements
 4. Market incentives



VPA in Action the Malaysia case

- **TLAS review**

Identified TLAS gaps (60+)

Agreeing and categorizing gaps

- **Outstanding challenges**

- Malaysia = 3 different autonomous states when it comes to FLEGT
- Peninsular Malaysia (large market share EU), Sarawak (no market share EU), Sabah (in between)

The FLEGT VPA experience: provides an established system to ensure good enough governance to tackle illegal logging and related trade with market incentives as its main driver.



Thank you!

More FLEGT info on:

**[http://ec.europa.eu/environment/forests/
illegal_logging.htm](http://ec.europa.eu/environment/forests/illegal_logging.htm)**