



Food and Agriculture Organization
of the United Nations

INCEPTION REPORT

PHASE III

European Union / Food and Agriculture Organization of the United Nations
(FAO) FLEGT Programme

(GCP/GLO/600/MUL)

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FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
ROME, 2016

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1. Introduction

The Food and Agriculture Organization Forest Law Enforcement, Governance and Trade Programme (FAO FLEGT Programme) is an extension of the ACP FLEGT Support and EU FAO FLEGT Programmes, referred to in this report as Phase I and Phase II of the FAO FLEGT Programme respectively. The third phase has been established as a multi-donor trust fund; commitments have thus far been made by the Swedish International Cooperation Agency (SIDA), the European Union and FAO. The third phase will continue to channel support to countries engaged in a Voluntary Partnership Agreement (VPA) with the EU and other developing countries actively involved in FLEGT-related initiatives (also referred to in this document as countries not engaged in VPAs or non-VPA countries).

The Programme will build on: the momentum and lessons learnt from previous and existing efforts to negotiate and implement VPAs; the experience of working with other countries engaged in other areas of the FLEGT Action Plan and the results of projects funded through Phases I and II of the FAO FLEGT Programme. Furthermore, it will introduce new and refined support mechanisms, including more targeted assistance to countries not engaged in VPAs where there is an effective commitment to improve forest governance and timber legality and a demand for support to coordinated, multi-stakeholder initiatives. Increased support to countries not engaged in VPAs is a particularly significant development for the Programme that strives to promote a more sustainable, holistic and multiple stakeholder approach in response to the evident need for more tailored and coordinated governance processes. In those countries, the Programme will rely on already existing or to-be-established local platforms and entities, to drive governance processes forward. To this end, the PMU will work more actively through FAO's global network of country Representations. The Programme will also build on the funding mechanisms which have worked well in both VPA and non-VPA contexts, such as the use of external assistance (e.g. technical experts and the "expert panel") and the two-phase procedures for Calls for Proposals developed in the latter part of Phase II. Improved mechanisms to better engage with the private sector have also been introduced in both the Call for Proposal mechanism and the Direct Assistance requests, for which non-profit private sector entities (or institutions working with the private sector) are now eligible.

This Inception Report describes in detail these mechanisms and processes and presents general objectives, standard operating procedures, Programme monitoring and reporting procedures, oversight and guidance mechanisms and a preliminary Communication and Visibility Strategy.

2. Programme Description

This section describes the objective, purpose and expected results of the Programme, the Programme components, support mechanisms and operating procedures.

2.1 Programme Objective

Overall objective: The overall objective is to tackle illegal logging, promote trade in legal timber products and ultimately contribute to sustainable forest management (SFM) and poverty reduction.

Specific objective: The specific objective is to improve forest governance and law enforcement and to promote legal and sustainable forest industries.

2.2 Expected Impact

Programme countries demonstrate improved forest governance, legality of timber produced and traded on domestic, regional and international markets, and more equitable forest management systems.

2.3 Expected Outcomes

To effectively bring resources to the stakeholders, the Programme establishes targeted approaches for VPA partner countries and countries not engaged in a VPA process, which are reflected in the four Programme outcomes.

- **Outcome 1:** Voluntary Partnership Agreements contribute to improved forest sector governance and timber legality on domestic and international markets.
- **Outcome 2:** Initiatives that support legal production and consumption of timber and better forest sector governance in countries that are not engaged in the VPA process are strengthened.
- **Outcome 3:** The capacity of the private sector at all scales to participate in the production, marketing and trade of legal timber has increased.
- **Outcome 4:** Stakeholders in both consumer and producer countries demonstrate an improved knowledge of benefits from legal logging, international trade requirements and of best practices for forest law enforcement, governance and trade.

2.4 Programme Target Audience

While the Programme is designed to benefit a wide variety of stakeholders and provide spin-off benefits to society as a whole, Programme interventions are targeted to three specific stakeholder groups: Civil Society (including local communities and indigenous peoples), Private sector organizations¹ and Government institutions. The Programme will put particular emphasis on

¹ A private sector organization is a non-profit organization representing members of the private sector including syndicates, federations, organizations of chainsaw operators and charcoal producers, or other small scale unions or associations representing small and medium sized enterprises operating exclusively in the forest sector that produce for domestic

increasing the representation of small-scale actors, especially those serving the domestic market, in national, regional and global dialogues.

2.5 Target Countries

Outcomes 1 and 2 clearly target separate sets of countries, but all targeted countries can potentially play a significant and strategic role in reducing illegal timber available on international, regional and domestic markets:

- **VPA Countries (Outcome 1):** Outcome 1 supports the 16 countries² currently involved in one of the three phases of the Voluntary Partnership Agreement process (pre-negotiation, negotiation or implementation). Focusing Programme efforts on these countries will bring added benefits of including a multitude of stakeholders in the country level processes – enhancing local contributions and ownership of the process. The resources used on these actions are justified in that these 16 countries account for 75%³ of the tropical timber traded on international markets and all of them have significant informal domestic market production and consumption (often accounting for up to 50% of the national production). Support in VPA Countries is targeted directly to governments and private sector through either the Direct Assistance mechanism or to government institutions, civil society organizations and private sector organizations through competitive calls for proposals (see **Section 2.7**).
- **Countries not engaged in a VPA (Outcome 2):** Activities under outcome 2 address timber legality in approximately 10 countries (based on availability of funds) selected on the basis of their potential to curb illegal timber on global and domestic markets. The list will be determined by the PMU, in agreement with the Programme Steering Committee, using a set of indicators that review production, consumption and trade of timber, level of illegal logging, but also political commitment to address forest governance issue and willingness to engage with the EU on this topic (**Annex 2**). Further dialogue with the Steering Committee will also explore the best intervention methods (and their feasibility) to address challenges posed by the most strategic markets (including consumer countries such as China and India). The program will support the initial establishment of a forest sector governance and legality strategy that will be agreed through stakeholder processes, or that build upon existing strategies, platforms or national forest programmes. The two programme mechanisms outlined below (calls for proposals and Direct Assistance) will also be used in these countries.

markets or export to regional and/or international markets. Direct support to private profit companies is not available through the programme.

² Countries implementing a VPA: Cameroon, Central African Republic, Ghana, Indonesia, Liberia, Republic of the Congo / Countries negotiating a VPA or in a pre-negotiation phase: Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Myanmar, Thailand, Vietnam

³ Oliver, R. 2015 - ITTO/EC Independent Market Monitor for the VPA process: *Update on FLEGT IMM and opportunities for the market*.

2.6 Support Mechanisms

Two different mechanisms (Calls for proposals and Direct Assistance) will allow stakeholders' participation in the FLEGT processes at the national, regional and global level in both VPA countries and countries not engaged in VPAs. Given the diverse geographical reach of the Programme, with different forest governance structures and stakeholder groups, the funding mechanisms proposed offer flexible tools to tailor assistance based on local needs and peculiarities. These mechanisms are described briefly below and more in-depth in **Section 2.7** on Intervention Methodologies.

- **Calls for proposals:** Calls for proposals provide a competitive mechanism open to all stakeholders (government, civil society and private sector organizations). The Programme will issue calls for proposals to solicit project ideas that can contribute to the FLEGT process. All Calls, in both VPA and non-VPA countries, are particularly targeting private sector organizations, civil society organizations and Government offices to more actively engage in governance processes and to promote timber legality. The Calls for Proposal mechanism will vary slightly between the VPA countries and countries not engaged in the VPA process, and will typically include the following steps:
 - *Information phase.* The PMU will publish a guideline on how to participate in the periodic calls for proposals and will disseminate this information through formal⁴ and informal⁵ channels (including private sector networks). Information will be shared during Programme missions and via the Programme's website. Where feasible, PMU staff will conduct information missions prior to the calls for proposals and meet with stakeholders (in particular private sector organizations) to help prepare for the call. During the Programme's Phase II, information missions were conducted in 10 of the 16 VPA countries prior to the calls for proposals - 304 concept notes were submitted as a result.
 - *Tender of the call for proposals.* Periodic call for proposals will be open to all stakeholders in VPA countries (depending on availability of resources); timing will be coordinated with other EU global and country specific calls for proposals.
 - *Evaluation process.* In VPA countries, the proposals will be reviewed and scored by an expert panel. The evaluation will follow a two-phase approach: call for concept note and submission of a full proposal. Based on the results of the evaluation, the proposals recommended for funding will be presented to the Steering Committee for final endorsement. The European Commission, EU Delegations and EFI FLEGT Facility staff will be contacted to provide feedback on the proposals, especially with regard to their consistency with the country context and their relevance to the priorities identified through the country's VPA roadmap. In countries not engaged in VPA, proposals will be evaluated by national "Forest Governance Platforms" together with the FAO FLEGT officer, EU Delegation and the FAO Representation. Similarly to the process in VPA countries, the proposals recommended for funding will be presented to the Steering Committee for final endorsement.

⁴ FAO Representation, EU Delegations, permanent representatives, SIDA and other EU MS regional/country offices and programme database of contacts.

⁵ EFI FLEGT Facility, civil society organizations active in target countries, ITTO, UNFF, forestry websites, other UN agencies and bodies, FAO staff contacts, private sector organizations and networks, chambers of commerce, business associations, investment/export promotion centres etc.

- *Writing Letters of Agreement (LOA's) and recruiting technical assistance.* Those proposals that have scored 70 or above (out of 100) and have been endorsed by the SC will be notified and steps will be taken to draft the Letter of Agreement and/or recruit technical assistance as required to implement the project.
- **Direct Assistance:** Direct Assistance provides a flexible financing tool to respond to requests for immediate, specific actions connected with VPA national strategy, such as provision of training and technical assistance. Direct Assistance will be available to governments and private sector organizations including those representing SMEs that may find difficult to request assistance through the Call for Proposals mechanism. Direct Assistance may also be used to support strategic actions that support process in VPA or non-VPA countries, but do not normally fall under a call for proposal opportunity and could also include organizations that are not based in the country of action. Any Direct Assistance request developed above EUR 50 000 would be presented to the Steering Committee for “no-objection”. The Direct Assistance mechanism will largely follow the same process in both VPA countries and countries not engaged in VPA:
 - *Information phase.* The PMU will publish short guidelines and briefing material on how to access Direct Assistance resources and programme resources. It will disseminate this information directly to government institutions through the FAO Representations, EU Delegations, and UN Permanent Representations as well as through private sector channels and organizations/institutions that work closer with private sector. Moreover, information will be provided to government institutions during PMU staff missions and will be available on the programme website.
 - *Project identification.* Direct Assistance requests will be developed through a collaborative dialogue between FAO (PMU and local FAO Representation), the national Ministry responsible for forests, the European Union representatives and the beneficiaries (if other than government organization). The PMU staff will be responsible for final approval and oversight of Direct Assistance requests.
 - *Submission of Direct Assistance proposals.* After identification of the proposed action, the entity responsible for the action shall submit a short proposal to the PMU. The guidelines remain largely the same as in the previous phases of the Programme, with minor adjustments to fit the Programme context. It should be noted that although a Government institutions and private sector organizations are the only eligible entities to submit a proposal, the implementation of the activities can be delegated to another institution, including civil society organizations.
 - *Proposal review, scoring and selection.* In both VPA and non-VPA countries, eligible proposals will be reviewed and scored by at least two members of the PMU. The final score will be based on the average score of all reviewers. If the difference between the scores is greater than 20 points, a third FAO staff member (i.e. one of the regional or sub-regional forestry officers) will be asked to score the proposal. Those proposals that received a mark above 70 points (out of 100), based on the selection criteria presented in the guidelines will be recommended for funding. The PMU will request a final “no objection” from the FAO Representation, the European Commission Headquarters and the EU Delegations for all

proposals recommended for funding. Any Direct Assistance requests received from private sector organizations will be sent to the relevant national forestry department for information (and no-objection in case of sensitive proposals).

- *Drafting Letters of Agreement (LOAs) or recruiting technical assistance.* After selection of proposals, the proponent will be informed and a Letter of Agreement will be drafted and/or technical assistance recruited, as required, to implement the project.

2.7 Intervention methodologies

2.7.1 Assistance in Voluntary Partnership Agreement (VPA) countries (Outcome 1)

- **Calls for Proposals:** Projects selected through the Call for Proposals mechanism will support flanking measures to advance the VPA process and encourage the active engagement of stakeholders. Funding ceiling for the first call for proposals will be EUR 100 000 (approximately USD 110 000) per proposal. For the next calls for proposals, the funding ceiling will be determined and agreed by the Steering Committee. The Call for Proposal mechanism in VPA countries is composed of two phases:
 - 1) The PMU will solicit concept notes through a call disseminated through formal channels, including FAO Representations, EU Delegations and Heads of Forestry in VPA countries as well as informal networks developed through the Programme. The concept notes will be received, catalogued and screened for eligibility by the PMU.
 - 2) Proponents whose concept notes passed the pre-screening process and scored more than 70/100 points will be asked to submit a full project proposal within two months after notification. Guidelines for full project proposals will be established by the PMU during the launch phase of the Calls for Proposals. The full proposal will be then evaluated by an external Expert Panel. The PMU will also seek inputs from EU Delegations and from the EU FLEGT Facility on a case by case basis. The information gathered will be presented in an Expert Report to the Steering Committee for their consideration and final endorsement of proposals.

Previous experiences with negotiation and implementation of VPAs have demonstrated the importance of a multi-stakeholder approach in the project identification and formulation phases. However, recently, during the March 2015 FLEGT Week the need to increase participation from the private sector in these processes has been further emphasized. In response to this warning, the PMU has introduced a new element to encourage greater private sector participation. A targeted "Lot" will be dedicated to initiatives supporting the private sector. To ensure accurate information reaches eligible private sector stakeholders far and wide, the PMU will conduct a rapid review of potential eligible institutions in the VPA countries and target information directly to these institutions.

The first call for proposals was divided in two “Lots”, as described in the following table.

Lot	Target Support	Indicative allocation
1	<u>Private sector initiatives</u> : This lot is open to all three stakeholder groups, with an emphasis on private sector not-for-profit organizations and government agencies responsible for business development in the field of forestry.	USD 1 100 000 Budgeted under cross-cutting Outcome 3 – supporting private sector initiatives
2	<u>VPA support actions</u> : This lot is open to all three stakeholder groups. Projects under Lot 2 will particularly aim at enhancing the support in the preparation for, negotiation and implementation of Voluntary Partnership Agreements	USD 2 200 000 Budgeted under Outcome 1 – support to VPA processes

The expert panel report presenting the results of the first call for proposals in VPA countries is presented in **Annex 4**. Based on the recommendations by the expert panel, 36 projects are recommended for funding for an indicative budget of USD 3 812 000 with a reverse of requests – significantly more resources are needed under the Private Sector theme (**Table 1**).

Table 1: Full proposals evaluation by country

Countries	Number of Proposals recommended		Budget of proposals recommended for funding (USD)		
	Lot 1	Lot 2	Lot 1	Lot 2	TOTAL
Cameroon	4	2	401 000	217 000	618 000
Central African Republic		1		96 000	96 000
Côte d’Ivoire	1	1	100 000	215 000	315 000
Congo, Democratic Republic of	2	1	220 000	85 000	305 000
Congo, Republic of		1		65 000	65 000
Gabon	1		110 000		110 000
Ghana	3		297 000		297 000
Guyana	1	1	110 000	110 000	220 000
Honduras	2	2	181 000	200 000	381 000
Indonesia	1	3	109 000	329 000	438 000
Lao PDR	2	1	214 000	109 000	323 000
Liberia	1		109 000		109 000
Myanmar	1	1	120 000	109 000	229 000
Thailand		1		109 000	109 000
Viet Nam	2		197 000		197 000
TOTAL	21	15	2 168 000	1 644 000	3 812 000

- **Direct Assistance:** Direct Assistance to both government institutions and private sector organizations in VPA countries will be limited to a maximum of EUR 50 000 per project and should address urgent, time-bound actions and/or fill gaps in the country’s VPA implementation strategy. Following a demand driven process, Direct Assistance requests may be submitted at all time to the Programme Management Unit. Proposals will be reviewed and scored as they are received. They will address actions that would not fall under the traditional “project” themes, such as short-term support for stakeholder consultations, recruitment of consultants to support development of TLAS components, revision of legislation or manual of procedures relevant to the VPA, etc. Direct Assistance interventions are often determined in consultation with partner organizations such as EFI, recipient Governments and the EU, or other dialogues that identified gaps or weak areas in VPA negotiation and implementation.

As part of the cross-cutting option under Outcome 3, private sector organizations in VPA countries are also eligible for Direct Assistance. The required interventions will be identified through stakeholder consultation at the country level (including dialogue between government and private sector organizations through national platforms). These actions will be funded as a complement to the actions identified under the Call for Proposals.

2.7.2 Countries not engaged in VPAs (Outcome 2)

- **Selection of countries:** The Selection process was conducted in three steps (**Annex 2**. Non VPA countries report). The Programme Management Unit evaluated 109 eligible countries based on 9 quantitative indicators that resulted in a list of 51 eligible countries for the expert opinion survey. The **Table 2** summarizes PMU recommendations for partner Non VPA countries, after review and inputs based on FLEGT Programme and other FAO staff experience.

Table 2: Non VPA countries recommended for partnership in the third phase

Recommendation	Country
1. Bilateral and multilateral actions only, no country level Programme	China, Brazil, Mexico, India
2. Year-one country level Programme exploration	Mozambique, Colombia, Peru, Uganda, Guatemala, Madagascar, Philippines
3. Year-two country level Programme exploration (and based on remaining funding)	Ecuador, Colombia, Zambia
4. Activities complementary to existing Programmes	Belize, Panama, Papua New Guinea, Solomon Islands
5. Not recommended for Programme activities	Tanzania, Belarus

- **Operating procedures**

- *Overview:* After endorsement of the first test countries for the non-VPA work, the PMU will first communicate the decisions of the Steering Committee to the FAO Representation of the respective countries and begin dialogue on informing the national government of the new initiatives available. The PMU would also inform the respective EU Delegations. Most FAO Representation and forestry departments in the respective countries are aware of the current programme and the objectives and proposed methods for engaging non-VPA countries in Phase III, therefore little additional communication is required. Second, after receiving commitment to participate in the programme from the respective governments, the PMU will conduct stakeholder consultation and situational analysis of the state of governance, stakeholders engaged, likely leaders (champions) in governance processes, existence and function of platforms, and likely priority areas of work. The information will be synthesized in a report that will outline a more detailed description of the operating strategy for the country. As a third step, the national strategy will be endorsed locally, projects consistent with the strategy will be solicited through the programme mechanisms and funded. Additional donors and development partners at the local and regional level will be included in each step of the process and encouraged to participate through either directly funding actions or ensuring synergies through their work plans.
- *National Platforms:* the work in countries not engaged in VPAs will be conducted in close collaboration with a national "Forest Governance Platform". This platform will encourage multi-stakeholder dialogue and represents a wide range of stakeholders. The platform can have an informal or formal structure and might have been created to address any of the following issues: natural resource management; climate change mitigation; resource use rights; territorial rights particularly for indigenous people; sustainable forest management; national certification systems; or combatting illegal activities at territorial level. The key national actors (government, private sector, civil society, communities, and indigenous people) will be represented by individuals with decision-making power. The platform can be already established, as a result of national strategy development or other commitments. However, platforms may not be sufficiently mature with demonstrated results or experience to date. FAO FLEGT will strengthen existing platforms or, if such platform does not exist, encourage its creation for the purpose of guiding project selection and implementation. The platform will have an agreed operating mechanism which will establish frequency of meetings, identify objectives and paths of action, define roles and responsibilities, select chair function, etc. The members of the platform will support the Programme in decision making at different phases of the project cycle management. The platform will organize an initial strategic planning workshop to set governance goals, develop a basic road map for priority actions⁶ and identify likely partners to facilitate implementation of such actions. The platform will also support the diffusion of the guidelines for both call for proposals and Direct Assistance mechanisms. Coordination of activities, monitoring of work plan and experience sharing will also be part of the terms of reference of this platform.

⁶ Using the 2011 joint PROFOR / FAO publication "Framework for Assessing and Monitoring Forest Governance"

- *Call for proposals:* will take place locally. A specific step will be introduced to encourage greater private sector participation, much like the VPA Call for Proposals which has recently introduced a two-Lot system, but this will be determined by the platform directly. The funding ceiling under the Call for proposals mechanism will be EUR 100,000 per proposal. The overall indicative amount made available under each national Call for Proposals and Direct Assistance is EUR 500 000 to be financed by the Programme. The proposals received through the call for proposals will be evaluated by locally recruited experts following a similar terms of reference as the experts recruited for the global call for proposals. Each proposal will be evaluated by at least two evaluators using the same weighting system as for the global calls for proposals. On the basis of the recommendations of the experts, the regional FAO FLEGT Office will draft a final list of all proposals that passed the required thresholds, ranked by score. Based on this report, availability of financial resources, a local Technical Committee composed by the EU-Delegation FLEGT Focal Point, FAO-Representation, national/regional FAO FLEGT Officer and Government Representative will endorse projects suitable for funding. This report will be made available to the Steering Committee members. Agreement or objections to projects should be channeled through respective local representations.
- *Direct Assistance:* limit for these requests is EUR 50 000; this mechanism will be used to target complementary actions to support the “road map”. Direct Assistance will target government and private sector similarly to the process outlined under VPA countries. Direct assistance requests will be submitted to the regional FAO FLEGT Office and will be evaluated by at least two staff of the Programme. The FAO FLEGT regional office will request a final “no objection” from the FAO Representation and the EU Delegations for all proposals recommended for funding.

- **Additional staffing**

- *Professional Staff:* The current staff managing VPA and NON VPA activities will be maintained with a team of 5 Professional Staff (one P5 and four P4 positions)
- *National consultants:* Additional 3 national consultants full time or part time will be hired to complete the existing team to follow up activities in Non VPA countries:
 - Americas (Peru, Colombia, Guatemala and Ecuador): one full time and one part time positions already fulfilled to cover backstopping in 3 countries (Peru, Guatemala and Colombia). One more shared staff with other FAO Programme will be hired.
 - Asia (Philippines, Cambodia): one full time consultant already recruited. An additional full time national consultant will complete the regional office.
 - Africa (Madagascar, Mozambique, Uganda and Zambia): The Programme will share two new national consultants with FFF Programme or other FAO Programmes having similar strategies to improve forest sector governance and support SMEs development.

Typical average national consulting cost are USD 50 000 annually or less depending on country context and skill levels.

2.7.3 Private Sector Support (Outcome 3)

• Objectives and outputs

The detailed strategy developed by the Programme management Unit for intervention with the Private Sector is presented in **Annex 1**. The program seeks to improve the enabling conditions under which the private sector operates within the timber industry, to promote cultural change within global, regional and national forest products markets, whereby legal and transparent operation is the norm.

The desired Global Outcome is described by Outcome 3 under FAO FLEGT Phase 3 work: “The capacity of the private sector to participate in the production, marketing and trade of legal timber has increased”.

The Objectives of the Strategy herein (in line with the Programme Logical Framework presented in **Annex 3**) include:

- Output 3.1: Private sector composition, incentives and market dynamics are better understood.
- Output 3.2: Private sector stakeholders understand obligations for legal compliance and the demands that are influencing markets;
- Output 3.3: Policies and legal frameworks are reviewed and revised to promote fair access to forest resources and increase productive and decent employment in the forest sector as an engine for poverty reduction;
- Output 3.4: Private sector stakeholders have the skills to comply with legal frameworks and access markets;

• Target audience

The targets for FAO FLEGT work with private sector under Phase 3 are largely small and medium forest enterprises (SMEs). The term “Small and medium size enterprises” (SMEs) as used here encompasses both small-scale forest resource operators producing raw material, and small businesses engaged in processing and placing forest products on the market. This group inherently includes vulnerable segments of society (i.e. women, youth, rural poor and indigenous groups) who face difficulties to comply with legal frameworks and receive little attention in forest policies in many timber producing countries which favour large-scale operations oriented to export markets. Formally established timber businesses, including large producers and exporters who mainly need information and business links are also targeted. In turn, the Programme will continue to foster new partnerships with, among other actors, the European Timber Trade Federation, the Global Timber Forum, and the International Wood Products Association. Corresponding public sector entities which interface with private sector will equally be targeted. Organizations and groupings of private sector actors, such as federations and cooperatives, provide tremendous leverage power for accessing a greater number and range of actors, particularly when targeting SMEs in producer countries. In addition, Federations and associations which represent large business interests or the strong voice of local populations when unified are highly valuable entry points to gain access to influential market actors in consumer countries and as such, are important partners for FAO FLEGT Phase 3 information and outreach for private sector. Entities which provide services to private sectors, such as voluntary certification and

training as well as finance and lending services are also powerful allies for channeling information sharing and training activities. These service providers will be targeted for building partnerships with FAO FLEGT to jointly increase the benefit to SMEs and larger businesses of improving practices, increasing legality and formalizing their role in the market, particularly domestic and regional markets.

- **Operating procedure**

FAO FLEGT's work to support the private sector in Phase 3 will collaborate closely with other FAO initiatives which work with private sector actors, particularly SMEs. In practice, FAO FLEGT programme will have an identified focal point or person and a core network of stakeholders and practitioners related to the private sector in each priority country where we operate to provide up to date information on domestic and regional markets and communicate with key target audiences.

At this stage, lessons learned to date through initial studies and review of Phases I and II of the Programme provide sufficient direction for the PMU to start Phase III work to engage the private sector in a number of ways:

- **Calls for proposals:** to ensure competitive opportunities and to seek additional unknown organizations. The PMU has introduced a two-lot mechanism for VPA countries to encourage support specifically from the sector. A similar approach will likely be used in countries not engaged in VPAs; this will be determined by the national platforms.
- **Direct Assistance:** based on the understanding that private sector organizations have often demonstrated little capacity/interest to seek funds and implement projects in the "development" context, the Programme will plan Direct Assistance based on information from Private sector studies as well as through direct communication when PMU staff are in the field. This approach will be essential to driving private sector work forward.
- **Information services:** reach out to the PS through sector mapping/situational analysis and needs assessments, awareness-raising workshops, promotional/information materials (paper and web-based), events (such as the World Forestry Congress taking place in September, 2015, the Global Timber Forum, Fairs, Global or regional coalitions), etc.
- **Target focal points:** in addition to the standard Programme mechanisms adopted in Phases I and II, focal points will be identified to help organize and coordinate in-country private sector work. This could also be a core network of stakeholders and practitioners related to the private sector to provide up to date information on domestic and regional markets and communicate with key target audiences. The Individual(s) will work through a collaborative relationship, not direct hire, and may be located within FAO country office team or a partner organization. In addition, the private sector strategy will be incorporated into the work of the entire FAO FLEGT program team and consultants as part of their ongoing responsibility for program management.

2.7.4 *Information Services (Outcome 4)*

Outcome 4 is cross-cutting and will provide support for the communication and information and knowledge sharing aspects of the Programme areas where FAO has a comparative advantage and

areas that the PMU believe support will be most effective – (based on proximity to stakeholders and presence at the country level). Specifically, this includes:

1. Ensure local information sharing and visibility at the country level by project proponents – based on the Programme’s relationship with local organizations;
2. Stakeholders to share information within their stakeholder groups and regionally;
3. Encourage exchanges of experiences, best practices to and between stakeholders – bring success stories at country, regional and global level to highlight progress; and
4. Conduct global media initiatives when events occur or events are consistent with Programme objectives (this would be an occasional, yearly type of action).

These objectives inherently involve support to the development, analysis and sharing of information relevant to key governance and market issues identified by Programme stakeholders. The Programme will build on FAO’s renowned knowledge-sharing and information-disseminating capacities as well as its role as a neutral and honest broker to increase access to information and quickly convene stakeholders. Priority activities will include:

- Building on lesson learnt during Phase II, particularly on priority topics such as private sector engagement, conversion timber, FLEGT impact on employment, SMEs, gender and youth;
- Coordinating information exchange fora – business to business dialogues, south–south experience sharing and national, regional and international level fora to share experiences and lessons learned;
- Supporting capacity development such as media training in conjunction with FAO Forestry’s Media and Outreach Team;
- Supporting the development and implementation of country-level communication strategies in association with the EFI FLEGT Communication Strategy. A Communication Strategy will be developed and finalized by the incoming Information Officer. Please refer to Section III on Communication Strategy for more information.

2.8 Coordination with regional offices

The PMU will coordinate with the FAO regional offices for Asia-Pacific, Africa and Latin America and the Caribbean to ensure that implementation of Programme activities are consistent with regional priorities and contribute to national and regional FLEGT actions. Regional offices are set to play a greater role in Phase III, particularly in countries not engaged in VPAs by contributing to the development of roadmaps and to Calls for Proposals and by steering the Programme at a regional/national level through its representation in the national platforms.

The PMU will also work closely with regional offices to facilitate Programme operations such as:

- Developing the FAO FLEGT Programme work plan to be consistent with the regional needs and priorities and seek synergies between TCP, GEF, FFF and UN REDD projects as well as other actors active in FLEGT related work or similar activities

- Seeking opportunities for regional staff to participate in the planning, organization and implementation of programme activities (support to projects and information services);
- Seeking joint opportunities to build synergies between the FAO regular programme and the FAO FLEGT programme – such as testing and promoting the application of normative tools in country level context;
- Liaising with stakeholders at country level to ensure knowledge of the programme and opportunities for assistance;
- Organizing information and knowledge sharing fora that include wide representation of regional actors.

3. Partner relations

3.1 Relations with the EU and the Global Community of FLEGT Practitioners

The Programme will continue to promote continuous collaboration and consultation with partner organizations working on FLEGT and forest governance issues, following on good relations matured through Phases I and II of the Programme. This will involve close coordination with the EC and EU Delegations, and the global Community of Practitioners working on FLEGT and related initiatives. The Programme will pursue complementary initiatives with the EU FLEGT Facility at EFI to implement the FLEGT Action Plan and joint initiatives with FLEGT partners and civil society organizations. In addition, the Programme will seek to build on new partnerships which have recently been initiated, including:

International agencies: The Programme has established collaboration with the UN REDD Programme and associated agencies (FAO, UNEP, UNDP) in addition to UNODC and Interpol to partner on governance and law enforcement activities. Currently the FAO FLEGT Programme is leading a collaborative partnership with UN REDD partners, UNODC and Interpol to develop the East Africa Initiative on Illegal Logging and REDD+. This project is working to address challenges of illegal logging and its effects on forest degradation in Kenya, Uganda and Tanzania. The same institutions are working to review possible options for improved law enforcement and intelligence sharing in the Mekong region.

FAO Forest and Farm Facility (FFF): the FFF has a significant opportunity to provide a supporting and complementary role in the FLEGT processes and assure additional relevant stakeholders are involved in national dialogue. This collaboration has been initiated through joint country-level coordination efforts and missions to enhance synergies of both Programmes. For example, in **Myanmar**, FFF is supporting Forest User Groups and small enterprise to establish community forestry test pilot sites while the partnership with the FAO FLEGT Programme has helped to develop guidance on regulations that would legally empower these same groups to conduct community forestry operations. In **Viet Nam**, FFF, FLEGT and the regular Programmes are all involved in complementary ways to explore options for smallholders to simplify forest certification, enter legal supply chains and increase access to market. In **Kenya**, the FFF in the lead, co-organized with the FAO FLEGT Programme a regional conference to help on-farm tree growers groups and community forest associations promote their role in sustainable tree and wood energy production.

The third phase of the Programme is an opportunity to pilot new combined initiatives supporting sustainable management paradigms such as multiple-use forest management that still require validation but that warrant experience beyond timber. The PMU is working to coordinate in-country and global assistance with the FFF by sharing work plans and organizing country level joint intervention methodologies.

Private Sector: The Programme seeks to ensure private sector partnerships to share information at the global level and will therefore continue to foster ongoing and new partnerships with the European Timber Trade Federation, the Global Timber Forum, and the International Wood Products Association as well as other potential private sector organizations. The objective of working in these networks is to ensure a private sector to private sector dialogue, communication and exchange of experiences on

priority legality requirements and efficient means to comply with those requirements. This dialogue will also promote large enterprise to medium and small enterprise learning in producer countries. The Programme will maintain and further expand the large network of timber associations that currently work within the Programme, and seek new partnerships through calls for proposals and country missions. The work with localized timber organizations will be to support understanding of country level evolving legality standards and support capacity building to comply with these standards.

Others: In addition to the EU and Sweden, the PMU will seek to continue collaboration with the United Kingdom DFID Forest Governance, Markets and Climate Programme and funded partners, the United States Agency for International Development (USAID), the US Forest Service, the US State Department, the International Tropical Timber Organization (ITTO), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and potentially the Governments of Australia, Germany, France and the Netherlands. In particular, the coordination with ITTO initiatives (e.g. TFLET and REDDES) will be a priority in this new phase in order to avoid duplication of efforts and build on results achieved through various ITTO projects. It is worthy to note that earlier this year ITTO signed a contribution agreement with the EU on independent market monitoring. The Agreement seeks to establish independent scrutiny to assess concrete changes in the EU timber market and to see whether the market recognizes and appreciates FLEGT licensed timber⁷. In light of this important role, the Programme will engage with ITTO to develop learning documents on FLEGT issues through its Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET) and in addition, possibly undertake joint initiatives in VPA and non-VPA countries.

3.2 Global Coordination

Global FLEGT coordination will be facilitated by regular meetings organized by the European Commission and attended by FAO, EFI and Member States, the most important one being the annual “FLEGT week”. The PMU will promote and reinforce collaborative actions with relevant partners, i.e. by sharing the annual work plan and organizing in-country meetings with donors, conference calls with partner organizations in the regions, bi-annual meetings at the European level and partner coordination.

⁷ http://www.itto.int/news_releases/id=3860

4. Communication Strategy

The Communication Strategy will be finalized during the inception phase of the Programme in close consultation with the Forestry Department's Media and Outreach Team and the EU FLEGT Facility's Communication Group. This strategy will evolve based on lessons learned from Phases I and II of the Programme. It will also be fuelled by results of the studies on private sector needs which will take place during the inception phase of the new Programme, as these findings will inherently affect the Programme's communication mandate given that increased emphasis will be placed on this target group.

The Strategy will serve as a guide to reaching Outcome 4 of the new Programme but should be considered a cross-cutting Strategy, equally vital to fulfilling Outcomes 1, 2 and 3. A preliminary strategy can be viewed in the Umbrella Document. Highlights include:

- **Supporting country-level information sharing** and visibility actions by project proponents through media training in these countries as well as projects that support this end;
- **Lessons Learning Agenda** – the Programme will work with stakeholders to contribute to information and knowledge sharing on best practices and facilitate dissemination of lessons to the global community of practitioners working on forest governance;
- **Storytelling** – based on previous Programme experience and a specific request from donors, the Programme will work to ensure experiences at the project level are systematically shared through appropriate fora, between service providers and other relevant stakeholders and interactive platforms such as Capacity4Dev and/or the Interactive Map of EU FLEGT Projects (IMOF).

It is important to note that the Programme operates in a unique communication environment given its multi-donor makeup, and that it is bound to the requirements of all donors, not least FAO. FAO Corporate Communications requirements are fast evolving; as such, initiatives will be carried out based on feasibility under FAO's new requirements.

5. Programme oversight and management

Programme Implementation and Management will be overseen by a Steering Committee and a Programme Management Unit (PMU):

- The **Steering Committee** will be comprised of FAO, the European Commission (EC), the Swedish Development Agency (SIDA), United Kingdom (DFID), and other donors or invited national or bilateral partner organizations involved in global FLEGT implementation. The European Forestry Institute (EFI) will be invited to the SC as an observer. The SC will oversee and provide direction to Programme implementation and ensure consistency with the contribution agreement. The SC will meet biannually in Brussels unless an alternative venue is agreed by the SC members. Terms of Reference for the SC will be circulated before the SC Meeting in October 2015.
- The Programme will be implemented by the **Programme Management Unit**, which is a part of the Forest Economics, Policy and Products Division of FAO's Forestry Department. As a component of the Department, the PMU is subject to all operational procedures and reporting requirements under FAO's new Strategic Framework as required for regular Programme staff. The PMU, under a situation of full funding of the proposed Programme budget, would consist of:
 - **Programme Manager (P-5)** - responsible for providing strategic direction for the Programme and assuring all deliverables are accomplished.
 - **Forestry Officers** – Three Forestry Officers (P-4) responsible for the coordination of actions in each of the three regions – Africa, Latin America and Asia; and one Forestry Officer (P-4) to coordinate private sector interventions under Outcome 3.
 - **Information and Knowledge Officer (P3)** – responsible for implementing activities under Outcome 4: information, knowledge and media training and ensuring the linkage between the communication needs of the Programme overall, FAO institutionally and ensuring appropriate visibility for the donors.
 - **Database Technician (P-3)** - will support the modification of the existing project management database to accommodate new call for proposal procedures and data management needs of the Programme. The Database Technician will be employed on a part-time basis and mostly during the start-up phase of the Programme.
 - **Programme Officer (P2)** – will support budget management, assist with donor coordination and assure technical and administrative quality and consistency of Letters of Agreement.
 - **Operations Clerks** – Two based in Rome and two based with the regional Forestry Officers in Bangkok, Thailand and Panama City, Panama.

However, with partial funding, not all new positions will be filled. The current staff of the Phase II programme will be maintained and only the recruitment of the Private Sector Specialist is foreseen. If additional funding is available the Steering Committee will provide a no objection to additional staff recruitment.

6. Programme Monitoring & Evaluation

The PMU will update the Monitoring and Evaluation strategy to ensure effective tracking of the programmes' contribution to improving forest governance, legality of timber produced and traded on domestic and international markets, and equity of forest management systems. The M&E strategy is composed of the following elements:

6.1 Programme level monitoring

a. *Logical framework*

The new logical framework (presented in **Annex 3**) identifies links between the 3 levels of results (output, outcome and contribution to FLEGT action plan) and integrates priority crosscutting themes. This strategic guiding framework will allow the measurement of the Programme results, and facilitate the reporting process.

b. *Baseline*

The baseline study will be initially tested in non-VPA countries and possible selected VPA countries (in collaboration with EFI and main member states supporting VPA), and based on the Logical Framework's higher outcomes indicators. The study will use a mixed-method approach primarily based on the joint FAO-PROFOR practical guide: "*Assessing Forest Governance*". The exercise will be repeated at programme mid-term, allowing the PMU to strategically consider assistance requests and allocation of funding, as well as final stage, to help assess the programme's results.

c. *External Programme evaluations*

- **Mid-term evaluation:** The mid-term evaluation will make an overall independent assessment of the performance of the Programme in the first half term of its implementation. It will also identify key lessons and propose practical recommendations for the remaining implementation period.
- **Final Programme evaluation:** The final Programme evaluation will be an independent assessment of the Programme performance in meeting the target programme expectations. It will be an analysis of the lessons learned and overall success of the Programme in contributing to the implementation of the FLEGT Action Plan and more specifically the contribution of the programme to implementation of the VPA in participating countries.

6.2 Project level monitoring

a. *Strategic Proposal format*

Future proposals will fit closely with the programme logical framework by clearly identifying links with Programme Outcomes and Outputs, and selecting the relevant, standardised

indicators. A standardised logical framework including a list of core indicators will be made available with proposal templates.

b. Due diligence process

Prior to the signature of a Letter of Agreement, a due diligence check of project proponents' profile will ensure relevance to national context and key VPA/FLEGT objectives. This process will also identify potential weaknesses in service providers' management and allow for tailored support to help remedy these.

c. Projects evaluations

- **Technical evaluations:** A standardized technical evaluation sheet will be used to harmonize the evaluation process and allow reporting against the same performance indicators, in line with the standard development evaluation process: relevance, effectiveness, efficiency, sustainability and impact. It will guide the PMU in assessing individual projects' results, and allow strategic guidance to project implementing bodies.
- **Administrative and Financial control of projects:** Systematic financial checks after all projects' inception phases, and regular audits, will ensure sound management and facilitate corrective measures. Further, as part of the final evaluation process, a review of administrative and financial management will be conducted prior to signing off on final reports and releasing the last disbursements.

d. Capacity building of service providers

The PMU will bring operational support to Service Providers, with specific attention to the ones without prior experience of managing FAO FLEGT funds. Systematic induction sessions on Programme procedures and reporting, or project management trainings where necessary, will be given prior to the start of new project. Such activities will be tailored on an *ad-hoc* basis, according to individual Service Provider's needs determined through the due diligence process. The PMU will carry on bringing further support throughout project implementation, reinforced by the results of systematic evaluations.

6.3 Monitoring tools

a. Foris Database update

Along with the ongoing process of maintaining core project information, a series of upgrades to FORIS will allow the systematic collection of data against core project indicators as defined in the Programme logical framework, and project performance data through evaluations. This data will be used to aggregate project outputs and other relevant information for reporting purposes.

b. Project support tools

A simple, user-friendly monitoring package will be provided, which will allow the collection of information throughout the implementation of each project. The monitoring package is designed to better integrate the Programme's reporting and communication needs, as well as

enabling the use of the above-mentioned generic logical framework to capture relevant project data.

ANNEXES

Annex 1. Private sector strategy

Annex 2. Non VPA countries report

Annex 3. Programme Logical framework

Annex 4. Expert panel report

Annex 1. Private sector strategy

Annex 1. Private sector strategy

FLEGT Programme Phase III: Strategy for Engaging the Private Sector in Forest Governance Improvement Initiatives

I. OVERVIEW

Global actors including the UN, FAO and the European Union (EU) have recognized the importance of integrating the Private Sector in development strategies. In the context of achieving legality and sustainability in forest production and commerce, the European Commission – through the adoption of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan in 2003 and other related initiatives – has long recognized the need to engage with, and generate the support of the private sector. Efforts by FLEGT practitioners supporting Voluntary Partnership Agreements (VPAs) and other national forest governance improvement efforts have also sought to engage with the private sector in all aspects of their country and regional level activities.

However, to date, achievements in this regard have been patchy, with many actors – particularly small and medium sized enterprises (SMEs) operating in national or regional markets – remaining marginalized from dialogue and change. This is a lost opportunity, because for many countries, more than 50 percent of total forest-related employment is in SMEs, with approximately 20 million people employed worldwide. When the informal sector is taken into account, it is estimated that there are up to 140 million people employed by forest-related SMEs.⁸ In addition, the majority of domestic market demand for forest products in developing countries is met by SMEs, which thereby represent a significant proportion of the market share and this trend is increasing. Engaging this productive capacity is vital for sustainable development outcomes, including poverty reduction.

It has become equally evident that private sector engagement and associated reforms are integral to Sustainable Forest Management (SFM) goals. As forest management is faced with the increasingly complex challenge of having to reconcile the demands of different users, including the private sector, policies, regulations and institutional arrangements are required that ensure an effective incentive framework exists to promote SFM.⁹ Without market development SFM will remain an elusive goal for natural forests (due to the costs of implementation) and forests will continue to be gradually converted to other uses that deliver higher economic benefits at lower reputational risks. “Good” forest governance, inclusive of private sector actors, ensures that an incentive structure is in place to make SFM an economically viable and attractive land-use option. “The New York Declaration” – endorsed by dozens of governments, 30 of the world’s biggest companies, and more than 50 influential civil society and indigenous organizations, is testimony to the growing recognition of the importance of multi-stakeholder partnerships, and the role of the private sector in reversing forest loss by tackling commodity-driven deforestation in their supply chains.

⁸ GTF DA Request Concept

⁹ <http://www.fao.org/docrep/v1500e/v1500e03.htm>

Efforts are thus needed to strengthen components of the FLEGT Action Plan which address the private sector, including systematically increasing awareness and understanding of EUTR requirements to private sector in producing countries, promoting national level public procurement policies, and improving national financing and investment opportunities for SMEs.

In the face of these challenges, the FAO FLEGT Programme will build on: (1) its distinct advantage as a neutral actor in **convening global dialogue** among public and private entities for trust building and promoting **business-to-business dialogue**, widely acknowledged as a more effective means of transferring legality values to private sector stakeholders; (2) FAO's history of work **providing support to SMEs**, yet with the added value of doing so through the prism of legality so as to enable SMEs to achieve market access and gain the capacities to "go legal"; (3) long standing experience **supporting national forest policies and incentives** to address the needs of the private sector in legality compliance.

The **Objectives** of the Strategy herein (in line with the Programme Logical Framework – Output 3) include:

Output 3.1: Private sector composition, incentives and market dynamics are better understood.

Output 3.2: Private sector stakeholders understand obligations for legal compliance and the demands that are influencing markets.

Output 3.3: Policies and legal frameworks are reviewed and revised to promote fair access to forest resources and increase productive and decent employment in the forest sector as an engine for poverty reduction.

Output 3.4: Private sector stakeholders have the skills to comply with legal frameworks and access markets.

Within this context, it is important to note that the Programme is operating under several explicit assumptions that required both government and the private sector to actively participate (*theory of change*):

1. **The demand side incentive will continue to strengthen** – i.e. law enforcement of the EUTR, Lacey Act, Australian Illegal Logging Prohibition Act and additional countries on board including China, Japan, South Korea and possibly others. The private sector is likely to continue with business as usual, but not in front of regulatory requirements with penalties that provide a sufficient "deterrent effect".
2. **National level public procurement policies** can be adopted and law enforcement can work – the Programme will support this, but the governments have to be on board.
3. **Business side dialogue** and resulting agreements will lead to a strong business case for "going legal" – this also encompasses the assumption that greater involvement of the private sector in decision-making will result in regulation that companies will adopt.
4. **Business to Business** communication and private procurement policies will result in more uptake than traditional development communication.

5. **Formalizing** the informal sector will improve SFM, revenue capture, job creation and legality at the national level.

II. Private sector challenges to legality compliance, needs and opportunities

This section outlines common challenges with regard to private sector inclusion in legality compliance (A), provides specific examples from different regions confirming the need for nuanced approaches to private sector intervention (B) and outlines findings with regards to the major needs of the private sector (C).

A. Commonalities

The work of FAO FLEGT Programme and partners to date has shown that there are certain commonalities across regions and countries regarding the challenges faced when striving to engage the private sector in multi-actor dialogue and initiatives to strengthen forest governance, including VPAs. These are grouped below in no specific order. It is important to note that while commonalities exist among challenges facing the private sector, there are no certain common solutions, and intervention will likely require nuanced approaches given country specific contexts and issues.

Economic and Regulatory concerns. Many forestry companies, of all sizes, consider that they are already operating under an excessive regulatory burden to meet existing national and international legality requirements. A general concern within private sector is that greater emphasis on legality consistently results in increased regulation and higher costs for doing business. Excessive regulation is in fact cited by private sector actors as the main barrier to achieving legality in their operations. These are primarily in the form of excessive numbers of permits and formal processes that have to be passed through in order to complete their work; complicated or ineffective public administration processes; lengthy timeframes to gain permission or complete a particular administrative process; lack of communication or support by public officials; confusing or contradictory information and explanations provided; and lack of capacity within both public institutions and the private sector actors themselves, particularly SMEs. The costs of complying with regulations make it impossible for many SMEs in particular to simply “go legal”. In many cases, private sector actors tend to prefer business as usual: they do not engage because they are too busy and the process of achieving legality is too cumbersome. Inconsistent legality dividend on international markets was also cited as a major concern.

BOX 1. “Red Tape” is the driver of illegal timber in Honduras

A salvage plan is required to recoup one fallen tree in a private forest. A technician is required to conduct the removal which will cost L. 5,000.00 (USD\$ 225.00). In the words of the forest owner, “It was cheaper to buy refreshments at the police station so they turned a blind eye”. Extraction of this single tree therefore became illegal.

Lack of national procurement policies, incentivizing policy or regulations. Many SMEs cannot afford to prioritize long-term goals over short-term gains, and others simply choose not to because of the lack of incentivizing policies or regulations. Access to legality and to the benefits of operating in a

transparent and legal market environment in fact may not be readily available to many companies even when seeking to engage. There are few policy changes moreover that provide positive incentives for behaviour change, such as establishing and enforcing national level procurement policies, simplifying laws and regulations or promoting legal access for SMEs (that largely continue to operate under an informal market system). Where policies exist, they are often not enforced. At the same time, the existence of regulatory mechanisms have shown to be an important “wake up call” for private sector entities as there is a recognized cost for lack of compliance.

Informality trap and absence of a level playing field. Lack of legal access to resources, excessive corruption, lack access to legal markets or promotion within legal markets, lack of capacities and in turn, the absence of a level playing field have all contributed to pushing SMEs into an “informality trap”. Gritten *et al.* (2015)¹⁰, for example, assess the regulatory barriers to communities making a living from timber in Cambodia, Nepal and Viet Nam and assert that there are numerous, often prohibitive regulations in place. What’s more, the authors explain, the regulations’ complexity often requires a level of capacity far beyond the ability of community members *and* local government staff.

Confusion about what “system” to use. Many private sector actors have actively pursued voluntary measures to improve the sustainability of their practices, both in the form of certification for forest management and chain of custody, and in corporate purchasing practices and commitments. It is not always clear to the private sector how, or if, these efforts are incorporated in national legal and regulatory frameworks to improve legality and forest governance, which increases confusion and frustration. A UN study¹¹ confirms that this is common on a global scale: where lawmakers fail to define appropriate and inappropriate behaviour, it becomes frustrating for businesses, as it is difficult to understand what is expected of them. In additional, standards for compliance with the diverse demand side measures (albeit a national or international measure or requirements of a purchasing company) can add diverse layers of compliance formalities for a single company selling into a variety of markets. Finally, the differences between competing certification schemes introduces additional variables in the effort to demonstrate legality, as requirements among schemes vary, and not all schemes are equally recognized by purchasers or government-developed legality systems. Efforts to clarify the role and vigour of voluntary certification schemes within national systems have been tested or are under discussion in several VPA countries including Vietnam, Cameroon and the Republic of Congo. In Vietnam, for example, work is underway to identify criteria, methodology and modalities for recognizing voluntary and national certification schemes as part of the Vietnam Timber Legality Assurance System (VNTLAS). These initiatives should be supported and reviewed for lessons or as models to be tested in other markets.

Lack of confidence in government. Historically, in many forest producing countries, there exists an environment of mistrust and consequently, lack of communication between private sector actors and government entities, particularly regulatory bodies. A legacy of corruption and inconsistent enforcement methodologies within many enforcement entities contributes to significant levels of suspicion and increased costs. This is particularly evident in the control of forest management practices

¹⁰ Gritten *et al.* 2015. An Uneven Playing Field: Regulatory Barriers to Communities Making a Living from the Timber from Their Forests—Examples from Cambodia, Nepal and Vietnam. *Forest*, 6: 3433-3451; doi:10.3390/f6103433.

¹¹ www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UN_Global_Compact_Goal16.pdf

and transportation of raw materials, where regulatory restrictions are often considered excessive, and thereby increasing cost for the primary producers, particularly for SME forest managers. In extreme cases, private sector representatives have questioned the governments' resolve and capacity to take on a "level playing field" approach, such as adopting a VPA TLAS and consistently enforcing rules across all segments of the market. Indeed, many operators consider the VPA as simply another tool by which the public administration is taking advantage of legality measures for their own personal benefit. Others have said they do not believe in legality discussions, and do not think the public administration is strong enough to maintain the rule of law; they see these processes as bureaucratic exercises and are just waiting for the practical consequences to act (for example, the EUTR that represents/can represent a real constraint/risk).

Complex messaging about VPA and compliance has also contributed to the problem: organizations that support private sector inclusion in FLEGT processes have consistently missed the messaging needs for this stakeholder group, and lack understanding of the most significant obstacles that dissuades the private sector to engage in the legality dialogue.

BOX 2. NEEDS ASSESSMENT ON FOREST BUSINESS ASSOCIATIONS

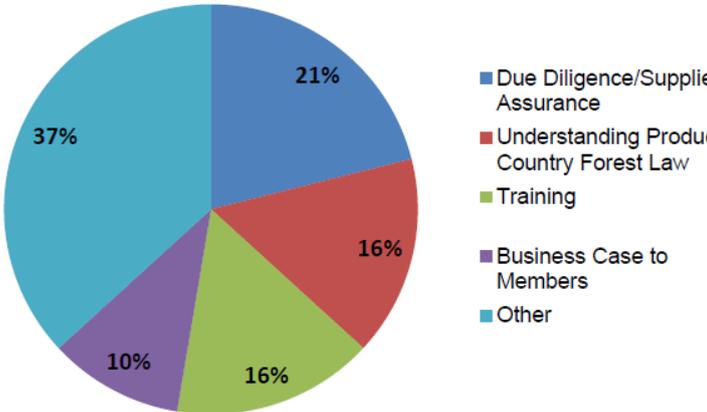
A needs assessment conducted by WRI and the Global Timber Forum (GTF) in July 2015¹ produced valuable insights into forest business associations which help to guide future approaches to address this group. Associations ranging from those representing a large percentage of the wood trade of a country to relatively small organizations representing a much lower trade volume were surveyed. They were asked a series of questions to gauge the level of awareness of legality requirements and sustainability forest product certification, market demand for legal or sustainable products, and where the association needs the most assistance. Most of the associations’ members are aware of legality requirements and certification standards. With a few exceptions, most of the associations would like more funding to support their legality and sustainability activities. After that, the area with the highest need is in communicating and making a solid business case for market demand for legal and sustainable wood products to members.

Other areas that rated high on the needs scale included support in training members and in helping to establish due diligence systems and supplier assurance. Importers and processors stated that they need more help understanding producer country forest law. Exporters and processors, on the other hand, need help understanding export forest trade law and helping members adopt SFM standards.

Priority Needs of forest business associations

Other Top Priority Needs:

- Make **FLEGT and FSC less onerous**, less expensive and more practical for producer countries.
- Provide market access and links for certified products and building **consumer demand** for legal wood.
- Internet and **communication networks** for outreach.
- Improve **product quality** to assure market access.
- Association **organizational support**



Source: WRI & GTF, 2015.

B. Illustrative regional and country-level considerations

While common challenges are found, as identified above, work on FLEGT related issues and VPA implementation to date has shown that the context of each region and country is unique and creates specific environments (opportunities and challenges) for the private sector, which need to be addressed individually. National level approaches are needed to adapt interactions adequately to the different contexts. The following sections highlight some of the trends and examples from each region.

Latin America:

With a growing middle class in many Latin American countries, domestic demand for wood products is significantly increasing year by year. A 2013 study of wood flows in Central America by EFI and IUCN¹² shows that while there is a robust trade among countries within the region, as a whole the region is a net importer of wood products. Trade data from large timber producing countries in South America, particularly Colombia and Peru, demonstrate a rapidly growing similar trend to being net wood importers in the near future, in order to meet domestic demand. Imports tend to be in lower-value wood products such as pulp for paper production or cheap furniture from China. Latin American countries continue to export high value tropical timber, where high-visibility illegality issues are found, including record levels of violence against community and indigenous groups protesting illegal logging. In addition, there is little control on national SMEs and imports for the domestic market. Therefore, in order to increase legality and transparency in the forest sector, a focus on private sector actors operating in the domestic and regional spheres in addition to exports will be essential.

A 2015 study in Honduras provides an illustrative example of private sector actors' perceptions regarding barriers to legality and good governance in the sector. The most common response across all five types of actors interviewed was the need for regulatory reform, to reduce costs and reduce or improve official processes in order to create a more level playing field within the commercial sector. Costs were considered to be excessive considering the limited governance support or benefits provided by formal institutional structures.

Findings from Honduras are reflected in an analysis of the private sector in Costa Rica by IUCN which found that the costs to forest product companies to obtain the required permits for export increased 150% in the period between 2012 and 2014 with no perceived increase in benefit to the exporter.

¹² EFI y UICN, 2013. Comercio Internacional de Productos de Madera y su Gobernanza Administrativa en la Región de América Central y la República Dominicana.

BOX 3. Needs identified by private sector forest actors in Honduras to improve legality and increase engagement with forest governance dialogue.



Private Sector Groups interviewed were: Forest Producers Association; Forest Cooperatives Federation; Forest Owners Association; Reforestation and Plantation Association; and Timber Association.

Asia:

Asia's overall forest cover continues to decline but planted forests are expanding in some countries. Countries such as The Philippines, Vietnam and Thailand have engaged in major plantation programmes and recorded a net increase in forest cover during 2005-2010. Annual production of industrial round wood in the region has remained relatively stable at 250 – 280 million cubic metres during the past 20 years. Natural forests are increasingly depleted and conversion timber represents an increasing share of timber coming from natural forests. Timber production from planted forests is increasing and the smallholder contribution to regional wood supplies has become critical.

The most recent FAO data on forest land ownership (2005) show that in ASEAN governments remain the dominant forest owners. Household and community tenure and harvesting rights in natural forests remains limited and often unclear and problematic but the situation is improving for planted forests or trees. The regulatory environment for community plantations or forests and smallholdings has been shaped by native forest considerations and is therefore often ill-adapted and complex. On the other hand some smallholder-grown timber species are classified as agricultural commodities and fall outside the forestry sector's regulatory framework. The promotion of regulatory approaches and certification to improve forest governance and enhance international market access can exacerbate these existing problems and have a criminalizing or paralysing effect on community and smallholder timber production as well as small scale enterprises further down the supply chain. Many SMEs relying on natural timber sources are increasingly struggling to find affordable and legal or sustainable timber sources.

One of the major changes in the forestry sector in Asia-Pacific has been a shift in focus from exports of industrial round wood and other primary commodities – largely to regional trading partners – to the

export of more value-added products – especially wood-based panels, paper and paperboard and wooden furniture – to markets throughout the world. Several countries have emerged as major producers and exporters of wooden furniture during the last two decades. ASEAN countries are now predominantly exporters of timber and wood products, mainly to China, EU, US, Japan, Canada and India. However, because of scarce forest resources in some key countries, large demand, and major installed processing capacity, the Asia-Pacific region is a significant net importer of most wood products. Asia's export and value-added forestry sector has been a driver of development and has brought opportunities for its smallholder timber producers and SMEs. In an increasingly regulated market small producers and SMES are facing increasing challenges to comply with regulations and requirements and their associated cost.

Africa:

The majority of African forest product exports are roundwood and simply processed products, while imports are predominantly higher-value products. This has led to a negative balance of trade in forest products that has occurred in almost every year over the last five decades and currently stands at USD 4.6 billion (FAOSTAT, 2016). Furthermore, in many African countries, artisanal production constitutes at least 50 percent of total national production and the domestic markets constitute more demand than the international markets. Some studies estimate that small-scale chainsaw milling may account for as much as 90 percent of forest operations in countries like DRC.¹³ The informal markets also contribute significantly to employment (especially rural employment) than large businesses as all labour is manual. A CIFOR study estimates that chainsaw milling, for example, provides close to 40 000 more or less permanent jobs in rural areas.¹⁴ The same study estimates that annual production from informal chainsaw milling operations in Cameroon reached 715 000 m³ by 2009 (by comparison, in 2009 the volume of sawnwood from the industrial sector amounted to 360 000 m³). A Programme study carried out by PARPAF (*Project d'appui a la Realisation des plans d'aménagement forestier*) in collaboration with CIFOR in 2011 confirmed these trends. The study found that 44 000 m³ of rough-sawn timber enters Bangui, Central African Republic, each year, similar to the amount of industrial timber exported annually by the country; villages receive 50 000 – 150 000 FCFA per year from operators as an informal compensation system on loggers.

What's more, recent CIFOR research under the Pro-Formal project suggests that small-scale operators supplying domestic and regional markets in Africa are beginning to demand recognition in the form of rights and responsibilities, including the payment of genuine taxes instead of bribes. It is widely acknowledged that the informal, artisanal sector can generate a number of benefits to local communities and national economies in the form of employment, empowerment, investment in public goods and conservation of forest ecosystems, but not if it they remain invisible and criminalized.

¹³ Lawson, S. 2014 *L'exploitation illégale des forêts en République démocratique du Congo*. Chatham House, EER PP 2014/3, London.

¹⁴ Cerutti, P.O. and Lescuyer, G. 2011 *The domestic market for small-scale chainsaw milling in Cameroon: Present situation, opportunities and challenges*. Occasional Paper 61. CIFOR, Bogor, Indonesia

C. Private sector organizational opportunities

Research by WRI and other independent organizations strongly suggest that a significant number of companies and associations would be willing to engage on legality and sustainability were the right medium to reach them effectively to be available. Individual outreach to forest businesses of any size is not a feasible approach to achieve scale of impact. Federations or associations of companies provide critical entry points to gaining access to larger groups of companies, and multi-federation groupings at regional or global levels multiply this effect even further. Forest businesses are increasingly creating innovative associations in order to access markets and information for their members, including SMEs. For example, in July 2014 representatives from forest sector federations in six countries in MesoAmerica created the *Organizaciones del Sector Forestal Privado Responsable de México, América Central y el Caribe*, known as UNIFOR, to promote and improve responsible purchasing at national, regional and global level. UNIFOR is now being legally registered within each member country and is gaining strength among its target audience.

The Global Timber Forum (GTF) – an open access communications platform created and developed by the international timber industry – was formed to address the same issue of scale and access to information. Its inaugural summit in Rome in 2013 was supported by FAO and interest in the concept has steadily grown. At the GTF meeting in Shanghai, June 2015, it was agreed to form the GTF into a separate legal entity. Established through DFID support to the European Timber Trade Federation in order to engage private industry in forests markets and governance, the GTF links associations from developing countries with export markets, engaging the industry globally, and providing valuable south-to-south connections. The GTF plays an especially important role, filling the gap in communication between consumer and producer companies by providing information and knowledge through a business-to-business channel, which has arguably been a key missing link in engaging the private sector in FLEGT and related processes.

The developments of new associations forming among forest business interests of all sizes and at different geographical scales, shows the potential power of grouping together within the private sector to identify collective needs, and gain access to information and markets. Likewise, these associations create essential entry points for support interventions by service providers and the FAO FLEGT Programme. Through these associations, a far greater number of private sector interests can be reached – this is particularly needed when seeking to collaborate with SMEs.

III. PREVIOUS PROGRAMME SUPPORT AND COMPARATIVE ADVANTAGE

This section outlines previous Programme support to the Private Sector (A) and how FAO can best support private sector engagement in legality compliance (B).

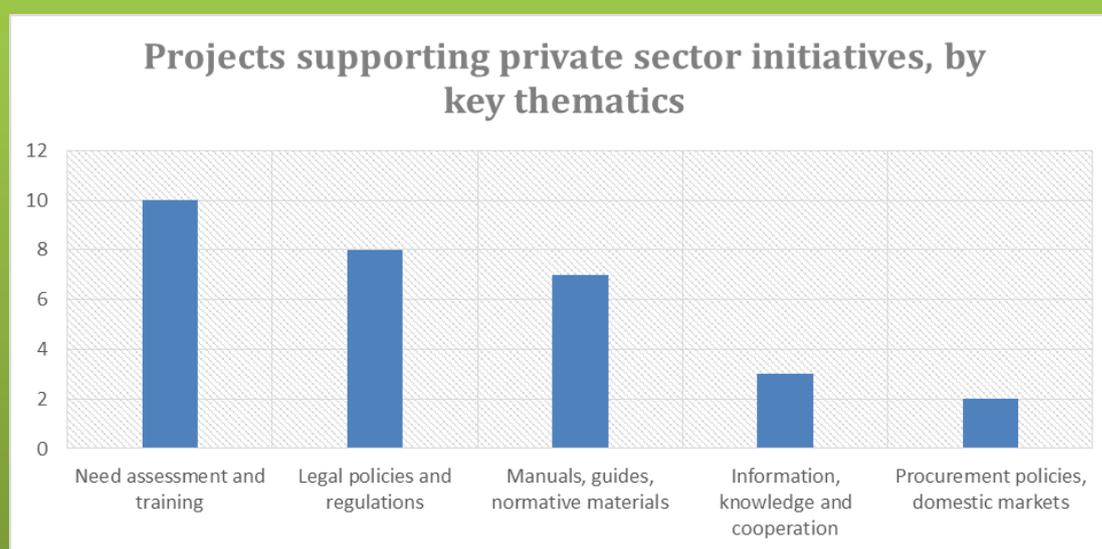
A. Previous FAO FLEGT Support to the Private Sector

During Phase II, 30 projects directly targeted the private sector or addressed their needs. Most activities focused on needs assessment and training, where demand from the private sector is high,

especially on the TLAS and traceability components. The Programme also continues to help the private sector to comply with legal policies and regulations, including support to assess risk of illegal timber in the supply chains of SMEs and testing approaches to include SMEs in national TLAS.

Another important area of work is the production of normative and informative materials directed at the private sector (companies, operators, federations, and associations) to improve their understanding of FLEGT, VPA and TLAS and to provide tools to comply with FLEGT requirements. This demonstrates a gap in specific technical knowledge and skill to address changing legality requirements. While the Programme has only funded two projects on national public procurement, this area holds great promise for impact with little inputs. The projects have been awarded to a variety of stakeholder groups including government institutions (forestry and trade related), private sector organizations and NGOs.

BOX 4. FAO FLEGT PROJECTS SUPPORTING PRIVATE SECTOR INITIATIVES



For a fully list of projects, please see Annex II.

B. FAO's Comparative Advantage

In addition to building on Programme experience working with the private sector, the FAO FLEGT Programme has a distinct advantage to influence private sector inclusion, participation and an enabling business environment for three main reasons:

- (1) **Global Dialogue** – As a global institution with a history of convening multiple stakeholders, FAO can facilitate dialogue between public and private entities, which is essential for trust-building and tackling private sector legality and compliance concerns such as the excessive regulatory burden and the absence of rule of law. A key part of this is the promotion of **business-to-business dialogue**, widely acknowledged as a more effective means of transferring legality values to private sector stakeholders. As an institution, FAO already works to facilitate dialogue between governments and the private sector on a regular basis,

encouraging the use of voluntary standards of best practices and facilitating private investment in good and inclusive value chains.¹⁵ The Forestry Department in particular has played a regular role in this regard (e.g. the Advisory Committee on Sustainable Forest-based industries and related meetings). FAO FLEGT builds on this rich expertise and capitalizes on its role as a neutral convenor.

(2) SME Support – FAO’s mandate and Strategic Objectives focus on reducing poverty and enabling inclusive and efficient agricultural food systems, including making sure smallholders are not excluded from important parts of the value chain nor poorer countries marginalized in the global market place where bigger players are accustomed to exerting greater influence. FAO’s Social Forestry and Forest Economics Teams and the Forest and Farm Facility (FFF) already have a robust Programme of work engaging SMEs. The FAO FLEGT Programme will complement these activities providing policy and technical support to SMEs in the context of legality.

(3) National Policy and Incentives – It is widely accepted that governments have primary responsibility for creating and supporting enabling environments for sustainable development – through accountable institutions and enforcing the rule of law, for example. FAO has a history of policy support in the forest sector, helping governments formulate, monitor and evaluate “good” forest policies, identify challenges in the sector, enhance dialogue among stakeholders, develop capacities to deal with policy issues and provide incentivizing legislation. Enhancing multi-stakeholder dialogue has been a core part of the Programme since its inception and has long been a cornerstone of regular Programme activity through the National Forest Programme Facility and other governance initiatives. This dialogue, moreover, has made it possible to bring up contentious issues such as land tenure, access to resources and inclusiveness. The FAO FLEGT Programme hence builds on an existing body of work to continue support to government-led aspects of enabling environments for legality.

IV. FAO FLEGT STRATEGY TO ADDRESS NEEDS OF PRIVATE SECTOR IN LEGALITY COMPLIANCE

This section provides an overview of the needs of the private sector that this Programme will address based on what is viable and realistic from a technical standpoint, in view of its comparative advantage and outlines the objectives (A), means (B) target audience (C) of the strategy, role of actors (D), programme mechanisms and partnerships (E) and geographic scope (F).

A. Overview

Attention to both domestic and international markets. Initiatives to improve legality in the forest sector can actually be attractive to the private sector, as indicated by the findings of the GTF and WRI study, as they will facilitate market access and potentially lead to more rational and fair legal frameworks and level playing fields. The challenge and opportunities to generate real change from

¹⁵ www.fao.org/about/what-we-do/so4/en/

private sector perceptions and actions starts with providing information; training and outreach to all actors operating at all market levels, and promote engagement with government through awareness of the likely benefits. At the same time, we know that international markets are no longer sufficient drivers of legality given that over 50 percent of production is destined for domestic markets in producer countries, where there is a lack of demand for legal timber. This makes attention to domestic market issues equally integral to any strategy.

Legal and Regulatory Reform. Support to private sector to increase legal and sustainable practices in forestry will only have long term traction if accompanied with corresponding regulatory reform. In turn, technical support provided to the private sector is unlikely to succeed in improving legality compliance and benefits of legal operations unless consistent and feasibly applicable regulatory reform processes precede training programs. In VPA countries Legality Assurance Systems are being designed and implemented to provide a systematic means of applying and verifying application of the regulatory systems. Often perceived by the private sector as increased regulation and associated compliance costs, they are founded on the national laws and only incorporate additional regulation to meet international best management standards. While some of this concern may be alleviated by access to information and raising awareness of how a Legality Assurance System will be implemented in practice, it is such a recurring theme in discussion with private sector actors that it cannot be ignored. Other concerns of the private sector will require more skills training as well as an enabling legal and regulatory environment.

Incentives and Public Procurement. Regulatory and fiscal reform processes which create incentives for good legal behaviour are high on the agenda for all private sector actors, large and small, and therefore must be incorporated as a basic goal for any intervention designed to engage them actively in forest governance support initiatives. As part of all regulatory and fiscal reform efforts, public procurement strategies which favour legally produced timber products should be a priority. These are currently being promoted in Ghana, Uganda and Colombia through government action and support from the FAO FLEGT Programme, but are not yet nationally endorsed and operational. Incipient efforts are also being made at municipal levels in Latin America which also show potential to have positive impact, and should be fostered.

Building Trust. Fundamentally, getting private and public entities to sit at the same table to engage in dialogue, through multi-stakeholder platforms for example is critical to successful reform processes. The message that must reach the private sector is that discussions regarding legality definitions are actually opportunities to simplify and clarify regulations, and identify needs for reform. These discussions are also opportunities to engage in dialogue on developing technically-viable approaches to legality.

Developing Skills. Private sector and particularly SME actors need to remain competitive in their production in order to be able to effectively address reforms and requirements for legality. Improvements to production capacity should go hand in hand with improving legal and regulatory frameworks.

In summary, the private sector requires regulatory and policy reforms to enable them to engage effectively with national and global efforts to improve legality, and to improve access to fair and transparent market opportunities. Experience from FAO FLEGT Programme's work to date, particularly in support of countries implementing a VPA, shows that governments are willing to consider regulatory reform when the challenges and potential solutions are presented to them by national bodies and through national dialogue processes. This indicates that there is potential for an articulate, aware and organized private sector to positively influence governments regarding regulatory reform should they chose to pursue this option.

B. Objectives and Outputs of the Strategy

The following are illustrative proposed interventions, presented by Output, which will be adapted and refined throughout implementation of Phase III in order to better deliver viable solutions to the challenges encountered. In addition, these activities are presented in relation to target groups in **ANNEX 1**.

It is important to note that these actions are illustrative and they may not all be appropriate for implementation in each country. Additionally, the programme will prioritize actions based on resources available and need. FAO FLEGT remains a primarily demand driven programme and therefore specific interventions in each country will reflect needs and demands as identified by stakeholders.

The desired Global Outcome is described by Outcome Three under FAO FLEGT Phase 3 work: ***The capacity of the private sector to participate in the production, marketing and trade of legal timber has increased***. In other words, the Programme seeks to improve the enabling conditions under which the private sector operates within the timber industry, to promote cultural change within global, regional and national forest products markets, whereby legal and transparent operation is the norm. It is important to note that the Programme will seek to address the challenges (outlined in Section A) that are viable and realistic from a technical standpoint, based on its comparative advantage. Moreover, the interventions are subject to changes as they are based on country level work, proposals received, stakeholder preference and local context. Finally, although a final beneficiary of the Programme are women and disadvantaged segments of society, gender has not been included under the proposed illustrative interventions as it requires preliminary research during the initial phases of Phase III to allow for more targeted and realistic interventions.

Output 3.1: Private sector composition, incentives and market dynamics are better understood.

The FAO FLEGT Programme and others in the FLEGT arena have identified a significant lack of information and data on the structure and dynamics of actors in the private sector, particularly regarding SMEs and informal micro-enterprises. Without a good understanding of the current situation of the local and domestic market structures, in addition to regional and international markets which are better known, interventions through our work are likely to be less than optimally effective. Although some very important studies have been carried out and the Programme will capitalize on

information available,¹⁶ more country- and regional case studies will need to be conducted to better target support. To allow Programme activities to move forward, rapid risk assessments will be included in the country and regional case studies to identify weakest aspects of forest products commercial chain, geographically and operationally. These studies will be conducted through a phased approach, conducting several studies per year of the programme. Of note is the research needed to better understand vulnerable segments of society and identify marginalised groups who often face the greatest difficulties to comply with legal frameworks and receive little attention in forest policies in many timber producing countries which favour large-scale operations oriented to export markets. It will be important to map their involvement and understand how roles, relations, participation, access and benefits in relation to forestry value chains, particularly in the context of gender, to allow for specific interventions that can truly make a mark on poverty reduction and mitigate the potential adverse effects of VPAs and associated forest governance reforms.

Illustrative interventions Output 3.1:

- Conduct a rapid assessment in each country where Phase III will operate in order to:
 - identify prior and ongoing initiatives to address needs of private sector particularly SMEs, and corresponding data available;
 - understand number and type of organized structures grouping private sector actors, and their relative strengths and influence;
 - apply typology of private sector actors assessment to understand profile of sector;
 - conduct initial assessment of proportional costs to SMEs in all aspects of business – to help identify weakest parts of production chain which need assistance;
 - determine initial interest in or potential for public-private alliances, public purchasing policies, or other policy developments;
 - gauge private sector expectations regarding VPAs and/or national initiatives to address legality;
 - conduct rapid risk assessment of commercial product flow in country, identifying most vulnerable aspects, both operationally and geographically;
 - collect additional information as identified during the design of the rapid assessments.

- Build understanding through partnerships with existing organizations on:
 - understanding of domestic market issues with partners such as CIFOR, EFI, WRI, FSC/PEFC bodies and associated auditors;

¹⁶ **For example:** FAO. 2015. *Cameroon: Typology of private sector actors in forestry*. Rome, Italy. ; Cerutti, P.O. and Lescuyer, G. 2011 The domestic market for small-scale chainsaw milling in Cameroon: Present situation, opportunities and challenges. Occasional Paper 61. CIFOR, Bogor, Indonesia.; Lawson, S. 2014 L'exploitation illégale des forêts en République démocratique du Congo. Chatham House, EER PP 2014/3, London.; European Forest Institute's studies on Trade Flows in Asia

- understanding local challenges through work done by independent monitoring organizations, NGOs, and private sector organizations
- understanding roles, relations, participation, access and benefits in relation to forestry value chains, particularly in the context of gender.

Output 3.2: *Private sector stakeholders understand obligations for legal compliance and the demands that are influencing markets.*

As noted above, there is a lack of information on private sector structures and relationships in many timber producing countries. Conversely, there is a lack of information available to these actors regarding legality requirements, markets demands and trends which are essential in order to make business decisions for the future. There is a clear need to help private sector entities of all sizes “go legal”, and understand the business case for doing so. Large Companies trading at national, regional and international level need to be informed and trained on the FLEGT Action Plan, international trade requirements, specific practices to improve legality and sustainability of their operations so as to communicate back to and lead producer country industry. SMES in particular need to have better access to information – in simple and accessible formats – as well as communication and outreach resources to promote their products and the benefits of legal production to their target market.

Illustrative interventions Output 3.2:

- Support federations / cooperative arrangements of grouping SMEs (i.e. membership organizations; technical service providers etc.) which are well situated to directly contact and impact a larger number of businesses and other, smaller private sector organizations than the Programme itself could do directly and promote information on legality and market demands.
- Work directly with existing initiatives that support small forest enterprises at national level and regional level if they exist, FFF, FAO Social Forestry Programme, forest or farmers’ associations, etc. to provide technical advice on markets and regulatory compliance.
- Collaborate in training and capacity building initiatives with certification and verification service providers, to ensure coherent and consistent messages regarding legality compliance, and to reach larger private sector audience.
- Pay particular attention to providing information and capacity building to Federations of business interest from Strategic Partner countries, such as China and Brazil, through information sharing and training mechanism of the Programme.

Output 3.3: Policies and legal frameworks are reviewed and revised to promote fair access to forest resources and increase productive and decent employment in the forest sector as an engine for poverty reduction.

In order to influence regulatory frameworks, effective dialogue and trust needs to be established between the private sector and public entities, particularly regulatory bodies. In addition, it is important the public entities recognize the benefits to them, which are likely to be generated by building closer alliances with private sector. Positive reform, such as incentives for private sector through public purchasing policies, are particularly emphasized. Equally, support is required to help identify the needs for legal reform collectively within the private sector, particularly those affecting SMEs, and present these needs to government for action through participatory processes. There is an important opportunity here to ensure gender-specific barriers to access and control over productive resources and the need for decent employment (job security, improved working conditions, etc.) are brought up in these discussions and communicated to governments.

Illustrative interventions Output 3.3:

- Establish / promote national level dialogue between government, private sector and civil society to prioritize topics and seek common perspective:
 - categorize regulatory obstacles most commonly cited by private sector actors and determine their function and effectiveness;
 - outreach to corresponding public entities to better understand challenges from their perspective, and identify common opportunities;
 - understand current public-private communication channels and potential to influence change

- Identify advisory needs and hire consultant where appropriate to work with government to develop appropriate policies and regulatory reform actions which support SMEs.

- Encourage dialogue between public entities and SME producers specifically regarding access to resources and tenure to identify bottlenecks and possible solutions.

- Align messages with certification and verification service providers with regards to framing requests for public sector consideration, i.e. legal and policy changes. Promote compatibility VPA TLAS, especially for the FSC Controlled Wood and PEFC Controlled Sources standards.

- One-on-one dialogue between FAO FLEGT and public regulatory bodies to assess:
 - Relationship history of interaction with private sector including SMEs;
 - Interest in increasing organized dialogue with private sector organizations (PSOs) and considering reduction of regulatory burden where appropriate rather than continue trend of increased regulation;

- Anticipated outcomes of government relating to dialogue with PSOs, potential for change;
- Actual and proposed policy incentives for private sector;
- Potential for public purchasing policies which create a demand for legally produced timber, incentives for SME compliance and positive reform.

Output 3.4: Private sector stakeholders have the skills to comply with legal frameworks and access markets.

Private sector actors clearly need access to training and information on legality for improved quality and efficiency of production – particularly SMEs in value-added processing – to increase competitiveness of their businesses and strengthen their position in the market. Indeed, SMEs need to be supported in their efforts to develop technical capacities to comply with legal frameworks, thereby promoting market access, enabling progression to more sustainable forest management systems. This is key, as SMEs are potentially much better suited than larger businesses to manage forests sustainably, particularly if one looks at the importance of the domestic market in many countries.

As noted in Section I, groupings of business interests provide essential opportunities for FAO FLEGT Programme to have a greater influence on private sector actions, capacity and decision making at national, regional and global levels such as GTF and UNIFOR. International or regional groupings of federations create a neutral space for common interests to be discussed without the framework of competition among federations which can often be found at national level. In addition, these “self-selected” groups of private sector representations create leadership within the private sector.

Certain companies and federations may have more experience than others in best practices, and within this neutral group they have potential to influence a much wider audience than they would individually. The leadership example that they create, combined with global market trends, creates a pull on weaker federations and companies to increase their compliance and awareness while fostering a sense of “partnership” within the group rather than dominance by certain interests over others. For example, companies in emerging markets such as Brazil, Mexico and China are much more likely to be influenced by their peers in other countries than by training offered by specific national federations from a leading market region (USA or EU).

Illustrative interventions Output 3.4:

- Collaborate with and provide support to Federations and other groupings of large businesses to ensure technical and operational capacity to provide their members with information and training on key components of FLEGT Action Plan, trade regulations, due diligence etc. Also to encourage lesson learning among members so that experiences in legality compliance, certification and responsible purchasing are shared.
- Build technical and operational capacity of targeted associations in the forest sector production process which work with SMEs, particular focus on advocacy skills for regulatory

reform and dialogue, and equal access to government decision makers as large private sector actors have in order to start to level the playing field.

- Support associations and federations in developing internal codes of conduct and monitoring systems for members.
- Work with large international and national businesses to identify opportunities to engage SMEs in their own supply chains and provide appropriate training and capacity building for suppliers, i.e. through R&D or a corporate funded training centre. Also to encourage corporate engagement in national processes, such as VPAs, in their sourcing countries.
- Outreach to micro-finance and other lending institutions in-country to improve small enterprises' access to finance (examples – BANRURAL and FINCA in Latin America; TREE BANK in Thailand), to better understand requirements, challenges and opportunities for SME finance options

Output 3.5: *Private sector stakeholders are empowered to self-organize and to participate in governance processes.*

FAO will support Micro, Small and Medium Enterprises (SMEs) to work together in effective grouping structures which provide technical resources and capacity building, to increase legal operation, market access, and advocacy for change. Associations of private sector actors will be supported in their outreach and training to members to increase engagement of larger number of businesses in increasing legality on national, regional and global markets. Targeted interventions will be needed to strengthen marginalised groups' bargaining power and participation in decision-making (e.g. stakeholder consultations). Therefore the ability to self-organize will be supported, and enhanced by collaborating with service providers closer to the informal sector who can identify needs and opportunities for association where these exist.

Illustrative interventions Output 3.5:

- Encourage the formation of new associations of private sector actors and of service providers (auditors, credit institutions, etc.) or Quality Infrastructure (certification accreditation bodies, scheme managers, etc.) where there are gaps and where sustainability is likely.
- Promote the business case for legality: provide financial and technical assistance to a federation of SMEs to enable them to develop installed capacity on key topics of legality and business development (efficiency, advocacy, accountability). The federation can then offer members services to increase capacity of each individual business, at reduced rates based on scale.
- Work with service providers specializing in technical capacity building for production, particularly among SMEs. Training centres have the capacity to influence segments of the

sector which may not be formally associated with each other and help to identify opportunities and promote benefits of association around specific processing elements, such as drying and primary processing, which can create coherence among informal producers as they increase capacity.

C. Target Audience

For the purposes of this strategy, the target audience for FAO FLEGT work with private sector under Phase III is divided into two groups: “final beneficiaries”, intended as groups of actors upon which the Programme aims to have an impact on and “direct beneficiaries,” or actors directly funded or supported through the Programme.

Final Beneficiaries:

1. **Small and medium forest enterprises (SMEs)** encompassing both small-scale forest resource operators producing raw material, and small businesses engaged in processing and placing forest products on the market. For simplicity, rather than differentiating between SMEs and MSMEs in this document, this grouping also includes micro-enterprises which generally operate in local domestic markets and are largely operating on the margins of legality. It should be noted that while attention to SMEs might include vulnerable segments of society (i.e. women, youth, rural poor and indigenous groups), it will not be assumed that this is will automatically take place, hence more tailored studies and support for these segments of society are needed.
2. **Formally established timber businesses**, such as large producers and exporters who mainly need information and business links, as FLEGT is largely about legal timber in the global marketplace. Business to Business dialogue will help reach these groups, largely by fostering new partnerships with and supporting, among other actors, the European Timber Trade Federation (ETTF), the Global Timber Forum (GTF), the International Wood Products Association (IWPA), and ATIBT (depending on its longer term outlook).

Direct Beneficiaries:

Please note that these entities, in some cases, are also final beneficiaries.

3. **Government entities** in each country where the Programme operates, in particular the corresponding Forest Regulatory Authority, where strategic Public-Private alliances may be built. Government plays a key role in enabling a sound business environment by providing incentives, ensuring policy/regulatory reform and restoring private sector trust. The FAO FLEGT Programme intends to build on FAO’s long established and strong relationship with governments in each country where we operate to promote better public – private communication, dialogue, and policies, including the creation of alliances where appropriate. Research moreover shows that in countries where public purchasing policies exist, favouring legal and sustainable wood products whether at national or sub-national

level, demand for legal timber increases across all market segments¹⁷. Therefore public entities are also key target audiences in this work as they can serve as market drivers and directly influence wood purchasing decisions within a country.

4. **Private sector organizations**¹⁸ such as federations, cooperatives, associations or other entities which group actors of different levels are targeted. A recent FAO FLEGT Study in Cameroon¹⁹ recommends working specifically through federations to influence the private sector. Indeed, organizations and groupings of private sector actors, such as federations and cooperatives, provide tremendous leverage power for accessing a greater number and range of actors, particularly when targeting SMEs in producer countries. In addition, federations and associations which represent large business interests or the strong voice of local populations when unified are highly valuable entry points to gain access to influential market actors in consumer countries and as such, are important partners for FAO FLEGT Phase III information and outreach for private sector.
5. **Service providers** working alongside the private sector in forestry, particularly those providing certification and verification services for sustainability and legality, training and capacity building, and financial investment. Entities which provide these services, in particular voluntary certification and training as well as finance and lending services, are powerful allies for channelling information sharing and training activities. These will be targeted for building partnerships with FAO FLEGT to jointly increase the benefit to SMEs and larger businesses of improving practices, increasing legality and formalizing their role in the market, particularly domestic and regional markets.
6. **Civil Society Organizations** which focus on support for private sector needs, particularly SMEs operating in a national context. CSOs are major stakeholder in all FLEGT processes and have been broadly supportive of FLEGT to date. They need further support for their functions vis-à-vis private sector engagement.
7. **Regional environment and trade-based organizations** (ASEAN; EGILAT, CCAD; etc.) often have a strong convening power and institutional history for dialogue on specific FLEGT based topics. While there are no activities listed for specific work with regional trade based organization FAO often organizes conferences, workshops, technical and outreach actions in partnership with these organizations.

¹⁷ Brack, D. 2014. *Promoting Legal and Sustainable Timber: Using Public Procurement Policy*

¹⁸ A private sector organization is a non-profit organization representing members of the private sector including trade unions,

Federations, organizations of chainsaw operators and charcoal producers, or other small scale unions or associations representing small and medium sized enterprises operating exclusively in the forest sector. Private sector organizations can produce for domestic markets or export to regional and/or international markets. Direct support to private companies is not available through the Programme.

¹⁹ Groutel, E. & Fumey, S. 2015. *Typology of the forest private sector's player: Challenges and opportunities for supporting the private sector within the framework of the Voluntary Partnership Agreement between the European Union and the Republic of Cameroon*. FAO.

It must be noted that the given the operating structure of the FAO FLEGT Programme and the limitations to human and financial resources available, it will not be possible for the Programme to work directly with all of the categories of private sector identified, but will do so based on priorities set by stakeholders in each country and complementarity with EFI and other partners (e.g. CIFOR). Nonetheless, a FAO study in Cameroon²⁰ which assessed the different types of actors found in the forest private sector provides a useful starting point for characterizing actors found in forest sectors worldwide and is used here for illustrative purposes. Where necessary, the descriptions will be adapted for different context where the Programme works. The proposed categories of Private Sector Actors are:

- Large international/national enterprises (LE)
- Medium-sized national enterprises (ME)
- Traders (TR)
- Small enterprises (SE)
- Intermediaries (IN)
- Artisans or Micro enterprises (AR)
- Smallholder and community forest timber producers
- Service providers (i.e. technical support ; certification bodies ; training centres)

The PMU recognizes that while this strategy presents many constraints to producing legal timber, which we seek to address to the best of our ability, there exists an entire segment of the timber economy that intentionally produce and trade in illegal timber and no measure of dialogue, governance or enforcement will change their operating models. The persistent global traffic in protected species of Rosewood (i.e. *Dalbergia nigra*), which is known to be illegal, is a good example of this phenomenon. This strategy does not consider this phenomenon as part of the target private sector audience, rather addressing these issues falls entirely under law enforcement and anti-corruption objectives.

D. Role of Private Sector Actors

The position and function of the target private sector actors in the commercial timber product chain is presented, in a simplified version, below in BOX 5. Timber is harvested by forest producers (from SMEs to larger forest owners/concessions) and may include some level of in-situ processing, particularly in isolated SME-managed forests. While timber may move directly from harvest to primary processing facilities, it is important to recognize the role of intermediaries at all steps in the supply chain, and the possibility that timber and wood products are often stored in yards or repositories for sorting prior to distribution.

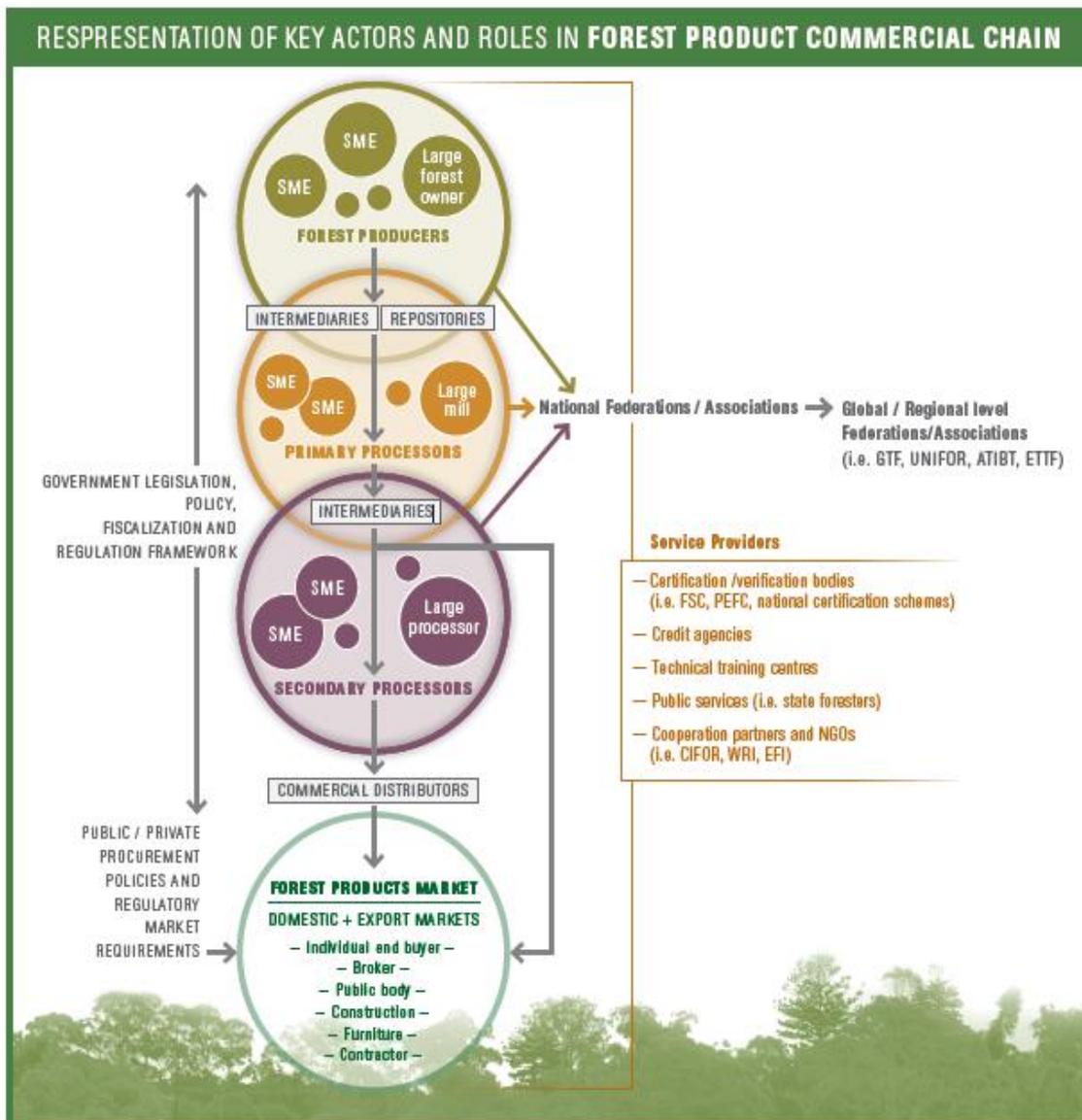
Next, primary processors (small and large saw mills) filter products and by-products to secondary processors, for example in blocks or planed boards, where a higher level of value added processing takes place. These products then make their way to domestic or international markets and final

²⁰ Groutel, E. & Fumey, S. 2015. *Typology of the forest private sector's player: Challenges and opportunities for supporting the private sector within the framework of the Voluntary Partnership Agreement between the European Union and the Republic of Cameroon*. FAO.

consumers through buyers, brokers, public entities, construction and furniture companies. This supply chain is influenced at different points by decisions such as government legislation, fiscalization and regulatory frameworks and public and private procurement policies. Service providers such as certification bodies, credit agencies or cooperation partners also play a role in supporting processors to reach forest product markets, while national federations and in turn, global and regional level federations and associations provide support to their members at all points along the supply chain.

The message is that the supply chain is not linear and timber flows through different routes to end users, at there is potential for illegality at different points in the supply chain. Intermediaries and repositories are important points for influencing actors' behaviour along the chain, and have not been given sufficient attention in the past. The purchasers noted here represent those that are found to have the biggest pull on the wood product market at both international and domestic levels – construction and contractors, brokers and furniture manufacturers, and perhaps most significantly, public purchasers. There exists the very real potential to influence supply chain legality through public and private procurement policies, for example, and improving regulatory market requirements.

BOX 5.



E. *Programme Mechanisms and Partnerships:*

Programme Mechanisms. At this stage, lessons learned to date through initial studies and review of Phases I and II of the Programme provide sufficient direction for the PMU to start Phase III work to engage the private sector in a number of ways:

- **Calls for proposals:** to ensure competitive opportunities and to seek additional unknown organizations. The PMU has introduced a two-lot mechanism for VPA countries to encourage support specifically from the sector. A similar approach will likely be used in countries not engaged in VPAs; this will be determined by the national platforms.
- **Direct Assistance:** based on the understanding that private sector organizations have often demonstrated little capacity/interest to seek funds and implement projects in the “development” context, the Programme will plan Direct Assistance based on information from Private sector studies as well as through direct communication when PMU staff are in the field. This approach will be essential to driving private sector work forward.
- **Information services:** reach out to the PS through sector mapping/situational analysis and needs assessments, awareness-raising workshops, promotional/information materials (paper and web-based), events (such as the World Forestry Congress taking place in September, 2015, the Global Timber Forum, Fairs, Global or regional coalitions), etc.
- **Target focal points:** in addition to the standard Programme mechanisms adopted in Phases I and II, focal points will be identified to help organize and coordinate in-country private sector work. This could also be a core network of stakeholders and practitioners related to the private sector to provide up to date information on domestic and regional markets and communicate with key target audiences. The Individual(s) will work through a collaborative relationship, not direct hire, and may be located within FAO country office team or a partner organization. In addition, the private sector strategy will be incorporated into the work of the entire FAO FLEGT program team and consultants as part of their ongoing responsibility for program management.

Partnerships. FAO FLEGT’s work to support the private sector in Phase III will require close collaboration with other FAO initiatives which work with private sector actors, particularly SMEs. We propose to implement all three main Programme mechanisms for support to private sector actors where appropriate opportunities arise, and at *regional and international level* through support to corresponding organizations. It should be noted that greater detail about the extent of collaboration will take place on a case-by-case basis depending on country and context during the rapid country assessments.

Key partners include:

FAO. FAO’s Forestry Department, through the Social Forestry and Forest Economics Teams and the Forest and Farm Facility (FFF), are working to mobilize investment in small scale forest enterprises (SSFE) and producer groups by encouraging countries to create an enabling environment. Concrete actions include making forest policies, laws and institutions more conducive to SSFE and providing risk mitigation measures to encourage the corporate private sector to invest in the production, processing and value addition of forest products; promoting multi-stakeholder dialogue; and providing technical

support as needed, including capacity building for community groups, individuals and forest smallholders to improve their organizational, business and entrepreneurial skills to develop sustainable SSFEs. A regional approach enables interventions to be scaled up across countries within the same region, and increases sustainability. This work is highly complementary to programme needs particularly with regard to Output 3.1 and 3.5. FAO's Decent Employment Team, and corresponding work with the UN Green Jobs Initiative in countries like Zambia and Uganda are also highly complementary with regards to the Programme's gender and decent work objectives.

National/Regional/Global Associations and Federations. Through the first two phases of the FAO FLEGT Programme, the PMU built partnerships with European, African, Asian and Latin American timber trade federations, syndicates and associations. This strategy will continue to foster these partnerships and support to strengthen *Business to Business Communication*. National/Regional /Global Associations and Federations will be targeted, including, among other actors, the European Timber Trade Federation, the Global Timber Forum, UNIFOR, **Association Technique Internationale des Bois Tropicaux** (ATIBT) and the International Wood Products Association.

EU FLEGT Facility. The European Commission has identified the current FAO FLEGT Programme and EU FLEGT Facility (housed in EFI) as the two flagship Programmes providing assistance to implement the EU FLEGT Action Plan. In Asia especially, where EFI has already carried out private sector studies and assistance, there is great potential for collaboration and complementarity between the programmes.

International agencies: The past phases of the Programme have established collaboration with several international agencies including the UN REDD Programme, CIFOR, IUCN, ITTO, among others. CIFOR in particular has a wealth of experience and knowledge on domestic markets and SMEs in Africa in particular, as aforementioned, and could be further engaged for research-oriented tasks (Output 3.1). ITTO in particular could provide important market information to complement country assessments.

Civil Society Organizations. Past phases have involved support to institutions like WRI, Tropenbos and WWF in research for the Programme. The high calibre of research produced makes these organizations important partners for assessing private sector needs in different countries (Output 3.1).

F. Geographic Scope

The Programme will operate on a demand-driven basis and after consultation with local stakeholders and will not prescribe priority countries. A nuanced approach will be used based on country-assessments, complementarity with partner initiatives (e.g. EFI's private sector work in Asia) and non-VPA country selection. As evidenced in Griffen *et al.* (2015), there is no common solution for addressing [private sector challenges] such as regulatory barriers, hence the Programme will need to evaluate intervention on a case by case basis and with stakeholders.

ANNEX I. Proposed Interventions by typology of actor

Type of Actor	Proposed Interventions through appropriate Programme Mechanisms	Desired Outcome	Assumptions
FAO FLEGT PHASE 3 (VPA and Selected Non-VPA countries)			
<p>Large National and International Businesses - through Federations / Trade Associations such as ATIBT; GTF; UNIFOR etc.</p>	<p>- Work with Federations and other groupings of large businesses (i.e. ATIBT, GTF, IWPA) to ensure technical and operational capacity to provide their members with information and training on key components of FLEGT AP, trade regulations, due diligence etc.</p> <p>-Work with large businesses to identify opportunities to engage SMEs in their supply chains and provide appropriate training and capacity building for suppliers, i.e. through R&D or a corporate funded training centre.</p>	<p>Federations provide members, including in consumer countries, accurate information on due diligence and legality compliance and present cohesive messages regarding regulatory reform.</p> <p>Federations and their members have increased awareness of the important role of SMEs and take appropriate measure to provide associated benefits throughout their supply chains.</p>	<p>Federations / Trade Associations will disseminate information effectively through their members</p> <p>Governments are willing to actively engage with Federations / Trade Associations and consider change</p>

Type of Actor	Proposed Interventions through appropriate Programme Mechanisms	Desired Outcome	Assumptions
FAO FLEGT PHASE 3 (VPA and Selected Non-VPA countries)			
<p>Micro, Small and Medium Enterprises (SMEs), brokers and traders - through associations representing their interests.</p>	<ul style="list-style-type: none"> - Support federations / cooperative arrangements of grouping SMEs which are well situated to directly contact and impact a large number of businesses and other, smaller private sector organizations -Provide financial and technical assistance to a federation of SMEs to enable them to develop installed capacity on key topics of legality and business development (efficiency, advocacy, accountability). -Work directly with existing initiatives that support small forest enterprises at national level and regional level if they exist, FFF, forest or farmers' associations, etc. -Encourage the formation of new associations where there are gaps and where sustainability is likely; -Build technical and operational capacity of priority associations working work with SMEs, with particular focus on advocacy skills for regulatory reform and dialogue. 	<p>SMEs are organized into effective associations which represent significant proportion of the sector and have strong advocacy and communication skills</p> <p>Associations of SMEs provide equitable benefits to their members and create opportunity for market access, training and improved employment conditions</p> <p>Relationships between large businesses and SMEs and between SMEs and Government entities concerning forest production and commerce are strong, transparent and productive.</p>	<p>Associations represent significant proportion of SME sector</p> <p>Associations will disseminate information effectively through their members and provide services equitably</p> <p>Associations are sufficiently established to continue long term influence</p> <p>Governments are willing to actively engage with SME associations and consider change</p>

Type of Actor	Proposed Interventions through appropriate Programme Mechanisms	Desired Outcome	Assumptions
FAO FLEGT PHASE 3 (VPA and Selected Non-VPA countries)			
<p>Service Providers – including certification, verification, training and lending institutions as opportunities arise</p>	<p>-Outreach to micro-finance and other lending institutions in-country to improve small enterprises' access to finance to better understand requirements, challenges and opportunities for SME finance options</p> <p>-Collaborate in training and capacity building initiatives with certification and verification service providers, to ensure coherent and consistent messages regarding legality compliance, and to reach larger private sector audience</p> <p>-Align messages with certification and verification service providers with regards to framing requests for public sector consideration, i.e. legal and policy changes.</p>	<p>Service providers are up to date with current knowledge of FLEGT AP, due diligence and trade regulations impacting their region</p> <p>Service providers make specific efforts to improve access to information and services by SMEs</p>	<p>Service providers are sufficiently well established in their field to continue long term influence</p> <p>Service providers, particularly lending institutions, are interested and willing to hear demands from SMEs</p>
<p>Government Entities – including regulatory body and de-centralized public entities</p>	<p>-Identify advisory needs and hire consultant to work with government to develop appropriate policies and regulatory reform actions which support SMEs</p> <p>-One-on-one dialogue between FAO FLEGT and public regulatory bodies to assess:</p> <ul style="list-style-type: none"> ○ Relationship history of interaction with private sector including SMEs; ○ Interest in increasing organized dialogue with private sector organizations (PSOs); ○ Anticipated outcomes of government relating to dialogue with PSOs, potential for change. 	<p>Government is hearing priority issues from private sector stakeholders and using inputs to inform decisions, particularly regarding regulatory systems.</p> <p>Government entities adopt policies which increase SME inclusion in legal and sustainable forest products markets at local and domestic level</p>	<p>Government is willing to strengthen communication and collaboration with private sector.</p>

Type of Actor	Proposed Interventions through appropriate Programme Mechanisms	Desired Outcome	Assumptions
<u>STRATEGIC COUNTRY PARTNERS²¹ FOR FAO FLEGT PHASE 3 (China, Brazil, India, Other TBD).</u>			
<p>Large National and International Businesses - through Federations such as GTF; UNIFOR; ATIBT; etc. Focus on companies which purchase from Priority Countries and/or have regional market influence</p>	<p>-Engage key Federations and other groupings of large businesses in training opportunities within the region regarding FLEGT AP, trade regulations, due diligence etc.</p> <p>-Provide information and opportunities for technical exchange within the region to increase South-South learning</p> <p>-Support dissemination of information regarding Strategic Partner country requirements or guidelines on legality when operating in Priority Countries for the Programme, to increase collaboration and transparency within the region.</p>	<p>Federations provide members, including in consumer countries, accurate information on due diligence and legality compliance and present cohesive messages regarding regulatory reform.</p> <p>Federations and their members have increased awareness of the important role of SMEs and take appropriate measure to provide associated benefits throughout their supply chains.</p>	<p>Federations / Trade Associations will disseminate information effectively through their members</p> <p>Governments are willing to actively engage with Federations / Trade Associations and consider change</p>

²¹ Countries with significant market influence but not recipients of grant funding.

<p>Service Providers – including certification, verification, training and lending institutions. Focus on those which provide services to Priority Countries and/or have regional influence as opportunities arise</p>	<p>- Collaborate in regional level training and capacity building initiatives with certification and verification service providers, to ensure coherent and consistent messages regarding legality compliance, and to reach larger private sector audience</p> <p>-Align messages with certification and verification service providers with regards to framing requests for public sector consideration, i.e. legal and policy changes.</p>	<p>Service providers are up to date with current knowledge of FLEGT AP, due diligence and trade regulations impacting their region</p> <p>Service providers make specific efforts to improve access to information and services by SMEs</p>	<p>Service providers are sufficiently well established in their field to continue long term influence</p> <p>Service providers, particularly lending institutions, are interested and willing to hear demands from SMEs</p>
<p>Government Entities – including regulatory body and de-centralized public entities. Focus on those which interact with Priority Countries</p>	<p>-As opportunities arise, foster relationships between government entities of priority countries and strategic partner countries regarding legal trade and technical exchange within the region</p> <p>-Encourage government policies which support SMEs and legal purchasing and impact inclusion of SMEs in regional product markets</p>	<p>Government is hearing priority issues from private sector stakeholders and using inputs to inform decisions, particularly regarding regulatory systems.</p> <p>Government entities adopt policies which increase SME inclusion in legal and sustainable forest products markets, including regional markets.</p>	<p>Government is willing to strengthen communication and collaboration with private sector.</p>

ANNEX 2. Projects supporting private sector (both direct and final beneficiaries) funded to date in Phases I and II

Stakeholder group	Thematic areas	Proponent	Title	Thematic linked to PS support
Government	LAS, traceability and control systems	Office National du Bois (ONAB)	Appui à la mise en place d'un système de traçabilité du bois de l'ONAB au Bénin	Manuals, guides, normative materials
Government	LAS, traceability and control systems	MINFOF	Prise en compte des systèmes de certifications privées de légalité et de gestion forestière durable, dans la délivrance des certificats de légalité	Legal policies and regulations
Civil society	Transparency and independent observation	Wildlife Conservation Society (WCS)	SEGeF-Suivi de la gestion de la faune dans les concessions forestières du Bassin du Congo.	Legal policies and regulations
Civil society	Domestic and regional markets	CERAD	Cibler et promouvoir les demandes de sciages légaux sur les marchés intérieurs de bois du Cameroun	Manuals, guides, normative materials
Government	LAS, traceability and control systems	Ministère de l'Environnement, Conservation de la Nature et Tourisme (MECNT - Cellule E)	Formalisation du suivi des prélèvements et exportations de bois d'Afromosia dans le cadre de la CITES comme phase préparatoire du Système de Vérification de la Légalité (SVL) de l'APV en cours de négociation entre la RD Congo et l'Union européenne	Legal policies and regulations
Civil society	Local communities and community forestry FLEGT activities	Tropenbos International RDCongo (TBI)	APV-FLEGT : exploitation et commerce légaux du bois, une affaire de tous en Provence Orientale	Need assessment and training
Civil society	Local communities and community forestry FLEGT activities	Groupe d'Encadrement pour le Développement Intégral (GEDI)	Appui à la promotion de l'exploitation artisanale légale du bois dans les Districts du Plateau, Kwango et Kwilu / Province de Bandundu en RD Congo	Need assessment and training
Government	LAS, traceability and control systems	Ministère de l'Environnement et Développement Durable, MEDD	Appui à la progression du Plan d'Action FLEGT en RD Congo par la mise en place d'une base de données pour le suivi des prélèvements et du commerce de P. Elata dans le cadre de l'Avis de Commerce Non Préjudiciable approuvé par la CITES en juin 2014	Legal policies and regulations
Civil society	Domestic and regional markets	Tropenbos International RDCongo (TBI)	Des coopératives des exploitants artisanaux au service de la légalité et de la rentabilité économique pour tous	Need assessment and training

Stakeholder group	Thematic areas	Proponent	Title	Thematic linked to PS support
Private Sector	Private sector initiatives	Association Technique International des Bois Tropicaux (ATIBT)	Organization of the International Forum on the sustainable development of the wood industry in the Congo Basin.	Information, knowledge and cooperation
Private Sector	Private sector initiatives	ATIBT - UNIBOIS	Amélioration de l'implication des petites et moyennes entreprises/industries à capitaux congolais dans la mise en œuvre de l'APV signé entre leur pays et l'Union européenne à travers un renforcement de capacités de leur association professionnelle	Need assessment and training
Civil society	Domestic and regional markets	CIFOR	Appui au développement des réflexions sur le marché domestique du bois en Côte d'Ivoire avec un soutien dans l'identification d'options stratégiques et la proposition d'un plan d'action	Manuals, guides, normative materials
Government	Domestic and regional markets	Ministerio de Medio Ambiente y de Recursos Naturales	Proyecto de Fortalecimiento del Mercado Nacional de las Maderas Criollas para la Sustitución de las Importaciones de Madera en la República Dominicana	Manuals, guides, normative materials
Civil society	Local communities and community forestry FLEGT activities	ECOPAR	Apoyo a la implementación del sistema de certificación forestal de origen legal del Ministerio del Ambiente del Ecuador, para productos forestales maderables de comunidades y pequeños productores forestales en el territorio ecuatoriano	Manuals, guides, normative materials
Civil society	Domestic and regional markets	Nature & Development Foundation, NDF (WWF)	Supporting the implementation of the public procurement policy on timber and timber products in Ghana	Procurement policies, domestic markets
Civil society	Private sector initiatives	Domestic Lumber Traders Association (DOLTA)	Preparing for FLEGT licensing; what SMEs needs to know about VPA	Need assessment and training
Government	Private sector initiatives	Resource Management Support Centre (RMSC)	Improving Capacity Development of Small to Medium Scale Timber Processing Enterprises towards Effective Voluntary Partnership Implementation in Ghana	Need assessment and training
Civil society	LAS, traceability and control systems	Forestry Training Centre Incorporated (FTCI)	Develop a pilot timber harvesting and forest monitoring model for small loggers associations to improve compliance with the forest laws and agreed forest management prescriptions in Guyana.	Legal policies and regulations

Stakeholder group	Thematic areas	Proponent	Title	Thematic linked to PS support
Government	Private sector initiatives	Instituto Nacional de Conservación, Desarrollo Forestal, Areas Protegidas y Vida Silvestre (ICF)	Apoyo al sector privado respecto su participación en el AVA Honduras	Need assessment and training
Civil society	LAS, traceability and control systems	Indonesia Furniture Industry and Handicraft Association (ASMINDO)	Bridging TLAS to the small furniture industry in Indonesia	Legal policies and regulations
Government	Information and pre-negotiation phase of VPA	Yayasan Bioma (Yayasan Biosfer Manusia) - Kutai Kartanegara District of Forestry Service (KKDS)	Promotion of SVLK Implementation through formalized timber production from Community Forests in Kutai Kartanegara District, East Kalimantan - Indonesia	Need assessment and training
Government	LAS, traceability and control systems	Ministry of Environment and Forestry	National Stakeholder Workshop on SVLK Certification of Communal and Village owned forest (Hutan milik Desa)	Information, knowledge and cooperation
Private sector	Private sector initiatives	Associação Moçambicana de Operadores da Madeira (AMOMA)	Fortalecimiento de las capacidades de los principales actores del mercado de la madera en Mozambique, en especial del sector privado, para la implementación del Plan de Acción FLEGT en el país.	Need assessment and training
Civil society	Local communities and community forestry FLEGT activities	Fauna and Flora International	Improved Legality, Governance and Trade for Community and Smallholder Timber in Myanmar	Manuals, guides, normative materials
Government	Transparency and independent observation	Department of Trade and Industry (DTI)	EU Regulations: Awareness campaign and Compliance Solutions	Manuals, guides, normative materials
Civil society	Private sector initiatives	IDC Environment & Livelihood Development Foundation	Building Capacity for Training and Auditing Chain-of-Custody Systems	Need assessment and training
Private sector	Information and knowledge	Association Technique International des Bois Tropicaux (ATIBT)	Participation of EU/FAO/FLEGT key stakeholders in the ATIBT Forum: Strengthening Trust in Tropical Timber	Information, knowledge and cooperation

Stakeholder group	Thematic areas	Proponent	Title	Thematic linked to PS support
Civil society	Transparency and independent observation	REM	Tools for Implementation of Forest Governance	Legal policies and regulations
Civil society	LAS, traceability and control systems	WWF	Enhancing compliance and regulation of timber harvesting and trade in Uganda	Procurement policies, domestic markets
Civil society	Local communities and community forestry FLEGT activities	Research Institute for Sustainable Forest Management (SFMI)	Preparing SMEs for VN TLAS implementation through voluntary group certification of integrated Chain-of-Custody and Due Diligence System	Legal policies and regulations

Annex 2. Non VPA countries report

Annex 2. Non VPA countries report

Rationale for FAO FLEGT Programme Non-VPA country selection

I. Summary of results

A key lesson from Phase I and II of the FAO FLEGT Programmes is that there is need for more tailored and coordinated governance processes in countries that seek to address governance issues through alternative measures of the FLEGT Action Plan. As such, Phase III will provide tailored assistance to *country-led* governance reforms, which involve multiple stakeholders (Outcome Two). This document hence outlines the rationale, process and methodology behind the PMU's decision to select the following countries for non-VPA country intervention. A series of quantitative and qualitative indicators, outlined in the methodology, were used to make the final selection.

The Selection process was conducted in three steps. The Programme Management Unit evaluated 109 eligible countries based on nine quantitative indicators that resulted in a list of 51 eligible countries for the expert opinion survey. The survey results are presented in **Table 1**; a list of the 16 highest ranked countries. **Table 2** summarizes the PMU recommendations, after review and inputs based on FLEGT Programme and other FAO staff experience.

TABLE 1

Country	Ranking in perception survey
China	1
Brazil	2
Mozambique	3
Colombia	4
Peru	5
Uganda	6
Mexico	7
India	8
Guatemala	9
Madagascar	10
Tanzania	11
Philippines	12
Belarus	13
Ecuador	14
Cambodia	15
Zambia	16

TABLE 2

PMU Recommendation	Country
Recommend interventions for bilateral and multilateral actions only, no country level programme	China Brazil Mexico India
Recommend for year-one country level programme exploration	Mozambique Colombia Peru Uganda Guatemala Madagascar Philippines
Recommended for year-two country level programme exploration	Ecuador Cambodia Zambia
Not recommended for programme activities	Tanzania Belarus

The PMU also recommends the following countries for activities as either complementary to existing programmes and recommended countries or as complementary countries to ongoing UN REDD programmes where funds for FLEGT actions are available (**Table 3**).

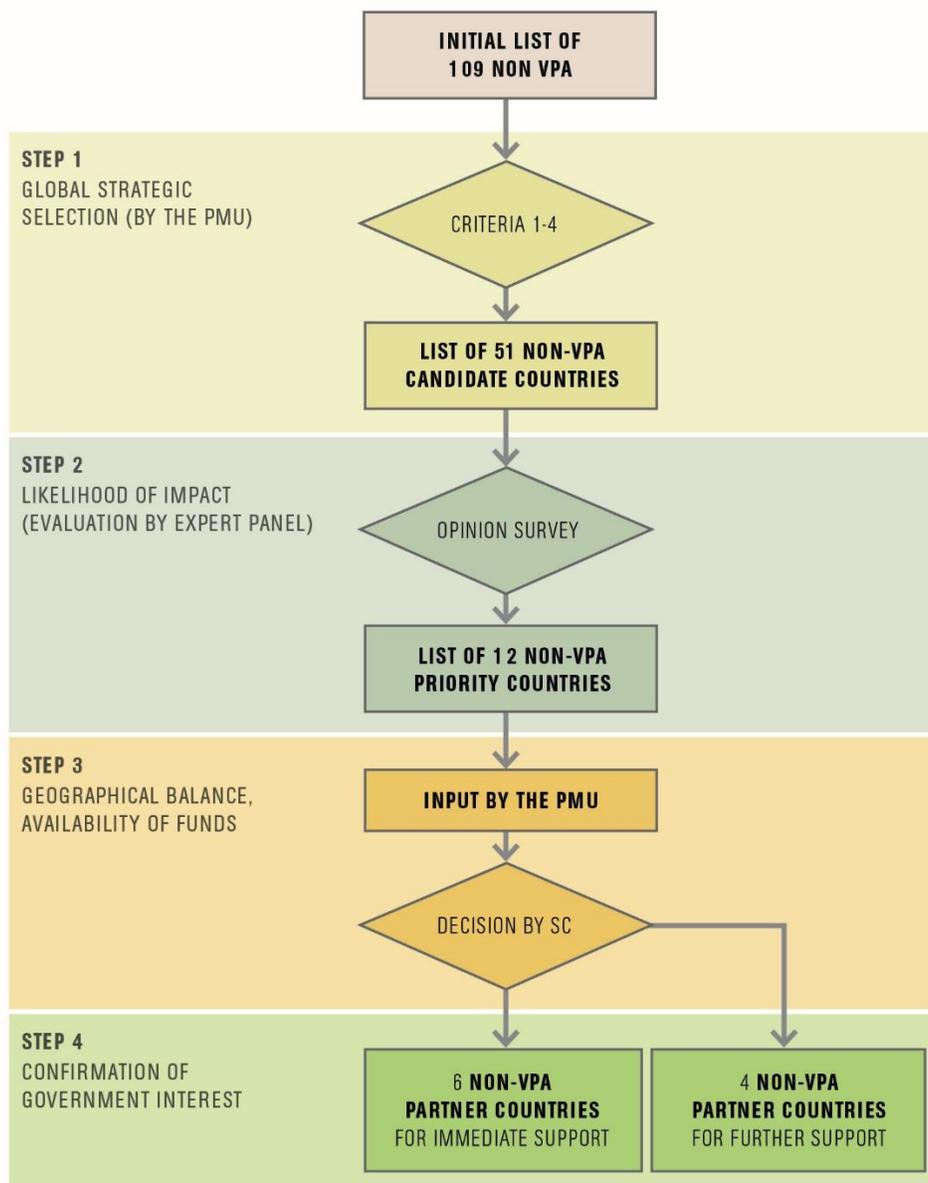
TABLE 3

Country	Ranking	Recommendation
Belize	23	Transboundary forest governance issue with Guatemala, but no specific country level
Panama	30	Transboundary forest governance issue with Columbia, but no specific country level interventions
PNG	21	Complementary FLEGT / UN REDD programmes; FLEGT funds available through UN REDD
Solomon Islands	32	Complementary FLEGT / UN REDD programmes; FLEGT funds available through UN REDD

II. Process & Methodology

As agreed in the Umbrella Programme Document approved in December 2014 for the implementation of Phase III of the FAO Forest Law Enforcement, Governance and Trade Programme (2015 – 2020), a group of countries not engaged in the VPA process will be selected to receive FAO support for improving forest governance. These countries will be selected based on the following process (**Figure 1**) which includes a mixture of quantitative and qualitative criteria:

FIGURE 1: SELECTION PROCESS



- **Step 1:** The PMU pre-selected candidate countries based on four proxy criteria and associated indicators established by the PMU and endorsed by the SC in the Inception Phase (See figure 2). To be selected, at least one indicator in each criteria had to reach the threshold, which represents the median value of the proxy. For a country to be selected, at least one indicator within each criterion had to reach its established screening threshold (median value of the indicator). All selected countries were shortlisted as “**candidate countries**” to the Phase III Programme.

TABLE 4. Criteria and Indicators for non-VPA country selection

Criteria & Indicators	Value	Value	Threshold
	Min.	Max.	(median value)
Criteria 1. Importance of Forest			
- Indicator 1.1. Extent of forest ²² (% of land area)	1	95	> 31
- Indicator 1.2. Forestry sector (% GDP)	0,02	11,49	> 1,11
Criteria 2. Production			
- Indicator 2.1. Global Timber production (m ³ RWE)	6 000	752 10 ⁶	> 1,118 10 ⁶
- Indicator 2.2. Wood fuel production (m ³ RWE)	0	308 10 ⁶	> 5 10 ⁶
Criteria 3. Trade			
- Indicator 3.1. Exports of timber products (m ³ RWE)	60	36 10 ⁶	> 37 691
- Indicator 3.2. Exports of timber products to EU-28 (USD)	0	529 10 ⁶	> 0,35 10 ⁶
- Indicator 3.3. National consumption of timber products (m ³ RWE)	0	212 10 ⁶	> 0.71 10 ⁶
Criteria 4. Governance			
- Indicator 4.1. Corruption Perception Index (CPI)	8	91	< 40
- Indicator 4.2. Government Effectiveness	-2.21	2.07	< 0,49

Sources:

- *Indicator 1.1.* FAO FRA, 2010
- *Indicator 1.2.* FAO, 2014. *Contribution of the Forestry Sector to National Economies, 1990-2011*
- *Indicator 2.1.* FAO STAT, 2013 (*Industrial roundwood + Sawnwood + Wood based panels*)
- *Indicator 2.2.* FAO STAT, 2013 (*Industrial roundwood + Sawnwood + Wood based panels*)
- *Indicator 3.1.* FAO STAT, 2013 (*Industrial roundwood + Sawnwood + Wood based panels*)
- *Indicator 3.2.* UN COMTRADE 2013 (*Industrial roundwood + Sawnwood + Veneer + Plywood*)
- *Indicator 3.3.* FAO STAT, 2013 (*Production + Import – Export*)
- *Indicator 4.1.* Transparency International, 2014
- *Indicator 4.2.* Worldwide Governance Indicators (WGI), 2013

²² Forest = Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent (FRA, 2015)

- Step 2: The PMU conducted an expert assessment through a short perception-based questionnaire²³ (see *Section III: Results*) on likelihood of impacts in the **51 candidate countries** pre-selected by the PMU in *Step One*. Experts included FAO regional and sub-regional forestry officers, external experts from each of the three regions, and specialized organizations including EFI, ITTO, UNDP, UNODC, INTERPOL, CIFOR, GTF, ATIBT, FSC, PEFC, WRI, FERN, GW and Greenpeace. The 12 highest scores were shortlisted as the “**priority countries**” to be targeted in the Programme.
- Step 3: The PMU made, herein, a final recommendation to the Steering Committee based on qualitative performance measures, including (1) commitment to improve forest governance and address timber legality; (2) existing demand for support to coordinated multi-stakeholder initiatives; (3) FAO and Programme experience in selected country, and in turn, likelihood of impact. (See *Section III: Results*)
- Step 4: Confirmation of Government interest.

²³ SurveyMonkey®

III. Results

A. *Step 1: Countries pre-selected based on quantitative criteria established by the PMU in the Inception Report.*

Out of the 109²⁴ countries pre-selected by the PMU as eligible for funding, **51 countries** were shortlisted by the PMU as possible candidate countries based on the four standard proxy criteria identified by the PMU during the inception report (*see Section II: Process and Methods*).

Table 5: Quantitative screening results

AFRICA	AMERICAS	ASIA
Angola	Belize	Bangladesh
Benin	Bolivia	Cambodia
Burkina Faso	Brazil	China
Burundi	Colombia	DPR Korea
Egypt	Ecuador	Fiji
Ethiopia	El Salvador	India
Guinea	Guatemala	Nepal
Kenya	Mexico	Papua New Guinea
Madagascar	Nicaragua	Philippines
Malawi	Panama	Solomon Islands
Mali	Paraguay	Sri Lanka
Mozambique	Peru	Belarus
Niger	Suriname	Ukraine
Senegal	Venezuela	
Sierra Leone		
Somalia		
Sudan		
Swaziland		
Tanzania		
Togo		
Tunisia		
Uganda		
Zambia		
Zimbabwe		

²⁴ Countries pre-selected include all countries in sub-Saharan Africa, Latin America, the Caribbean and Asia, in addition to countries eligible for EU funding such as the Ukraine, Belarus and Russia.

B. *Step 2: Expert assessment on likelihood of impacts determines a list of priority countries among the candidate countries.*

The PMU approached 50 global experts made up of international governmental organizations, UN entities, the private sector, certification bodies, and NGOs with seven key questions (*see Annex One*). Questions asked ranged from what in their view was the magnitude of timber trafficking to extent of trade with the EU and VPA countries to government commitment to address forest governance and legal timber. Organizations represented by the experts include FAO, UNREDD, INTERPOL, UNODC, the European Forest Institute, PEFC, FSC, Fern, Forest Trends, the IDL Group and Greenpeace.

Not surprisingly, the experts surveyed viewed **China** and **Brazil** as top priorities for possible Programme funds. Others featuring in the top 12 include **Mozambique, Colombia, Peru, Uganda, Mexico, India, Guatemala, Madagascar, Tanzania and the Philippines**. *Figure 3* shows the top-ranked countries based on expert views.

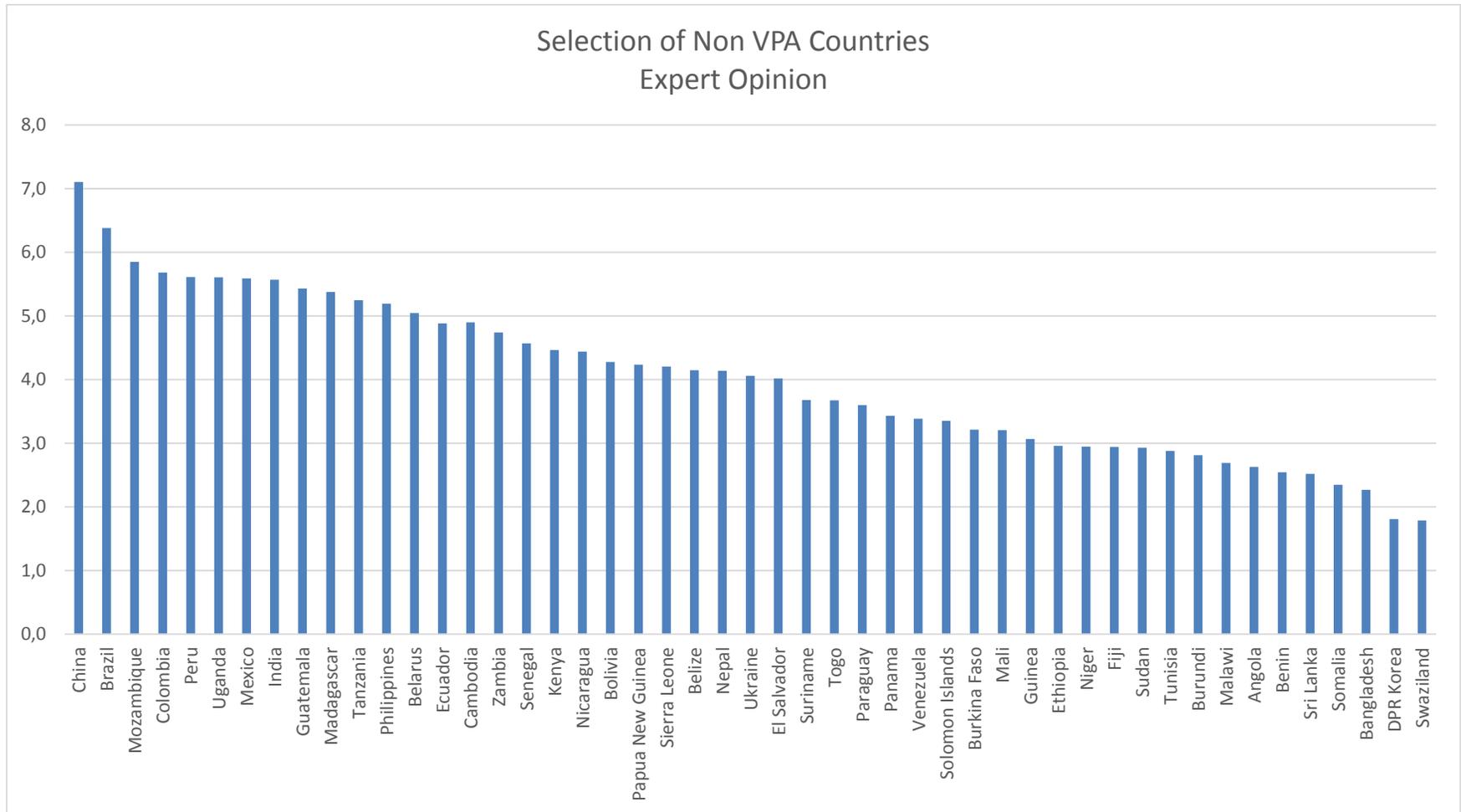
Of note are the expert perceptions on *political commitment to invest in forest governance improvement*. Seven countries – **Colombia, Philippines, Guatemala, Peru, Uganda, Madagascar and Ecuador** – all ranked in the top ten by the experts surveyed and also featured in the PMU’s final selection.

Asked about the *magnitude of timber trafficking across borders*, **Zambia, Uganda, Madagascar, Cambodia, Mozambique and Belize** also featured in the experts’ “top ten”; these countries were all selected by the PMU.

According to the experts, **Mozambique, Colombia and Zambia** were viewed as top ten countries by *importance of timber production/processing* and **Mozambique, Zambia, Colombia and Madagascar** by *importance of the domestic market*. Individual responses are illustrated below.

To view the complete survey results, please see Annex 1.

Figure 3. Expert Opinion on selection of Non-VPA countries



- C. Step 3: The PMU recommends countries for selection based on the data accrued in Steps One and Two, and qualitative performance measures indicated in the Methodology.

Based on the information from the expert survey, past experience through the FAO FLEGT programmes, and other FAO led initiatives, the PMU submits the following recommendations.

→ **Priority countries recommended for multilateral and south-south learning exchange**

Although priority countries (as perceived by the experts surveyed) such as **China, Brazil, Mexico and India** are most likely to influence timber demand and legality issues during the timeline of the Programme, the PMU did not select the countries due to the lack of previous programmatic intervention and dialogue in the countries and absence of local platforms. The Programme's budgetary and human resource availability would moreover not enable us to have meaningful engagement in these countries at a national level. Instead the PMU suggests providing south – south learning opportunities with these countries and promoting dialogue between buyer and supplier companies in the supply side categories for interventions (from the VPA and non-VPA countries). Stakeholders from these countries should moreover be included in Programme learning activities (research, support for understanding legality compliance requirements or participation in learning events, workshops and conferences related to FLEGT).

TABLE 6

Multilateral engagements
China
Brazil
Mexico
India

→ **Countries recommended for initial start-up activity in non-VPA processes**

The following countries were ranked highest in the expert perception survey apart from the 4 countries recommended exclusively for multilateral interventions. FAO FLEGT has operated in all countries and agrees with the expert perceptions, based also on programme and FAO experience working with the governments and stakeholders in these countries. Only **Tanzania** was identified higher than the Philippines, however the Tanzanian government, in spite of many initial communications through the programme, has never submitted any requests for assistance and has been generally absent from the FLEGT dialogue apart from two projects funded to WWF, which were more focused on forest certification. FAO FLEGT Programme experience in the Philippines has shown greater promise for a more significant impact in the country, and hence the decision to include the Philippines in the PMU's final selection.

TABLE 7

Non-VPA Recommendations
Mozambique
Colombia
Peru
Uganda
Guatemala
Madagascar
Philippines

→ **Complementary countries**

The following countries are recommended as complementary countries to Colombia and Guatemala initiatives as they are linked to significant transboundary forest governance issues that cannot be resolved without joint interventions.

TABLE 8

Complementary activities
Belize
Panama

→ **Countries recommended for start-up in 2017**

The following three countries are recommended for country level initiatives starting in 2017. The decision to stall start-up is based on existing initiatives already underway in these countries which would suffer from interruption, capacity needs (a scoping study and strategy will need to proceed intervention) and political reasons (e.g. Cambodia).

TABLE 9

Year-two countries
Ecuador
Cambodia
Zambia

→ **Countries recommended for collaborative actions**

The following two countries are recommended as countries for complementary intervention based on collaborative approaches with the UN REDD programme within FAO. The FLEGT programme was solicited to provide complementary support to address forest governance issues. There is currently EU Funding available to FAO UN REDD to address REDD+ issues, one component of the funding addresses forest governance and more specifically ensuring that FLEGT related issues are taken into account through the REDD process. The FAO FLEGT Programme will not use financial resources (apart from possible travel costs) to provide technical support in these countries as requested by UN REDD and the local governments.

TABLE 10

Collaborative actions
PNG
Solomon Islands

Country level justification/observations:

The PMU largely shares the opinion of the experts surveyed with regards to priority countries. In addition to the perspectives of the experts, other factors were considered in providing the final recommendations:

- **Likelihood of impact**

Although priority countries such as **China, Brazil, Mexico** and **India** are most likely to influence timber demand and legality issues during the timeline of the Programme, the PMU opines that because there is currently no country level programmatic intervention, no local platforms exist and no formal dialogue has been established, it is less likely that the Programme can have a significant impact in these countries. An additional consideration is that interventions in a national programme in these countries would be limited, given their size in relation to the financial and human resources available for implementation during the third phase of the Programme. The PMU determined that the Programme would achieve better value for money by investing funds in countries where the forest sector is understood and of a manageable size. The same is true for countries like **Angola** where the magnitude of timber trafficking is significant, and **Belarus**, where timber production is significant, but the Programme is not well established and intervention would necessitate considerable investment in human resources (for Belarus in particular) for the Programme to have any significant impact. The PMU hence did not recommend these countries for Programme intervention; instead it suggests providing south – south learning opportunities with these countries and promoting dialogue between buyer and supplier companies in the supply side categories for interventions (from the VPA and non-VPA countries). Stakeholders from these countries should moreover be included in Programme learning activities (research, support for understanding legality compliance requirements or participation in learning events, workshops and conferences related to FLEGT).

- **Commitment to improve forest governance and address timber legality**

The PMU gave significant weight to expert opinions and personal experiences regarding country commitment to improve forest governance and address timber legality in their country selection (*Question 2 of the expert survey*), not least because over eight years of Programme experience with FLEGT has underlined the need for country-led governance processes, and the programme has historically operated as demand-driven. With the exception of Mozambique, all countries selected by the PMU for initial start-up of the non-VPA segment of the Programme are in the top ten countries considered to be the most committed to improving forest governance and addressing timber legality by the experts surveyed. **Ecuador**, recommended for start-up in 2017, also features among the top 10. **Belize** (complementary country) and **Zambia** feature among the top 20 countries. Programme and FAO experience in selected countries was also used to gauge commitment to forest governance processes (*see country-level considerations below*). Commitment to improve forest governance and address timber legality factored in the decision to exclude **Tanzania** from the PMU's recommended list of selected countries for intervention. Naturally, commitment was also weighed against other significant factors such as importance of timber

production in the region, magnitude of timber trafficking and importance of trade with VPA countries and the EU market, particularly in Tanzania's case.

- **Country-level considerations (e.g. existing demand for support to coordinated multi-stakeholder initiatives, existence of forest sector governance strategies, forest sector considerations, etc.)**

Mozambique

The UN ranks Mozambique as the fourth least developed country in the world. The Environmental Investigation Agency (EIA) estimates moreover that about US\$29,172,350 in avoided tax may have been lost to State revenues in 2012 from unlicensed exports to China worth US\$130 834 350.²⁵ Major trade data discrepancies reveal that in 2012 Chinese companies imported between 189 615 and 215 654 cubic metres of timber that had been illegally exported from Mozambique – comprising 48 percent of China's imports from the country. A CIFOR study²⁶ confirms these trends, adding that more than 80% of Mozambican timber exports are destined for China.

The FAO Forest Department has a history of experience working in Mozambique through the National Forest Programme (NFP) Facility. This experience contributed to, among other things: increasing the capacity of local communities through access tenure certificates and licences in addition to information on compliance, establishing private sector community agreements for increased service provision and value addition, remarkable stakeholder participation through regional and national forest forums and greater understanding of forest laws and regulations through translation in local languages and district-level dissemination.²⁷ This provides a strong basis upon which the FAO FLEGT Programme can build on.

The Programme moreover has an established track record of experience working in Mozambique with various stakeholders to strengthen forest and wildlife law enforcement (government), monitor illegal logging (civil society) and strengthening capacities (private sector). Of note is a 2013 study funded by the Programme and carried out by the University of Eduardo Mondlane (UEM)²⁸ into illegal logging in Mozambique which found that at least two-thirds of all logging in Mozambique is unlicensed and that illegal harvesting has increased by 88 percent between 2007 and 2012. According to the study, while around 300 000 metres³ of timber were licensed for harvesting in 2012, almost 900 000 metres³ were actually felled. Much of the illegal timber is being consumed in Mozambique's cities, although large volumes were also being traced to export markets. In addition to unlicensed logging, the study found that breaches of regulations by licensed loggers were also commonplace. This includes logging under-sized trees, logging without a required management plan and logging outside concession boundaries.

The Programme also maintains a close working relationship with FAO representation, EU Delegations and the Government in the country. It has demonstrated experience working with partners (e.g. UNODC,

²⁵ http://issuu.com/eia1984/docs/eia_first_class_connections

²⁶ http://www.cifor.org/publications/pdf_files/WPapers/WP122Ekman.pdf

²⁷ <http://www.fao.org/forestry/35548-0e4f2f22081315ce82fd18bbe2c40f306.pdf>

²⁸ *Assessment of Harvested Volume and Illegal Logging in Mozambican Natural Forest*, A report of the Faculty of Agronomy and Forestry Engineering, Eduardo Mondlane University, October 2013

Interpol, TRAFFIC, CIFOR) in the context of transboundary timber flows. Against this backdrop, the Programme is well-positioned to have a positive impact in a country currently at the centre of a significant criminal corridor and at the same time grappling with crippling poverty. Past Programme and FAO experience in the country coupled with the gravity of the situation positions Mozambique as an important candidate for Programme funding, as confirmed by the Expert Panel Evaluation.

Colombia

Colombia is known as one of the world's megadiverse regions, hosting some 14 percent of the world's biodiversity. Forests cover some 55 percent of its land area²⁹. The Colombian Government identifies seven main drivers of deforestation: Extension of agricultural and livestock frontier; Illicit crops, particularly coca (used to make cocaine); settlement / displacement of populations; infrastructure; Mining; Removal of timber (both legal and illegal extraction) and wildfires³⁰.

Colombia has made significant commitments to improving forest governance through its *Pacto Intersectorial por la Madera Legal en Colombia* (PIMLC) – led by the Ministry of Environment and Sustainable Development (MADS). This Pact was launched in 2009 and counts on 72 signatory members / institutions from local and national government³¹ entities to SME groups. The PIMLC serves the function of a national strategy to address illegal logging and is guiding actions within all sectors. FAO FLEGT has been supporting since 2014 with regards to signatory members identifying and completing their commitments as part of the national plan. This has generated much national interest and commitment with regard to illegal practices in forest sector and the need for a level playing field. There is also an existing national forestry dialogue mechanism (Mesa Forestal) which has been supported through the NFP. Indeed, the participation of diverse stakeholders in the national and sub-national dialogue platforms was enhanced through previous FAO support.

Forests are also positioned in the peace dialogue with respect post-conflict land use decisions. The Dialogue is also moving ahead well and will culminate in an agreement possibly during next 12 months. There is increasing awareness of the importance of forests in land-use and territorial decisions regarding re-settlement, resource use and rural development once peace is achieved, given that most marginalized and conflict-affected areas and communities are in forested areas of the country. FAO has been supporting the government in conjunction with EUD to hold two high level dialogues on the importance of forests in post-conflict landscape and envisions more demand for FAO FLEGT's role as a key neutral technical support provider in this regard during the coming year.

Although a national traceability system does not exist yet, the expectation and need is very high, particularly during the implementation of Pacto de Madera Legal. The FAO FLEGT Programme can have a role here to support the design and implementation of a more robust system in country in the coming few years.

²⁹ FAO 2015

³⁰ <http://thereddesk.org/countries/colombia>

³¹ <http://thereddesk.org/countries/colombia>

There is an evident growing demand for legal timber in country, and the nation cannot meet this demand. Colombia also has a strong domestic timber market, and will be a net-importer shortly.

Peru

Peru has high value forest resources combined with high profile exposure of corruption in the forest sector, as evidenced by the recent seizure of largest shipment of tropical wood from the Amazon for suspected illegality³². The new forest legislation (2011) still requires significant stakeholder socialization, and support for appropriate associated regulations following review, as it has not been implemented and is not meeting expectation of forest sector. Institutional support in forest sector is essential right now in highly conflictive and often confrontational environment, particularly given the fact that national elections in July 2016 will likely result in a change of government and consistency in forest governance themes is needed. The creation of OSINFOR as monitoring body to oversee forest sector was a positive move provided for in the new legislation, now in danger of a weakening role as director was fired in January 2016 following controversy over the seizure of illegal timber. The de-centralization of newly created SERFOR (forestry service) is far from complete due to low institutional capacity. Nevertheless, incipient efforts are underway to generate meaningful stakeholder action to addressing illegality and corruption in the forest sector, including the development of a national Pacto de Madera Legal in Perú, with signatories similar to the Pacto en Colombia.

Peru also has one of the highest levels of violence against environmental activists in the world; recent assassinations include indigenous leaders protesting against illegal logging in areas where FAO FLEGT is supporting Indigenous Independent Forest Monitoring (IFM) and Veeduría Forestal (Ucayali and San Martin). There is however strong potential for indigenous and community forest management, and there are already good examples of FSC certified community forests in Ucayali and Madre de Dios. The forest governance agenda is viewed as essential by these stakeholders, and our support would have significant impact. In addition, Peru has a large and influential private sector and a strong export market to USA, EU and Asia, which creates a demand for companies to meet due diligence requirements to meet these market requirements. The country is well structured to provide technical support to the private sector through the government entity CITE Madera which focuses on competitiveness and production capacity, and an incipient Forest Extension Service. These entities create a portal for FAO FLEGT to increase access to legality for private sector actors supplying the domestic market, and help to move SMEs towards a formal structure meeting legal requirements within the sector.

³² <http://larepublica.pe/impresapolitica/723051-operacion-amazonas-la-historia-de-la-mayor-incautacion-de-madera-de-origen-ilegal>

Uganda

Uganda has a forest cover of some 3.6 million ha, or 18 percent of the land area.³³ Tropical forests cover 924,000 ha while the area of tree plantations is around 33,500 ha. Tree planting by the private sector and local communities is being promoted in Uganda on both private and government lands as a means of reducing pressure on natural forests, which have witnessed a rapid decline in recent years due to uncontrolled harvesting and pressure from agriculture and human settlement.

Most of the timber that is exported from Uganda comprises logs, plywood and other panels (destined predominantly for Kenya and Rwanda). Illegal logging and trade was rampant during the 1970s and 80s; rigour of law enforcement largely helped counter the situation.

Uganda “is not short of good policies, plans, laws and systems”: the country adopted a new Forest Policy from 2001, a National Forestry and Tree Planting Act in 2003, a National Forest Plan, initiated in 2000 and revised in 2010, and has restructured governance of the sector to enable decentralization and attract private sector investments and stakeholder participation.³⁴ However, it has suffered weak implementation due to the rising and waning of political will and interest in forest governance reforms, and persistent corruption.

Of note is the largely artisanal nature of the forestry sector in Uganda. Forestry is an important contributor to the livelihoods of a large part of the population in Uganda, forming an important part of the informal sector through the sale of timber, fuelwood, furniture, building poles, crafts, fruits, seedlings, honey and other NWFPs. Pit-sawyers provide the bulk of sawn wood. However, challenges in the sawmill industry include cheap mobile sawmills operated by low skill personnel, associated wasteful harvesting techniques, low recovery rates and low quality timber. As noted in the EU Uganda Country Report on Timber Trade flows, although Uganda’s trade with the EU and China is very small and it is a net importer of wood-based products (much of the imports are legal and illegal originating from the DRC making it an important country vis a vis the integrity of the VPA process), exporting insignificant quantities, the country’s geopolitical position may dictate implementation of other aspects of the FLEGT Action Plan.

From a FAO perspective, the NFP had considerable success in the country with regards to supporting and strengthening the partnership between civil society and the Government, which worked very well. Indeed, stakeholder participation in collaborative forest management improved and is becoming significant. There is now a strong basis for consultative processes and ownership of decisions in the forest sector upon which the FAO FLEGT Programme can build. In addition, the FAO FLEGT Programme has already been operating in the country through several projects since Phase One. The most recent supported a project, which contributed to revising systems, processes and regulations for timber harvesting and trade; strengthening timber trader associations as entry points for legal trade; and increasing institutional collaboration for responsible timber procurement. In addition, it has supported studies on the economic costs of weak law enforcement; a charcoal trade analysis; and participatory mapping of hotspots and routes of illegal timber

³³ EU. 2014. Timber Trade flows within, to and from East African Countries – Uganda Country Report.

³⁴ EU. 2014. Timber Trade flows within, to and from East African Countries – Uganda Country Report.

and charcoal movements. The same study also helped establish a network of functional community-based monitoring groups and support to a Collaborative Forest Management agreement, which sees a civil society organization partner with the National Forest Authority to support communities in undertaking participatory forest resource assessments. The most recent work through the FAO FLEGT Programme has resulted in a locally established FLEGT Working Group that is chaired by the government. Finally, a successive phase of the EU Sawlog programme is likely to start in Uganda, which would be a useful complement to the FLEGT process. All of these projects proved extremely successful and combined with previous NFP experience in the country and its geopolitical position, the PMU fully supports Uganda as a priority country for intervention.

Guatemala

In 2010, Guatemala's National Institute of Forestry (INAB) launched a *Plan de Acción Institucional para la Prevención y Reducción de la Tala Ilegal en Guatemala (PIPRTG)*, which forms a national strategy to tackle illegal logging. FAO FLEGT supported INAB and partners to update and re-launch the strategy in 2015 based on new studies on causes and flow of illegal logging, and to generate stakeholder support. The process of consultation has generated much interest in the plan and a possible *Pacto de Madera Legal* with signatories.

There is considerable interest in technical exchanges and alignment of national forest tracking systems with Honduras, to generate more transparency and systematize forest sector data collection and reporting within the region. FAO FLEGT is supporting these technical exchanges.

There is also a strong domestic market, long history of FSC certification in country and strong community forestry (in Petén). The history of resettlement following the civil war has resulted in regional forest governance interest in Peten. FAO FLEGT has supported initiatives in Peten to launch departmental *Mesa de Dialogo*, a multi-stakeholder dialogue on forest governance. High level government support for this and for re-launch of a National Mesa de Dialogo, has vice-presidential backing. Continued emphasis on forest governance is needed for new government which will enter in 2016.

Bi-lateral collaboration with Belize to monitor and address illegal logging in Peten / Chiquibul boundary is now in its third phase of Programme funding. A MoU between the Governments of Guatemala and Belize to work on environmental trans-boundary issues was signed and ratified by Guatemala in 2015.

FAO has a history of governance support through the NFP Facility, which supported: the establishment of the community forestry alliance (Alianza), actively engaged in the elaboration and implementation of incentives programme for forest smallholders (PINEP); five sector studies to update the National Forest Policy; nine regional multi-stakeholder forestry consultation roundtables (*mesas regionales de concertación forestal*); the development of mutually agreed rules and standards related to forest management, forest product use and transport between CONAP, INAB and interested stakeholders; capacity building on topics such as understanding different financial instruments with different stakeholders, marketing, conflict resolution, administration, forest management and climate change, among other achievements. Currently,

the FFF is also active in the country, promoting the active involvement of forestry community organizations and INAB, the National Institute of Forestry, in national processes such as REDD+ and FLEGT.

Madagascar

Madagascar has a total land area of 58 million ha, with natural forests covering some 9.4 million ha. As a biodiversity hotspot, policy and management of forests has largely been influenced by conservation.³⁵ As such, *Systems of Protected Areas of Madagascar* are in place with the aim of increasing protected areas from 1.6 million ha to 6 million ha. A Forest Policy and Law was introduced in 1997; a 2006 Ministerial order moreover made the logging of rosewood and ebony forbidden, although demand in China especially for rosewood, which fetches for around US\$45-50 000/ton is just one example of how consumer choices in Asia are having an effect on forests thousands of kilometres away. Indeed, the illegal harvest and trade of precious hardwoods has been a severe problem in Madagascar in the past decade. “The scale of this crisis has been so important that the problem has become a national political issue and has prompted widespread international reactions. The crisis of 2009-2010 has receded, but the problem is not solved and remains very sensitive,” explain the authors of a 2014 EU study on Madagascar. This shows, among other things, that while the policies are in place, law enforcement is weak. As the study pointed out, “legal” wood trade seems to have very little meaning in Madagascar. According to the same report, other key threats against forest resources are slash and burn cultivation (“tavy”), woodland harvesting for charcoal making and bush fires.

Governance problems are also a constraint to inclusive and sustainable growth, as they heighten the risk that the rents derived from concentrated natural resources be captured by a few individuals. For example, the rents from precious woods are captured entirely by a network of illegal operators and their political allies owing to a prohibition on exploitation and quasi-absence of law enforcement. The involvement of security forces, including senior officials, in the trafficking is often reported in the media, but no prominent actor has been apprehended to date. The judiciary system is incapable of upholding justice because the law enforcement side lacks financial and human resources while the traffickers enjoy significant protection thanks to their financial prowess.³⁶

However, national will remains very strong to address these challenges. The Minister of Environment reached out to the European Union as well as other assistance partners to support actions that will address illegal trade in forest products and support the ministry to capture revenue on legally produced and exported goods. During his visit to Brussels, the Minister expressed a very clear interest to be involved in the FLEGT process. FLEGT is seen as a mean to increase trade flow of legal timber with the EU, improve forest governance as well as sending a strong political signal in the country and internationally about the Government's commitment to curb illegal logging and trade.

The FAO FLEGT Programme's experience in the country includes a highly successful community forest project implemented through a local *NGO Participation à la Gestion de l'Environnement (PARTAGE)*. The

³⁵ EU. 2014. Madagascar Country Study.

³⁶ Madagascar Systematic Country Diagnostic, The World Bank Group, 2015

pilot initiative developed a legality and verification system for forest products in the rural community of Didy on the outskirts of Ambohilero forest. A contract between the local forest administration and forest community gave way to the development of a tracking system and marked the decentralization of existing forest taxation and wood-tracking mechanisms. Establishing a robust legality and traceability system was a fundamental step towards ultimately certifying all wood products deriving from the community as “Bois de Didy”, or “Didy-wood”, and ensuring that they are produced legally. To support the process, training and information was provided on sustainable timber harvesting. This project will form the basis of a larger study documenting “best practices” with regards to timber tracking systems in the region.

Actions in the frame of the FAO FLEGT Programme could also be an opportunity to develop links with activities under one of the priority objectives of the National Indicative Plan: “Améliorer la gouvernance du secteur pour permettre une croissance agricole inclusive et une utilisation durable des ressources naturelles”.

Philippines

The US is the Philippines’ biggest timber trading partner however, in recent years, an average of 25% of the total Philippines furniture exports goes to Europe. The Philippine furniture industry, which is 98% categorized under SMEs, provides 2.1 million indirect workers nationwide and provides business to 5.4 million in supply chain (2011 figures). The livelihoods of around 80 million people are highly dependent on forests³⁷ and its forest industry supports an estimated 5 million people throughout its supply chain³⁸.

The Philippines is developing a national Timber Legality Assurance System (TLAS) in response to the ASEAN Economic Community Blueprint (2007) committing members to the adoption of a phased-approach towards forest certification. The Forest Management Bureau (FMB) is currently implementing a timber tracking initiative supported by ITTO. The results will guide the selection of a system suited for the Philippines. The government is also developing guidelines for third party verification/certification which should lead to the accreditation of companies and the development of a credible certification scheme to be submitted to PEFC for endorsement.

The FAO FLEGT Programme’s support in the country has largely been towards supporting this ASEAN commitment and helping the industry to respond to the growing regulatory requirements in the Philippines’ main export markets. FAO supported the Philippine Wood Producers Association (PWPA) and the Chamber of Furniture Industries of the Philippines (CFIP), through the Department of Trade and Industry (DTI), to develop a Guidebook on Requirements for Chain-of-Custody (CoC) Systems on Timber and Wood products & Monitoring Compliance by the Philippines Timber Associations. The Guidebook is based on the existing national legal framework, the proposed government legality standard and supply chain control system as well as international CoC standards. While its compliance does not guarantee legality or compliance with

³⁷ Conservation International (<http://www.conservation.org/NewsRoom/pressreleases/Pages/The-Worlds-10-Most-Threatened-Forest-Hotspots.aspx>)

³⁸ Pulhin 2002 (http://pub.iges.or.jp/modules/envirolib/upload/371/attach/03_Philippines.pdf)

international legal requirements such as EUTR and US Lacey Act, it should help businesses assess and mitigate risks of sourcing illegal timber and ensure adequate Chain-of-Custody management in response to international market requirements. The associations are also reflecting on the use of the Guidelines as a code of conduct to monitor members. The FAO also supports capacity building of local CoC trainers and auditors with the intention of making certification more accessible and affordable to CFIP and PWPA members and providing the trained manpower to roll out the implementation of the Guidebook.

There are opportunities to engage with the Philippines in the near future by consolidating support to the private sector leading the response to the changing requirements on international markets. There are opportunities for the private sector to step up and develop voluntary or self-governing approaches that the government could eventually endorse and support.

The Moratorium on Logging in place since 2011 is likely to be lifted in the near future. This change could lead to a renewed focus on community-based forest management (CBFM). With this in sight, the capacity of communities to manage and harvest resources sustainably could be strengthened and the government supported towards moving in this direction. Recently, there has been successful participatory formulation of the CBFM Strategic Plan, resulting in the establishment of the “NGO Consortium” supporting CBFM (which has become the leading lobby for increased budget and resources for CBFM), enhanced linkages with financial institutions to strengthen, CBFM implementation, and effective engagement with the ASEAN Social Forestry Network. Additional support is needed to strengthening SFM policies and technical forest management on the ground. Participatory consultations for forest policy formulation (e.g., as demonstrated in the drafting of the Sustainable Forest Management Act) could strengthen the policy infrastructure in the Philippines to better support SFM implementation on the ground. There has been an effective UN-led participatory process in the development of the Philippine National REDD-plus strategy which could be built on.

Panama

Panama has demonstrated significant initiative to improve forest governance in recent years; FAO FLEGT has been supporting country-driven strategies since it first started working in Latin America in 2012. Recently, WWF-MiAmbiente and ITTO launched a regional forest governance Programme in Panama in 2014, with FAO FLEGT support. The strategy addresses the critical ecosystem of Darien, one of most contiguous and isolated forested areas in Meso-America, and where there is strong indigenous (through the Comarca system) and community territorial ownership. This year, a national initiative to strengthen MiAmbiente with WWF and ITTO support, aligned with the governance initiative, will take off. A national traceability system will be developed with support of FAO FLEGT and using South-South learning exchanges.

The country occupies an important geopolitical position. Not only does it boast some of the world’s most significant biodiversity, especially in Darien and in the cross-border areas with Colombia, it is at the centre of narco-traffic from South to Central and North America, making the country very vulnerable to corruption and instability of forest communities. Panama is particularly important for bi-lateral work with Colombia and with regards to its position within Central America as importer of wood products. In fact its cross-border

ecosystems with **Colombia**, ranked first by experts with regard to country-level commitment and opportunities for synergies, made Panama a necessary choice for the PMU as impact in Colombia is inherently affected by the prospect of responsible forest governance and improved legality in Panama as well, and vice versa.

The current climate of new ministry MiAmbiente is moreover creating fertile ground for forest governance support, which will have lasting impact at this point in country's history.

The Darien Region accounts for 22 percent of the country's national territory and as much as 42.8 percent of Panama's native forests, more than 80 percent of which are located in indigenous territories. The Darien also experiences a high level of illegal logging (estimated around 50%) and extreme pressure from expanding agricultural frontiers for cattle ranching. International partners and donors such as WWF, ITTO, USAID and EC already boast significant experience in the country, and have operated to extend areas under Sustainable Forest Management and which are legally harvested in the region.³⁹

Belize

Belize's geopolitical position, much like Panama, makes the country an important player in stemming the illegal flow of timber and narcotics with Guatemala and Mexico. The Maya Mountains cross border ecosystem with Guatemala is a key strategic area for addressing illegality and the country has had an important role as a partner to protect this last remaining contiguous forest area in Central America. The country has significant rates of annual deforestation, approximately 2.3 percent, which is double that of Central America as a whole.

The FAO FLEGT Programme has enjoyed strong partnerships with civil society and government in Belize since its inception in these thematic areas. . It continues long-standing support to civil society organizations and the local government in border region with the Peten, Guatemala to reduce illegal logging and build capacity of communities and institutions to monitor and control illegal practices. The projects have contributed to improving law enforcement, engaging the Justice Systems to build awareness on environmental crime, facilitating the implementation of a more effective communication system across conservation posts in the cross-border ecosystem, and establishing a bi-national database with Guatemala on illegal logging records, information exchange and illegality across the borders.

It has also supported the development of a Memorandum of Understanding (MoU) between the Governments of Belize and Guatemala to formally commit to addressing trans-boundary illegal practices in environment and Natural Resource use. This MoU was signed by the Government of Belize in 2015 but still has not been ratified, unlike MoU in Guatemala. This puts the trans-boundary work to date at risk; therefore the PMU considers it essential that programme efforts continue in order to support to the government to consolidate the work to date.

³⁹ <http://www.mofa.go.jp/mofaj/files/000023477.pdf>

Ecuador

About half of Ecuador's land area is covered by forests, mainly primary forests. The country is considered one of the most mega-diverse in the world. Historically Ecuador has also experienced some of the highest deforestation rates in the world, mainly due to agricultural expansion and illegal logging, although the annual rate of deforestation for 2010-2015 fell to 0.6 percent from 1.5 percent between 1990 and 2000⁴⁰. The change in land use is one of the sector's main threats because of the pressure exerted on native forests: the banana, oil and mining booms are all case and point. The threat of transboundary illegal traffic with Colombia and Peru is today especially significant. Ecuador hence plays an important role in regional efforts to counter illegal deforestation throughout the Amazon Basin.

Nearly 46 percent of the population lives in poverty, particularly in the Amazon region (where it approaches 60 percent). However, the forestry sector contributes significantly to employment, providing 234,708 direct and indirect jobs.⁴¹ Insecurity of forest land tenure is considered one of the sectors main weaknesses; some 65 percent of native forests are in the hands of ancestral populations and indigenous communities and about 50 percent are owned by the State, but there are considerable overlaps which have led to a series of conflicts.

There is currently strong buy-in by the Government into strengthening national forest governance and implementation of legislation. The Ministry of Environment is currently working closely with civil society to design and implement a national traceability and information system for the forest sector – this has been planned for years without commitment to implement, but is now in a very proactive phase of operation which needs support to continue. To date civil society has not been strong and these incipient efforts need reinforcement and encouragement to continue, and to maximize recent developments in gaining voice and influence in governance decisions.

Cambodia

Forest cover in Cambodia is reported to be 10.36 million hectares (in 2010), which is about 57 percent of total land area. Poor management and regulatory control of the concessions resulted in the Cambodian Government decision to issue a logging moratorium in January 2002 for all natural Forest Concessions. The Government has instituted a National Forest Programme 2010–2029 (NFP) to support the establishment of a policy framework and strategy for sustainable management of Cambodia's valuable forest resources. An important and encouraging element of the national strategy is the promotion of the Community Based Forest Management approach.

The widespread allocation of Economic Land Concessions across the country, including in protected areas, has generated an important flow of legal as well as illegal conversion timber. Recent reports by EIA have also identified Cambodia as a source of as well as corridor for illegal hardwood trade (e.g Siamese Rosewood) to Vietnam and China. The joint EFI-FA Timber Flow Study (2014) which reviewed different

⁴⁰ FRA, 2015

⁴¹ http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=4706&Itemid=53

timber supply chains, highlighted many gaps and shortcomings in the current regulatory framework and its implementation. The study also confirmed that Cambodia feeds into regional supply chains (including illegal flow). Cambodia has not yet expressed interest in engaging in a VPA process despite being surrounded by three VPA countries (Vietnam, Lao and Thailand). Direct and indirect engagement with Cambodia remains important to improve the legality of timber supplied to its neighbors.

In Cambodia, the Programme is currently supporting the Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC) to strengthen the Forest Administration's (FA) **Community Forestry (CF)** programme which has been growing steadily since the late nineties. To date a total of 328 CFs covering an area of 296,240 ha have signed agreements with the FA. This illustrates the increased significance of CF as a provider of sustainably harvested timber and contributor to rural development. FAO FLEGT support aims at demonstrating and supporting commercial timber harvesting by CF. An CF-FLEGT Task Force established by the FA will collect lessons learned from around the country and FAO-FLEGT project pilot sites to inform a national debate on strengthening the current CF policy and legal framework, including the revision of the current CF guidelines. CF seems to be one of the most promising entry points for improving forest governance in the country.

Zambia

Zambia has some fifty million hectares of forest land, most of which is mainly state owned. Some ten percent of the country has been gazetted as forest land. The Zambia Forest Department is mainly responsible for management of gazetted natural forests. Zambia Forestry and Forest Industries Corporation (ZAFFICO), a parastatal body is responsible for the management of industrial plantations of exotic species. ZAFFICO used to be part of the Forest Department, but is since 1984 an independent body. The forestry industry, including small, medium-sized and large mills, is of considerable socioeconomic importance in Zambia, providing 1.4 million jobs, supporting about 60 percent of rural households and generating a trade value (both domestic and export) in excess of US\$225 million per year.⁴²

The forest management system in Zambia however is in need of modernization. There is little active forest management in the native forest sector, even though there are broad policy guidelines.⁴³ The country is facing a significant shortfall in timber supply from its plantations due to lack of regeneration work.⁴⁴ The part of formal forest sector that is based on native forests is small, the informal sector is however larger with a extensive illegal logging. There is illegal exports of logs of a number of species including Mukwa *Pterocarpus angolensis*, Mukula *Pterocarpus chrysothrix* and rosewood *Guibourtia coleosperma*. Due to the informal nature of much of the native forest sector there is very little reliable information about the market both in terms of timber prices and in terms of the quantities of timber and from where it is being harvested.

⁴² http://foris.fao.org/fff/api/file/54d0eb7976c3d9cb12633221/9bf7464e-116a-4d81-97b0-e6fe843ff67b.pdf;www.unredd.net/index.php?option=com_docman&view=download&alias=14059-benefits-of-forest-ecosystems-in-zambia-and-the-role-of-redd-in-a-green-economy-transformation&category_slug=forest-ecosystem-valuation-and-economics&Itemid=134;

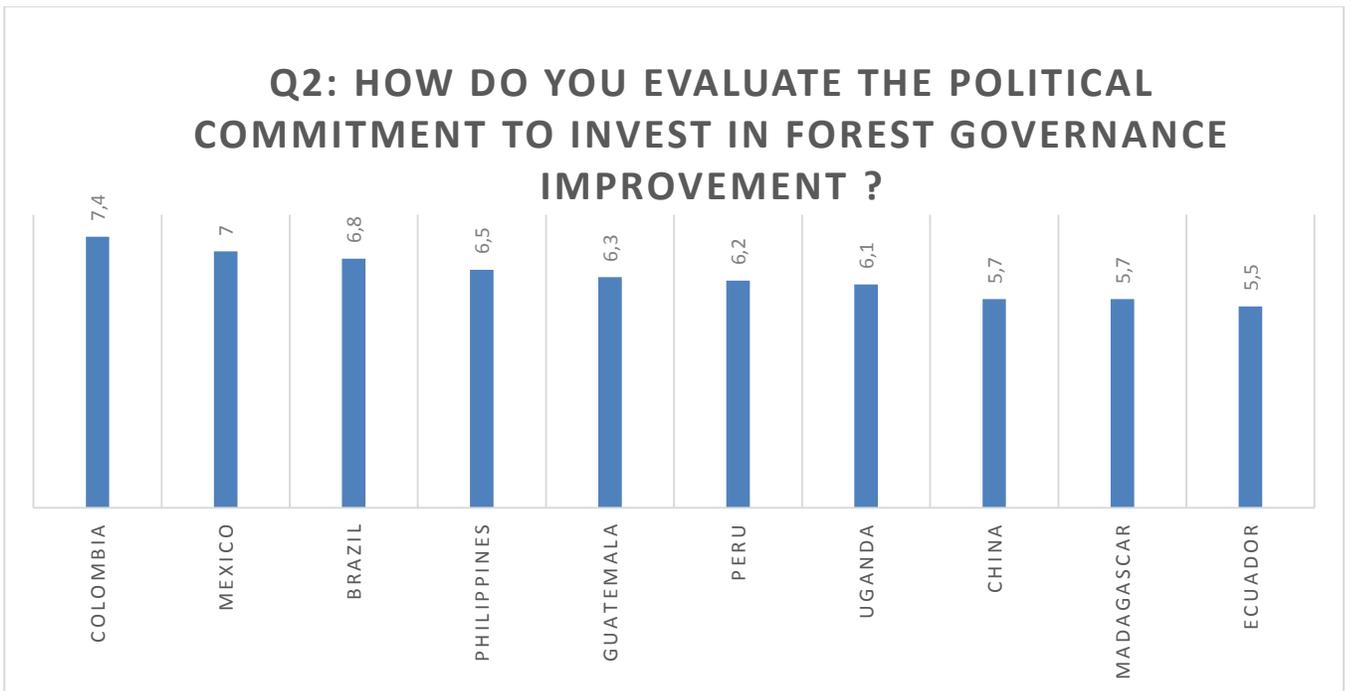
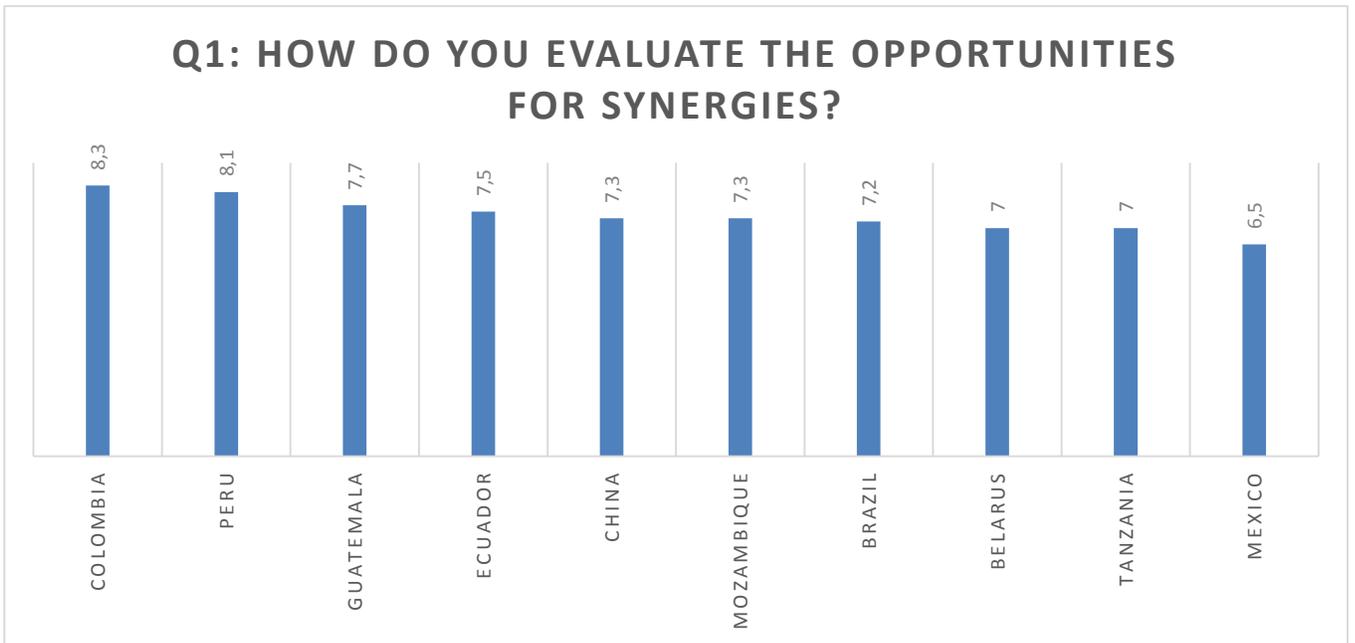
⁴³ Zambia Green Jobs Report

⁴⁴ Ibid.

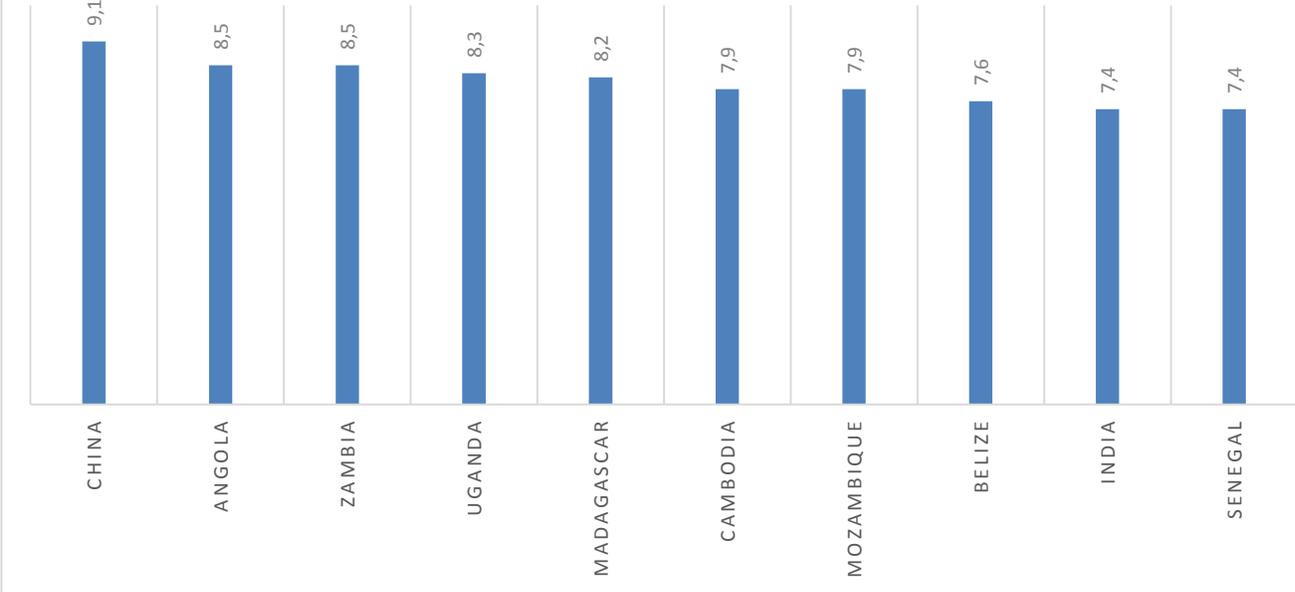
There are however positive signs. The Restructuring of Forestry Department in 1997 had great effect on forestry in Zambia, including bringing in greater investment. The new forest policy of 2015 designed to enhance the contribution of the forested lands to the wellbeing of the people of Zambia will also soon be enacted into law, showing sound political will and commitment. The Policy encourages the active participation of local communities in the management and utilization of forest resources and at all levels of decision making, implementation, monitoring and evaluation. Evident challenges remain – from the need to develop guidelines, codes of practice and certification to improving health and safety standards. However, the Programme has a strong basis on which to build. FAO has an important past working with stakeholders to improve forest governance through the National Forest Programme (NFP) Facility. The NFP Facility's support to Zambia's National Forest Programme achieved increasing trust, confidence and effective partnership between Government and civil society, an important foundation for the Programme to build upon. The NFP's successor, the Forest and Farm Facility, is continuing this work in four provinces: Southern, Lusaka, Central and Copperbelt, influencing legal, policy and institutional reforms to support Forest and Farm Producer Organizations (FFPOs), working with forest-dependent communities to assist them to add value to forest products that can earn them money, and through capacity and skill building.

The joint UN "Green Jobs Programme" is also active in the territory and an important part of FAO Programme activities. Through its value-chain approach to improving livelihoods, the Programme is working to address the informal sector, youth unemployment and gender disparities along the forestry value chain, particularly through the building construction sector, which has played a central role in Zambia's growth in recent years making up 21.1 percent of the economy. The Programme is supporting sustainable MSMEs along the building construction value chain to become more productive and competitive, to grow and create green and decent jobs and improve the safety and health services of workers. This is a particularly important platform on which to build in light of the FAO FLEGT Programme's commitments poverty alleviation, particularly for women, youth and minorities. By 2017, it aims to create 5 000 decent and new green jobs, improve the quality of existing 2 000 jobs, increase enterprise performance, raise household annual income of families dependant on the building construction industry and cause a positive attitude change towards green business, among other goals. The FAO FLEGT Programme is thus well positioned to complement existing FAO and UN initiatives in Zambia.

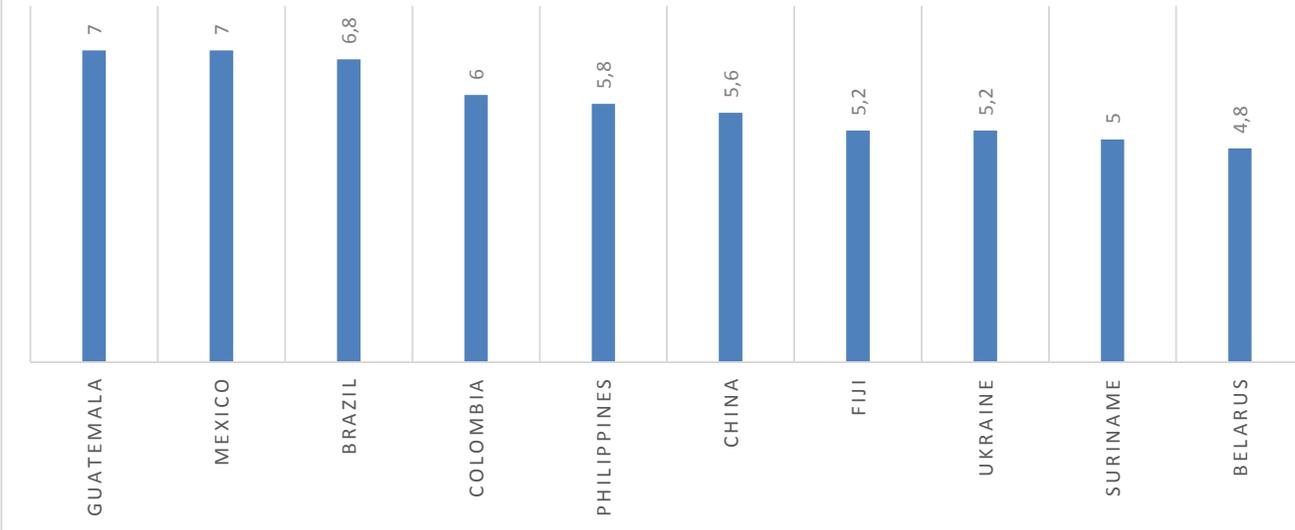
ANNEX 1. Questions in expert survey, including “Top ten” answers according to expert perceptions



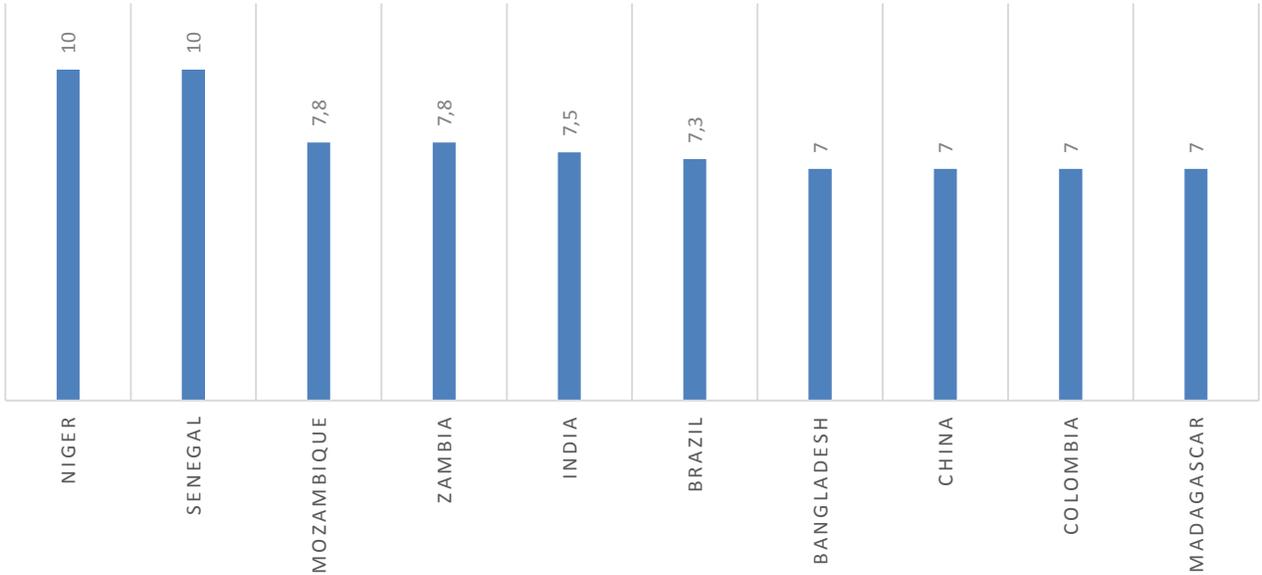
Q3: WHAT IS THE MAGNITUDE OF TIMBER TRAFFICKING ACROSS THE BORDERS?



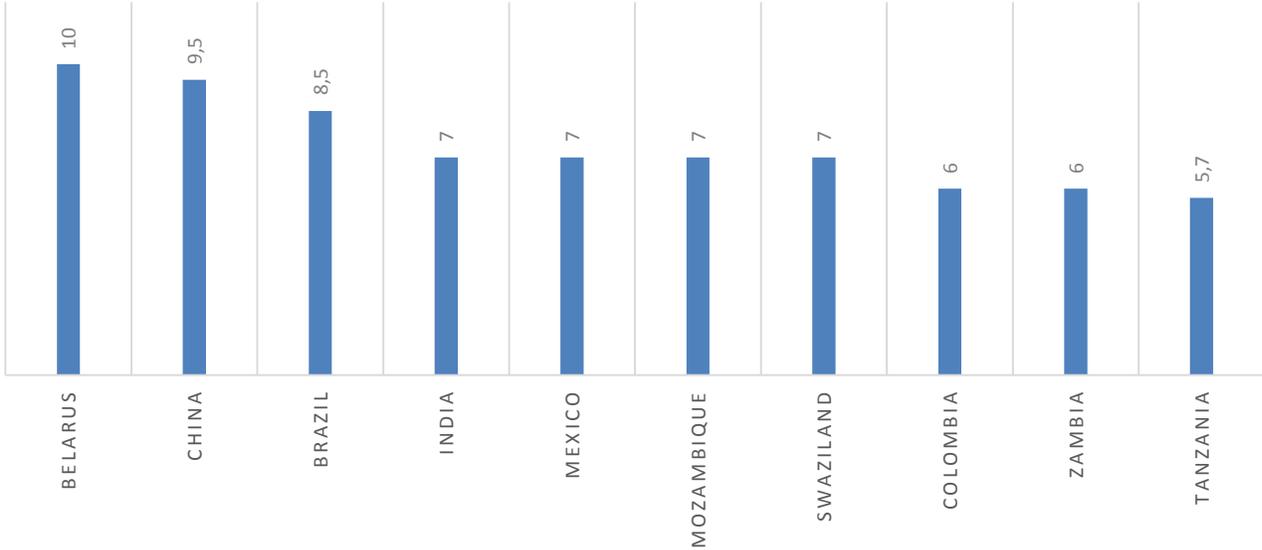
Q4: HOW DO YOU EVALUATE THE POTENTIAL FOR PRIVATE CERTIFICATION?

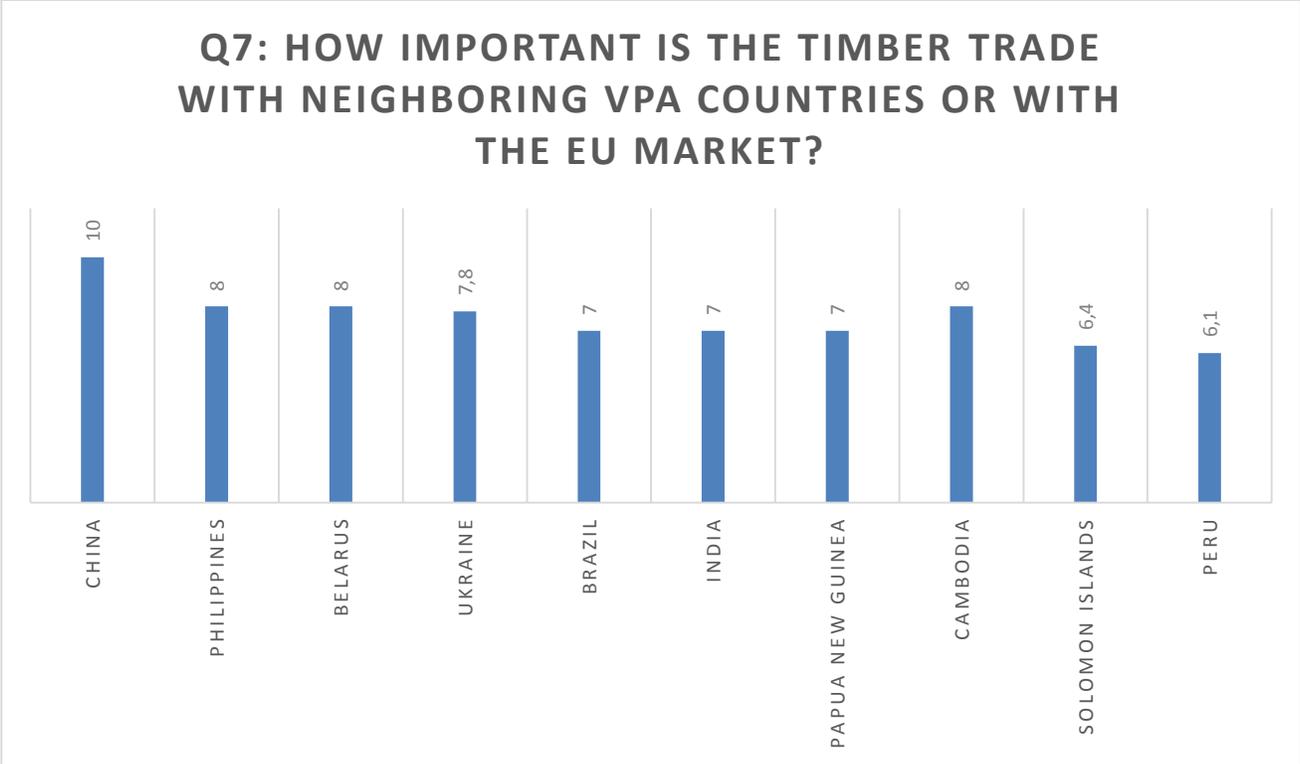


Q5: HOW IMPORTANT IS THE DOMESTIC MARKET ?



Q6: HOW IMPORTANT IS THE TIMBER PRODUCTION/PROCESSING?





ANNEX 2. Summary Table of key determining factors for selection of NON-VPA Countries

Country	Forest area (FRA 2015)	Key Notes about forestry and forest sector	Previous Experience or FAO/UN Partnerships
Belize	1.36 million hectares; 59.9 % of land area	<ul style="list-style-type: none"> • Geopolitical relevance for the fight against illegal flow of timber and narcotics towards Guatemala and Mexico and to protect the last remaining contiguous forest area of central America • Significant rate of deforestation, double compared to the average for Central America • MoU between Belize and Guatemala to address trans-boundary illegal practices pending ratification in Guatemala, it demands not to lose political momentum 	<ul style="list-style-type: none"> • FAO FLEGT long-standing support to civil society organizations in border areas with Guatemala to reduce illegal logging and monitor illegalities and to promote bi-lateral cooperation in forest law enforcement and monitoring illegal activities • FFF; FAO Decent Employment Division
Cambodia	9.46 million hectares; 53.6% of total land area	<ul style="list-style-type: none"> • Poor management and regulatory control led the government to impose a moratorium on logging in 2002 on all natural forest concessions • Government launched a National Forest Programme 2010-2029, key to the strategy is the promotion of community-based forest management approach • EIA identified Cambodia as a source and important corridor for illegal trade in hardwood to Vietnam and China • Cambodia borders with three VPA Countries (Vietnam, Lao and Thailand), its engagement is thus crucial to improve legality of timber supplied to its neighbouring countries. 	<ul style="list-style-type: none"> • FAO FLEGT is supporting the Cambodia Forestry Administration's (FA) Community Forestry (CF) Programme, covering 328 CFs for a total area of 296, 240 ha, with a particular focus on demonstrating viability of commercial timber harvesting by CFs. • A CF-FLEGT Task Force established by the FA is working to gather lessons learned from the Programme to inform a national debate on improving forest governance by strengthening the role and policy, legal framework and operation of CFs in the Country

Colombia	58.5 million hectares; 52.7 % of land area	<ul style="list-style-type: none"> • One of the most biodiverse country in the world • Extent of forest cover (almost 53% of the country) • Strong government commitment, led by the Ministry of Environment and Sustainable Development to promote better forest governance through the Pacto Intersectorial por la Madera Legal en Colombia. The pact promotes cooperation of institutions with SMEs to address illegal logging • National Forestry Dialogue Mechanism (Mesa Forestal) in place and working • Relevance of forest use in post-conflict land-use management decisions • Projected growing demand for legal timber in the coming years will require the definition of a national traceability system 	<ul style="list-style-type: none"> • FAO FLEGT support to the National Plan against Illegal Logging since 2014 • FAO and the EU promoted two high-level dialogues on post-conflict landscape management • More need for FAO FLEGT neutral facilitator role in post-conflict restoration
Ecuador	12.55 million hectares; 50.5 % of land area	<ul style="list-style-type: none"> • Half of Ecuador land is covered by primary forest, one of the most mega-diverse country in the world. • Country experienced some of the highest deforestation rates in the world, due to land-use change (cash crops, oil, mining) • Important role in regional efforts to counter illegal deforestation in the Amazon Basin • Renewed government interest to design and implement a national traceability and information system for the forest sector • Conflicts due to insecurity of forest land tenure coupled with the fact that 65% of native forest area is under the control of ancestral populations and indigenous communities, which overlaps with Government-owned areas • Civil society only recently is becoming vocal about good forest management especially in policy and decision- 	

		making fora, requiring sustained effort to keep up the momentum	
Guatemala	3.54 million hectares; 33 % of land area	<ul style="list-style-type: none"> • High-level institutional and government commitment towards better forest governance • A national strategy to tackle illegal logging is already established (PIPRITG) • Considerable interest to create synergies with nearby Honduras with regards to technical exchanges and tracking system for better transparency and data collection • Solid domestic market with long history of forest and products certification schemes, and strong community forestry tradition (Petén area) • Continued government emphasis on forest governance and sustainable use of forests also in the context of post-war resettlement • Recent re-launch of a National Mesa de Dialogo, with FAO FLEGT support • Government backed bi-lateral cooperation with Belize to address trans-boundary issues, especially in forest covered areas 	<ul style="list-style-type: none"> • FAO NFP Facility supported the establishment of community forestry alliance, facilitated multi-stakeholder consultations and policy dialogue and technical capacity building • FAO FFF is also active in the country to promote the involvement of community forestry organizations in REDD+ and FLEGT activities
Madagascar	12.47 million hectares; 21.4 % of land area of which 9.4 million hectares of natural forests	<ul style="list-style-type: none"> • Conservative approach towards biodiversity and forest management • Long forest policy history (since 1997) • Illegal harvest and trade of precious hardwoods recognized as a national political issue • Weak law enforcement, loss of revenues from illegal logging and trade • Land-use associated risks: slash/burn cultivation, woodland harvesting for charcoal production • Strong national will towards better forest governance and management 	<ul style="list-style-type: none"> • FAO FLEGT Partage project to develop legality and verification systems for forest products in Didy • A joint effort between the local administration and local forestry community led to the development of a tracking system under way for Didy-forest products “Bois de Didy”

Mozambique	38 million hectares; 48.2 % of land area	<ul style="list-style-type: none"> • Volume of unrecorded trade in timber and consequential loss in revenue • Strong government support to fight illegal timber • Extent of unregulated logging • Receptive and knowledgeable local communities (access rights and tenure issues, forest laws and regulations, compliance) • Mobilized private sector through community agreements • Remarkable stakeholders' participation in national and regional forest forums • Strategic geographical position on important illegal timber route 	<ul style="list-style-type: none"> • FAO Forestry National Forest Program Facility • FAO FLEGT Programme support to government (forest and wildlife law enforcement), civil society (monitoring illegal logging) and private sector (capacity building) • Cooperation with UNODC, Interpol, TRAFFIC and CIFOR on transboundary timber flows
Panama	4.6 million hectares; 62 % of land area	<ul style="list-style-type: none"> • Strategic geographical location and importance for biodiversity and in the fight against narco-traffic from South to North-America (with consequential corruption and instability of forest communities) • Strategic vicinity with Colombia and strong bilateral ties provide opportunities for synergies and cooperation to promote responsible forest governance and legality in both Countries • Net importer of wood products 	<ul style="list-style-type: none"> • FAO FLEGT support to to the launch of a regional forest governance Programme, through WWF-MiAmbiente and ITTO in Darien (42.8% of Panama native forest area) and the development of a national traceability system • WWF, ITTO , USAID, EC presence in the country to extend areas under sustainable forest management
Peru	74 million hectares; 57.8 % of land area	<ul style="list-style-type: none"> • High-value forest resources • Increasing significance of illegal timber trade, especially associated with rampant corruption • New forest legislation(2011) but strong need for strengthening institutional capacity and organizations to enforce • Remarkable violence against environmental activists • Strong potential and actual role of indigenous groups in demanding better forest governance and management practices 	<ul style="list-style-type: none"> • FAO FLEGT is supporting Indigenous Independent Forest Monitoring (Verduria Forestal)

		<ul style="list-style-type: none"> • Large and influential private sector advocating for better compliance with international market standards, as demand from export markets (US, EU, Asia) raises 	
Philippines	8 million hectares; 27% of land area	<ul style="list-style-type: none"> • Growing importance of the EU market for domestic furniture industry • 98% furniture industry made up of SMEs (5.4 million employed in the supply chain) • Developing TLAS with strong focus on certification and third party verification • Government currently trying to implement a timber tracking system • Despite a Moratorium on Logging since 2011, there is growing recognition of importance of community-based forestry that will require extensive capacity development and training to harvest resources sustainably • Set up of an “NGO Consortium” to promote Community-based forest management and advocate for a CBFM strategic Plan 	<ul style="list-style-type: none"> • FAO FLEGT in-country long-term support to private sector development and compliance to legality standards and supply chain control system (Chain of Custody management) in response to international market requests • UN-led participatory process for the development of the national REDD+ strategy
Uganda	2 million hectares; 10.4 % of land area	<ul style="list-style-type: none"> • Forest plantations promoted to reduce pressure on natural forests • Rampant illegal logging and timber trade in the 70s and 80s • Solid “corpus “of forestry laws and regulations but discontinuous support to enforcement due to alternate government interest in forest governance and persistent corruption • Importance of forest products for the livelihoods of people employed in the artisanal sector • Key geographical location on illegal timber trade route to DRC (a VPA country) • Growing collaborative participation of civil society in forest management 	<ul style="list-style-type: none"> • FAO NFP had great success in strengthening partnership between civil society and government • Most recent FAO FLEGT-funded projects were aimed at revising systems, processes and regulation for timber harvesting and trade, strengthening timber associations and promote institutional collaboration for responsible timber procurement, studying the economic costs of weak law enforcement and illegal timber routes and charcoal trade movements.

		<ul style="list-style-type: none"> • Clear government commitment to promote better forest governance through the development of responsible timber procurement policies 	<ul style="list-style-type: none"> • FAO FLEGT also facilitated the establishment of a FLEGT Working Group chaired by the government • A continuation of the EU Sawlog Programme is also envisioned for the country
Zambia	49 million hectares; 65.4% of land area	<ul style="list-style-type: none"> • 10 % of land covered by forests • Forestry industry (large, medium and small-scale mills) provides 1.1 million jobs (90% informal sector), generating 225 million USD/year (domestic and export) • Forestry related illegal and informal business is thriving, especially linked to logging activities in the native forests • Government is displaying sound political will and commitment to better use natural resources and to attract greater investments in the forest sector, through the design of a new (2015) forest policy • The enactment of this new policy will require extensive capacity building and normative interventions to ensure proper implementation and monitoring 	<ul style="list-style-type: none"> • FAO FFF Programme is working in 4 provinces (Southern, Lusaka, Central and Copperbelt) to influence legal policy and institutional reforms to support Forest and Farm Producer Organizations and to create new livelihood opportunities • The UN Green Jobs is working in the country forestry value-chain, targeting the informal sector, to address youth unemployment, reduce gender inequalities to increase income opportunities. • FAO Decent Employment

Annex 3. Programme logical framework

Annex 3. Programme logical framework

Mission: Tackle illegal logging, promote trade in legal timber products and ultimately contribute to sustainable forest management (SFM) and poverty reduction.

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Impact</p> <p>Forest sector stakeholders achieve improved forest governance, legality of timber produced and traded on domestic, regional and international markets, and more equitable forest management systems</p>	<ul style="list-style-type: none"> – Nationally owned, transparent, informed, and inclusive forest governance processes – Inclusive and socially equitable forest policies and legislation – Volume and value tracking data of legal timber in (a) national market and (b) exported internationally show consistent increase by 2018 – Programme delivers enhanced gender and vulnerable groups mainstreaming in policies and legal reforms 	<ul style="list-style-type: none"> – Baseline in VPA countries will be based on collaborative efforts with FLEGT partners – Baseline in non-VPA countries will be established after selection and start-up of country level programmes, based on FAO – PROFOR guidelines for Forest Governance assessment 		<ul style="list-style-type: none"> – Analysis and summary of funded-project reports, field visits by programme staff, assessment of other relevant (non-programme) reports and studies combined with use of ‘Dephi’ and similar technique surveys – ITTO Market Monitor and other similar sources of data – Project reporting (especially final report) frameworks to include specific responses on these programme level targets 	<ul style="list-style-type: none"> – Partner governments are genuinely committed to FLEGT principles including long-term goal of SFM – Benefits of compliance are visible and sustained; penalties of non-compliance outweigh potential short-term gains from non-compliance – Transaction costs do not disadvantage SMEs and similar, more fragile, groups – Statistical information is accurate and reliable

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Outcome 1</p> <p>Voluntary Partnership Agreements contribute to improved forest sector governance and timber legality on domestic and international markets</p>	<ul style="list-style-type: none"> – Number of countries having signed VPAs and developed the 5 functional elements of TLAS (LD, Supply Chain Control System, Verification mechanism, Licensing and System Auditing) – Number of countries exporting FLEGT licensed timber – Volume of legally licensed timber on the market through VPA processes – Stakeholders indicate an improved knowledge of the VPA process and an increase of technical knowledge and skills for engaging in legal and/or sustainable forest management 	<ul style="list-style-type: none"> – 0 – TBC 	<ul style="list-style-type: none"> – TBD – More than 0 – Improvement demonstrated in at least 75 % of VPA countries 	<ul style="list-style-type: none"> – EU, FLEGT partner and FAO project reports. – Country LAS statistics database information is reliable, accurate and up-to-date – Amalgamated and analyzed data from ITTO and other market monitoring and review information sources – Stakeholders’ pre- and post- workshops evaluations, disaggregated by gender and youth groups – Focus group surveys 	<ul style="list-style-type: none"> – FLEGT brings national-level political and economic gains that outweigh national-level costs – Relevant Government Institutions effectively engage in all formal steps of the VPA process

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 1.1</p> <p>Stakeholders understand their respective roles in the VPA process</p>	<ul style="list-style-type: none"> – VPA related negotiation or implementation structures, ToRs, plans and reports reflect adequate stakeholder representation and participation – National priorities identified, showing attention to inclusivity, transparency, and participatory mechanisms 		<ul style="list-style-type: none"> – National and regional meetings on demand from stakeholders 	<ul style="list-style-type: none"> – EU, FLEGT Partners and FAO project reports – Evaluation and monitoring reports including validated feedback from stakeholder meetings 	<ul style="list-style-type: none"> – Improved understanding of the process and individual roles is the first step to increased participation and implementation of the process
<p>Output 1.2</p> <p>Stakeholders have the knowledge, skills and technical information needed to fulfil their role in the VPA process</p>	<ul style="list-style-type: none"> – Number of stakeholder capacity needs assessments to identify training needs produced – Number and composition of workshops or training events, based on needs assessment and organized to develop capacities of stakeholder groups to engage in legal and/or sustainable forest management planning, decision-making and implementation 		<ul style="list-style-type: none"> – 10 needs assessments conducted – Based on stakeholder demand and needs assessment results – Increased share of vulnerable stakeholders engaged 	<ul style="list-style-type: none"> – Training needs assessment skills audit records – Training event composition and content, level and duration records plus numbers attending and their background – Pre- and post-training capacity assessments 	<ul style="list-style-type: none"> – Skills training on international best standards will improve the ability of stakeholders to effectively engage and improve governance and enhance quantity legality- assured timber on international markets

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 1.3</p> <p>Priority activities that support the negotiation, development and implementation of the VPAs are implemented</p>	<ul style="list-style-type: none"> – Number of Programme grants grounded in the VPA road maps and/or JIC recommendations – Number of platforms for FLEGT interest groups (civil society/SMEs/Indigenous groups) aiming for coordinated engagement in planning and decision-making processes operating effectively – Records of Government engagement in rights and tenure issues, as well as barriers to participatory management resolution actions, and parallel assessment of target groups views and opinions on its sufficiency 	<ul style="list-style-type: none"> – TBC – TBC 	<ul style="list-style-type: none"> – 90% of grants – 6 platforms supported by the Programme are recorded and active in formal Governance processes – Improvement in at least 75% of VPA countries 	<ul style="list-style-type: none"> – Contribution to roadmaps/ annual plans and JIC meeting recommendations judged through annual reports – Project reports, – Focus group surveys 	<ul style="list-style-type: none"> – Strong stakeholder participation and input to the VPA process are required for successful, permanent improvements in governance and legality
<p>Output 1.4</p> <p>Innovative, effective and inclusive law enforcement processes are developed and tested</p>	<ul style="list-style-type: none"> – Effective and broad coordination with public sector bodies other than forestry demonstrated – Number of key legal or regulatory reforms proposed and enacted based on programme funded support to multi-stakeholder LD, TLAS and IM development processes or grants – Evidence of Programme support to tackling cross-border illegal trade and to improving legality verification of imported timber sources (both development and testing/piloting) 	<ul style="list-style-type: none"> – TBC 	<ul style="list-style-type: none"> – Improved coordination demonstrated in 6 VPA countries – At least 3 bi-national or regional strategies validated 	<ul style="list-style-type: none"> – Extended focus groups surveys (including stakeholders from other sectors) – Critical review of VPA draft – Analysed results from pilot tests of TLAS and review of updated VPA drafts – Bi-national/ regional agreements developed and applied effectively 	<ul style="list-style-type: none"> – Successful law enforcement processes are adequate to complement improved governance processes

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Outcome 2</p> <p>Initiatives that support legal production and consumption of timber and better forest sector governance in countries that are not engaged in the VPA process are strengthened</p>	<ul style="list-style-type: none"> – Number of programme grants resulting in significant advancement toward legal timber production (including policies, systems/schemes and legal frameworks revised to promote legal production, trade and consumption of timber) – Local stakeholders confirm their perception that forest sector governance is on a positive trend – Awareness of legislation, policies, regulations, rights and responsibilities improved, in particular among vulnerable groups 	<ul style="list-style-type: none"> – TBC – TBC 	<ul style="list-style-type: none"> – Ten pilot countries – Demonstrated improvement in 75% of countries engaged – Increased awareness and inclusivity demonstrated in 10 countries 	<ul style="list-style-type: none"> – Independent evaluation and Programme monitoring actions – Use of local perception surveys with key stakeholders focus groups – Events/projects reports – (Groups are composed of at least 30% of women and youth, and overall 50% of smallholders (SMEs, CFOs...)) – Qualitative assessments of events & focus group surveys 	<ul style="list-style-type: none"> – Improved governance and more equitable forest management systems will lead to poverty reduction through intelligent design and appropriate regulation

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 2.1</p> <p>A governance strategy is agreed through a multi-stakeholder process</p>	<ul style="list-style-type: none"> – Number of national events supported by the Programme where FLEGT-related experience has been shared – Inclusive Multi-stakeholder assessment, development and revision processes of governance strategies demonstrated in engaged countries 	<ul style="list-style-type: none"> – 0 – TBC 	At least 2 per country engaged	<ul style="list-style-type: none"> – Project reports, event reports – Qualitative assessments of events – focus group surveys – Composition of events audience, demonstrating inclusivity and gender sensitivity 	<ul style="list-style-type: none"> – Divergent interests can be bridged leading to buy-in from all stakeholder groups
<p>Output 2.2</p> <p>Processes to define legal timber production and trade procedures are developed and adopted for implementation</p>	<ul style="list-style-type: none"> – Number of guidelines for implementation of forest laws and policies produced – National participatory dialogue on legal timber production – Traceability, Control & Verification systems designed, tested and validated through transparent and participatory mechanisms 		<ul style="list-style-type: none"> – At least 1 per country engaged 	<ul style="list-style-type: none"> – EU, Partners and FAO project reports – Country agreements – Pilot test studies demonstrating inclusivity (with particular attention to SMEs) – Project reports/ Government 	<ul style="list-style-type: none"> – Procedures are effective and can be applied by all engaged along the supply chain, including SME and community level actors

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 2.3</p> <p>Implementation of forest sector governance strategies are inclusive and well-coordinated</p>	<ul style="list-style-type: none"> – Availability of timely information and appropriate tools and technology – Effective and broad coordination with other public sector bodies demonstrated 	<ul style="list-style-type: none"> – TBC – TBC 	<ul style="list-style-type: none"> – 6 countries establish information platforms and/or tools by 2018 – Improved coordination demonstrated in 10 countries 	<ul style="list-style-type: none"> – Information platforms or tools (web, social media, apps etc.) – Surveys with extended focus groups (including other sector stakeholders) 	<ul style="list-style-type: none"> – Governance strategies will be reviewed regularly to ensure full and equitable inclusivity
<p>Output 2.4</p> <p>Stakeholders are empowered to participate in processes to promote inclusive forest governance and legal timber production and trade procedures</p>	<ul style="list-style-type: none"> – Number of projects contributing to independent forest monitoring or conflict resolution systems developed and validated by concerned groups – Number of different stakeholder profiles / groups represented in Multi-stakeholder platforms (cited in 2.1) 		<ul style="list-style-type: none"> – 50% of engaged countries validate a consensus based system. – 5 initiatives supported by the Programme 	<ul style="list-style-type: none"> – EU, FLEGT Partners and FAO project reports – Focus groups surveys – Pilot studies / project reports 	<ul style="list-style-type: none"> – Pressures from more powerful interest groups can be identified and controlled and groups lacking influence will be given support and encouragement to engage

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Outcome 3</p> <p>The capacity of the private sector to participate in the production, marketing and trade of legal timber has increased</p>	<ul style="list-style-type: none"> – Increased knowledge of FLEGT action plan, EUTR and related standards and due diligence requirement in private sector groups – Availability of technical knowledge and skills for engaging in legal and/or sustainable forest management – Increased proportion/percentage of SMEs operating in the formal sector 		<ul style="list-style-type: none"> – Increase / improvement demonstrated in at least 10 countries engaged – Increase of 25% in at least 6 countries 	<ul style="list-style-type: none"> – Focus group surveys – Qualitative assessments of workshops and training events plus focus group surveys – Government statistics – Certification organization statistics, country statistics, industry organization statistics 	<ul style="list-style-type: none"> – FLEGT related initiatives foster sufficient incentives for Private Sector actors at all scales to commit to and engage exclusively in legal trade
<p>Output 3.1</p> <p>Private sector composition, incentives and market dynamics are better understood</p>	<ul style="list-style-type: none"> – Timber flows at local, national, and regional level are understood, and barriers to compliance identified, with volumes, values, efficiency, profitability and impact of legality requirements characterised – Improved understanding of women’s role in the different segments of timber trade – Impact of market requirements and certification systems on SMEs is better understood 		<ul style="list-style-type: none"> – 3 regional studies – 1 study per country engaged – 1 global study – 3? National studies commissioned and delivered 	<ul style="list-style-type: none"> – Research results – conducted through PMU – Timber flow studies (including supply and processing sectors) – Role of women better understood and specific opportunities for women and youth are identified – Programme study(ies) complemented by existing publications 	<ul style="list-style-type: none"> – Promoting legality within private sector will only be successful once the dynamics of this group of actors is better understood, including the role of women and women-owned businesses, which is presently little known

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 3.2</p> <p>Private sector stakeholders understand obligations for legal compliance and the demands that are influencing markets</p>	<ul style="list-style-type: none"> – Number of manuals of procedures/ handbooks for legal / sustainable practices in the timber industry produced through Programme support – Number of national and regional timber federations or associations who have received information/ training/ technical exchanges and effectively engage in planning and decision-making processes and legal compliance 	<ul style="list-style-type: none"> – TBC 	<ul style="list-style-type: none"> – Manuals produced or updated in at least 10 countries engaged – At least 20 federations / associations supported 	<ul style="list-style-type: none"> – EU, FLEGT Partners and FAO project reports – Project reports 	<ul style="list-style-type: none"> – Private sector actors are committed to meeting their obligations and interested in taking up opportunities
<p>Output 3.3</p> <p>Policies and legal frameworks are reviewed and revised to promote fair access to forest resources and increase productive and decent employment in the forest sector as an engine for poverty reduction</p>	<ul style="list-style-type: none"> – Number of Cost/Benefit studies paving the way to legal reforms – Number of legal reforms proposed and/or adopted in countries engaging with FAO FLEGT, which are achieved through participatory mechanisms 		<ul style="list-style-type: none"> – At least 1 policy brief per country engaged – At least 10 countries 	<ul style="list-style-type: none"> – Comprehensive and relevant studies/ policy briefs produced and validated – FAO projects reports, showing solid participation of SMEs, CFOs, women and youth in legal reforms 	<ul style="list-style-type: none"> – Equitable access to resources in the private sector will improve incentives for legality and opportunities to reduce poverty

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 3.4</p> <p>Private sector stakeholders have the skills to comply with legal frameworks and access markets</p>	<ul style="list-style-type: none"> – Number of stakeholder capacity needs assessments to identify training needs produced – Number of technical training events organized to respond to capacity needs of private sector actors (particularly those that focus on SMEs) to engage in legal and/or sustainable forest management implementation. – Composition of stakeholders groups participating in training events show high inclusivity 	<ul style="list-style-type: none"> – TBD 	<ul style="list-style-type: none"> – 10 needs assessments – At least 1 per country engaged – Groups are composed of at least 20% of women and youth, and overall 50% of smallholders (SMEs, CFOs...) 	<ul style="list-style-type: none"> – EU, FLEGT Partners and FAO project reports, information on internet, government reporting – Training event reports demonstrating solid inclusion of SMEs, CFOs, women and youth – Pre- and post-training skills and knowledge assessments 	<ul style="list-style-type: none"> – Target group is interested in and willing to attend events

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 3.5</p> <p>Private sector stakeholders are empowered to self-organize and to participate in governance processes</p>	<ul style="list-style-type: none"> – Innovative micro-finance mechanisms for SMEs and chain saw millers tested through the programme – Number of knowledge – exchange/ lessons learnt events , and composition of audience – Programme support to the development of internal guidelines, regulations, and codes of conduct 	<ul style="list-style-type: none"> – TBD 	<ul style="list-style-type: none"> – 4 test pilots – At least 1 event per country engaged, showing significant participation of SMEs, CFOs, women and youth 	<ul style="list-style-type: none"> – Project reports; targeted impact study reports – Events reports, demonstrating solid inclusion of SMEs, CFOs, women and youth – Qualitative assessments of reports 	<ul style="list-style-type: none"> – SMEs in some economies do not develop beyond subsistence level due to a lack of capital and/or no ownership stake in the capital or the business
<p>Outcome 4</p> <p>Stakeholders in both consumer and producer countries demonstrate an improved knowledge of benefits from legal logging, international trade requirements and of best practices for forest law enforcement, governance and trade.</p>	<ul style="list-style-type: none"> – Extent of inclusion/use of FLEGT knowledge and lessons in decision-making on VPA's and other FLEGT-related actions. – Extent to which the FAO FLEGT Programme as a global initiative is adding value to the international 'FLEGT landscape' 	<ul style="list-style-type: none"> – TBD 		<ul style="list-style-type: none"> – Reports from information sessions, project reports, independent evaluation and impact monitoring processes 	<ul style="list-style-type: none"> – Improved information to stakeholders, exchange between stakeholders (including supply side and demand side) will improve uptake of best practices, etc.

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 4.1</p> <p>Country-level FLEGT-related stakeholders develop and implement FLEGT-related communication plans.</p>	<ul style="list-style-type: none"> – Number of communication strategies developed with Programme support – Increased awareness and knowledge among different stakeholder groups 	<ul style="list-style-type: none"> – To be determined through surveys 	<ul style="list-style-type: none"> – 6 strategies 	<ul style="list-style-type: none"> – Programme reports, training and media support reports – Focus groups surveys 	<ul style="list-style-type: none"> – FLEGT/VPA will have an accelerated uptake if country stakeholders, media houses and the general public understand the process and benefits more clearly
<p>Output 4.2</p> <p>FLEGT-related information, knowledge and experiences effectively collected, analysed and shared at national, regional and global level.</p>	<ul style="list-style-type: none"> – Number of reports, briefing notes, or other technical guidance and countries documenting lessons learned from FLEGT actions – Number of international, regional or national events where FLEGT experiences have been shared 	<ul style="list-style-type: none"> – TBD 	<ul style="list-style-type: none"> – Two Global level FLEGT meetings; National & Regional meetings on demand from stakeholders 	<ul style="list-style-type: none"> – EU FLEGT Action Plan evaluation reports – FLEGT newsletters and websites – Programme reports – Independent evaluations – Programme impact monitoring 	<ul style="list-style-type: none"> – Information is produced in appropriate formats specifically designed for the target audiences

Results Chain	Indicators	Baseline	Target	Means of verification (MOV)	Assumptions
<p>Output 4.3</p> <p>Experience on national timber traceability, control and verification systems consolidated and communicated especially at regional level</p>	<ul style="list-style-type: none"> – Number of regional events including technical exchanges on TCV systems – Number of studies produced which address issues of link between traceability, control and verification and improved forest governance 	<ul style="list-style-type: none"> – Programme number: Zero – All other institution: TBD 	<ul style="list-style-type: none"> – One event annually or as requested 	<ul style="list-style-type: none"> – Reports on events including topics, timetable, participants and feedback 	<ul style="list-style-type: none"> – Resources are made available to encourage and support engagement especially by SMEs and community scale groups
<p>Output 4.4</p> <p>Relevant studies undertaken that enhance understanding and have wider value for FLEGT related processes</p>	<ul style="list-style-type: none"> – Studies on synergy and mutual compliance of legality and certification undertaken – Pilot and preliminary studies undertaken on revenue collection, illegal activities, etc. leading to more cost-effective control 	<ul style="list-style-type: none"> – Programme number: zero – All other institutions: TBD 	<ul style="list-style-type: none"> – Four studies conducted annually in the first 2 years of the programme on relevant topics 	<ul style="list-style-type: none"> – Reports are subject to QA and then published or made available internally 	<ul style="list-style-type: none"> – Agreement can be reached on topics to be covered that have genuinely wider value

Actions	PMU Actions	Projects' Actions
Inception Phase and Programme Management		
0.1.1 - Review and integrate recommendations from the current FAO FLEGT Programme mid-term evaluation (and to the degree possible the outcomes of the review of the FLEGT Action Plan) into Phase Three of the Programme	✓	
0.1.2 - Develop a detailed two year work plan (2016 to 2017), review and finalize the logical framework and identifying appropriate indicators for impact monitoring (reviewing with EFI the possibility of common, global indicators)	✓	
0.1.3 - Complete an initial baseline survey for the indicators	✓	
0.1.4 - Finalize the private sector needs assessment and developing a strategic approach to supporting private sector organizations	✓	
0.1.5 - Establish possible initial priority VPA countries for interventions based on dialogue with the Steering Committee members	✓	
0.1.6 - Finalize the methodology and criteria to identify priority pilot countries outside the VPA process	✓	
0.1.7 - Establish Standard Operating Procedures, visibility requirements and communication plan for the Programme, Terms of Reference for the Steering Committee and other administrative procedures as required	✓	
Outcome 1 – VPA Countries Voluntary Partnership Agreements contribute to improved forest sector governance and timber legality on domestic and international markets		
<i>Output 1.1 - Stakeholders understand their respective roles in the VPA process</i>		
1.1.1 - Conduct stock-taking (desk study) of project results through phases 1 and 2 of the Programme to better target project selection mechanisms and thematic topics in VPA counties	✓	
1.1.2 - Country priorities identified through inclusive consensus-based approaches together with identified actions to meet challenges to improved forest governance		✓
1.1.3 - Differing awareness of roles is clearly defined and followed		✓
1.1.4 - Awareness raising on all aspects of forest governance and FLEGT Action Plan, including stakeholder rights and responsibilities, through appropriate modalities at all levels		✓

Actions	PMU Actions	Projects' Actions
<i>Output 1.2 - Stakeholders have the knowledge, skills and technical information needed to fulfil their role in the VPA process</i>		
1.2.1 - Training needs assessments and skills audits for FLEGT VPA at a range of levels undertaken		✓
1.2.2 - Potential alliances across and with stakeholder groups identified and supported through improved coordination and active creation of alliances	✓	✓
1.2.3 - Conduct training actions that address needs of VPA implementation		✓
<i>Output 1.3 - Priority activities supporting the implementation of VPAs undertaken by communities and indigenous groups</i>		
1.3.1 - Platforms and mechanisms developed for improved local level forest governance including rights and tenure issues, conflict resolution and participatory management	✓	✓
1.3.2 - Modalities and communication systems strengthened to enhance effective engagement of communities and indigenous groups in VPA design and delivery, including community scale logging activities		✓
<i>Output 1.4 - Innovative, effective and inclusive law enforcement processes are developed and tested</i>		
1.4.1 - Develop joint strategies to support law enforcement activities in VPA countries with other UN Agencies	✓	
1.4.2 - Knowledge of and capacity for independent monitoring built, especially within civil society and community/indigenous groups, including effective collection, exchange and use of information		✓
1.4.3 - Civil society-led independent monitoring of forest resources in connection to the Ghana Voluntary Partnership Agreement - CSOs actively monitoring the issuing of a transparent, credible and acceptable FLEGT license		✓
1.4.4 - Strengthen female participation and gender equality in stakeholder discussions, project activities and governance dialogue through support to woman and community rights to forest management and governance, in particular in Liberia	✓	✓
1.4.5 - Existing forestry legal frameworks and national strategies analysed and improved to address illegal logging through broad-based approaches		✓
1.4.6- Strengthen the efficiency of involved parties in the monitoring of large-scale investments in forested areas, in order to reduce the risk of illegal logging - monitor illegal logging and forest cover change for non-logging investments - Congo basin – Cameroon, Central African Republic, Gabon, Republic of Congo	✓	✓
1.4.7 - Support cross-border collaboration to reduce/eliminate opportunities for illegal trade		✓
Outcome 2 – Non VPA Countries Initiatives that support legal production and consumption of timber and better forest sector governance in countries that are not engaged in the VPA process are strengthened		

Actions	PMU Actions	Projects' Actions
Output 2.1 - A governance strategy is agreed through a multi-stakeholder process		
2.1.1 - Conduct stock-taking (desk study) of project results through phases 1 and 2 of the Programme to better target project selection mechanisms and thematic topics in non- VPA counties	✓	
2.1.2 - Organize country-level stakeholder information workshops, coordination meetings and information sessions with policy makers to raise awareness and understanding on FLEGT/Improved governance processes	✓	✓
2.1.3 - Inclusive, consensus-based approaches to improved forest governance identified and developed		✓
2.1.4 - Awareness raised and group discussions organised to aid improved forest governance and implementation of a FLEGT action plan		✓
Output 2.2 - Processes to define legal timber production and trade procedures are developed and adopted for implementation		
2.2.1 - Appropriate timber legality definition developed through transparent processes and agreed by all relevant stakeholders and actors		✓
2.2.2 - Support development and piloting of national traceability control and verification systems, including independent and community/indigenous group monitoring		✓
2.2.3 - Investigate and adapt systems to ensure applicability and facilitate uptake including by small and medium enterprises and local groups engaged in small-scale logging		✓
Output 2.3 - Implementation of forest sector governance strategies is well coordinated		
2.3.1 - Awareness of and information flows on legislation, policies, regulations, rights and responsibilities improved		✓
2.3.2 - Transparent and participatory review of relevant legislation and regulations conducted, leading to revision and adoption of improved forest governance framework		✓
2.3.3 - Coordination with other public sector bodies in addition to forestry (inter alia agriculture, mining, land use planning, finance) improved, to include broader range of actors in governance strategy implementation		✓
Output 2.4 - Stakeholders are empowered to participate in processes to promote inclusive forest governance and legal timber production and trade procedures		
2.4.1 - Platforms and mechanisms developed for improved local level forest governance including conflict resolution and participatory management	✓	✓
2.4.2 - Raising awareness and building skills in local /indigenous communities for application of FLEGT to their logging activities		✓
2.4.3 - Training needs assessments and skills audits at a range of levels undertaken		✓
2.4.4 - Support cross-border collaboration to reduce/eliminate opportunities for illegal trade		✓

Actions	PMU Actions	Projects' Actions
Outcome 3 - Private Sector Actors in VPA and Non-VPA countries The capacity of the private sector at all scales to participate in the production, marketing and trade of legal timber has increased		
Output 3.1 - Private sector composition, scale, incentives, economics and market dynamics are better understood		
3.1.1 - Complete joint learning and stock taking of private sector support actions, assessment what has stimulated engagement in governance processes, gaps and needed actions	✓	
3.1.2 - Commission and/or undertake studies on the wood supply and processing sectors, including artisanal level, to characterise volumes, values, efficiency, profitability and impact of legality requirements	✓	✓
3.1.3 - Characterise and document timber flows at local, national and regional levels and identify intervention points to improve compliance with FLEGT and similar systems		✓
3.1.4 - Undertake studies on barriers and impediments in timber product trade and develop harmonised parameters and data collection to facilitate compliance checking		✓
Output 3.2 - Private sector stakeholders understand their obligations for legal compliance and the demands that are influencing markets		
3.2.1 - Raise awareness on all aspects of FLEGT Action Plan through improved access to information and enhanced communication within and between private sector actors and various scales and others	✓	✓
3.2.2 - Promote better understanding of EUTR and related trade and certification standards leading to more cost-effective systems	✓	✓
Output 3.3 - Policies and legal frameworks are reviewed and revised to promote fair access to forest resources, increase productive employment in the forest sector and act as an engine for poverty reduction		
3.3.1 - Commission and/or undertake comprehensive reviews of rights and tenure leading to identification of barriers and providing basis for equitable reform	✓	✓
3.3.2 - Investigate and adapt systems to ensure applicability and facilitate uptake including by small and medium enterprises and local groups engaged in small-scale logging		✓
3.3.3 - Cost-benefit studies conducted to underpin legal reforms leading to simplified and incentivised legality compliance processes, including barriers and opportunities around compliance		✓
Output 3.4 - Private sector stakeholders have the skills to comply with legal frameworks and access markets		
3.4.1 - Support training and skills building including training of trainers for all aspects of FLEGT Action Plan, including national legislation and regulations and changed practices such as legality audits		✓
3.4.2 - Undertake training and skills building relating to changed field activities and business administration that support FLEGT related outcomes		✓

Actions	PMU Actions	Projects' Actions
3.4.3 - Foster responsible forest management and market transformation that increases the supply of and demand for legal timber – support demand and supply side innovations that promote legal timber on regional markets in Côte d'Ivoire, Ghana and Liberia		✓
3.4.4 - Through partnership with the Forest and Farm Facility – provide organizational and capacity support to micro and small enterprises		
Output 3.5 - Private sector stakeholders are empowered to self-organize, to participate fully in revised governance processes and improve access to necessary finance for FLEGT compliance		
3.5.1 - Support effective trade and industry bodies in exchange of knowledge and experience on FLEGT Action Plan and secure representation in governance discussions in producing and consuming countries	✓	✓
3.5.2 - Support to improve international communication and networking between timber trade federations - Support private sector organizations to contribute to market reforms that reduce the illegal use of forest resources and benefit poor people and which promote legal and sustainable industry		✓
3.5.3 - Support the development and test of compliance models for private sector SMEs; support understanding and implementation of compliance models - Support to assess and support improved compliance with international best legality standards in the Handicraft and Woodcraft industry association of Vietnam		✓
3.5.4 - Identify barriers to compliance and seek innovative solutions including access to finance and other resources that aid and support compliance		✓
Outcome 4 – All Countries and Groups Stakeholders in both consumer and producer countries demonstrate an improved knowledge of benefits from legal logging, international trade requirements and of best practices for forest law enforcement, governance and trade		
Output 4.1 - Country-level FLEGT-related stakeholders develop and implement FLEGT-related communication plans		
4.1.1 - Assist in developing and implementing country-level communication strategies in association with the EFI FLEGT Communication Strategy	✓	
4.1.2 - Provide fora for national level training and support for media outreach – in partnership with EFI and other UN Agencies	✓	
4.1.3 - Harmonised communication plans on FLEGT related issues developed by stakeholders providing coherent information through a range of media encompassing the needs of all stakeholders		✓
Output 4.2 - FLEGT-related information, knowledge and experience effectively collected, analysed and shared at national, regional and global level		
4.2.1 - Promote information exchange opportunities on FLEGT leading to national policy changes on timber procurement, use and trade that incorporate legality requirements		✓

Actions	PMU Actions	Projects' Actions
4.2.2 - Support information collection and sharing mechanisms to optimise exchanges of learning and experience on FLEGT actions		✓
4.2.3 - Conduct regional seminars to provide information, exchange experiences and share knowledge about existing and emerging issues including FLEGT, REDD+, Illegal forest conversion, forest tenure and land rights, etc.	✓	
4.2.4 - Support south-south experience sharing – bringing stakeholders together to exchange information on technical and policy issues		
Output 4.3 - Experience on national timber traceability, control and verification systems consolidated and communicated especially at regional level		
4.3.1 Promote exchange of experience and lessons learned on traceability, control and verification	✓	✓
Output 4.4 - Relevant studies undertaken that enhance understanding and have wider value for FLEGT related processes		
4.4.1 - Promote synergies and mutual compliance between legality and certification systems to minimise duplication and complexity	✓	✓
4.4.2 - Undertake studies that lead to improved knowledge of revenue collection, illegal activities, licensing, prosecution, etc. and provide a basis for revision of current control systems including incorporation of artisanal and local production		✓
4.4.3 - Promote operational linkages with other initiatives, to encompass broader range of high-level actors from other sectors and ensure complementarity of FLEGT related actions (REDD+; poverty reduction; food security; land use and land tenure, sustainable supply chains, etc.)	✓	✓

Annex 4. Expert Panel Report

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Food and Agriculture Organization
of the United Nations

EXPERT PANEL REPORT

Evaluation of proposals from the first call for proposals

VPA Countries

04 February 2016

Drafted by the Programme Management Unit for the Steering Committee meeting of the FAO
FLEGT Programme (GCP/GLO/600/MUL)

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1. Introduction

The Food and Agriculture Organization Forest Law Enforcement, Governance and Trade Programme (FAO FLEGT Programme) is a continuation of the ACP FLEGT Support and EU FAO FLEGT Programmes. The third phase has been established as a multi-donor trust fund (SIDA, EU, DFID and FAO) to continue to channel support to countries engaged in a Voluntary Partnership Agreement (VPA) and other developing countries actively involved in FLEGT-related initiatives.

The Programme provides support to governments, civil society and private sector organizations to implement projects that address FLEGT-related issues. Projects are awarded through a competitive process initiated by issuing a “call for proposals” through formal FAO and EU Delegation communication channels.

The Programme supports calls for proposals through three funding lines, the first dedicated to funding actions in countries engaged in the VPA process, the second is dedicated to other developing countries that are not engaged in the VPA process and the third one targets private sector initiatives. The present call for proposals was issued through the first and third funding lines for countries that are engaged in the VPA process.

Proposals submitted to the Programme were evaluated by an Expert Panel using a standardized set of criteria and scoring procedure. This report contains background information on the evaluation, a description of proposals submitted, a summary of the evaluation and results, proposals recommended for funding, and general comments on the evaluation process.

This final report from the Expert Panel and its recommendations are presented to the Steering Committee for final evaluation and endorsement.

2. Main characteristics of the call for proposals

Objective: The objective of this call for proposals was to ensure that governmental institutions, civil society and private sector organizations continue to identify, through a demand driven process, the highest priority actions to support and participate in the implementation of the VPA process.

Approach: A two-phase approach was adopted to improve the efficiency and speed of the selection procedure: submission of short concept notes followed by submission of full proposals.

Deadlines: The call for concept notes was announced on 20th August 2015 and was closed on 30th September 2015. The organizations with selected concept notes were invited to submit a full proposal before 11th December 2015.

Priorities: Applicants were requested to identify a clear link with elements of the FAO FLEGT Programme Logical Framework (at least one output and related supported actions) and to build their proposal targeting one of the two proposed “lot”:

- **Lot 1** “Supporting the private sector participation in the VPA process”: enhancing the understanding of and compliance to legal frameworks by small and medium size businesses and promoting legal production and best management practices throughout the wood product value chain
- **Lot 2** “Supporting the VPA negotiation/implementation process”: enhancing the support in the preparation for, negotiation and implementation of Voluntary Partnership Agreements.

Proposed funding: Originally, the potential funding through this call for proposals was approximately EUR 3,000,000, distributed according to the following indicative allocation per lot:

- Lot 1 (private sector): EUR 1 000 000
- Lot 2 (VPA process): EUR 2 000 000

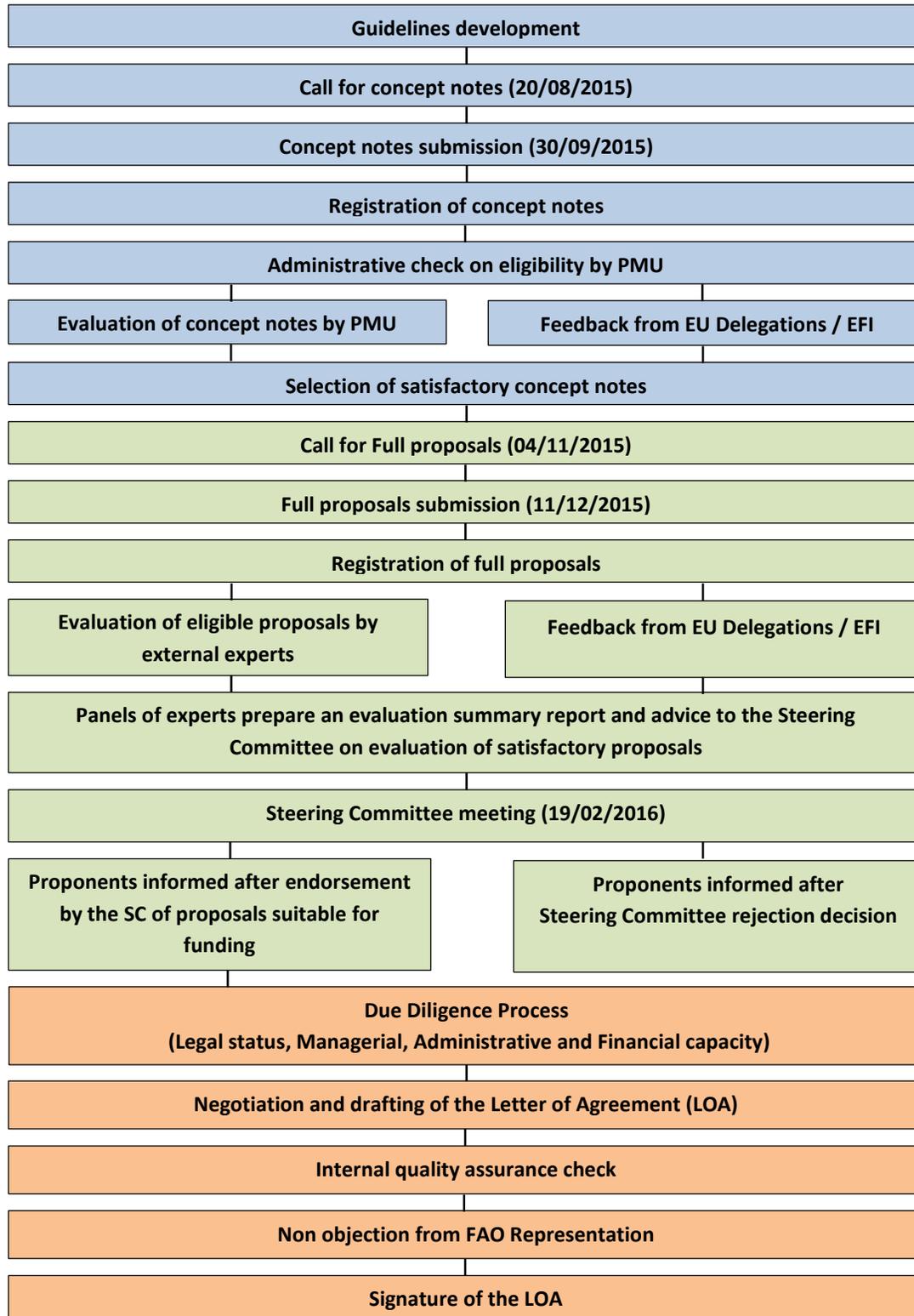
Grants: Available grants per project shall not exceed the maximum limit of EUR 100 000 (or approximately 110,000 USD) and the maximum implementation period of 15 months.

Eligible countries: VPA countries are countries that have already negotiated or are in the pre-negotiation / negotiation phase of a Voluntary Partnership Agreement (VPA) with the European Union. The following 16 countries were concerned:

Countries	Acronym
Cameroon	CAM
Central African Republic	CAR
Côte d’Ivoire	CDI
Congo, Democratic Republic of	DRC
Congo, Republic of	PRC
Gabon	GAB
Ghana	GHA
Guyana	GUY
Honduras	HON
Indonesia	IND
Lao PDR	LAO
Liberia	LIB
Myanmar	MMR
Malaysia	MYS
Thailand	THA
Viet Nam	VIE

3. Evaluation process

The figure below summarises the steps involved in the proposal evaluation and project selection process.



Evaluation of concept notes

After the concept note submission deadline (30/09/2015), the Programme Management Unit (PMU) conducted the following actions:

1. Registered all concept notes;
2. Completed the administrative screening to verify that proposals meet the eligibility criteria referred to in the guidelines. The following criteria are rigorously applied and any proposal found to be ineligible is excluded from further evaluation ;
 - a. The applicant is registered in an eligible country;
 - b. The applicant is a government institution , a civil society organization or an organization/federation of the private sector ;
 - c. The concept note is complete and follows the required format;
 - d. The budget does not exceed the maximum limit of EUR 100,000 (approximately USD 110,000).
 - e. Actions should take place in the country where the applicant is based.
3. Completed the technical evaluation with respect to the criteria defined in the guidelines. Each concept note is evaluated by at least two members of the PMU to attest:
 - a. Relevance and complementarity to the VPA process
 - b. Proposed methodology - feasibility
 - c. Sustainability and partnerships developed
4. Requested the feedback from EU Delegation and EFI FLEGT Facility. The list of all concept notes that passed the administrative screening is shared with all EU Delegations in VPA countries and with the EFI FLEGT Facility;

Evaluation of full proposals

In early November, the PMU asked the organizations, whose concept note was selected (met the eligibility criteria and scored at least 70/100 points), to submit a full proposal by the 11th of December 2015. Specific guidelines and an updated template were produced and sent to applicants. For monitoring purposes, applicant were requested to provide a link between the objective of their project and outputs of the new logical framework of the Programme.

An independent panel of external experts was appointed by the PMU to evaluate the quality of those proposals that fulfilled the concept notes' eligibility criteria (see below for evaluation criteria). The tasks of the evaluation panel included (see also Annex 1: Expert Panel Terms of Reference):

- Evaluate each project proposals according to pre-established criteria and provide a score and observations per criterion and an overall description of the quality of the proposal, including a summary list of its strengths and weaknesses.

- Provide a list of recommended proposals that should be considered for funding by the Steering Committee (with justification for the selection of those proposals).
- Contribute to a final Expert Panel Report. The report will give general statistical details on the proposals received (number, priority themes covered, background of proponents, budget requested, etc.) and those selected, on the evaluation procedure and on the experts.

The 5-member panel was further divided into three teams based on the experts' language proficiency (English, French, and Spanish) and knowledge of the country/region:

Team 1 – Dr. Patrick Hardcastle and Dr. Arthur Blundell evaluated English-written proposals

Team 2 – Dr. Jürgen Blaser and Mr. Jean-Marie Noiraud evaluated French proposals

Team 3 – Dr. Jürgen Blaser and Mr. Filippo Del Gatto evaluated Spanish proposals

The PMU assigned eligible proposals to the different evaluation teams. Each proposal was evaluated by at least two evaluators. The evaluators scored the proposals using an online database system (FORIS): the evaluators were able to view and download proposal documents and background information and score the proposals online, with the ability to insert comments for each proposal, to be shared with other evaluators.

Each proposal was scored independently using a weighting system based on the seven criteria below:

1. Relevance (/30)
2. Effectiveness (/15)
3. Methodology (/15)
4. Sustainability (/10)
5. Innovation (/10)
6. Efficiency (/10)
7. Gender (/10)

Proposals scoring above 70, out of a maximum of 100 possible points, are considered for funding.

To enhance transparency of the evaluation process and increase the rate of feedback received, the PMU circulated all full proposals among relevant EU Delegation, EFI FLEGT Facility and/or FLEGT Facilitators in the respective countries. The EU Delegations and EFI colleagues in each VPA country were informed about the proposal evaluation process and invited to score proposals based on the selection criteria, provide relevant feedback, give their non-objection or simply observe the process. Of the 14 countries concerned by the evaluation, 8 EU Delegations focal points jointly with EFI experts, provided general feedbacks and 2 others gave a non-objection on pre-selected proposals. All feedback was shared with the expert panel members. The support was welcome and in most cases consistent with the findings of the evaluators.

On the basis of the recommendations of the experts and feedback from the EU Delegation and EFI, the PMU drafted a final list of all proposals that passed the required thresholds, ranked by score. The advice

of the experts and other feedback was fully set out in writing by the PMU at the moment of preparing the final ranked list to be submitted to the Steering Committee.

Based on the experts' panel report, availability of financial resources and the geographical and thematic balance, the Steering Committee endorses projects suitable for funding.

Proponents are informed of final results by email.

Due diligence and contract negotiation

Before initiating the contracting phase, the PMU will perform due diligence on prospective beneficiaries. This background review will focus on technical and financial capacities especially for new service providers. It will lead to a classification of Service Providers according to their capacities and will determine the effort needed in terms of training and monitoring in the initial stage of project start up. In case of an agreement is not reached or the due diligence processes results conclude that the project should not continue, the proponent will be informed in writing.

Based on the proposal, a letter of agreement will be negotiated with the service provider followed by an internal quality assurance and a non-objection from the local FAO Representation.

4. Results of the evaluation

4.1 Concept notes

A total of 269 concept notes were received and evaluated by the PMU. Concept notes are categorized as follows:

- **Countries:** 16 different countries
- **Regions:** 206 Africa, 32 Asia and 31 Latin America
- **Proponent groups:** 189 CSO, 50 government institution, 29 private sector organization, and 1 undefined

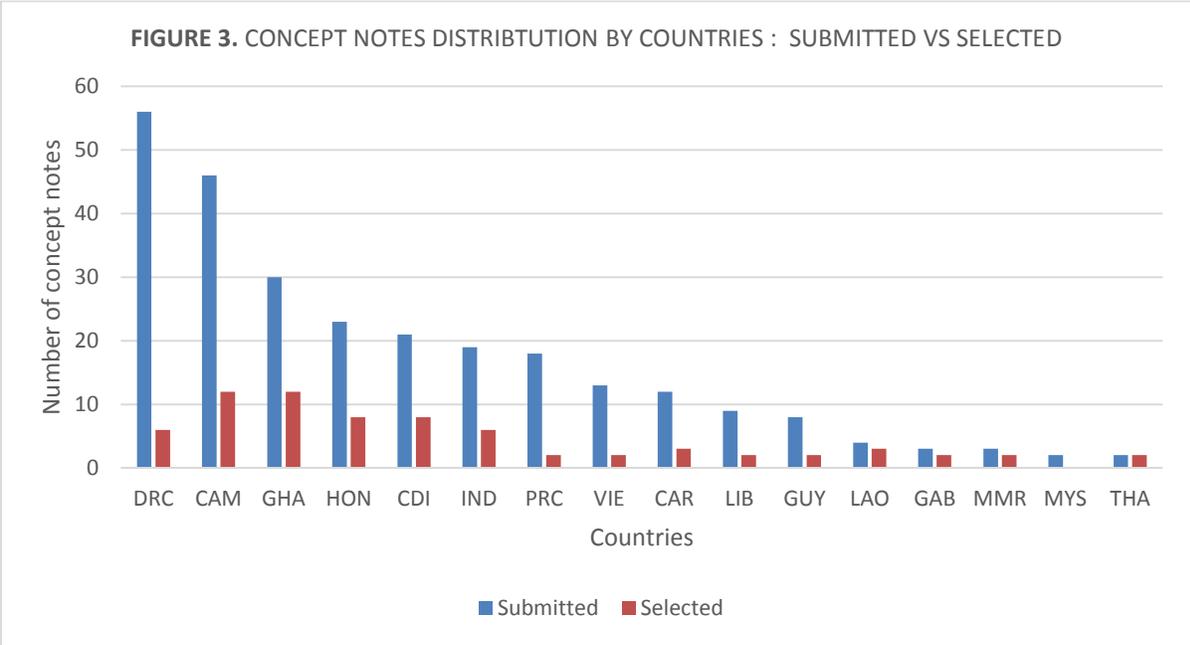
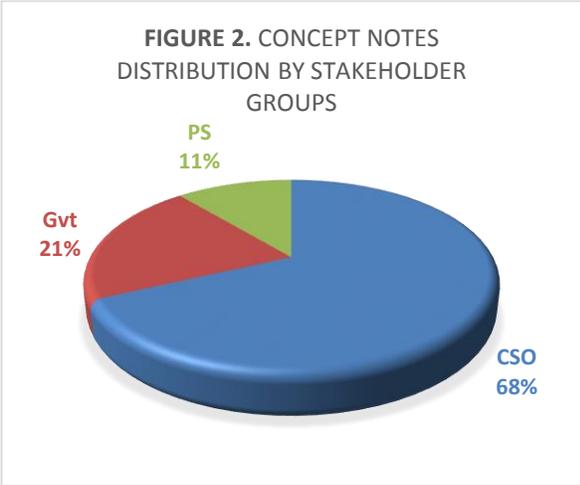
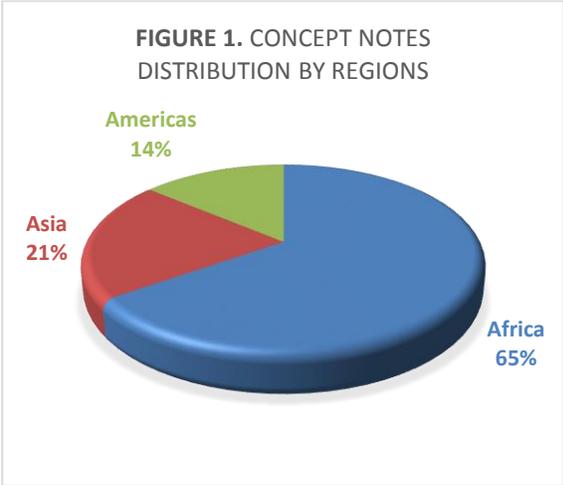
Of the 269 concept notes submitted, 239 passed the administrative screening process and from which 72 were selected to submit a full proposal. The remaining 72 proposals are categorized as follows:

- **Countries:** 15 countries;
- **Regions:** 47 Africa, 15 Asia, and 10 Latin America;
- **Proponent groups:** 49 CSO, 15 government institutions and 8 private sector organization

The **Figure 1, 2 and 3** show the distribution respectively by region, by stakeholder group and by country. As for the previous calls for proposals, African countries submitted the large majority of concept notes (65%) with 3 countries (DRC, Cameroon and Ghana) sending together more than 50% of the concept notes

submitted. Unfortunately, none of the two Malaysian projects were selected for the next phase of the process. Civil society organizations were the most active to propose projects ideas with 68% of the total number of concept notes.

With this call for proposals, we observed a very good sign in terms of Private Sector’s involvement. While not all 29 submitted concept notes were selected, it shows increased interest and also opportunities for follow up with the organizations.



4.2 Full proposals

Of the 72 organizations requested to send a full proposal, only 66 full proposals responded positively. Interesting to note that 2 organizations decided to merge their effort by submitting only one common full proposal.

Table 1 summarizes the results of the evaluation. Based on the review by the Expert Panel, 37 proposals scored above 70/100. Of the 37 proposals, 36 are recommended for funding. One proposal from Cameroon despite a score above 70 received negative feedback by the EU Delegation (see **Table 2**).

The degree of success of proposals submitted under the lots 1 (Private sector) is around 65% while the proposals from lot 2 (VPA) were recommended for funding only about 45%.

In terms of budget, the PMU allocated an indicative USD 3,300,000 for this call for proposals. The total amount requested in the 36 proposals recommended for funding is USD 3,812,000 and there was a reverse of requests – significantly more resources are requested under the Private Sector theme.

4.2.1 *Table 1: Full proposals evaluation by country*

Countries	Number of proposals submitted		Number of Proposals recommended		Budget of proposals recommended for funding (USD)		
	Lot 1	Lot 2	Lot 1	Lot 2	Lot 1	Lot 2	TOTAL
CAM	7	5	4	2	401,000	217,000	618,000
CAR		3		1		96,000	96,000
CDI	2	3	1	1	100,000	215,000	315,000
DRC	2	4	2	1	220,000	85,000	305,000
PRC	1	1		1		65,000	65,000
GAB	1	1	1		110,000		110,000
GHA	7	4	3		297,000		297,000
GUY	1	1	1	1	110,000	110,000	220,000
HON	3	3	2	2	181,000	200,000	381,000
IND	2	4	1	3	109,000	329,000	438,000
LAO	2	1	2	1	214,000	109,000	323,000
LIB	1	1	1		109,000		109,000
MMR	1	1	1	1	120,000	109,000	229,000
THA	1	1		1		109,000	109,000
VIE	2		2		197,000		197,000
TOTAL	33	33	21	15	2,168,000	1,644,000	3,812,000

In terms of priorities, the **Figure 4** shows a clear focus from the proponents on output 3.4 “Private sector stakeholders have the skills to comply with legal frameworks and access markets” and output 1.4 “Innovative, effective and inclusive law enforcement processes are developed and tested”.

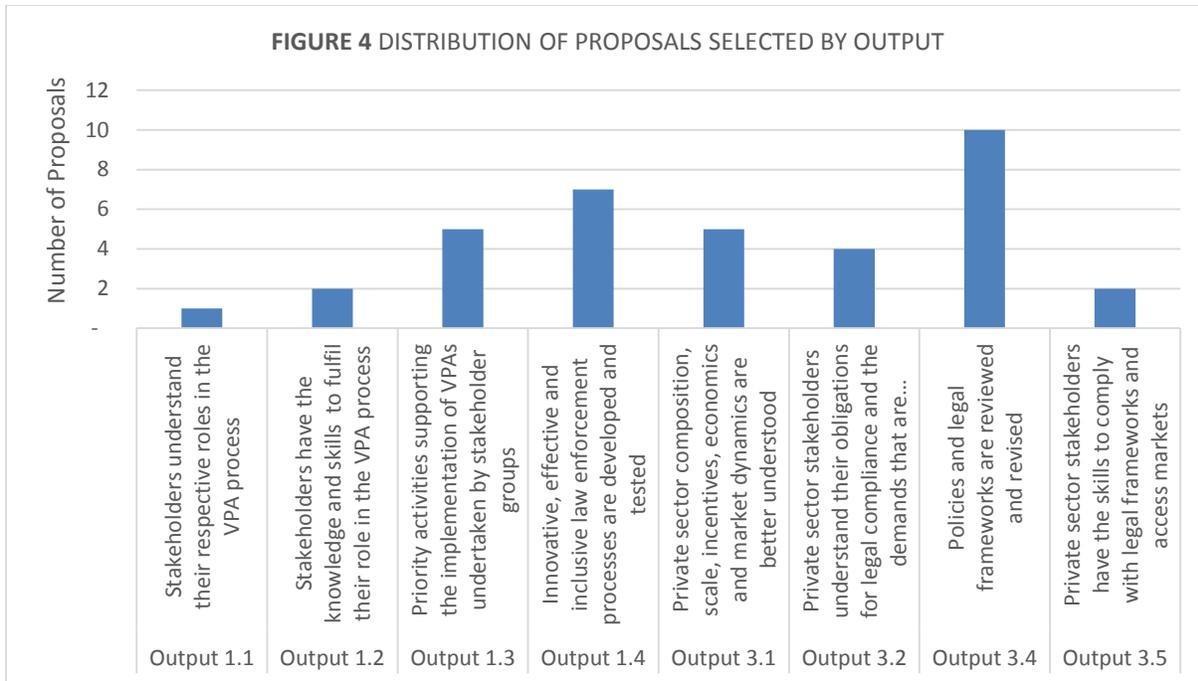


Table 2 presents the 37 proposals that have been scored above 70, ranked by lot and by score. For each project, the objective, a general appreciation and some recommendations are presented. This table shows that many projects will need adjustments during the negotiation phase of the Letter of Agreement. Some main recommendations can be highlighted here:

1. A large majority of budget presented are pushed to the highest possible and will need to be scaled down, in some cases drastically. In fact, the evaluators have identified budget issues in 23 projects on the 36 recommended for funding. The main excessive budget lines are linked to meetings, travels and DSA. Some costs presented are in some case ineligible, like vehicles purchases. These lines will need to be carefully scrutinized when contracting with service providers.
2. For some projects, the ambition will need to be revised to achieve more focused and concrete results in the time frame of 15 months. In some cases, the revision of the logical framework can even lead to drop some outputs with an automatic budget scale down.
3. Finally, some projects submitted by Governmental agencies or by Private Sector association/syndicate would be better framed under the Direct Assistance (DA) mechanism because of their nature (a study, a manual etc.) or because the budget and the duration presented correspond better of the DA specificities. Those project could be allocated to DA budget line of the Programme.

For all the reasons mentioned above, the PMU expects that the Programme will meet the budget expectations (3.3 million USD) after the negotiation of the Letters of Agreement.

Table 2: Proposals recommended for funding

#	Country	Service provider	Proposal title	Expert observations	Score
LOT 1: Supporting the private sector participation in the VPA process					
1.1	VIE	Institute of Policy and Strategy for Agriculture and Rural Development	Scattered Timber Sources in Vietnam and Potential Development under the VPA with European Union	<p>Objective: Understand the extent to which scattered timber sources contribute to the wood processing industry and its legality. Provide policy advice for inclusion of this timber sources in the TLAS.</p> <p>Observation: This is a very solid proposal.</p> <p>Recommendations: -</p>	83.5
1.2	GHA	Friends of the Earth	Influencing Sustainable Market Policies through Innovative Socio-Technical Solutions	<p>Objective: Support innovative socio-technical options through interdisciplinary research, technical working groups and decision-support systems aimed at delivering policy recommendations for achieving legality in the domestic market</p> <p>Observation: Important proposal with solid element in the proposed study to characterise the informal sector</p> <p>Recommendations: The gender and youth section could be strengthened with specific attention to marginalised groups. The value of Output 3 is unclear and would be better dropped.</p>	82.5
1.3	HON	Federación Hondureña de Cooperativas Agroforestales	Ayoyando el desarrollo de un Sistema Nacional de Rastreabilidad, Control y Verificación de la Madera que sea equitativo y viable para las pequeñas cooperativas que conforman el sector comunitario del País	<p>Objective: Contribute to the prevention of potential problem identified in issues relating to legality and the sustainable use of the resources</p> <p>Observation: Very strong proposal. FEHCAFOR is the oldest and most important federation of community-based forest enterprises in Honduras. The project reflects the priorities of the VPA initiative, and complements ongoing activities been carried out as part of the VPA process.</p> <p>Recommendations: -</p>	81
1.4	LAO	Environmental Conservation and Community Development Association	Support legal timber production through improved competitiveness for small and medium timber processing enterprises in Lao	<p>Objective: Support SMEs to improve their competitiveness with increased legal compliance and improved production capacity with products from legal timber</p> <p>Observation: A well-presented proposal that aims to tackle legality issues creatively by analysis of the supply chain and the development of new approaches through hands-on mentoring and discussion.</p> <p>Recommendations: Some necessary adjustments needed during contract negotiation.</p>	80
1.5	CAM	Action for Sustainable Development	Renforcement de la légalité dans le marché domestique et transfrontalier du bois	<p>Objective: Help informal small loggers and traders to transform themselves into legal entities that have access to resources and markets at domestic and transboundary level</p>	77.5

#	Country	Service provider	Proposal title	Expert observations	Score
			dans la région forestière de l'Est Cameroun	Observation: Overall an interesting and innovative approach. It represents also a priority for the Government. The implementation will be quite challenging, considering the very demanding objective. Recommendations: More coherence required between activities and outputs.	
1.6	CAM	Fédération Camerounaise des Associations et des Professionnels de la Seconde Transformation du Bois	Appui à l'implication des artisans de la deuxième transformation du bois dans le processus FLEGT et l'organisation du marché intérieur du bois au Cameroun	Objective : Develop a functional framework for a lasting working relationship between small scale wood users of second transformation and community forests Observation: The project is well formulated and interesting, in particular under result 1 and 2. The result 3 on the promotion of trade of finished products is probably too ambitious for the NGO skills. Recommendations: Result 3 should be entirely eliminated or scaled it down to national promotional activities. The budget would need to be scaled down accordingly.	77
1.7	MMR	Myanmar Forest Products Merchants Federation	Empowering Wood-Based SMEs through Participation and Engagement in VPA process	Objective: Strengthen the institutional capacity of the private sector to make valuable contributions to the longer-term viability of the industry and VPA process Observation: The proposal is relevant and logical; the methodology suggested is clear and feasible within the time-frame. The project will canvass views within its membership and the private sector more widely and also seek validation through international comparisons. Recommendations: Staff costs and workshop costs appear to be excessive and inadequately detailed.	77
1.8	GAB	Syndicats des Forestiers Aménagistes et Industriels Gabonais	Secteur privé et mobilisation en faveur de l'APV au Gabon	Objective: Better represent as a "sector" any issues that concern members of the platform, whether a small business or a large company, domestic or foreign-owned, including the revision of the Forestry Code and awareness-raising activities on the VPA. Observation: Project submitted by a platform composed by three Gabonese professional associations, SIAG, UFIGA and UFIAG. Well in line with the renewed negotiation calendar of the VPA and the integration of small entrepreneurs and Chinese logging operations in a wider FLEGT approach through adequate information sharing and collaboration. Recommendations: While the pertinence is confirmed for such initiative, the proposal needs to be revised in some key aspects: the	75.5

#	Country	Service provider	Proposal title	Expert observations	Score
				budget is wrongly added up, some activities are not pertinent, some important others are missing and complementary initiatives are not taking into account.	
1.9	DRC	Tropenbos International	Exploitation et transformation du bois artisanal : appui à la création de petites entreprises formelles et légales	<p>Objective: Having a better understanding of the structure, scope, incentives, economics and market dynamics relative to the private sector. It will support the creation of micro-enterprises and their initial functioning.</p> <p>Observation: The project is well formulated and the proponent is an experienced implementing agency that already implemented two prior FAO projects in the area.</p> <p>Recommendations: Budget revision is necessary to make some savings considering that the project can build on existing project infrastructure.</p>	75.5
1.10	DRC	Association de Coopération et Solidarité	Projet pilote d'appui au secteur forestier à l'est de la RDC (Provinces du Nord Kivu et de l'Ituri) pour favoriser l'exploitation légale du bois	<p>Objective: Promotion of capacities of small artisan loggers to become legal and partnership with a private sector company that buys clearly identified legality produced hardwood.</p> <p>Observation: Well formulated proposal in a complementary region (Nord Kivu and Ituri) to the other interventions of the Programme.</p> <p>Recommendations: The budget need to be more transparent on the share between FAO and counterpart contribution (WWF, Caritas, ETIFOR and private sector ENRA). The global ambition of the project need to be scaled down.</p>	75.5
1.11	CAM	Food Forestry, Environment Protection and Conservation Society	Integrating carpenters in a legal timber value chain in the South region	<p>Objective: Downstream local industries on legal procurement of the raw material timber and regulating an important local economic sector.</p> <p>Observation: Honest proposal with extreme good effectiveness/efficiency ratio which can have also demonstration effects for other regions.</p> <p>Recommendations: Too ambitious especially concerning the result 3 "At least 40% of added value obtained from the sale of legally verified furniture". Modifications need to be done when negotiating the contract which consists in eliminating either result 3 entirely or to scale it down to national promotional activities. The budget would need to be scaled down accordingly.</p>	75
1.12	CDI	AVSI Côte d'Ivoire	Promotion de la légalité et des bonnes	<p>Objective: Build capacities of SMEs to better enforce legality requirements, improve</p>	74.5

#	Country	Service provider	Proposal title	Expert observations	Score
			pratiques en matière de gestion durable par la mise en place d'un cadre d'échange et formation entre les clients de l'UE, les exportateurs et les PME	<p>structuration of the sector, increase the access to EU market and strengthen their voice in the VPA process.</p> <p>Observation : Solid proposal with good innovation element, overall feasible and implementable in the time frame available</p> <p>Recommendations : -</p>	
1.13	CAM	Service d'Appui aux Initiatives Locales de Développement	Mise en place d'un Système de Vérification Communautaire de la légalité des bois des Forêts Communautaires	<p>Objective: Work on traceability of timber coming from communal/community forests in one specific region of Cameroon.</p> <p>Observation: Interesting proposal that can generate important new information if the project is well implemented. The results of the work can feed the national traceability system with information on small forest producers and can also help to improve local understanding on legality issues.</p> <p>Recommendations: The methodological section is not sufficiently developed. The link to an ongoing community forest project financed by the EU in the Kadey region should be done.</p>	74
1.14	LAO	Lao Furniture Association	Private Sector leading better practice for Smallholders and Small Medium Enterprises legal compliance in the plantation industry of Lao PDR	<p>Objective: Coordinate the private sector demand to improve and formalise legality processes for smallholders and SME's to access markets</p> <p>Observation: This proposal meets a clearly identified need and lays out a logical and comprehensive approach which should be feasible within the time frame. It is well-described and includes a focus on the important issue of cost-effectiveness.</p> <p>Recommendations: Budget need a revision. The presentation of the costs for the workshops is rather confusing. It would be useful to have outline ToRs for these and an indicative profile for the consultant that would undertake each study.</p>	74
1.15	GUY	Forest Products Association of Guyana	Building the awareness and capacity of private sector operators to participate in the VPA process in Guyana	<p>Objective: VPA awareness raising of private sector operators in the forestry sector.</p> <p>Observation: This is a very well conceptualised proposal but is seriously let down by the poor conversion of the underlying idea into a useful project.</p> <p>Recommendations: This project needs a serious budget revision to increase resources allocated to the core activities of awareness raising and skills building and cut in all other excessively expensive costs (opening and closing events, staff costs, and trips).</p>	72.5

#	Country	Service provider	Proposal title	Expert observations	Score
1.16	GHA	Kumasi Wood Cluster Association	Empowering SMEs through training and supervision for their effective compliance and active participation in VPA implementation	<p>Objective: To build the operational and technical capacities of SMEs to use Ghana's legality standards</p> <p>Observation: There is a good idea in this proposal but the approach needs completely rethinking if it is to be effective.</p> <p>Recommendations: The project needs considerable refining to give more time to companies and to training events, which should be based around smaller groups. The budget need to be redesigned to reduce travel costs and items such as lunches and DSA.</p>	72.5
1.17	GHA	Ghana Timber Millers' Organization	Strengthening the operational capacity for timber operators for effective compliance of FLEGT VPA	<p>Objective: To equip SMEs with practical knowledge and skills for effective compliance of VPA operational requirements</p> <p>Observation: Interesting, well thought out but poorly presented. Core training events are too short and have too many participants. The budget requests coffee/lunch costs almost one-third of the total funding; this exemplifies the core problem. Logframe is a valiant attempt. Timber Trade Bulletin is a possibly good idea but unclear on sustainability of this and how it complements other sources.</p> <p>Recommendations: The budget need to be revised and there is also a possibly useful link with the proposal submitted by Ghana Forestry Commission that might be explored.</p>	71.5
1.18	CAM	Centre d'appui à La Gestion Durable Des Ressources Naturelles et au Développement Local	Amélioration de la gestion interne de la traçabilité des PME forestières	<p>Objective: The project proposes to develop an electronic tool to support SMEs in respect to traceability and commitments in the framework of VPA.</p> <p>Observation: Well formulated proposal and useful, however there are doubts that the proponent can find the right expertise to conduct the complex methodological work. Efficiency/effectiveness link is not very favourable, in particular the very high cost for personal. All expertise has to be bought in. The question of sustainability of the tool (e.g. maintenance, updating) need to be mentioned.</p> <p>Recommendations: This project can create confusion with activities under the larger EU funded project on traceability. The timing is not adequate for such initiative. <u>Objection</u> formulated by the EU Delegation.</p>	71.5
1.19	VIE	The Center for Education and Development	Promoting private sector engagement in the VPA process	<p>Objective: Enhance the understanding of and compliance to legal frameworks, to</p>	71.5

#	Country	Service provider	Proposal title	Expert observations	Score
				<p>promote legal production and best management practices throughout the timber product value chain</p> <p>Observation: This is a good proposal that identifies and promotes the need to engage the smaller private sector players and also identifies the value of the VPA in terms of improved forest governance.</p> <p>Recommendations: The weighting given in terms of resources allocated to the different elements seems poorly balanced. The budget needs adjustments along the lines suggested by the experts in order to be acceptable for funding. The key aspects that need revision are to give more resources to knowledge transfer, to strengthen the sustainability section and to review and revise the budget to reduce costs were possible, such as under travel and dissemination, and use the resources released for knowledge transfer events.</p>	
1.20	HON	Fundación Hondureña de Ambiente y Desarrollo (Fundación Vida)	Estudio de mercado de los productos forestales y sus substitutos en Honduras: oferta, demanda, barreras y plan para incrementar el uso de madera legal	<p>Objective : Improving data transparency to promote forest governance and particularly the timber legality assurance system (TLAS) besides a number of wider economic issues that will inform the VPA-FLEGT process</p> <p>Observation: The project is well written and addresses an important concern of the VPA process in the country. The work proposed by Fundacion Vida is therefore much needed to better inform the VPA process in Honduras. Results of this project will be important for final negotiation and proposed signing of VPA mid-2016.</p> <p>Recommendations: The budget need to be lowered (perhaps around US\$ 60K) and with a slightly higher proportion of the budget oriented towards field-level data collection. The effectiveness (studies) / efficiency (costs) ratio and the fact that the studies will go over the long period of 15 months with considerable costs from FAO side should be questioned. The timeframe should be revised. The role of IUCN as a backstopping supporter should be further specified. More emphasis should be given to synergies with other Honduran organizations that have experience and knowledge in the field.</p>	71.5

#	Country	Service provider	Proposal title	Expert observations	Score
1.21	IND	The Indonesian Furniture and Handicraft Association	Engaging Voluntary Partnership Agreement to Indonesia Furniture and Handicraft industry Value Chain	<p>Objective: Increase awareness of furniture and handicraft industry value chain of the importance of the VPA.</p> <p>Observation: This is a well-conceived proposal that is neatly presented and appears feasible within the time frame. It has some innovative ideas.</p> <p>Recommendations: The staff budget is too high and, especially given that ASMINDO states it will provide long term sustainability. The numbers attending the one-day workshops are too high. The budget needs to be reframed to give more opportunity for in depth discussions. Limiting the project areas to Java would also help. This is a fundable project, subject to revisions within the scope of contract negotiation.</p>	71
1.22	LIB	Liberia Forestry Development Authority	Strengthening the capacity of Wood-based energy producing communities to ensure that productions are in compliance with the Regulation on Sustainable Wood-based Biomass energy production and marketing	<p>Objective: Ensure that wood-based biomass energy are legally produced and trade/marketing are in compliance with the terms and conditions of the newly formulated Sustainable Wood-based Biomass Energy Production and Marketing Regulation in Liberia</p> <p>Observation: This is a valuable proposal in terms of what it proposes but as currently formulated need of refocusing. The budget need a complete revision to cut motorcycles, portable metal kilns and power saws that are capital expenditure not eligible for support through this grant scheme.</p> <p>Recommendations: Equipment required would need to be purchased separately by FDA or a development bank or a CSO and lease-purchased by communities. The training element needs to be strengthened and a number of items in the current proposal reconsidered. Extraneous items should be eliminated.</p>	71
LOT 2: Supporting the VPA negotiation/implementation process					
2.1	MMR	Fauna & Flora International	FLEGT preparedness for Community Timber Producers In Myanmar	<p>Objective: Test Community Forest Timber Legality Operational Procedures that will allow this category of timber to be harvested and traded legally from licensed community forests in the domestic market.</p> <p>Observation: The project builds on current work. Highly relevant, very clearly presented and with a coherent and feasible strategy.</p> <p>Recommendations: The budget needs to be slightly revised.</p>	86.5

#	Country	Service provider	Proposal title	Expert observations	Score
2.2	THA	Regional Community Forestry Training Center for Asia and the Pacific	Enhancing smallholders' accessibility to timber legality and trade for effective implementation of VPA process in Thailand	<p>Objective: Produce informed and consolidated legality recommendations to effectively address the legal and tenure challenges for VPA implementation</p> <p>Observation: This is a well-thought out and clearly presented proposal that is very relevant and important.</p> <p>Recommendations: Necessary changes in the budget could be made during contract negotiation.</p>	80.5
2.3	CAM	Forêts et Développement Rural	Mise en œuvre du système normalisé d'observation indépendante externe (SNOIE)	<p>Objective: Put in place a normalized system of external independent observatory (IO). It implies a consolidation of the already ongoing system of IO conducted by a considerable number of NGOs in the functioning IO network in Cameroon</p> <p>Observation: This project is a priority in the current context where no official independent observer is active.</p> <p>Recommendations: The budget should be carefully reviewed during the contract negotiation. There is a problem at the level of efficiency: the FAO budget is pushed to the highest possible amount.</p>	77
2.4	CDI	Wild Chimpanzee Foundation	Observation Indépendante Mandatée (OIM), renforcement des capacités et création de synergies entre les opérateurs forestiers, les agents de la SODEFOR et l'OIM pour une gestion durable des forêts classées	<p>Objective: Involving governmental agency (SODEFOR) and civil society partners on the important issue of forest reserve management.</p> <p>Observation: Interesting proposal on an important issue. Well formulated and presented, though overall quite ambitious.</p> <p>Recommendations: Roles and responsibilities of the 2 main partners (SODEFOR and WCF) will need to be well defined before the start of the project.</p>	76
2.5	HON	Alianza Sustentabilidad Ecológica y Justicia Social	Promoción de derechos colectivos, gobernanza territorial y participación de los pueblos indígenas en los procesos de AVA-FLEGT en Honduras	<p>Objective: Capacity building and information sharing with indigenous people leaders and "afrohondureños" communities on issues related to indigenous rights and the objectives of the VPA process.</p> <p>Observation: The project focuses on key priorities of the VPA. The proponent has the authority and knowledge to conduct such work. Very ambitious results have been formulated including a mainstreaming of the FPIC approach and a mapping of indigenous people territories. The project can create a lot of synergies between the FLEGT and REDD mainstream approaches.</p>	76

#	Country	Service provider	Proposal title	Expert observations	Score
				Recommendation: The effectiveness vs efficiency ratio need to be revised. Some important budget lines are either underestimated or absent.	
2.6	PRC	Cellule de la Légalité Forestière et de la Traçabilité	Développement d'un manuel sur le traitement des cas de non-respect des indicateurs de la grille de légalité APV	Objective: Elaborate a procedural guidelines for non-respect of legality and sanctions, and validate the guidelines and embedding it in the information system for verification. Observation: The proposal is reasonable and proposes an integrative approach to develop procedural guidelines on a legal process which is needed since 2010. Recommendations: Budget too high considering the short period of implementation (6 months). Some existing work (the first draft of the Manual already exists) should be considered. Activities need to be re-oriented to the awareness raising of the manual and not so much on the development.	76
2.7	CAM	Wildlife Conservation Society	Suivi de la Gestion de la Faune dans les concessions forestières au Cameroun (Phase 2)	Objective: Support the conservation of animal populations in forest concessions. It includes the monitoring and evaluation of Wildlife Management system (SEGeF program which is integrated into the SIGIF II), the monitoring anti-poaching using the particular tool SMART, training of forest agents and staff of forest concessions and strategic monitoring of wildlife. Observation: Clearly defined results and activities based on a solid methodological approach. A major output will be the development of a manual that directs administration in monitoring of wildlife management, also to establish close cooperation with the decentralized services of MINFOF, forest concessionaires and communal forest managers. Recommendations : -	73.5
2.8	CAR	Centre pour l'Information Environnementale et le Développement Durable	Appui à la mise en œuvre de la stratégie d'observation indépendante des activités forestières par la société civile suivant l'annexe IX de l'APV/FLEGT	Objective: Develop the necessary framework for independent observatory of legality in timber management in CAR. Observation: Very pertinent and timely project in the current context. An eventual official Independent Monitoring will not be in place before 2017. This project clearly respond to an urgent need. Recommendations: A lot of emphasis in the budget is given to 8 OI missions. While the activities proposed are logical, the indicators should be better formulated. Also, the sustainability aspect for continuing a	73

#	Country	Service provider	Proposal title	Expert observations	Score
				functioning independent monitoring should be developed further.	
2.9	DRC	Organisation Congolaise des Ecologistes et Amis de la Nature	Observation indépendante et Gouvernance concertée pour un contrôle efficace de la légalité dans la filière de l'exploitation forestière artisanale	Objective: Strengthen independent observatory for small-scale loggers. Observation: Interesting and innovative idea. Recommendations: Territorial overlap with the proposed project of Tropenbos, eventually possibility to create synergies if both projects get financed.	72.5
2.10	IND	JURnaL Celebes	Strengthening Indonesia Independent Forestry Monitoring Network to Ensure a Credible Timber Legality Verification System (SVLK) and Effective VPA Implementation	Objective: Achieve situation where Indonesian civil society can play a central role in development and implementation of policies related to forest governance. Observation: This is a very interesting proposal on a topic of great importance, aiming to document illegal trade and try and overcome suspected timber laundering. Recommendations: The proposal is very complex for a small project of 15 months' duration; it has 4 Outputs and 12 Activities, although a number of these are relatively minor and could be subsumed into broader ones to simplify the structure. The project would be better to focus on fewer localities, which would reduce the travel costs and allow more intensive work. The budget need to be downscaled.	72.5
2.11	IND	Yayasan Bioma	Scaling up SVLK timber supply from Community Forest in East-Kalimantan	Objective: Improve forest management and formalize timber harvesting through community forestry and to assist communities in order to reach SVLK certification in District of Mahakam Ulu and District of Kutai Kartanegara. Observation: The proposal is timely and relevant but seems to be over-optimistic in respect of what can be achieved within the 15 month time-frame. The time provided for training, two-days, is insufficient even for "tech-savvy" youngsters. The fundamental concepts are valuable and the proposal generally well thought-out but the logframe is too formulaic and lacks sufficient quality control measures during the processes leading to the outcome. Recommendations: The proposal should be revised sufficiently as part of contract negotiation.	71
2.12	LAO	National University of Laos	Building Capacity for Timber Species Identification to	Objective: To improve knowledge and expertise on timber identification among those responsible for checking timber traffic,	71

#	Country	Service provider	Proposal title	Expert observations	Score
			Strengthen the Timber Legality Assurance System in Lao PDR	<p>especially knowledge of high value and protected species. To build wood identification capacity in a national centre and in educational institutions.</p> <p>Observation: The proposal is trying to do too many things within a limited budget.</p> <p>Recommendations: The proportion of resources devoted to the training the target personnel is too limited. The critical elements for this would be substantial training in smaller groups than proposed and perhaps close to key locations, supported by reference material. The budget for equipment is excessive and unnecessary and needs a more disciplined review.</p>	
2.13	GUY	Amerindian Peoples Association	Promoting community-based monitoring of timber trade legality in Guyana	<p>Objective: To enable Amerindian villages in Guyana to design, develop and test approaches to community-based independent monitoring</p> <p>Observation: Potentially valuable project with many useful ideas. As this project is currently presented, we are sceptical as to its usefulness at the current level of the VPA negotiations as it is quite confrontational.</p> <p>Recommendations: It is recommended to conditionally accept to develop an indigenous mechanism of IFM but within the bounds of the current legal structure. The proposed system would have to be very clear and realistic on what they would monitor – not just vague implementation of the VPA and LAS. There is no IFM by indigenous people in Guyana so this would be a useful starting point. The budget will need to be reduced as well as the scope of work.</p>	70.5
2.14	HON	Fundación Democracia sin Fronteras	La Plataforma de Gobernanza Ambiental de Olancho genera mayor participación de actores, contribuye con propuestas en las negociaciones AVA FLEGT	<p>Objective: Improve participation of stakeholders in the VPA negotiation</p> <p>Observation: The project is overambitious and a bit vague. It has a strong emphasis on awareness-raising and communication, but there is little attention on how to generate the information. It is also questionable what kind of information sharing activities this project can really undertake at the current stage of slow process. On the other hand, gaining consensus on certain elements of the VPA are still much needed in this final run up to signing the agreement. FDSF is well positioned to lead on this collaboration as they already have a “leadership” role among multi-stakeholder platforms and strong links to the government.</p>	70

#	Country	Service provider	Proposal title	Expert observations	Score
				Recommendations: It is recommended to approve the project but with caveat that it will be for a significantly reduced budget and timeframe to focus on a revised Result 1: ENCTI implementation and multi-platform dialogue to feed into the final negotiation and design of the VPA, with clear methodology in the contract regarding how information will be generated and disseminated.	
2.15	IND	AURIGA / World Resources Institute Indonesia	Supporting Implementation of the Voluntary Partnership Agreement and FLEGT Action Plan by Strengthening Capacities to Detect and Suppress Forestry Sector Corruption	<p>Objective: Strengthen implementation and credibility of the SVLK system and the VPA process, and increase incentives for due diligence by forestry sector actors, by increasing the capacity and level of effort in the forestry sector of the Corruption Eradication Commission (KPK), related enforcement authorities, and select NGOs to expose and combat corruption and other irregularities.</p> <p>Observation: The proposal relates to an important aspect of control of illegal logging but provides extremely limited information beyond the background and justification for the project.</p> <p>Recommendations: -</p>	70

5. Expert panel general recommendations

The expert panel members recommend the PMU take into account the following observations when developing the Letters of Agreement for endorsed proposals:

Gender section: Despite all proponents acknowledged the relevance of the topic, no one offered clear insight and consideration on how they intend to address the issue in their proposals, a part from generic reference to ensuring equal representation for women and youth in their project implementation.

The panel recommended to include in the next call for proposal format a section in which proponents can describe their past performance with regards to gender/youth inclusion. This can be used as a more telling indication of the proponent's actual record and attention to gender/youth issues and could be further employed as a parameter in the selection of potential candidates.

Reiterating the importance of ensuring balance of gender and age structure cannot be considered as a sufficient sign of commitment to overcome this problem. Proponents should be encouraged to come up with concrete actions to achieve their written commitments.

Log frame: For the sake of consistency the panel recommended that proponents align their logical frameworks to the activities presented in the budget while negotiating the work plan with the PMU. It is important that the proponents clearly demonstrate how the budget will be used to undertake the

activities listed in the logical framework and the budget break-down is fully justified and matches the most important activities in the logical frame.

Framing the proposals in terms of “behavioral change”: The panel recommended encouraging proponents to creatively reflect in terms of long-term incremental and behavioral changes while formulating their proposals. Indeed the implementation of the FLEGT Action Plan requires a longer term vision that cannot be fulfilled with short-minded ad hoc interventions. To achieve this objective, it would be useful and more effective for proponents to develop the proposals around a risk/assumption framework that could help identify and prioritize interventions based on the likelihood of actually achieving those expected changes. From an FAO standpoint having a risk/assumption framework of reference can also promote a better understanding of necessary steps and preferred actions to guide the formulation of proposals as to ensure the most successful implementation of the FLEGT Action Plan.

Encourage scalable solutions: This is particularly relevant when dealing with SMEs whose financial capacity may benefit from increasing the size of the interventions, perhaps by grouping with other SMEs to achieve a certain outcome in a more cost-effective way, through “economies of scale”. A recurrent argument that emerged from the proposal evaluation was the extensive upfront costs that especially SMEs would need to bear to pilot their proposed project solutions.

Build on lessons learned: In order to allocate funds more efficiently and in the absence of an impact monitoring system, the prospective proponents that have already received financial support from the Programme should provide a detailed account of previous milestone or outcomes achieved through the Programme funds. They should clearly emphasize the causal relations between the use of the funds and any intended incremental positive or negative change that might have occurred as a result of the support received. Systematically and constructively reflecting upon lessons learned also enables proponents to present more relevant sets of activities that can build upon the success and failure of previously implemented interventions.

The programme should urge such a reflection already at the early stage of the concept note presentation.

List of all 66 proposals ranked by score

Country	Proponent Acronym	Proposal title	Score
MMR	FFI	FLEGT Preparedness for Community Timber Producers In Myanmar	86.5
VIE	IPSARD	Scattered Timber Sources in Vietnam and Potential Development under the VPA with European Union	83.5
GHA	FoE-Gh	Influencing Sustainable Market Policies through Innovative Socio-Technical Solutions	82.5
HON	FEHCAFOR	Apoyando el desarrollo de un Sistema Nacional de Rastreabilidad, Control y Verificación de la Madera que sea equitativo y viable para las pequeñas cooperativas que conforman el sector comunitario del País	81
THA	RECOFTC	Enhancing smallholders' accessibility to timber legality and trade for effective implementation of VPA process in Thailand	80.5
LAO	ECCDA	Support legal timber production through improved competitiveness for small and medium timber processing enterprises in Lao PDR	80
CAM	ASD	Renforcement de la légalité dans le marché domestique et transfrontalier du bois dans la région forestière de l'Est Cameroun	77.5
CAM	FECAPROBOIS	Appui à l'implication des artisans de la deuxième transformation du bois dans le processus FLEGT et l'organisation du marché intérieur du bois au Cameroun	77
CAM	FODER	Mise en œuvre du système normalisé d'observation indépendante externe (SNOIE)	77
MMR	MFPMPF	Empowering Wood-Based Small and Medium Enterprises (SME) through Participation and Engagement in FLEGT VPA process	77
CDI	WCF	Réplication de l'Observation Indépendante Mandatée (OIM), renforcement des capacités et création de synergies entre les opérateurs forestiers, les agents de la SODEFOR et l'OIM pour une gestion durable des forêts classées	76
PRC	CLFT	Développement d'un manuel consensuel sur le traitement des cas de non-respect des indicateurs de la grille de légalité APV-FLEGT	76
HON	ALIANZAVERDE	Promoción de derechos colectivos, gobernanza territorial y participación de los pueblos indígenas en los procesos de AVA-FLEGT en Honduras	76
DRC	TBI	Exploitation et transformation du bois artisanal : appui à la création de petites entreprises formelles et légales	75.5
DRC	ACS	Projet pilote d'appui au secteur forestier à l'est de la RDC (Provinces du Nord Kivu et de l'Ituri) pour favoriser l'exploitation légale du bois	75.5
GAB	SIAG	Secteur privé et mobilisation en faveur de l'APV au Gabon	75.5

Country	Proponent Acronym	Proposal title	Score
CAM	FFE-PCS	Integrating carpenters in a legal timber value chain in the South region	75
CDI	AVSI	Promotion de la légalité et des bonnes pratiques en matière de gestion durable par la mise en place d'un cadre d'échange et formation entre les clients de l'UE, les exportateurs et les Petites et Moyennes Entreprises ivoiriennes	74.5
CAM	SAILD	Mise en place d'un Système de Vérification Communautaire de la légalité des bois des Forêts Communautaires	74
LAO	LFA	Private Sector leading better practice for Smallholders and Small Medium Enterprises legal compliance in the plantation industry of Lao PDR	74
CAM	WCS	Suivi de la Gestion de la Faune dans les concessions forestières au Cameroun (Phase 2)	73.5
CAR	CIEDD	Appui à la mise en œuvre de la stratégie d'observation indépendante des activités forestières par la société civile suivant l'annexe IX de l'APV/FLEGT	73
DRC	OCEAN	Observation indépendante et Gouvernance concertée pour un contrôle efficace de la légalité dans la filière de l'exploitation forestière artisanale dans les territoires affectés	72.5
GHA	KWC	Empowering Small-Medium Forest Enterprises through training and supervision for their effective compliance and active participation in VPA/FLEGT implementation	72.5
GUY	FPA	Building the awareness and capacity of private sector operators to participate in the VPA process in Guyana	72.5
IND	CELEBES	Strengthening Indonesia Independent Forestry Monitoring Network to Ensure a Credible Timber Legality Verification System (SVLK) and Effective VPA Implementation	72.5
CAM	CAGEDEL	Amélioration de la gestion interne de la traçabilité des PME forestières	71.5
GHA	GTMO	Strengthening the operational capacity for timber operators for effective compliance of FLEGT VPA	71.5
HON	VIDA	Estudio de mercado de los productos forestales y sus sustitutos en Honduras: oferta, demanda, barreras y plan para incrementar el uso de madera legal	71.5
VIE	CED	Promoting private sector engagement in the VPA process	71.5
LIB	FDA	Strengthening the capacity of Wood-based energy producing communities to ensure that productions are in compliance with the Regulation on Sustainable Wood-based Biomass energy production and marketing	71
IND	ASMINDO	Engaging Voluntary Partnership Agreement to Indonesia Furniture and Handicraft industry Value Chain	71
IND	BIOMA	Scaling up SVLK timber supply from Community Forest in East-Kalimantan	71
LAO	NUoL	Building Capacity for Timber Species Identification to Strengthen the Timber Legality Assurance System in Lao PDR	71

Country	Proponent Acronym	Proposal title	Score
GUY	APA	Promoting community-based monitoring of timber trade legality in Guyana	70.5
HON	FDF	La Plataforma de Gobernanza Ambiental de Olancho genera mayor participación de actores, contribuye con propuestas en las negociaciones AVA FLEGT	70
IND	WRI	Supporting Implementation of the Voluntary Partnership Agreement and FLEGT Action Plan by Strengthening Capacities to Detect and Suppress Forestry Sector Corruption	70
PRC	AMC	Renforcement des capacités des ébénistes du Congo pour l'accès au bois légal, leurs formalisations et la traçabilité de leurs produits finis	69.5
IND	LEI	Develop the timber traceability in small and medium scale enterprise (SME) of wood industries by combining the Indonesia Timber Legality Assurance System (ITLAS) with the Indonesian Ecolabelling Institute - Chain of Custody Certification (LEI-CoC)	69.5
GHA	TIDD	Upscaling Artisanal Milling to improve the supply of legal lumber to the domestic market	69
GHA	RESCONI	Supporting Supply of Legal Timber to the Domestic Market through the Development of Timber Depots	68.5
GHA	GFC	Building the capacity of the Coalition on Domestic Lumber Supply in Ghana for the supply and production of Legal Timber in the Wood Product Value Chain for a functional VPA	68
CAM	IUCN	Establishing a benchmark against which to measure changes in forest governance, including levels of illegal logging and trade, catalysed by the FLEGT VPA initiative in Cameroon	67.5
DRC	DCVI	Audit du système de contrôle, de vérification et traçabilité du bois et mise en place d'un système pilote de récolte de données par applications mobiles pour le suivi du bois	67.5
GHA	WG	Building synergy between Ghana's voluntary forest certification and FLEGT-VPA to accelerate legal timber production in the country	67
GHA	TBI-GH	Strengthening Regulatory Mechanisms on Overland timber trade for enhanced FLEGT/VPA implementation in Ghana	66.5
CAM	SAPED	Promotion de l'offre et de la demande en bois légal dans les marchés publics au Cameroun	65
DRC	OGF	Mise en œuvre d'une Observation Indépendante de la mise en application de la loi forestière en République Démocratique du Congo	65
CAM	CEW	Implication des menuiseries et des dépôts de bois de la ville de Yaoundé dans la dynamique de l'APV-FLEGT	64
GHA	TCi	Private Sector Legality Training and Legal Working Group (PSLWG)	63.5
HON	CONADEH	Desarrollo de instrumentos de verificación de los productos madereros con la participación de los actores que conlleva a la	63.5

Country	Proponent Acronym	Proposal title	Score
		estructuración del Sistema para Asegurar la Legalidad de Honduras (SALH)	
CAR	CODICOM	Projet d'appui à la réglementation et à la structuration de la filière artisanale du bois en République Centrafricaine	63
CDI	MINEF	Appui au renforcement des capacités et à l'amélioration de la collaboration entre le secteur privé et l'Administration sur les sujets de légalité et traçabilité	62.5
THA	KUFF	Engaging Thailand's small producers in legal and sustainable supply chains	62.5
LIB	GAI	Ensuring that the Liberia Chain Saw regulation and the domestic chain saw sector are in harmony with the implementation of the Liberian VPA process	62
GHA	RUDEYA	Towards The Establishment Of Civil Society/Community Led Independent Monitoring Mechanisms In Support Of The Voluntary Partnership Agreement Processes.	61.5
CDI	AOE	Extension de la dynamique d'observation indépendante au sein des communautés riveraines des concessions forestières du domaine rural dans la région du Tonkpi	60.5
CAM	FLAG	Appui à la production et à l'utilisation des informations forestières pertinentes pour la mise en application des lois forestières, la gouvernance et le commerce du bois	60
GHA	UCC	Alternative Livelihood Opportunities for Forest Fringe Communities and Capacity Building for Sustainable forest Resource Management in Ghana	60
GAB	AGNU	Mobilisation en faveur de l'APV et appui à la gouvernance au niveau local	58
CAM	RFC	Appui à la mise en place et à l'opérationnalisation d'une confédération nationale des Forêts Communautaires	57
CAR	ODE	Gouvernance et observation indépendante externe dans la forêt de production en République Centrafricaine (RCA) – en particulier dans la Mambéré-Kadei et la Sangha-Mbaéré	57
DRC	GASHE	Appui à l'observation indépendante communautaire dans la lutte contre les illégalités de l'exploitation forestière industrielle dans l'ancienne Province de l'Equateur en RDC	56.5
CDI	CAVIE	Consultation des populations locales des axes forestiers sur la loi portant code forestier	50.5
IND	YMI	Independent Monitoring Strengthening for SVLK Implementation in Sumatera Region	48.5
HON	ANASILH	Proyecto de fortalecimiento de las capacidades del fomento, legalidad, comercio y gobernanza forestal de los silvicultores organizados en la Asociación de Silvicultores de Honduras	45

Expert Panel Terms of Reference

Objective

The FAO FLEGT Programme is seeking project evaluation experts with strong knowledge in forest law enforcement, governance and trade, and to serve on the Expert Panel responsible for the review of proposals.

Context

The FAO Forest Law Enforcement, Governance and Trade (FLEGT) Programme, started in 2015 and funded through the European Commission (Contribution Agreement GCP/GLO/600/MUL), and other national Donors (UK DfID, Swedish SIDA) support eligible country government, civil society and private sector organizations to implement projects that address FLEGT-related issues. Projects are awarded through a competitive call for proposals. Submitted proposals are screening for eligibility by the Programme Management Unit and scoring by the Expert Panel. See programme website for additional details (<http://www.fao.org/forestry/fao-flegt/en/>). This Terms of Reference outlines the requirements of the expert panel members to complete the evaluation of proposals submitted through the call for proposals.

Responsibilities

Under the supervision of the Programme Manger, the Expert Panel is responsible for the technical review and evaluation of proposals received under the “call for proposals” and for drafting the Expert Panel Report.

Tasks

All submitted projects are uploaded in an online database which can be accessed by Expert Panel members through internet. The database provides for online information about the proposal, proponent, a copy of the proposal and the budget. All information can be downloaded and reviewed via this online process. Online scoring forms are available for each proposal. Using this system, each Expert Panel members will work individually and as a group to complete the following tasks:

1. Evaluate each proposal and provide:
 - a. a score and observations per criterion; and
 - b. an overall description of the quality of the proposal including a summary list of its strengths and weaknesses.
2. Reconcile outlying scores or any issues arising during the evaluation process.
3. Finalize scores for each proposal
4. Provide a list of recommend proposals that should be considered for funding by the Steering Committee
5. Contribute to a final Expert Panel Report that will contain at least:
 - a. general overview of the evaluation methodology;

- b. results and recommendations from the Expert Panel (including a short explanation for selection of each project recommended for funding);
 - c. comments to the Project Management Unit on the effectiveness and efficiency of the proposal selection process and recommendations for improvements, as appropriate; and
 - d. an annex with the scores for all projects, the recommended action regarding each proposal (recommended for funding – not recommended for funding) and observations.
6. The Lead Expert Panel member will be responsible for compiling comments and completing the final Expert Panel Report.

Methodology overview

- All proposals will be uploaded into the online database system by the Programme Management Unit. Each Expert Panel members will receive an access code and password from the Programme Management Unit.
- Each Expert Panel member will be assigned a list of proposals to review by the Programme Manager.
- Each proposal will be reviewed and scored by at least 2 panel members.
- Scores from the two Expert Panel members are automatically compiled and averaged by the database system and a list of proposals scoring 70 or higher will be automatically generated.
- Panel members will work through email, online database and phone calls to complete the tasks assigned in the Terms of Reference.
- The Programme Manager will coordinate online fora as required to facilitate communications with and between Expert Panel members, however all Panel Members are expected to establish communications as required to complete the Terms of Reference.

Contract duration

The Expert Panel member contracts will be based on days worked during a specified period and will be determined based on the total number of proposals to be evaluated. There is the possibility to extend the contract for subsequent proposal evaluation cycles.

Work location

Expert Panel members will evaluate proposals from their office and are expected to be available for conference calls or during other scheduled working sessions. Any required travel during this contract period will be approved prior to travel and covered through the FAO-FLEGT Support Programme.

Qualifications

1. University degree (MS or PhD) in Forestry, Economics, Anthropology, Social Sciences or related field
2. Demonstrated understanding of small to medium sized project evaluation, development and management
3. Strong analytical and evaluation capacity
4. Knowledge of FLEGT-related issues and experience with implementation of FLEGT-related initiatives

5. Ability to prepare clear and concise comments on proposals and draft reports
6. Ability to work in English and at least one of the other programme languages (French or Spanish)

Expert Panel member biographies

Blaser Jürgen Dr, BA MA PhD, is Professor for International Forestry and Climate Change at the School for Agricultural, Forest and Food Sciences of the Bern University of Applied Sciences and also acts as the Global Advisor on Forests and Climate Change to the Swiss Agency for Development and Cooperation. Between 2002 and 2011 he was the head of the Forest and Environment Team and Vice-Director of Swiss Intercooperation. From 1996 to 2001 he was Senior Forestry Advisor at the World Bank. Previously, he worked for more than 15 years in international forest development cooperation with assignments in Latin America, Africa, Asia and Russia. He was chair of the International Tropical Timber Organisation and led the development of the Status of Tropical Forest Management Reports 2005 and 2011 for ITTO. More recently, he has advised the World Bank on the design of the Forest Investment Programme, and was a core member of the Technical Advisory Panel for the Forest Carbon Partnership Facility. He also led the external evaluation of FAO's work in forests and forestry in 2011-2012. Jürgen Blaser has previously served on the Boards of CIFOR and Tropenbos, and is currently serving on the Board of the Tropical Forest Foundation and the Sustainability Panel of Precious Woods.

Blundell Arthur G Dr, PhD (Natural Capital Advisors, LLC) led the UN's Panel of Experts monitoring sanctions, including timber, in Liberia for the Security Council in the early 2000s. He currently works with the Government of Canada and the Indonesian Corruption Eradication Commission on international best practices in governance of mining, and with Forest Trends on forestry reform post-conflict/post-transition from military dictatorship. He has worked with the African Development Bank to incorporate forestry into the Extractive Industries Transparency Initiative (EITI); with FAO on forest governance monitoring; with the World Bank's Profor on conflict and forestry; and with Transparency International on anti-corruption monitoring. He has a PhD from Dartmouth College where he had a Fulbright Scholarship, conducting research in Kalimantan, Indonesia in the 1990s.

Del Gatto Filippo, has lived and worked in Latin America for more than 20 years. A forester and economist by training, in the 1990s his work focused mainly on supporting community-based forest enterprises, while in the past 15 years he got progressively more involved in policy analysis and forest governance issues. In recent years, following Honduras' decision to simultaneously engage in REDD+ and FLEGT processes, Filippo has worked closely with several Honduran organizations, supporting their engagement in both initiatives and providing training on indigenous rights, land tenure issues, and livelihood impact assessments.

Hardcastle Patrick Dr, BSc (For) MSc MBA FICFor is a British forester with over 40 years' experience of forestry worldwide and is a well-known and highly respected figure in international forestry circles and in many forestry departments around the world. He worked for the Malawi Forestry Department for 12 years, then spent 10 years teaching at university level at Oxford and at Aberdeen. He has been an international consultant since 1991 working for a wide range of clients including bilateral and multilateral donors, commercial enterprises and civil society organizations. His wide experience encompasses temperate and tropical plantations and natural forest management, economics and planning, rural

development forestry, institutional change, national and international policy and related processes. He brings clear understanding of the linkages from forest level to policy level as well as of the place of forestry in wider environmental and national development frameworks and has recently been increasingly involved in climate change related issues.

He has extensive experience of project and programme M&E and of working on project assessment panels, including for DFID Forestry Research Programme and Congo Basin Forestry Fund, ITTO, the UK Darwin Initiative, EU, FAO and the Scottish Government's International Development Fund. He is currently overall team leader of the Real-time Evaluation of Norway's International Climate and Forest Initiative.

Noiraud Jean-Marie is a tropical agronomist engineer and consults as a planning specialist. Mr. Noiraud has worked for 28 years in nine countries of COMIFAC in Central Africa and has lived in Burundi, Equatorial Guinea and Cameroon. Based in Yaoundé, he manages a consulting firm specialized in planning, rural and sustainable development, forestry and agriculture with project and survey teams. He provides planning support to forestry policy development for COMIFAC and member states and various donors to prepare, evaluate, design, monitor forestry and conservation programs and projects. His firm is also contracted to provide technical support to private forest companies on environmental impact surveys and FSC processes, and with conservation and development NGO to plan and draft activities. Recently, in support of FLEGT activities, Mr. Noiraud developed the legality matrix in Cameroon to assist the government prepare for the VPA negotiation process and managed a multitude of meetings and workshops addressing FLEGT, AFLEG, FSC, sustainable forest management policy, strategy and operational planning in Central African countries.



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