

WORK PLAN 2018-2022 FOR THE IMPLEMENTATION OF THE FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE ACTION PLAN¹

SEPTEMBER 2018

1. INTRODUCTION AND BACKGROUND

The EU Action Plan on Forest Law Enforcement Governance and Trade (FLEGT AP)², adopted in 2003, sets out a process and a package of measures to address the problem of illegal logging and related trade. By reinforcing sectoral governance and law enforcement, the Action Plan also helps to meet the EU's wider objective to encourage sustainable forest management, thereby contributing to addressing deforestation and forest degradation, as well as promoting sustainable development³. The FLEGT AP thus contributes to achieving EU international commitments, notably the 2030 Agenda for sustainable development (particularly Sustainable Development Goal 15, Target 15.2), the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity Aichi targets, and the United Nations Strategic Plan for Forests 2017-2030. The FLEGT AP also contributes directly to the implementation of the new European Consensus on Development⁴, which emphasises the need to tackle illegal logging and its associated trade, support improvements in governance relating to sustainable forest management and halt, prevent and reverse deforestation. The FLEGT AP is an important component of the international dimension of the EU Forest Strategy⁵.

In 2016, the Commission carried out an evaluation of the FLEGT AP⁶, which confirmed *“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”*. It nevertheless acknowledged *“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 evaluation also noted that *“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*

¹ This work plan has been developed in the context of the Commission Ad Hoc Expert Group for Forest Law Enforcement, Governance and Trade. It was agreed between the Member States' Competent Authorities and the European Commission Services on 18 September 2018.

² 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

³ "The FLEGT Action Plan represents a contribution to the implementation of the World Summit on Sustainable Development (WSSD) Plan of Implementation, specifically paragraph 45c." "Better forest governance is therefore an important step on the path to sustainable development".

⁴ The new European Consensus on Development "Our World, Our Dignity, Our Future", Joint Statement by the Council and the representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission.

(https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf.)

⁵ COM(2013)659 final

⁶ SWD(2016)275

planning. This has hampered its effectiveness and efficiency". In parallel, the Commission carried out a review of the functioning and effectiveness of the EU Timber Regulation (EUTR)⁷ after its first two years of application and submitted in February 2016 a report to the European Parliament and the Council⁸.

In 2015, the European Court of Auditors carried out a performance audit, focusing on EU support to timber-producing countries. It acknowledged that the FLEGT AP remains the most powerful EU tool to support a political dialogue on forests, particularly in developing countries. The audit emphasised some of the same challenges⁹ and recommended the establishment of a work plan with objectives, priorities, deadlines and a specific budget that takes into account the capacities and limitations of countries.

In its conclusions of 28 June 2016 on Forest Law Enforcement, Governance and Trade¹⁰, the Council stressed that *"prioritisation of activities, especially regarding the VPAs, is urgently needed"* and invited the Commission, in close cooperation with the Member States, to *"develop a detailed and coordinated work plan that reprioritises current areas of activities, gives clarity on objectives, establishes milestones to track progress, and facilitates monitoring, while avoiding duplications of efforts. The work plan should describe the roles and commitments of the Commission, EU delegations, and Member States, and leave some room for flexibility.* The European Parliament called on the Commission to *"streamline and better coordinate its efforts to fight illegal logging"*¹¹.

This Work Plan 2018-2022 for the implementation of the FLEGT Action Plan (FLEGT implementation Work Plan 2018-2022) has been developed in close cooperation with EU Member States and taking into account the comments provided by the EUTR/FLEGT expert group, and the FLEGT Ad-hoc Expert Group. An earlier version of this FLEGT implementation Work Plan 2018-2022 has been presented and discussed with external stakeholders, including partner country governments, civil society and private-sector representatives during the conference on *"Tackling the challenges of deforestation and illegal logging: progress and opportunities for action"*, held in Brussels on 21-23 June 2017.

The actions presented do not constitute new policy commitments and fall within the remit and stated objectives of the FLEGT AP. Therefore, the FLEGT implementation Work Plan 2018-2022 is not intended to set out new objectives or targets.

2. OBJECTIVES AND STRUCTURE OF THE WORK PLAN

The Work Plan 2018-2022 for the implementation of the FLEGT AP sets out how the Commission services and the Member States intend to respond to the main findings and recommendations emerging from the aforementioned evaluations, audit EP resolution and conclusions adopted by the Council. It will also contribute to implementing the new political commitments as set in the UN 2030 Agenda for Sustainable Development, the

7 Regulation (EU) 995/2010 laying down the obligations of operators who place timber and timber products on the market.

8 COM(2016) 74 final

9 European Court of Auditors, Special Report No 13/2015 on EU support to timber-producing countries under the FLEGT action plan.

¹⁰ Council Conclusions of 28 June 2016 on Forest Law Enforcement, Governance and Trade (10721/2016).

¹¹ European Parliament resolution on the court of auditors special reports in the context of the 2014 Commission discharge, Part XVII (P8_TA(2016)0148)

Paris Agreement and the new European consensus on Development. It will shape the implementation of the FLEGT AP for the period 2018-2022.

The FLEGT implementation Work Plan 2018-2022 has been developed as a contribution to reaching the overall objectives set out in the FLEGT Action Plan, *“a process which places particular emphasis on [forest related] governance reforms and capacity building [to address illegal logging and related trade in timber producing countries], supported by actions aimed at developing multilateral cooperation, and complementary demand-side measures designed to reduce the consumption of illegally harvested timber in the EU (and ultimately major consumer markets elsewhere)”*.

To this end, following the structure of the FLEGT AP, the FLEGT implementation Work Plan 2018-2022 identifies for each action area¹² specific priority activities, milestones and timelines as well as implementation responsibilities. It pays also, in a specific section, particular attention to horizontal issues like monitoring and accountability, financing the FLEGT AP implementation and communication.

The FLEGT implementation Work Plan 2018-2022 is expected to support strategic planning and enhance coordination among the Commission and Member States. To that end, a table (operational tool) detailing targets and activities will be developed and updated by the Commission and Member States during the course of the implementation of the action plan. It will also serve as a basis for enhanced progress monitoring and reporting on the implementation of the Action Plan, as well as improved communication on the full spectrum of actions carried out under the FLEGT AP.

Successful implementation of the FLEGT implementation Work Plan 2018-2022 will continue to require broad political and financial support across EU institutions and Member States.

3. ACTIVITIES BY ACTION AREA

The following sections present the activities envisaged under each action area of the FLEGT AP and the methodology that will be used to frame implementation and improve strategic planning. Activities across the various action areas are interlinked and mutually supportive.

3.1. Support to timber-producing countries

Support to timber-producing countries to improve forest governance and law enforcement, particularly developing countries wishing to address illegal logging and related trade, has been the engine for the implementation of the FLEGT AP. With the aim of maximising impact, such support will focus on a limited number of countries particularly in the light of prioritisation criteria such as:

- Political commitment by the country to invest in forest governance improvement, including addressing corruption, as demonstrated by effective engagement in a FLEGT Voluntary Partnership Agreement (VPA) process with the EU or other national forest governance process;

¹² The seven action areas are: a) support to timber-producing countries; b) trade in timber; c) public procurement; d) private sector initiatives; e) safeguards for financing and investment; f) use of existing legislative instruments; and g) conflict timber.

- Importance of forests, either in terms of significance from an environmental perspective and in terms of contribution to the national economy;
- Rate of deforestation and forest degradation;
- Levels of global trade in timber and specifically exports to the EU, importance of timber production/processing and importance of the domestic market;
- Magnitude of timber trafficking across borders and regional dimension;
- Interest of public and private stakeholders for multi-stakeholder approach to improving national forest governance and law enforcement

This support will continue to be provided on the main building blocks contributing to better forest governance and legal timber trade, mainly: i) promoting stakeholder participation in forest policy design and implementation to promote equitable and just solutions, ii) promoting transparency of information and decision making in the forest-based sector, iii) strengthening traceability and verification systems for timber legality, iv) building capacity of government and stakeholders to implement governance reforms and v) facilitating policy and legislative reforms to improve clarity, coherence, inclusiveness and adequacy of the regulatory framework.

Better synergies between support to timber-producing countries and EUTR implementation will also be sought, with a view to contribute to increase availability of information on the applicable legislation and help the forest-based sector in timber-producing countries to demonstrate compliance with applicable national legislation to meet the due diligence requirements under the EU Timber Regulation (EUTR) and other demand-side legislation in other countries (for example the Lacey Act in the USA). while stressing that only timber covered by a FLEGT licence or CITES permit automatically complies with the EUTR.

The diversity of political and economic contexts, of institutional capacities and of national objectives under which the forest-based sector operates in various countries will continue to require a broad range of approaches to encourage and support timber-producing countries to enhance forest law enforcement and governance and legal timber supply chains. The support will thus be adapted to the capacities of the country and aligned with country objectives as framed notably by Nationally Determined Contributions (NDC) commitments¹³ under the Paris Agreement, REDD+¹⁴ strategies and National Forest policies programmes or strategies. Synergies will be also ensured with the EU policies on human rights and the new EU Gender Action Plan 2016-2020

¹³ Nationally Determined Contributions (NDCs) embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement (Article 4, paragraph 2) requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.

¹⁴ REDD+ stands for countries' efforts to "reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks". The REDD+ framework was developed under the UN Framework Convention on Climate Change (UNFCCC).

(GAP II)15

Support will be framed in a Theory of Change¹⁶ developed jointly by the concerned country and the EU and Member States. This framework will structure the policy dialogue and guide the support by the EU and its Member States towards achieving FLEGT objectives by specifying the support's intervention logic together with indicators and milestones to monitor progress.

This type of support will continue to be provided to timber-producing countries already engaged in FLEGT Voluntary Partnership Agreement processes as outlined in Section 2.1 below. Although EU and Member States support to other timber-producing countries not currently engaged in a VPA can ultimately pave the way to a VPA, it does not necessarily lead to a VPA negotiation. The EU and its Member States will continue to work to integrate support for FLEGT issues into their development cooperation programming, and in national development plans/strategies of concerned timber-producing countries.

3.2. Trade in timber

3.2.1. Implementation of the FLEGT Licensing scheme and Voluntary Partnership Agreements (VPAs)

As summarised in the 2016 Commission Staff Working Document on the evaluation of the FLEGT AP, *"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"*¹⁷.

Nevertheless, the implementation of FLEGT Voluntary Partnership Agreement (VPAs) and of the related FLEGT licensing scheme, as established under the FLEGT Regulation¹⁸, remain a key target. This, especially for those timber-producing countries that intend to facilitate timber trade flow to the EU, and demonstrate the political commitment and capacity to establish a national system for voluntary licensing.

To address some of the challenges identified in the evaluation, the Commission services will continue to consider, in close cooperation with Member States and the respective partner countries, ways to achieve the objectives of the VPA. Enhanced mechanisms will be put in place together with the partner country to review progress on negotiating or implementing VPA agreements on a regular basis and develop suitable strategies if progress is considered insufficient as described in the following sections.

3.2.1.1. VPAs in FLEGT-licencing countries

As regards VPA processes that have reached the licensing stage, the focus will be on the

15 SWD(2015) 182 final "Joint Staff Working Document - Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020".

16 A Theory of Change (ToC) is a specific type of methodology for planning, participation, and evaluation of actions to promote social change. Theory of Change defines long-term goals and then maps backward to identify necessary preconditions.

¹⁷ SWD(2016)275 - Staff working document on the evaluation of the FLEGT AP - page 17

18 Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community

one hand on ensuring the effective implementation of the FLEGT licensing scheme, both in partner countries and in the EU and on monitoring the implementation of the VPA in the partner countries, including as regards the integrity of the TLAS (e.g. annual independent audits and independent forest monitoring, transparency and follow-up to complaints), and on the other hand on assessing the impact of the VPA on trade, law enforcement, and governance. This work will remain embedded in a strong multi-stakeholder policy dialogue with the partner countries as regards overall forest governance. Joint action plans will be agreed to address any areas for improvement identified by the Parties.

As regards the implementation of the FLEGT licensing scheme, much effort is already ongoing to jointly address with Indonesia the challenges of operating a novel scheme. Lessons learned from Indonesia will be documented for the benefit of other partner countries.

The Commission and the Member States, who are ultimately responsible for the enforcement of the FLEGT Regulation, will continue to cooperate to ensure an effective and uniform implementation of the regulation as well as dissemination of information and awareness-raising on the functioning and benefits of the FLEGT licensing scheme among market operators. The Commission may also consider reviewing the guidance notice on "Customs and FLEGT implementation guidelines"¹⁹ based on the experience gained with the operation of the FLEGT licensing scheme.

3.2.1.2. VPAs in the process of implementation

This corresponds to those partner countries that have concluded a VPA and are working on its implementation without having yet reached the stage of licensing²⁰. Among such partner countries, progress varies from close to licensing²¹ to limited progress with respect to the different VPA components. For this last category, the EU, jointly with the partner country will undertake a stock taking exercise. The focus will be on documenting challenges and assessing the feasibility of reaching the VPA objectives, both in terms of trade and forest governance, and expected timeframe. This review will be carried out jointly by the EU and the partner country.

If the outcomes of this exercise point towards renewed commitment and prospects, a revised multi-year VPA implementation roadmap²², supported by reinforced monitoring mechanisms, may be established. This roadmap will identify targets, priorities, expected timeframe and associated budgetary resources and serve as a reference document for any technical and financial support and as a monitoring tool for the VPA implementation.

If the above-mentioned assessment leads to the joint conclusion that the VPA, with its core components of TLAS and FLEGT licensing system, does not provide the most effective means of reforming the sector to ensure legal compliance and greater accountability, the EU will reassess with the concerned partner country a way forward to promote FLEGT objectives in the country.

¹⁹ Commission Notice 2014/C 389/02, Customs and FLEGT Implementation Guidelines — Public Summary".

²⁰ As of December 2017, Cameroon, the Central African Republic, Ghana, Liberia, and the Republic of Congo.

²¹ As of December 2017, Ghana.

²² It should be noted that in different countries different terms might be used to designate such a roadmap, e.g. "Forward Planner", "Joint Implementation Framework", "implementation strategy".

3.2.1.3. VPAs in the process of negotiation

This corresponds to those partner countries that are at different levels of negotiating a VPA with the EU²³.

If the negotiation process has stalled or has been less active, the Commission will undertake, jointly with the partner country, a stocktaking exercise and assess the level of political commitment by the country to and feasibility of concluding VPA negotiations, as well as a realistic timeframe for its future implementation.

If the outcomes of this exercise point towards renewed commitment and prospects, a renewed negotiation roadmap may be established. If the assessment leads to the joint conclusion that the VPA, with its core components of TLAS and FLEGT licensing system, may not be the most appropriate mechanism in the near future, the Commission will consider, with the concerned partner country an alternative way forward to promote FLEGT objectives in the country.

Partner countries in the latest stage of negotiations, e.g. the agreement has been initialled but it is still undergoing the ratification process²⁴, will also be supported to start developing a multi-year VPA implementation roadmap, based on the Theory of Change and the specific requirements of the envisaged VPA. This roadmap will identify targets, priorities and associated budgetary resources and serve as a reference document for any technical and financial support and as a monitoring tool for the VPA implementation.

For countries in early stages of the negotiations, the Commission services will pursue, in cooperation with the respective partner countries, a systematic and structured assessment to establish a baseline for monitoring and evaluation of the VPA impact, to address information gaps and provide for appropriate prioritisation and efficient use of resources, and to ensure synergies with national objectives and processes.

3.2.1.4. Opening of new VPA negotiations

In the case of new timber-producing countries requesting the EU to launch negotiation for a FLEGT VPA, the Commission will engage in a dialogue with the requesting countries with a view to jointly assess in an open and transparent manner need and prospects for a successful VPA negotiation. This assessment should cover multi-stakeholder dynamics, the feasibility of the timber legality assurance systems, the expected benefits, costs and timeframe and any needs for preparatory work to be carried out prior to launching negotiations. In addition to the criteria listed under section 1 above, the EU should also consider additional factors such as the situation with rule of law in the country, or the level of institutional capacity to assess their consistency with the ambition of the demanding requirements of VPA implementation.

3.2.2. *Implementation of EU Timber Regulation (EUTR)*

The EUTR, which entered into force in March 2013, is another cornerstone of the FLEGT AP and plays a crucial role in ensuring that only timber products harvested in accordance with the applicable legislation in the country of harvest are placed on the EU

²³ As of December 2017: Cote d'Ivoire, Democratic Republic of Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand and Vietnam.

²⁴ As of December 2017, this includes Vietnam.

market. Its effective implementation plays an important role in reducing demand for illegal timber in the EU, both as regards timber illegally harvested in the EU and illegal timber imported from third countries. The EUTR also plays a central role for recognising the efforts made by timber-producing countries to combat illegal logging and related trade, particularly through the implementation of FLEGT VPAs and specifically for countries reaching the advanced stage of issuing FLEGT licences. The Commission, in cooperation with Member States, which are ultimately responsible for the enforcement of the regulation, will continue working towards an effective and uniform EUTR implementation across the EU. As concluded in the 2016 Commission report on the review of the functioning and effectiveness of the EU Timber Regulation²⁵, additional efforts and adequate resources are needed from Member States to step up implementation and achieve an effective and uniform application and enforcement of the EUTR throughout the EU.

To this end, the Commission will continue to take action with a view to ensuring that the EUTR is fully implemented by Member States both as regards domestically harvested timber and timber imported from third countries, through a number of measures to promote compliance: regular meetings of EUTR Competent Authorities and direct contacts on a daily basis; information sharing through the EUTR-FLEGT communication platform; further development of guidance documents; promoting cooperation with third countries, particularly other major consumer and processing countries as outlined in section 2.3 below; seeking synergies with the EU support to timber-producing countries so that these processes contribute to higher levels of compliance with the EUTR and higher quality of enforcement; encouraging sharing of experience and best practice between Member States, including through the new EIR P2P/TAIEX²⁶ project; and enforcement action through infringement procedures as and when needed. An impact assessment concerning possible changes to the current EUTR product scope is currently ongoing, following the conclusions of the 2016 EUTR review²⁷.

In addition, the Commission is carrying out a range of activities to support implementation of the EUTR, including as a follow-up to the 2016 EUTR review²⁸, in the following areas: analysis of trade patterns, of Member States legislation, of good practices on EUTR application by the private sector and of compliance costs by industry, particularly SMEs as well as support to Competent Authorities on cases where more information and closer cooperation among CAs might be required. The Commission will continue exploring additional tools to improve implementation of the EUTR, in cooperation with the Member States and relevant stakeholders.

3.2.3. *Developing the multilateral framework and international cooperation*

3.2.3.1. Cooperation with other major consumer and processing countries

As highlighted in the FLEGT AP evaluation, cooperation with other major consumer and processing countries has become increasingly central, particularly considering that the

25 COM(2016) 74 final

26 Environmental Implementation Review Peer to Peer Technical Assistance and Information Exchange (http://ec.europa.eu/environment/eir/p2p/index_en.htm)

27 COM(2016) 74 final

28 COM(2016) 74 final

EU leverage has changed due to shifting trade patterns, in order to avoid that results can be undermined by "leakages" of illegally logged timber to other markets. As outlined below, this cooperation is crucial to support both EUTR enforcement and EU engagement in VPA countries, as much of the timber and timber products from VPA countries is exported to other major consuming and processing countries.

Capitalising on the work carried out so far, the EU will continue to explore opportunities to further strengthen international dialogue and cooperation with other major importing countries with demand-side measures in place (e.g. USA, Australia, Japan and Korea), as well as with countries with legislative frameworks under development. It should also be noted that VPA partner countries are also increasingly adopting or committing to adopt demand-side measures to ensuring the legality of their timber imports and that further cooperation in this area will be increasingly needed to ensure consistent approaches.

The objective is to share information about respective implementation and enforcement issues, exchange best practices and lessons learned, promote a technical dialogue on demand-side measures and coordinate support to producer countries. The EU will also continue its formal cooperation with China under the Bilateral Coordination Mechanism (BCM) and support China's ongoing work on the analysis of a possible legislative measure, the development of the China Timber Legality Verification System (CTLVS) and its cooperation on action in third countries to promote good governance and combat illegal logging (e.g. China-Mekong, China-Indonesia and China-Africa timber trade).

This cooperation will include enhancing legislation and policies, exploring options to draft joint guidelines for cross-border trade and exchanging best practices, including on improved enforcement.

In addition, closer cooperation between the EU and other major consuming countries will be further explored, notably as regard their activities in African and South-East Asian timber-producing countries. In this context, the EU will aim at sharing its experience of engagement with VPAs and other producing countries and explore the recognition of FLEGT licences by other major markets with a view to ensure greater recognition at the global level of efforts made by VPA partner countries.

Where applicable, other political and trade-related fora²⁹ between the EU and third countries will continue to be used to discuss issues related to sustainable forest management and illegal logging.

3.2.3.2. Multilateral framework to combat illegal logging and related trade

The Commission will continue to work with Member States to promote the FLEGT agenda at global level. The 2030 Agenda and its Sustainable Development Goals (SDGs), the recent adoption of the first UN Strategic Plan on Forests (2017-2030)³⁰, as well as the adoption of the Paris Agreement (and related Nationally Determined Contributions) provide new opportunities to anchor the FLEGT agenda into a wider

²⁹ This includes a variety of relevant committees, sub-committees or expert groups under different instruments such as Stabilisation and Association Agreements, Accession negotiations, Partnership Agreements, Partnerships and Cooperation Agreements, Free Trade Agreements, High-Level Dialogues on Environment, etc.

³⁰ The UN Strategic Plan for Forests 2017-2030 includes a specific goal on forest governance and a specific target on significantly reducing illegal logging.

global narrative and to highlight the multiple benefits of the FLEGT process from an SDGs perspective.

The EU will continue to be actively engaged in forest-related bodies at the global and regional levels to seize opportunities to promote a more comprehensive global framework to combat illegal logging. This includes in particular United Nations Forum on Forests (UNFF), the International Tropical Timber Organization (ITTO), the Food and Agriculture Organization (FAO) and the Convention on Trade in Endangered Species (CITES). In addition, there will be an increased focus on multilateral fora dealing with law enforcement to combat forest crime, such as the United Nations Office on Drugs and Crime (UNODC), INTERPOL and the United Nations Environment Programme (UNEP). Further work will go into promoting FLEGT-REDD+ synergies and supporting the incorporation of commitments to tackle illegal logging and related trade within NDCs or NDCs delivery strategies under the Paris Agreement. Finally, the EU will seek opportunities to work on illegal logging under the scope of the Organisation for Economic Co-operation and Development (OECD) and the World Trade Organization (WTO) committee on Trade and Environment, noting that the Commission *Trade for All* Communication³¹ explicitly foresees to actively promote the international uptake of the ambitious EU approaches to conflict minerals and illegal logging, building on the work of the OECD, UN and G7.

3.2.4. Cooperation with other major timber suppliers to the EU market

The EU is the largest consumer of timber products from Eastern EU neighbourhood countries (e.g. Russia, Ukraine, Belarus), Brazil, as well as EU candidate countries and potential candidates. It is necessary to build closer inter-institutional relations and private-sector networks with these countries, to ensure that the objectives of the Action Plan are achieved. Concerning the EU's Eastern neighbours and EU candidate countries and potential candidates, it is necessary to address knowledge gaps concerning the phenomenon of illegal logging and related trade with a view to improving understanding and ensuring more effective EUTR implementation in the EU. The EU already engages with many of these countries through a range of mechanisms, fora and high-level dialogues³², which provide the basis for discussion on combatting illegal logging and related trade.

Where appropriate, a Member State or a group of Member States could play a technical facilitating role and use their bilateral relationship to promote FLEGT objectives and share information with the rest of the Member States and the Commission. Different initiatives, based on previous experiences, can be developed, including: networks for exchange of information and best practices; study visits; studies on timber flows and legislative frameworks; strengthening cooperation with relevant international organisations; and technical and scientific collaboration. Cooperation should be particularly promoted between Competent Authorities of EU Member States and of these major supplier countries.

More in-country engagement through the relevant mechanisms could be envisaged for the EU's Eastern Neighbours as well as EU candidate and potential candidate countries,

³¹ COM(2015) 497 final. Trade for All. Towards a more responsible trade and investment policy

³² This includes a variety of instruments such as Stabilisation and Association Agreements, Accession negotiations, Partnership Agreements, Partnerships and Cooperation Agreements, Free Trade Agreements and High-Level Dialogues on Environment.

commensurate to their significance in terms of timber trade to the EU and considering the need to facilitate environmental legislation approximation, specifically concerning the EUTR, in candidate and potential candidate countries.

3.2.5. *Regional markets*

For many timber-producing countries, regional markets absorb a larger share of their exports than EU or even global markets. Therefore, it is important to address cross-border trade and regional trade flows and promote the establishment of mechanisms to ensure the legality of imports by all relevant regional players. To this end, the EU will seek to promote in VPA negotiations, as far as possible, the inclusion of all export markets in the timber legality assurance system, and of due diligence or other control measures on imports so to ensure impacts at regional level. It will also seek to stimulate cooperation and harmonisation between national legality assurance policies in regions in which it is engaged in several VPAs. Notably, the EU will continue to support the ongoing efforts by the Association of South East Asian Nations (ASEAN) to tackle illegal logging and related trade and develop a more coherent regional framework³³, particularly in the context of the recently agreed “Work Plan for Forest Law Enforcement and Governance (FLEG) in ASEAN, 2016 – 2025”³⁴, and support ASEAN bilateral and multilateral cooperation with major regional players such as China, India and Japan. The EU will also aim to promote Central and West African regional cooperation by identifying timber trade flows within the region and sharing best practices on FLEGT approaches. In addition, civil society will be encouraged to establish regional networks to strengthen their engagement in independent monitoring of FLEGT and REDD+ processes.

3.3. **Public procurement**

The Commission promotes Green Public Procurement (GPP) policies in line with its 2008 communication on Public Procurement for a Better Environment³⁵, and encourages Member States to develop or adapt their national policies to this end, including by taking full advantage of the opportunities offered under the revised EU Public Procurement directives³⁶. The Commission has already developed voluntary GPP criteria for the most relevant product groups that may contain timber products, i.e. office building, furniture, copying and graphic paper and wall panels³⁷. Timber legality is already a core criterion for wood products under the GPP criteria. In the latest revisions, EUTR provisions are the basis for this criterion and the role of FLEGT licences - as automatically compliant - is recognised. The Commission will continue to monitor developments in Member States and to encourage the recognition of FLEGT licences as evidence of legality in their national public procurement policies.

The Commission and Member States will also support the adoption by producing countries of timber public procurement policies aiming to source legal timber.

3.4. **Private-sector Initiatives**

³³ Until such a regional framework has been developed in ASEAN, the possibility included in the FLEGT AP to consider a region-to-region VPA is considered unrealistic.

³⁴ http://forest-chm.asean.org/document_center/asof_fora/work_plan_fleg_in_asean.htm

³⁵ COM (2008) 400

³⁶ Directive 2004/17/EC

³⁷ http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

With its wide investment potential and its global value chains, the private sector, within and outside the forest-based sector, can play a critical role in reducing illegal logging and related trade and can exert a direct and positive influence through a network of business relationships extending from the forest to the market place, particularly by applying more socially and environmentally responsive approaches into their business practices. Activities under this action area will go hand-in-hand with action area 5 (finance and investment). While increasing access to finance and deepening financial inclusion is important, promoting eco-entrepreneurship and decent green job creation is equally important. This will combine policy dialogue on enabling conditions for green business development with co-financing of innovative projects that support sustainable consumption and production patterns and practices through sustainable value chains.

In line with the FLEGT Action Plan, the Commission services and the Member States will continue to work with the private sector, particularly SMEs in timber-producing countries, to encourage private sector engagement in national policy reform that reduces opportunities for corruption and the cost of doing business and to build the capacity or incentives for industry along the supply chain to demonstrate compliance with the applicable national legislation. This will be delivered through information and knowledge sharing with SMEs, as well as capacity building, regarding traceability and verification systems and their requirements on operators. Support will include conducting rapid assessments of the needs and opportunities within the private sector, with a focus on the roles of SMEs and women.

3.5. Financing and investment

Cooperation with the EU industry to support EUTR implementation is outlined in Section 2.2 above. Activities under this action area will also involve promoting a better understanding of the functioning and benefits of FLEGT licensing scheme among EU market operators and engaging with the private sector to this end.

Public and private financial institutions, will continue to be encouraged to adopt effective mechanisms to promote increased transparency – in particular towards end-investors (funds, retail investors) – and guarantee the legality and sustainability of the operations they finance in the forest-based sector and in sectors potentially linked to illegal logging. In light of the recent adoption of the EU Action Plan on Financing Sustainable Growth³⁸, the Commission services will explore opportunities to integrate FLEGT-related issues in relevant activities foreseen therein.

The existing EU External Investment Plan³⁹ will provide an opportunity to increase financial flows in legal and sustainable timber supply chains and investment projects. Those investments may target production forests or forest plantations, eco-business engaged in sustainable value chains for timber or securing land tenure. Support to this action area has been envisaged in synergy with action areas 4 (the private sector representing a significant investor) and 1 (improving governance to enable investment conditions).

3.6. Supporting the Action Plan with existing legislative instruments

³⁸ COM/2018/097 final

³⁹ Communication from the European Commission on a new European External Investment Plan https://ec.europa.eu/commission/publications/communication-european-commission-new-european-external-investment-plan_en

CITES plays an ever-increasing role in controlling trade in endangered tree species as more species are being listed under the relevant Appendices to the Convention. In line with the FLEGT AP and building on the successful track record of synergies created between CITES and the EU FLEGT AP, the Commission services will continue to support the listing of additional tree species in CITES Appendices, and support third countries to improve compliance with and enforcement of the Convention.

The Commission services, in close cooperation with Member States, will also work to further strengthen the permitting system which regulates trade in species listed in the Appendices to the Convention, as defined under the EU Wildlife Trade Regulations⁴⁰ and international CITES requirements. Cooperation between CITES management authorities and EUTR and FLEGT competent authorities will continue to be promoted, and guidelines will be finalized with a view to strengthening legality verifications of CITES timber species imported into the EU and promoting synergies with EUTR implementation. The Commission services will continue to monitor the CITES exemptions in the context of the FLEGT regulation and the EUTR.

In addition, the EU Action Plan against wildlife trafficking⁴¹, adopted in 2016, offers a framework to act on the strengthening of international commitments to fight timber trafficking. In this context, the Commission will continue supporting collaboration with national and international institutions with law enforcement mandates, such as the International Consortium on Combatting Wildlife Crime (ICCWC)⁴², complemented by local support to civil society engaged against wildlife trafficking, including timber. This will also contribute to addressing cases of conflict timber.

3.7. Conflict Timber

Access to natural resources, including forests, can be an important factor of conflict, which can have consequences in terms of security, human rights, overall governance, and business climate. As part of the FLEGT implementation Work Plan 2018-2022, Commission services and Member States will cooperate on developing a broader understanding of the relation between illegal logging and conflict, and further assess the drivers of timber-related conflicts and their consequences in terms of stability, security and sustainable development. As envisaged in the FLEGT AP, activities in these action area will encompass not only the issue of illegal logging fuelling armed conflicts, but also the more frequent and protracted conflicts between local communities, indigenous peoples, private logging operations and / or state logging concessions.

These are issues that the Commission services also address through policies and instruments on human rights, and through its support to the Committee on World Food Security FAO Voluntary Guidelines on the Responsible Governance of Tenure of land, forests and fisheries in the Context of National Food Security. Opportunities to strengthen synergies between FLEGT and these instruments will be explored.

⁴⁰ Council Regulation (EC) No 338/97 and its implementing Commission regulations. The EU Action Plan against Wildlife Trafficking sets out a comprehensive blueprint for joined-up efforts to fight wildlife crime inside the EU, and for strengthening the EU's role in the global fight against these illegal activities. The plan has three main strands – greater enforcement, better cooperation, and more effective prevention. The Action Plan is to be implemented jointly by the EU (Commission services, EEAS, Europol, Eurojust) and its Member States until 2020.

⁴¹ COM(2016) 87 final

⁴² Composed of Interpol, United Nations Office on Drugs and Crime, World Customs Organisation, the World Bank Group and CITES.

The issue of conflict timber will continue to be addressed, where relevant, in any ongoing or future VPA processes. VPAs already include clauses allowing one of the parties to suspend the agreement, which could be triggered, amongst others, in cases of armed conflict as part of a broader EU response.

Concerning the issue of conflict timber in the context of the enforcement of the EUTR, prevalence of armed conflict is already one of the risk assessment criteria explicitly mentioned under Article 6 of the regulation. Further guidance on the subject will be developed to assist Member States in taking this aspect in due consideration when performing their checks on operators.

4. CO-ORDINATION AND PROGRAMMING

In addition to the activities directly targeting the various action areas of the FLEGT AP, the FLEGT implementation Work Plan 2018-2022 also proposes a number of horizontal activities which supports the implementation of action areas, namely: financing, coordination mechanisms, monitoring and evaluation and communication.

4.1. Financing

Funding of the Action Plan implementation will continue to come from a variety of sources, including from the Global Public Goods and Challenges thematic programme and its "FLEGT Flagship", bilateral and regional cooperation⁴³, the European Neighbourhood Instrument (ENI)⁴⁴, the Partnership Instrument⁴⁵, the Technical Assistance and Information Exchange instrument (TAIEX), the LIFE programme⁴⁶, as well as from Member States development cooperation financing and national budgets.

It is important to acknowledge that implementing the FLEGT AP requires significant financial investment. Most of the funds were directed to support to timber-producing countries. Nevertheless, it must also borne in mind that the Commission and Member States also invest a significant amount of human and financial resources to ensure effective implementation of the FLEGT AP in the EU, particularly as regards implementation of the EUTR and the FLEGT regulation.

As noted in the evaluation, "the FLEGT Action Plan has already prompted lasting changes in some producer countries" but "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". Based on lessons learned so far, increased attention will need to be paid to the financial sustainability, notably the national timber legality assurance systems and the partnership institutions that underpin VPA implementation. In this context, the EU will support partner countries to estimate cost implications and to develop financing options

43 Regulation (EU) N° 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.

44 Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument.

45 Regulation (EU) No 234/2014 of the European Parliament and of the Council of 11 March 2014 establishing a Partnership Instrument for cooperation with third countries.

46 Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE).

considering financial sources beyond Official Development Assistance (ODA), including for instance national budgets and potential revenues from private sector contributions to the operation of the licensing system (as is the case in Indonesia). This analysis will help inform decisions on a sustainable way forward for the VPA in each country and required actions will be reflected in the respective VPA implementation roadmaps.

4.2. Planning and management arrangements and mechanisms for EU collaboration

The activities included in the FLEGT implementation Work Plan 2018-2022 relate to both the Commission and Member States.

In the Council conclusions on FLEGT 10721/16 of 28 June 2016, Member States expressed their continued support to the FLEGT AP implementation and requested that the future work plan should be a joint Commission and Member States commitment. Recognising that, since human and financial resources within the Commission and Member States are limited, prioritisation of activities, especially regarding the VPAs, and enhanced coordination between Commission and Member States are urgently needed.

This coordination will be strengthened through the following mechanisms:

- Continued effective use of the Commission FLEGT-EUTR Expert Group⁴⁷ to support the Commission in implementing the EUTR and FLEGT regulations;
- Revitalisation of the existing FLEGT Ad-hoc Expert Group⁴⁸ to coordinate FLEGT AP implementation and monitoring;
- Closer in-country coordination through EU Delegations and Member States' diplomatic missions in partner countries.

4.3. Monitoring and evaluation

Given the breadth of the FLEGT AP as a comprehensive policy framework which includes a wide range of measures (e.g. regulations, political dialogues, trade agreements, development cooperation support) and multiple levels of action (global, regional, EU, Member States and non-EU countries), monitoring of the FLEGT implementation Work Plan 2018-2022 to track progress on implementation and impact of the FLEGT AP will be carried out at three levels:

- (1) Assessing the impact of FLEGT AP at the global level;

As regards the assessment of the overall impact of the FLEGT AP, robust indicators will be developed for monitoring at global level the impact of the FLEGT AP, and tested in consultation with the Commission, Member States and other FLEGT partners.

⁴⁷ The main task of the EUTR/FLEGT expert group is to ensure cooperation between Member States Competent Authorities and with the Commission in order to ensure compliance with EUTR (in the spirit of article 12 of the EUTR), and to assist the Commission in ensuring uniform implementation of the EUTR and FLEGT Regulation across the European Union

⁴⁸ The main task of the FLEGT Ad Hoc Expert group is to contribute to policy development for the FLEGT initiative and to support implementation through planning and arranging financing for activities. (<http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=1677>)

- (2) Monitoring and reporting progress in implementing the FLEGT implementation Work Plan 2018-2022;

Implementation progress will be published periodically covering the full range of activities outlined under the different action areas. This should be complementary to other reporting mechanisms under the FLEGT AP, including the mandatory reporting requirements under the FLEGT Regulation and EU Timber Regulation. Member States will continue to be responsible for the monitoring of their bilateral support to timber-producing countries in the context of FLEGT and for sharing it with the Commission.

- (3) FLEGT AP implementation, progress and achievements at national level in timber-producing countries;

This will cover both countries engaged in VPA processes and other timber-producing countries, including Russia, Ukraine and Belarus, as well as EU candidate countries and potential candidates.

For VPA countries, the monitoring framework will also take into consideration VPA-specific monitoring mechanisms at national level, namely:

- (a) Annual reports published by the Joint Implementation Committee;
- (b) Annual Independent Audit of the VPA implementation in line with relevant VPA provisions;
- (c) National VPA impact monitoring systems⁴⁹;
- (d) Independent Market Monitoring of FLEGT licensed timber⁵⁰.

4.4. Communication

The Council conclusions highlighted the importance of communication to ensure a common and comprehensive understanding of the objectives and impacts of the FLEGT AP and to manage stakeholders' expectations (notably in terms of funding). Communication tools have been developed and will continue to be used (and refined if needed) by Commission services, Member States and stakeholders directly involved in FLEGT implementation, both in producing countries and in the EU. The Commission services, in close cooperation with Member States, will elaborate and roll out a communication strategy to raise understanding of and support for the FLEGT AP in a broad range of target groups and to highlight the contribution of FLEGT AP implementation to the 2030 Agenda, the Paris Agreement and the New European Consensus on Development.

⁴⁹ Each signed VPA includes an obligation by the Parties to monitor the in-country impact of the VPA. Piloting of these systems is ongoing in Ghana, Indonesia and Liberia. This will cover the five broad areas of poverty and livelihoods, economic growth, forest condition, institutional effectiveness and accountability, and illegal logging.

⁵⁰ The main objective of the FLEGT Independent Market Monitoring (IMM) – a multi-year project implemented through the International Tropical Timber Organization (ITTO) - is to monitor how the EU and wider international market for FLEGT licensed timber develops during the implementation of VPAs.