

A PROFOR WORKING PAPER FOR DISCUSSION

## **Improving Forest Governance in the Mekong Region**

OPTIONS FOR REGIONAL ACTIVITIES IN SUPPORT OF  
NATIONAL PROGRAMS – Volume 2: Proposed Activities

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## LIST OF ACRONYMS

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ARKN-FLEG	ASEAN regional knowledge network for forest law enforcement and governance
ASEAN	Association of Southeast Asian Nations
CoC	chain of custody
CoEs	Centers of expertise
CPET	Central Point of Expertise on Timber Procurement (U.K.)
EC	European Commission
EFI	European Forest Institute
EIA	Environmental Investigation Agency
EU	European Union
FLEG	Forest Law Enforcement and Governance
FLEGT	Forest Law Enforcement and Governance and Trade
GFTN	Global Forest Trade Network
ICT	information and communication technology
ITTO	International Tropical Timber Organization
IUCN	The World Conservation Union
MoF	Ministry of Finance
MOU	memorandum of understanding
MRV	monitoring, reporting, and verification
NGO	nongovernmental organization
PROFOR	Program on Forests
RAFT	Responsible Asia Forestry and Trade
REDD/REDD+	reduced emissions from deforestation and forest degradation
SMEs	small and medium enterprises
TRAFFIC	Trade Records Analysis of Flora and Fauna in Commerce
VPA	Voluntary Partnership Agreement
WEN	wildlife enforcement network
WRI	World Resources Institute
WWF-GFTN	World Wildlife Fund – Global Forest Trade Network

## 1. PREFACE

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Volume 1 of this report identifies and describes key issues and tendencies in forest governance in the Mekong region. In the past few years, there has been a noteworthy pace of change and reform in the region, and countries have taken several steps to improve forest governance and legality. This has often been thanks to increased demand for accountability and transparency that has emerged from within the countries. At the same time, the international environment has changed. Consumer countries are increasingly demanding verification of the legality of timber and wood product exports. The amended Lacey Act of the United States and the European Union (EU) Timber Regulation and Voluntary Partnership Agreements (VPAs) have set new standards for how the international community pays attention to legality issues. Another major trend in global forest policies that has an influence in the Mekong region is climate change and the ongoing negotiations on how to reduce emissions from deforestation and forest degradation (REDD+).

As discussed in Volume 1, Mekong countries have several common factors that allow them to share and learn from each others' experiences and successes. Although each country has its own endowment of resources and experiences, studying how things are done in other countries in the region can help tremendously in achieving better forest outcomes. Learning, innovating, and experimenting can be done in all aspects of the forest. This includes the social, economic, and environmental services derived from forests.

This volume identifies 13 areas of potential collaboration in the region. All of them aim at improving forest governance and law enforcement and strengthening cohesion in the sector in the region. All of them—

- Include regional components that cover issues common to several Mekong countries but that would still support national processes
- Utilize existing committees, working groups, forest governance processes, and participants rather than establishing new administrative layers
- Increase accountability and transparency in decision making and access to information
- Focus on building capacity to manage systems and processes beyond the term of project activities

This is a menu of options for governments, donors, and potentially also civil society organizations. It is not a single program with a single financing source. We hope the various organizations active in the region will pick up from here and implement some or all of the proposed activities. All the proposals can naturally be adjusted to fit the implementing organizations' other activities, available resources and—as time passes—changes in the operating environment.

The individual project concepts describe the objective, main approach, and a very tentative budget for the program. Though the overall program aims to address the whole diversity of forestry, each individual proposal is independent and can be implemented irrespective of progress made in others.

The first section of the report (Volume 1) provides an overview of governance in the forestry sector and existing initiatives to combat illegal logging and associated trade. This section (Volume 2) outlines recommendations for regional and country-level activities to improve forest governance in the Mekong region. Chapter 2 presents the proposals in a tabular format, while chapter 3 presents each proposal in more detail. Chapter presents potential activities that were considered but ultimately deemed in need of further pre-feasibility assessment.

The first section of the report provides an overview on governance in the forest sector and existing initiatives to combat illegal logging and associated trade. The second section outlines recommendations for regional and country-level activities to improve forest governance in the Mekong region.

## 2. PROPOSED REGIONAL ACTIVITIES

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TITLE	DESCRIPTION	NOTES AND REMARKS
<p>1. Conversion timber and issues of land use allocation: relevance for timber legality assurance systems</p>	<p>Land use allocation processes in the Mekong countries may pose the most significant challenge to the implementation of timber legality assurance systems and ensuring equitable benefits to small and large-scale producers alike. Increasingly vocal land use conflicts are resulting not just from increasing land allocations for agribusiness, plantations, and infrastructure projects, but also from the underlying long-term problem of unclear or insecure land tenure and systems in most places in the Mekong region.</p> <p>“Conversion timber” is likely the largest source of exported timber in countries like Lao PDR and Cambodia. Although organizations outside the forest sector have been following the situation carefully, none has made the targeted link to timber legality assurance systems.</p> <p>A separate component may be added to link this activity specifically to REDD+ programs that will need to address the same issues.</p> <p><u>Proposed activities</u></p> <ul style="list-style-type: none"> <li>• Analytical work to understand and articulate more clearly the relevance of issues of land tenure and land use conflicts, as well as conversion timber to emerging markets for legal timber</li> <li>• Development of guidelines for verification and chain of custody (CoC) of conversion timber (principles and practical guidelines)</li> </ul>	<p>Significant efficiencies can be realized by linking to research and civil society organizations active in the Mekong region.</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
<p>2. Increasing the role of judicial sector and courts in forest governance: regional stock-taking review and capacity building</p>	<p>The key legal institutions such as judiciary, prosecutors, and Ministries of Justice are rarely engaged in forest justice, where enforcement and administrative penalties are often handled by the forest authorities. Where formal judicial systems are involved, courts are often backlogged and prosecutions inadequately conducted, resulting in very low conviction rates for environmental crimes. More equitable application of justice is needed to ensure that there is no bias in favor of wealthy and politically well-connected perpetrators.</p> <p><u>Proposed activity</u></p> <p>Regional stock-taking activity to understand legal systems better, from enforcement through to prosecution and conviction. The result will be to propose reforms on how judges, prosecutors, foresters, local governments, civil society, and lawyers can better work together to handle or assist in the prosecution of forestry cases once forest officers have completed enforcement activities.</p>	<p>This activity could also be designed as a preparation study for potential long-term technical assistance programs, as long-term transformation would need to be implemented at the national scale for significant funds.</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
<p>3.Developing National Capacity</p> <p>-Training of trainers: Forest Law Enforcement and Governance (FLEG) curriculum for universities (practitioners)</p> <p>-FLEG short courses for professional development (practitioners and policy makers)</p> <p>-Network of FLEG experts to conduct case studies for inclusion in curriculum</p>	<p>In-depth understanding and experience with FLEG-related market practices lies with a severely limited group of individuals within forest ministries, nongovernmental organizations (NGOs), and possibly industry. Most training is run by international NGOs, consisting of “drop-in” expertise, usually in English, and is poorly coordinated. Short- and long-term efforts are needed to deepen the cadres of national experts who can engage on issues of forest governance and REDD+, and implement third-party verification programs.</p> <p><u>Proposed activities</u></p> <ul style="list-style-type: none"> <li>• <i>FLEG curriculum at national universities</i>: Training of trainers (university professors) and subsequent development of training modules for two-day, one-week, and semester-long courses on FLEG-related market requirements, focusing on the development of practitioners who readily understand systems of CoC, auditing, certifications, and the like.</li> <li>• <i>FLEG courses for professional development</i>: Short courses for continuing education (one to two weeks long) in coordination with national universities, focusing on (a) practitioners’ courses: elements of third-party verification systems; and (b) policy makers: less technical aspects of verification systems and on linking broader forest governance to market requirements.</li> <li>• <i>Support for small, cross-boundary networks of promising young and national experts</i> from the Mekong region to undertake cross-border case studies for curriculum development.</li> </ul>	<p>Develops national capacity, decreasing reliance on international NGOs.</p> <p>Numerous NGOs already have such training materials (The World Conservation Union (IUCN), World Wildlife Fund (WWF), Responsible Asia Forestry and Trade (RAFT), Forest Trends, (TFT)) that could be readily adapted to university and research institute settings.</p> <p>Training related to the policy requirements of international market requirements (Lacey Act, EU Timber Regulation, etc.) may be best left to international organizations; university curricula would focus on the basic principles of complying with third-party verification concepts (e.g., CoC, auditing, certification programs, customs administration).</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
4. Regionally Linked Centers of Expertise: Support for Industry in Meeting FLEG-related Market Requirements	<p>Most training activities on market requirements for industry in environmentally sensitive markets are run by international NGOs, consisting of “drop-in” expertise, usually in English, and are poorly coordinated. There is little direct link or analysis of implications for local stakeholders, industry, and governments.</p> <p><u>Proposed activities</u></p> <p>Regionally linked national FLEG Centers of Expertise will provide greater access to information and training. Center staff will also be able to better identify which critical stakeholder groups have been ignored to date, such as smaller industrial players far from the big cities. Joint training teams by government, NGOs, industry, and universities or training institutes to serve as focal points for training events run by international organizations.</p>	<p>Based on Central Point of Expertise on Timber Procurement (CPET) concept in the U.K.</p> <p>Could be one or several centers in Mekong, but all linked to Vietnam (and possibly Thailand).</p> <p>Institutional home must be neutral national organization.</p>
5. Biannual or Annual Forest Governance Update Conference (Chatham House style)	<p>Flagship event in the Mekong, similar to the semiannual Chatham House Illegal Logging Update Meetings.</p>	<p>Rotating hosting, or hosting by Vietnam or Thailand (center of most markets for Mekong timber); long-term sustainability needs to be ensured.</p>
6. Regional peer review program: regional reviews of national experiences and lessons learned	<p>With strongly intertwined timber trade and market interests, Mekong governments will need to collaborate closely to develop a mutual understanding on institutional set-up and development opportunities. The ASEAN Peer Consultation process has been launched to develop mutual understanding and trust and could be revitalized.</p> <p><u>Proposed activities</u></p> <ul style="list-style-type: none"> <li>• Cross-border demonstration of national programs, followed by “peer reviews” to summarize lessons learned and possible recommendations</li> <li>• Study tours for sharing experiences</li> <li>• Country-specific peer reviews to produce lessons learned and recommendations.</li> </ul>	<p>Improved cross-border collegiality, morale boosting.</p> <p>Coordination costs could become high and need to be ensured.</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
7. Transferring REDD technology to support law enforcement	<p>Remote and real-time data, much of them likely to be funded under REDD+ programs, could be enormously helpful to forest enforcement staff, and ground-truthing abilities of forest enforcement staff would give feedback to REDD+ programs.</p> <p><u>Proposed activities</u></p> <p>This activity would build the skills and institutional incentives necessary to interpret and share data between REDD+ and forest enforcement agencies. It would ensure that REDD-funded monitoring, reporting, and verification (MRV) remote and real-time data are made available to forest law enforcement agencies, and that forest agencies are able to overlay these data on forest areas and concessions, and can provide ground-truthing.</p> <p>Specific activities could include:</p> <ul style="list-style-type: none"> <li>• Design support to REDD+ MRV to facilitate long-term sharing with forest law enforcement agencies</li> <li>• Training to interpret data either in raw form or after preliminary interpretation by REDD+ MRV activities, including protocols for ground-truthing and feedback of findings back to REDD+ MRV</li> <li>• Facilitation of institutional memorandums of understanding (MOUs) for data sharing</li> <li>• Joint development of information and communication technology (ICT) systems</li> <li>• Possible support for a regional REDD+ institution to work with forest law enforcement personnel at national levels</li> </ul>	<p>Regional REDD+ institution would need to be identified.</p> <p>REDD+ mechanisms still largely to be developed.</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
8.Forest governance indicators	<p>Many countries have had activities to improve forest governance. However, there is often inadequate baseline information, and forest governance reform programs are often designed based on visible symptoms rather than underlying causes and drivers of poor governance. This activity will develop national governance baselines and identify reform options.</p> <p><u>Proposed activities</u></p> <ul style="list-style-type: none"> <li>• Setting governance baselines and regional collaboration on identifying and resolving challenges</li> <li>• Preparation of national baseline studies of expert opinions based on existing generic template prepared by the World Bank</li> <li>• Multistakeholder workshop to validate the expert findings; regional study of lessons learned and key ingredients of governance reforms</li> </ul>	<p>Ensure that this is not just a one-off interesting report and workshop, but that adequate follow-up actions are implemented.</p> <p>Link with other ongoing governance monitoring processes.</p> <p>Ensure that regional value is added.</p>
9.FLEG–REDD+ linkages	<p>It is widely acknowledge that forest governance programs are critical to the success of REDD+ programs, and many governance issues are pertinent for the successful implementation of REDD+ programs. However, how these issues will be addressed, either with or without coordination with forest governance programs, has not yet been fully explored beyond the conceptual level.</p> <p><u>Proposed activity</u></p> <p>Background research and policy analysis focusing on how REDD+ and forest governance programs may benefit from each other or exacerbate leakage to unsustainable sources. Specific issues are likely to include crossovers in stakeholder engagement, law enforcement, land tenure, rights access, barriers to both certification and carbon markets, and issues of leakage.</p>	<p>Requires close coordination with FLEGT and REDD+ processes.</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
<p>10. Impacts of improved forest governance and market-based requirements for legality demonstration on</p> <ul style="list-style-type: none"> <li>• livelihoods and local economies</li> <li>• domestic and international timber markets and leakage</li> </ul>	<p>Understanding how shifts in the nature of demand for timber affect livelihoods, local economies, and timber markets will be essential to designing and implementing forest governance programs. Issues of land tenure and access rights, industry consolidation, and barriers to market entry by small forest producers will all be critical to monitor.</p> <p><u>Proposed activity</u></p> <p>Regional analyses and workshops focusing on</p> <ul style="list-style-type: none"> <li>• Impact on local livelihoods, local economies, and industry (small, medium, and large producers, traders, and manufacturers) from forest governance and market-related requirements</li> <li>• Impacts of timber trade shifts and cross-border leakage</li> </ul>	<p>Potential duplication with other ongoing programs, although this activity is longer-term and coordinated across countries.</p>

TITLE	DESCRIPTION	NOTES AND REMARKS
<p>11.Regional studies and workshops leading to national action</p>	<p>The consultation process for this report identified several issues common to virtually all Mekong countries, but for which actions would need to be undertaken at the national level.</p> <p><u>Proposed activities</u></p> <p>To capitalize on the lessons and experience from neighboring countries, regional studies should be undertaken, reviewed at regional workshops, and, if appropriate, continued at the national level (possibly with technical assistance investment). Potential topics include</p> <ul style="list-style-type: none"> <li>• Industry overcapacity and its role in unsustainable forest management and regulations of licenses and practices of wood processing facilities</li> <li>• Plantation development in the Mekong region</li> <li>• Definitions of legality: experiences from around the world, including nonforest sectors such as extractive industries (mining, infrastructure), and including references to overregulation and barriers to legality</li> <li>• Community forest management and community forest enterprises: opportunities or barriers to market requirements for legality</li> <li>• Fiscal systems for forest revenue and public expenditure reviews</li> <li>• Free trade zones: scoping study on the issues associated with the zones (legal status, customs procedures, legal requirements relating to enforcement and customs, implementations for chain-of-custody and legality assurance systems), with particular focus on China, Singapore, and Malaysia</li> </ul>	

TITLE	DESCRIPTION	NOTES AND REMARKS
12. Adoption of public procurement processes by government and donors	<p>Advocacy and technical assistance for Mekong countries and main regional consumer countries for Mekong timber (e.g., Malaysia, Singapore, Indonesia) on green procurement policies, giving preference to or requiring proof of legality of wood products for civil works and governmental supplies.</p> <p><u>Proposed Activities</u></p> <p>Analysis of existing public procurement programs, identification of potential leverage points, and facilitation of dialogue</p>	<p>See, for example, International Tropical Timber Organization (ITTO) study on public procurement policies (2010).</p> <p>May require long-term technical assistance.</p> <p>Informality of domestic construction and purchasing practices makes action difficult and likely a long-term goal.</p>
13. Toolkit for community–forest industry partnerships	<p>The increase in land allocations for plantations in the Mekong (e.g., rubberwood) has been rapid in recent years, with a wide range of community–private industry interactions that mix community and industry provisions of capital, labor, land, and in-kind inputs. The World Bank and PROFOR have documented best practice toolkits highlighting issues such as contracts management and benefits sharing arrangements.</p> <p><u>Proposed activity</u></p> <p>Regional overview of best practice, provision and dissemination of toolkits</p>	

### 3. DETAILED DESCRIPTIONS OF PROPOSED ACTIVITIES

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#### 1. COONVERSION TIMBER AND ISSUES OF LAND USE ALLOCATION: RELEVANCE FOR TIMBER LEGALITY ASSURANCE SYSTEMS

##### OBJECTIVE

Better understand issues related to land tenure and land use allocation process in Mekong countries and their impact on timber legality assurance systems, and market access in Europe and the United States.

**This will be achieved through:**

- i. Analytical work
- ii. Principles and guidelines for developing CoC for conversion timber

This activity may be expanded to link with REDD+ programs, given the need to address the same land tenure and rights issues before performance-based payments with adequate social safeguards can be made.

##### BACKGROUND

Land allocation processes in the Mekong region pose a significant challenge to implementing timber legality assurance systems and ensuring equitable benefits to small- and large-scale producers alike.<sup>1</sup> Increasingly vocal conflicts over land often result from inappropriate allocation of land concessions for agribusiness, plantations, and infrastructure. In most cases, they reflect long-term fundamental problems with unclear or insecure land tenure and rights systems. This “conversion timber” is likely to be the largest source of exported timber in countries such as Lao PDR and Cambodia. While NGOs have been following this situation carefully, no specific links have been made to emerging needs for timber legality assurance systems.

##### PROPOSED ACTIVITIES

Analytical work and dissemination workshops to understand more clearly and articulate the relevance of issues of land tenure and land use conflicts, as well as conversion timber, to emerging markets for legal timber.

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<sup>1</sup> The same applies to the challenge these issues pose to REDD+ implementation and performance-based payment schemes.

This activity could be expanded to include case studies of the mutual benefits that REDD+ and FLEGT programs can have in collaboratively addressing issues related to land tenure and land allocation processes.

### TARGET AUDIENCE AND POTENTIAL PARTNERS

- National stakeholders (industry, civil society, government)
- Development and donor agencies
- EU FLEGT VPA negotiations
- REDD+ implementation agencies

### TIMELINE AND BUDGET

Year 1:

- Analytical studies
- Development of principles and draft guidelines
- Workshops

Years 2–3:

- Analytical studies
- Piloting draft guidelines (one country)
- Workshops

Proposed Budget (US\$)	Year			
	1	2	3	4
Analytical work	80,000	80,000	30,000	15,000
Development of principles (incl. workshops)	30,000	20,000	10,000	
Development of guidelines	60,000	40,000	30,000	10,000
Pilots	40,000	80,000	80,000	40,000
National expert coordination	20,000	20,000	20,000	20,000
International expert coordination	40,000	40,000	40,000	40,000
	270,000	280,000	210,000	210,000
<b>TOTAL</b>				<b>970,000</b>

## 2. INCREASING THE ROLE OF JUDICIAL SECTOR AND COURTS IN FOREST GOVERNANCE

### OBJECTIVE

Improve the efficiency of forest law enforcement through enhanced participation and capacity of judiciary and prosecutors in forest and other environmental crime cases.

#### **This will be achieved through:**

- i. Developing capacity of nonforest sector prosecutors in laws and impacts related to forest and environmental crimes
- ii. Increasing efficient and effective prosecutions of forest crimes
- iii. Increasing regional collaboration
- iv. Increasing checks and balances among forest agencies and the judicial sector

### BACKGROUND

In most countries, forest crimes and penalties are formally included in the national penal code and are administered by the judicial branch. However, often forest ministries and agencies are the main enforcement bodies, and even severe violations are dealt with through administrative means. This happens in the Mekong region, where, despite the inclusion of forest crimes in criminal codes (including the use of penalties and fines), the national justice system or national courts do not enforce them. Forest officials tend to prefer to negotiate administrative fines at the point of the crime, and lack either the capacity or will to file cases within the jurisdiction of another branch of government.<sup>2</sup>

Where the judicial sector does become engaged in the prosecution of forest crimes, experience from around the world shows that those involved in processing environmental cases need specialist knowledge of the impacts and consequences of the crimes and an in-depth understanding of the laws relating to the environmental sector. As the enforcement agencies in all Mekong countries increase their capacity to detect cases of forest crime and regulatory infringements, there is an equal need for the criminal and civil justice system at provincial and national levels to keep pace, and process and prosecute in a timely manner. This is important both for reasons of fairness to all those involved and to maximize the deterrent value of the process.

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<sup>2</sup> In one province in a Mekong country, 88 cases of forest and wildlife crime were reported in 2009. Only 2 have been processed to a judicial conclusion through the courts; 34 were dealt with through administrative processes, and 52 remain outstanding.

## PROPOSED ACTIVITIES

- i. National reviews of judicial sector involvement in the prosecution of forest crimes will be prepared to provide input to a regional overview. These reviews will include analysis of the mandates, legal provisions in forest legislation and criminal procedures, capacity, effectiveness (comparing volume and value of fines through administrative resolution of adjudication by the court system), and existing structures and potential for agency collaboration.
- ii. A regional workshop will focus on sharing experiences from the Mekong region or elsewhere in Asia (e.g., Indonesia, the Philippines).
- iii. National training and awareness-raising processes and improved institutional procedures will be developed, including—
  - a. Training and awareness raising within the justice sector, including lessons learned from South East Asia on the enforcement of forest crimes and integration of forest legislation and criminal code and procedure (twice over two years)
  - b. Recommendations for systems where assets can be held or sold with the monetary value held in escrow, administration of fines, removal of licenses, etc.
  - c. Improved procedures for identifying “environmental cases” for referring to courts or tribunals, and guidelines for evidence procedures and the forms of civil, criminal, or administrative justice at an appropriate level (e.g., federal, provincial, district)
  - d. Development of curriculum in law schools and judicial training programs on forest crimes
- iv. Facilitation of dialogue between government agencies, civil society, and donor programs on long-term support to engage the judicial branch in the suppression of forest crimes
- v. Recommendations for a large-scale three- to four-year technical assistance program

### **INNOVATION WITH ENVIRONMENTAL COURTS AND TRIBUNALS: EXPERIENCE FROM OTHER COUNTRIES**

Over the past three decades, judicial institutions in some countries have responded to environmental challenges in innovative ways. More than 350 specialized environmental courts and tribunals have been established in 41 countries. The Green Bench of the Supreme Court of India hears public interest environmental cases filed by citizens. In other countries, governments have set up specialized environmental courts and tribunals. The Land and Environment Court of New South Wales, Australia, is a leading example of a specialized court. The Philippines has set up 117 municipal and regional trial courts designated as environmental courts, and reports suggest that they have been quite successful in addressing the caseload in this specific area.

The World Bank Philippines Environment and Natural Resources Sector Adjustment Project (1992) supported numerous training workshops and seminars for judges, prosecutors, forest service employees, civil society, and lawyers who were designated to handle or assist in forest crime cases. The project "resulted in the filing of numerous cases (541 in 1996 alone) against illegal loggers (including powerful local leaders), illegal log transporters and operators of illegal sawmills. More significantly, for the first time in the DENR [Department of Environment and Natural Resources], hundreds of these cases resulted in the conviction of forestry criminals. Memoranda of Agreement (MOAs) were executed between the DENR and other agencies including the Department of Justice, the Supreme Court, the Department of National Defense and the Philippine National Police."

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*Source: Implementation Evaluation Report, World Bank 2000*

Full-scale implementation of judicial reform to incorporate environmental crime would need long-term technical assistance. For example, in the Philippines, a World Bank project (see box) noted that "after the completion of the technical assistance, while the high number of cases filed in the courts has continued, the number of cases resolved and the number of convictions have dropped. Evidently, the presence of a concerned judge, a motivated prosecutor and a supportive Governor in the province are the right ingredients needed for the successful prosecution of forestry cases." This project could be followed by an extensive regional or national capacity-building program(s).

### **TARGET AUDIENCE AND POTENTIAL PARTNERS**

- Relevant ministries: justice, forestry, environment
- Faculties of law
- International development partners that have supported judicial reform in the Mekong region
- ASEAN wildlife enforcement network (WEN)
- United Nations Development Programme (implements projects to strengthen the access to justice of rural communities, many of which are forest dependent, but does not focus on forest crimes or enforcement)
- Environmental NGOs (Conservation International, World Conservation Society, and The Nature Conservancy have developed programs, for example in Indonesia, that raise

awareness of forest crimes and build capacity in the judicial sector, leading to an increase in cases adjudicated)

- Trade Records Analysis of Flora and Fauna in Commerce (TRAFFIC) (provides support and training in environmental, forest, and wildlife law)

## TIMELINE AND BUDGET

Year 1:

- National reviews
- Regional overview
- Regional workshop and peer reviews
- Development of partnerships with law schools
- Design of pilot procedures

Years 2–3:

- National curriculum development
- Training programs
- Development of expert witness system (including training)
- Implementation of pilot procedures
- Development of guidelines
- Facilitation of intragovernmental collaboration
- Recommendations for three- to four-year technical assistance program

Proposed Budget (US\$)	Year		
	1	2	3
National reviews (one per country)	60,000		
Regional overview	15,000		
Regional workshops and trainings	40,000	40,000	25,000
National curriculum development		30,000	
Design of pilot procedures		25,000	
Implementation of pilot procedures		20,000	25,000
Coordination	25,000	25,000	25,000
	140,000	140,000	75,000
<b>TOTAL</b>			<b>355,000</b>

### 3. DEVELOPING NATIONAL CAPACITY

#### OBJECTIVE

Deepen the cadres of national experts and practitioners who can engage on policy discussions on forest governance and implementation of forest governance programs; in particular those relevant for third-party verification processes and REDD+.

**This will be achieved through:**

- i. Developing forest governance curriculum at national universities, training of trainers, and developing of training modules for practitioners
- ii. Developing forest governance short courses for professional development; short courses for continuing education (one to two weeks long) for practitioners and policy makers
- iii. Support for forest governance research program at national research institution(s)
- iv. Support for small cross-boundary networks of promising young national experts to undertake cross-border case studies that both increase understanding of illegal logging and associated trade and contribute to curriculum development

#### BACKGROUND

In the global effort to increase capacity for forest governance, it is widely recognized that national actors from both the public and private sectors need to be empowered with the skills and training to engage in informed national and international dialogue and institutional reform processes, as well as be able to respond to shifts in market demands. There is also a need to foster innovative and collaborative coalitions among institutions across Mekong region borders, and have local and regional voices reach out to each other as well as to the international community. However, national universities<sup>3</sup> are not being utilized to their fullest, despite their role in training the next generation of leaders for government, public sector, and industry through regular degree programs as well as continuing education for government officials through short courses. Many senior faculty members have extensive influence owing to their expansive network of prior students, as well as their perceived unbiased perspectives in their multiple roles as professors, researchers, and experts advising governments and donor programs.

Currently, most university forestry programs do not have courses or curriculum on good governance in the forestry sector, although the basic legal framework is often covered. Over the past three decades, there has been increasing recognition that forest management is much broader than growth and yield and species identification; ideas about more holistic management

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<sup>3</sup> Potential relevant universities include National University of Lao PDR, Hanoi University, Royal Phnom Penh University, and several universities in Bangkok, especially AIT.

about community engagement and sustainability are now common. However, many of the new approaches are very slow to be introduced into curricula and teaching. The majority of employers find that most graduates are very ill equipped for the real-life situations after three or four years of university training.

Several international organizations (e.g., IUCN, Forest Trends, Environmental Investigation Agency (EIA), World Resources Institute (WRI), WWF-GFTN, and TRAFFIC) provide outreach or capacity-building exercises related to forest governance and international market requirements, but these are often uncoordinated, one-off events. Training related to policy requirements of international markets (e.g., U.S. Lacey Act and EU Timber Regulation) may be best left to international organizations, which are best able to follow this constantly evolving arena. University curricula, however, would focus on the basic principles of complying with market demand for third-party verification (e.g., CoC, auditing, certification programs, customs administration).

## PROPOSED ACTIVITIES

- i. Developing university training course modules, which can be tailored to course type and length, to national and regional contexts, and to particular audiences (e.g., business schools, natural resource management courses).
- ii. Developing semester-long courses for undergraduate and professional students, focusing on principles and tools related to CoC and forest management auditing, and adapting the training modules previously developed.
- iii. Developing a series of short continuing education certificate courses on both policy and practitioner issues, working with national universities or training institutions and adapting the training modules previously developed. Practitioners' courses would focus on principles and elements of third-party verification systems, while policy courses would focus on less technical aspects of verification systems and on broader forest governance links to market requirements.
- iv. Supporting pilot short courses and helping to establish national institutions as centers of expertise and training. To keep up to date with the latest industry and international policy developments, local industry, government, and international organizations would be invited to contribute to curriculum development.
- v. Supporting a two- to three-year forest governance research program at a national research institution in partnership with an international organization that can help to ensure effective targeting of research and dissemination of findings to international markets and donor actions.
- vi. Supporting a small, informal cross-boundary network of promising young national experts to undertake cross-border case studies that both increase understanding of illegal logging and associated trade and contribute to curriculum development modules. This informal network

would be coordinated by a research organization that would guide the effective targeting of research and dissemination of findings to international markets and partners. The long-term vision would be to strengthen the voice of these young experts and deepen the cadres of national experts who can engage on issues of forest governance and REDD+. This effort would not duplicate the work of other regional networks already in existence (e.g., Association of Southeast Asian Nations Regional knowledge network for forest law enforcement and governance (ASEAN ARKN-FLEG)), which are more highly formalized.

## TARGET AUDIENCE AND POTENTIAL PARTNERS

- National universities and forestry training institutions
- REDD project development agencies and stakeholders
- Pan-ASEAN Certification Initiative and national representatives to its Technical Working Group, which may be able to contribute modules on its proposed stepwise approach and principles of transparency, acceptability, equitability, comparability, incentives and disincentives, and public consultation
- International organizations with experience in national timber legality assurance systems and existing guidelines and programs, such as TFT [[does this stand for The Forest Trust of Tropical Forest Fund? If the former, please spell out]], WWF-GFTN, and consultants.
- International organizations engaging in outreach for international market policy developments, such as the European Forestry Institute Forest Law Enforcement and Governance and Trade (FLEGT) Facility, EIA/WRI Forest Legality Alliance, The Nature Conservancy's RAFT program, and Forest Trends.
- ITTO
- ARKN-FLEG
- National and international research institutions

## TIMELINE AND BUDGET

Year 1:

- Development of training modules
- Review of existing training materials and guidelines
- Review of potential for course or module accreditation to develop common standards across the region
- Identification of national universities for semester-long courses in two countries
- Adoption of training modules in one country (semester courses)
- Identification of training institution for short courses in two countries

- Adoption of training modules in two countries (short courses—policy makers and practitioners)
- Pilot and revision of short courses
- Initiation of cross-border case studies

Years 2–3:

- Expansion and continuation of year 1 activities in new countries and institutions
- Continuation of cross-border case studies; publication and integration into training modules
- Year 4
- Revision of training modules as necessary
- Implementation of semester-long courses (no longer funded)
- Pilot short courses continue (no longer funded)
- Revision of short courses as necessary
- Implementation of national research programs
- Finalization of cross-border case studies; publication and integration into training modules

Proposed Budget US\$	Year			
	1	2	3	4
Development of training modules	45,000	20,000	10,000	10,000
Coordination with national universities	25,000	15,000	15,000	15,000
Implementation	10,000	15,000	15,000	15,000
Development of short courses	15,000	15,000	15,000	15,000
Implementation	10,000	15,000	15,000	15,000
Researcher network				
Annual meetings	25,000	25,000	25,000	25,000
Case studies	60,000	60,000	60,000	30,000
Coordination	25,000	25,000	20,000	20,000
	215,000	190,000	175,000	145,000
<b>TOTAL</b>				<b>725,000</b>

## 4. REGIONALLY LINKED CENTERS OF EXPERTISE: SUPPORT FOR INDUSTRY AND GOVERNMENT IN MEETING MARKET REQUIREMENTS FOR THIRD-PARTY VERIFICATION

### OBJECTIVE

Provide ongoing, high-quality support and information to national constituents in local languages about market requirements for third-party-verified legal timber, and help to identify practical methods to exclude illegal timber from supply chains.

#### **This will be achieved through:**

- i. Support for locally based institutions to develop institutional expertise through training and technical assistance
- ii. Regional hubs in Vietnam, Thailand, and China<sup>4</sup> (major manufacturing hubs of the Mekong region), with satellite centers in major supply countries (Laos, Cambodia, Myanmar, etc.)

### BACKGROUND

Developing and implementing methodologies to comply with market demands for third-party-verified forest products must involve both governments and industry. On the industry side, however, companies are hesitant to make commitments to implement supply chain management unless they believe there are cost-effective ways of achieving this in practice. To make progress, it is important to have the following:

- Consistent, locally appropriate advice and guidance available to companies so that as each new company begins to engage, support is available
- Practical methodologies for implementing controls in practice so that companies that do not have the resources to develop an approach for themselves can adopt existing methods and approaches
- Communication up and down the supply chain so that approaches can be developed that can be implemented by all actors, from producer to final consumer.

Approaches can be adapted to a variety of organizations: large, small, export-oriented, domestic market oriented, and so on. In particular, inclusion of small and medium enterprises (SMEs) is important and often requires focused support and approaches.

From the policy side, an enabling environment that creates incentives and levels the playing field for the legal sourcing of wood products will be critical. Government needs to understand how

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<sup>4</sup> Regional hubs could be expanded to other Asian countries such as Malaysia and Indonesia.

changes in policy and legislation, support from government departments, or changes to administrative procedures can create such an enabling environment.

As progress is achieved, growing technical competence within industry and parallel awareness within government becomes self-perpetuating in the long term.

Currently, this type of assistance is being provided in the Mekong region primarily by international NGOs. However, developing national expertise will be the key to long-term objectives. Centers of expertise (CoEs) have already been used with great success in some consuming countries (e.g., the CPET in the U.K.<sup>5</sup>). By establishing FLEGT Centers of Expertise in both producing and processing countries, supported by partners in consuming countries, better collaboration would be supported. These CoEs would serve as mechanisms to improve mutual understanding of issues, aims, and challenges and support the practical implementation of approaches that work efficiently across the global commodity chain.

## PROPOSED ACTIVITIES

Development of national CoEs would entail—

- i. Identifying and training relevant organizations and their staff.
- ii. Developing nationally appropriate materials.
- iii. Support for two to three years of CoE operation to help establish the CoE niche, which would include technical support to SMEs interested in learning more about verification processes. Support would include operational support as well as technical partnerships with experienced international organizations.
- iv. Identifying a self-financing model for long-term sustainability (e.g., integration within association or government bodies).

## TARGET AUDIENCE AND POTENTIAL PARTNERS:

- National universities and forestry training institutions that may be able to serve as national centers of expertise
- International organizations with experience in national timber legality assurance systems and existing programs, such as The Forest Trust, WWF-GFTN, and consultants
- Industry and government beneficiaries

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<sup>5</sup> The CPET website provides information on the U.K. government's timber procurement policy and advice on how public sector buyers and their suppliers can meet these policy requirements in practice. Background information is available on how these practical solutions were developed, including the types of evidence that demonstrate legality and sustainability and the criteria for evaluating such evidence. CPET also has a help line and provides training. The service is provided by a private company (<http://www.cpet.org.uk/>).

## TIMELINE AND BUDGET

### Year 1:

- Identification of national institutions
- Training of national institutions
- Development and translation of relevant materials

### Year 2:

- Website and call centers established
- Continued development and translation of relevant materials
- Partnerships with international organizations with similar programs and objectives
- Technical assistance to eligible industry operations

### Year 3:

- Website and call centers in operation
- Continued development and translation of relevant materials
- Partnerships with international organizations with similar programs and objectives
- Technical assistance to eligible industry operations

Proposed Budget US\$	Year		
	1	2	3
Per large country			
<i>Set up and training</i>	<i>120,000</i>	<i>90,000</i>	<i>50,000</i>
<i>Development of materials</i>	<i>50,000</i>	<i>40,000</i>	<i>25,000</i>
<i>Operational support</i>	<i>25,000</i>	<i>25,000</i>	<i>15,000</i>
<u><i>Travel</i></u>	<u><i>25,000</i></u>	<u><i>25,000</i></u>	<u><i>25,000</i></u>
One large processing country	220,000	180,000	115,000
Replication in a smaller country	154,000	126,000	80,000
Coordination	25,000	25,000	25,000
	399,000	331,000	220,500
<b>TOTAL</b>			<b>950,000</b>

## 5. BIENNIAL OR ANNUAL FOREST GOVERNANCE UPDATE MEETINGS

### OBJECTIVE

Increased understanding of forest governance issues by sharing lessons learned and information about initiatives undertaken by governments, industry, and civil society on the issue of illegal logging and associated trade.

#### **This will be achieved through:**

Biannual regional meetings, in Chatham House style, on illegal logging and associated trade. The meetings may be hosted by government or an NGO, either on a rotating basis or consistently in one location.

### BACKGROUND

Owing to the increased focus on legality, government agencies and industries need to understand and implement rigorous consumer demand-side measures to eliminate exports and imports of illegal wood products. There are important lessons to be learned from the different government, industry, and NGO approaches around the world.

To date, information dissemination by international organizations has been fragmented and inconsistent. The Chatham House Illegal Logging and Stakeholder Update Series has provided a successful model (duplicated in both China and the United States by organizations such as IUCN and Forest Trends), which shows that frequent (e.g., biannual) and well-prepared meetings help to foster a continual path of learning, as well as a community of experts.

### PROPOSED ACTIVITIES

Regularly scheduled meetings focusing on issues relevant to the Mekong region would provide updates on the latest initiatives, regulations, and research in the area of forest governance and trade in illegal timber. Activities would include the following:

- i. Consultation with (international) partners and others on an institutional home for the meetings (location, hosting arrangements, timing). Options include hosting by research organizations, regional body (ASEAN), international organization or NGO, or government.
- ii. Biannual development of agenda in consultation with an informal steering committee.
- iii. Biannual workshop of 50 to 100 people, with 50 percent expected to need financial support to attend.

A possible expansion of this activity could include associated side events that could focus on topics of regional importance, to which relevant experts would be invited, and for which options papers would be developed.

### TARGET AUDIENCE AND POTENTIAL PARTNERS

- All stakeholders: industry, government, civil society
- National and international organizations with experience to share
- Regional institutions that may be identified as host organizations

### TIMELINE AND BUDGET

Year 1:

- Identification of hosting and timing arrangements
- First meeting

Year 2:

- Second and third meetings

Year 3:

- Fourth and fifth meetings

Proposed Budget US\$	Year		
	1	2	3
<i>Per meeting</i>			
<i>Venue, supplies, etc.</i>	10,000	10,000	10,000
<i>Travel and accommodations</i>	45,000	45,000	45,000
<i>Regional coordinator</i>	25,000	25,000	25,000
<i>International coordinator</i>	15,000	15,000	15,000
2 meetings per year	95,000	95,000	95,000
	95,000	95,000	95,000
<b>TOTAL</b>			<b>285,000</b>

## 6. REGIONAL FOREST GOVERNANCE PEER REVIEW PROGRAM: NATIONAL EXPERIENCE AND LESSONS LEARNED REGARDING FOREST GOVERNANCE

### OBJECTIVE

Increase understanding of mechanisms to improve forest governance issues.

#### **This will be achieved through:**

- i. National experts sharing lessons learned with cross-border counterparts
- ii. Counterpart peer review process and case study development

### BACKGROUND

With strongly intertwined timber trade and market interests and commonalities in trade and development situations, Mekong countries can find mutual benefit in better understanding cross-border issues as well as collaborating closely to develop a mutual understanding on institution setup and developmental opportunities.

ASEAN has instituted the ASEAN Peer Consultation process, which yielded high-value results both in terms of content as well as mutual respect and understanding from national participants across borders. After an active start, the process has been inactive in the past few years. This component would revitalize the Peer Consultation process, with a targeted focus on forest governance issues.

### PROPOSED ACTIVITIES

The Regional Forest Governance Peer Review program would entail the following:

- i. Consultation by participants, regional bodies, and others on an institutional home for the peer review process. Options include hosting by a research organization, regional body (ASEAN), international (NGO), or government—with pros and cons of each option in terms of factors such as local ownership, outreach, and freedom from negative political influences.
- ii. Annual peer review processes (for three years), each consisting of the following:
  - a. Identification of national representatives from government and civil society
  - b. Identification of topic (varies each year)
  - c. Development of short background papers by representatives of each host
  - d. Development of summary and issues paper

- e. Series of peer review group study tours
- f. Back-to-office reports and peer review analysis

A possible expansion of this activity could include regional workshops to discuss findings.

### TARGET AUDIENCE AND POTENTIAL PARTNERS

- All stakeholders: industry, government, civil society
- National and international organizations with experience to share
- Regional institutions that may be identified as host organizations

### TIMELINE AND BUDGET

Year 1:

- Identification of hosting and timing arrangements
- First peer review process

Years 2–3:

- Second and third peer review process

Proposed Budget US\$	Year		
	1	2	3
<i>Per meeting</i>			
<i>Venue, supplies, etc.</i>	10,000	10,000	10,000
<i>Travel and accommodations</i>	45,000	45,000	45,000
<i>Regional coordinator</i>	25,000	25,000	25,000
<i>International coordinator</i>	20,000	20,000	20,000
<i>National counterparts</i>	30,000	30,000	30,000
2 meetings per year	130,000	130,000	130,000
	130,000	130,000	130,000
<b>TOTAL</b>			<b>390,000</b>

## 7. TRANSFERRING REDD+ TECHNOLOGY TO SUPPORT FOREST LAW ENFORCEMENT AND INNOVATIVE ICT USE

### OBJECTIVE

Identify ways in which technological advances developed to support REDD+ implementation can enhance forest law enforcement.

#### **This will be achieved through**

- i. Capacity building, technology adaptation and transfer
- ii. Establishing information-sharing protocols between REDD+ and law enforcement agencies
- iii. Pilot ground-truthing of REDD+ generated data (satellite or aerial imagery) to demonstrate the mutual benefit of data sharing between REDD+ MRV and forest law enforcement programs
- iv. Joint development of ICT applications

### BACKGROUND

It is widely recognized that the success of REDD+ programs will depend on adequate levels of forest governance (“no REDD without FLEG”). Much of the technological support being developed for the implementation of REDD+ involves collecting remote sensing and real-time data that could equally benefit the efforts of law enforcement agencies. Shifting cultivation, illegal logging roads, concession encroachment, and unlawful transportation can all be identified more easily through remote sensing methods than by traditional ground patrols.

Both human and financial resources allocated to law enforcement are often inadequate, and therefore targeted patrols based on technical surveillance and intelligence can be a cost-efficient way to operate. Consequently, there is an advantage in implementing ICT and other technological applications from REDD+ MRV in law enforcement and other forest governance processes. The converse also holds true: Ground-truthing by forest enforcement agencies may provide valuable feedback to the REDD+ MRV processes. However, the skills to interpret data and the institutional incentives to share these data between REDD+ and forest enforcement agencies are usually lacking. Ensuring that the results from REDD-funded MRV are made available to forest law enforcement agencies, that forest agencies are able to overlay them with data on forest areas and concession and can provide ground-truthing, will be valuable to all stakeholders.

## PROPOSED ACTIVITIES

- i. Design support for REDD+ MRV programs to identify range of data that would be of use to both REDD+ and forest law enforcement
- ii. Design information transfer protocols, including protocols for ground-truthing and feedback of findings back to REDD+ MRV
- iii. Train enforcement agencies training to interpret data either in raw form or after preliminary interpretation by REDD+ MRV processes
- iv. Develop ICT

This activity could be expanded to include support for a regional REDD+ institution responsible for MRV and working with forest law enforcement personnel at national levels. Another direction also needs to be studied: how FLEG technologies could be utilized in REDD+ MRV.

## TARGET AUDIENCE AND POTENTIAL PARTNERS

- REDD+ implementation stakeholders (government agencies, international organizations)
- Forest law enforcement agencies
- REDD+ platforms (United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries, Forest Carbon Partnership Facility, Forest Investment Program, bilateral programs)

## TIMELINE AND BUDGET

Year 1: Establish a technology transfer mechanism:

- Identify REDD technology under development.
- Develop review system for assessing applicability of new technology.
- Build capacity to analyze data.
- Develop system for transferring data between agencies.
- Provide support and training in real-time response to remote data.
- Develop training in data interpretation at district and local levels.

Years 2–3: Support for implementation:

- Assess the appropriate level for data interpretation—district, provincial, or national.
- Review the impact of availability of real-time information on enforcement agencies.

Proposed Budget US\$	Year		
	1	2	3
Design and feasibility	30,000	30,000	10,000
Travel	15,000	15,000	15,000
National experts	40,000	40,000	40,000
Training	100,000	100,000	100,000
International technical assistance	50,000	50,000	50,000
Publications	15,000	15,000	5,000
	250,000	250,000	220,000
<b>TOTAL</b>			<b>720,000</b>

## 8. FOREST GOVERNANCE INDICATORS

### OBJECTIVE

Develop national governance baselines to better monitor improvements in forest governance.

#### **This will be achieved through:**

- i. Preparation of national baseline studies
- ii. Multistakeholder workshops to validate expert findings
- iii. Regional study of lessons learned and key factors in successful governance reforms

### BACKGROUND

Many countries have had active programs, donor funded and otherwise, to improve forest governance. Many programs have not yielded significant impact to date, in part because of the need for broader governance reform, but also because often governance reform programs have been designed on the basis of visible symptoms rather than with full knowledge of the underlying causes and drivers of poor governance.

### PROPOSED ACTIVITIES

This activity would develop national governance baselines and identify reform options accordingly. This would entail the following:

- i. Preparation of national baseline studies based on experts' findings, using existing generic templates prepared by the World Bank (2009)
- ii. Multistakeholder workshop to validate expert findings and define the governance baseline
- iii. Regional studies on lessons learned and key factors in successful governance reforms

A possible expansion of this activity could include regional workshops to discuss findings.

### TARGET AUDIENCE AND POTENTIAL PARTNERS:

- All stakeholders: industry, government, civil society
- National and international organizations with experience to share

### TIMELINE AND BUDGET

Year 1:

- Baseline studies in two countries

Year 2:

- Multistakeholder workshops in initial two countries
- Baseline studies in two additional countries
- Country lessons learned

Year 3:

- Multistakeholder workshops in two additional countries
- Country and regional lessons learned
- (Regional workshop)

Estimated at US\$ 100,000 per country, comprising the following inputs:

Consultants	US\$ 20,000
Training	US\$ 45,000
Meetings and workshops	US\$ 15,000
Travel and accommodation	US\$ 10,000
Publications and translations	US\$ 10,000

## 9. FLEG–REDD+ LINKAGES

### OBJECTIVE

Develop better understanding of and practical links between FLEG and REDD+.

**This will be achieved through:**

Increased understanding and dissemination of common issues to FLEG and REDD+ processes.

### BACKGROUND

It is widely acknowledged that forest governance programs are critical to the success of REDD+ programs, as many of the issues highlighted are just as pertinent for the successful implementation of REDD+ programs. However, how these issues will be addressed, either with or without coordination with forest governance programs, has not yet been fully explored beyond the conceptual level.

Given the strong potential overlap between forest governance (particularly FLEGT) and REDD+ programs in terms of the importance of secure land tenure and rights systems for livelihoods, as well as the potential for leakage from industry trade shifts resulting from REDD+ or FLEGT programs, this activity could be expanded to cover relevant areas of FLEGT–REDD convergence.

In the past 15 years, the major manufacturing countries of the Mekong region (China, Vietnam, and Thailand) have all implemented domestic forest conservation programs to protect environmental services in their own country. National REDD+ programs could turn out to be similar examples of conservation programs. Research has now demonstrated the “leakage” effect for both China and Vietnam as imports from neighboring countries soared to make up the gap created by the curtailing of domestic timber production. It has been widely recognized that EU FLEGT programs could likewise be sidestepped by leakage effects; cross-border leakage effects are also a large concern of REDD+ programs.

A country with both FLEGT and REDD+ could see significant impacts on both domestic and neighboring country industry and livelihoods.

### PROPOSED ACTIVITIES

Background research and policy analysis focusing on how REDD+ and forest governance programs may benefit from each other, or exacerbate leakage to unsustainable sources. Specific issues are likely to include crossovers in stakeholder engagement, law enforcement, land tenure, rights access, barriers to both certification and carbon markets, and issues of leakage.

## TARGET AUDIENCE AND POTENTIAL PARTNERS

- National stakeholders (industry, civil society, government)
- Development and donor agencies
- European Commission (EC) FLEGT VPA negotiations
- REDD+ implementation agencies

## TIMELINE AND BUDGET

### Year 1:

- Three focus groups (e.g., conversion timber, legality definitions, etc.) established and made operational
- Two to three policy briefs in two countries
- One workshop

### Years 2–3:

- Continued focus groups and policy briefs
- Workshop
- Synthesis report

Proposed Budget US\$	Year		
	1	2	3
Policy briefs	50,000	50,000	50,000
National experts	40,000	40,000	40,000
International experts	40,000	40,000	40,000
Workshops	40,000	40,000	40,000
	170,000	170,000	170,000
<b>TOTAL</b>			<b>510,000</b>

## 10. IMPACTS OF IMPROVED FOREST GOVERNANCE AND MARKET-BASED REQUIREMENTS FOR LEGALITY

### OBJECTIVE

Develop basic understanding of potential impacts of wide-scale implementation of programs to ensure legality throughout timber supply chains for export and domestic markets.

### THIS WILL BE ACHIEVED THROUGH

- i. Social and livelihood impact assessments (ex-ante)
- ii. Market and trade impact assessments (ex-ante, including likely leakage issues)
- iii. Development of recommendations to minimize possible negative socioeconomic or environmental impacts

### BACKGROUND

Wide-scale implementation of timber legality assurance systems, both for export and domestic markets, will impact industry and livelihoods; whether these will be positive or negative impacts depends on the extent to which they were dependent on the status quo. Enterprises exporting timber to the United States or Europe will need to implement timber legality assurance systems or shift to other markets. Industries, households, and communities that relied on the benefits from illegal timber may see incomes decline. SMEs may find legality verification processes a barrier to entry to major markets. On the positive side, industries that are able to comply with new market requirements may see market niche increase; communities that have been hurt by poor rule of law in forest areas may benefit from more clearly defined laws and regulations, particularly those relating to land tenure and rights access.

In the past 15 years, the major manufacturing countries of the Mekong region (China, Vietnam, and Thailand) have all implemented domestic forest conservation programs to protect environmental services in their own country. National REDD+ programs could turn out to be similar examples of conservation programs. Research has now demonstrated the “leakage” effect for both China and Vietnam as imports from neighboring countries soared to make up the gap created by the curtailing of domestic timber production. It has been widely recognized that EU FLEGT programs could likewise be sidestepped by leakage effects; cross-border leakage effects are also a large concern of REDD+ programs.

FLEGT VPA programs have paid significant attention to monitoring the impacts of the VPA processes. However, much attention has been paid to monitoring of auditing and verification processes, and less to the broader governance issues and their socioeconomic and environmental impacts, which admittedly are broader and harder to monitor.

## PROPOSED ACTIVITIES

- i. Regional analyses and workshops would cover issues such as impacts on—
- ii. Local livelihoods and economies
- iii. Local industry
- iv. Market and trade patterns
- v. Harvesting patterns

## TARGET AUDIENCE AND POTENTIAL PARTNERS

- National stakeholders (industry, civil society, government)
- Development and donor agencies
- EC FLEGT VPA negotiations

## TIMELINE AND BUDGET

### Year 1:

- Compilation of data (livelihood, harvesting, trade) in two countries
- Workshops to validate data
- Two to three studies in two countries

### Year 2:

- Compilation of data (livelihood, harvesting, trade) in two countries
- Workshops to validate data
- Two to three studies in two countries

### Year 3:

- Synthesis report

Proposed Budget US\$	Year		
	1	2	3
Research	70,000	70,000	40,000
National experts	50,000	50,000	50,000
International experts	50,000	50,000	50,000
Workshops	40,000	40,000	40,000
Publications and translations	40,000	40,000	40,000
	250,000	250,000	180,000
<b>TOTAL</b>			<b>680,000</b>

## 11. UNDERSTANDING UNDERLYING DRIVERS OF ILLEGAL LOGGING AND ASSOCIATED TRADE: ANALYSIS LEADING TO NATIONAL ACTION

### OBJECTIVE

Greater understanding of the dynamics of drivers of illegal logging and associated trade, with subsequent national action.

#### **This will be achieved through:**

- i. Analytical work at regional and national levels
- ii. National and regional workshops

### BACKGROUND

The main report (Volume 1) identified numerous issues common to virtually all Mekong countries, but for which actions would need to be undertaken at the national level. To capitalize on the experience from neighboring countries, however, regional studies should be undertaken, reviewed at national workshops, and, if appropriate, continued at the national level with either additional analytical work and workshops or full-scale technical assistance.

### PROPOSED ACTIVITIES

Suggested analytical work includes the following:

- i. Extent and nature of plantation development in the Mekong region
  - a. Trends
  - b. Socioeconomic implications
  - c. Environmental implications
- ii. Industry overcapacity and its role in unsustainable forest management, regulations of licenses, and practices of wood processing facilities
  - a. Strategies to reduce overcapacity (e.g., lessons learned from fishing industry decommissioning through quotas, licensing and incentives, minimum compliance standards, industrial zones)
  - b. Specific recommendations for small-scale operations
  - c. National recommendations
    - Identifying overcapacity
    - Socioeconomic impacts of decommissioning

- Development of criteria, protocols, and verification procedures for decommissioning and sanctions
  - Compensation and incentive packages
- iii. Definitions of legality: experiences from around the world, but reaching beyond just the forest sector, to include, for example, extracting industries (mining, infrastructure) and including references to overregulation and barriers to legality
  - iv. Community forest management and forest enterprises: opportunities or barriers to market due to requirements for legal verification
  - v. Fiscal systems for forest revenue
  - vi. Free trade zones, with particular focus on China, Singapore, and Malaysia (major export points for Mekong countries): scoping study on issues association with these zones (legal status, customs procedures, legal requirements relating to enforcement and customs, implications for CoC or timber legality assurance systems).

#### TARGET AUDIENCE AND POTENTIAL PARTNERS

- National stakeholders (industry, civil society, government)
- Research organizations

#### TIMELINE AND BUDGET

Years 1–3:

- Analytical studies
- Workshops

Proposed Budget US\$	Year		
	1	2	3
Per country			
<i>average analytical work cost</i>	<i>55,000</i>	<i>55,000</i>	<i>55,000</i>
<i>regional synthesis</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>
<i>average workshop cost</i>	<i>30,000</i>	<i>30,000</i>	<i>30,000</i>
<u><i>coordination</i></u>	<u><i>10,000</i></u>	<u><i>10,000</i></u>	<u><i>10,000</i></u>
	<i>115,000</i>	<i>115,000</i>	<i>115,000</i>
2 countries per year	230,000	230,000	230,000
<b>TOTAL</b>			<b>690,000</b>

## 12. ADOPTION OF PUBLIC PROCUREMENT POLICIES BY MEKONG GOVERNMENTS AND DONORS

### OBJECTIVE

Governmental purchasing policies give preference to, or require, verification of legality.

This will be achieved through:

- i. Analytical work
- ii. Advocacy

### BACKGROUND

In most countries, government agencies are major consumers of wood products for construction, paper, furniture, and other items. Although “green” procurement policies have been applied in many countries for years, timber procurement policies are new instruments to promote sustainable consumption and production of wood products.

As of 2008, only a handful of countries had enacted procurement policies regarding the trade of wood products (including Belgium, Denmark, France, Japan, Netherlands, New Zealand, Norway, and U.K.). If several countries in Asia adopt advanced procurement policies, it may increase demand for verified timber in regional markets. Since most green procurement policies require a verification system, there may be overlap with activities to support forest certification and CoC systems.

The EU-European Forest Institute (EFI) Asia FLEGT Project has included in its work plan the potential to organize an experts’ meeting on green procurement opportunities within Asia.

The ITTO Thematic Program on FLEGT also plans to develop procurement policies and other tools for market promotion through a participatory and transparent process; however, these activities will not be funded in Lao PDR or Vietnam, which are not ITTO members. The Institute for Global Environmental Strategies and the Asia Forest Partnership are planning research on the impact of Japan’s procurement policy in the Asia Pacific Region.

### PROPOSED ACTIVITIES

Green procurement policies would need to be developed by the individual governments through a multiagency dialogue among, for example, the Ministry of Environment, Ministry of Interior, Ministry of Finance, and Ministry of Agriculture. The policy would need to be adopted by the prime minister or Council of Ministers to be effective nationally and required for each agency to implement. Implementation would also lead to building new cross-sectoral alliances. One

obvious partner to implement the policy would be the Ministry of Education, owing to the potential use of wood for school buildings, and the Ministries of Commerce, Finance, Public Works, and Local Development, since they administer the use of public funds.

Specific activities could include the following:

- i. Development of national timber legality standards (in countries where FLEGT VPA processes are not already doing so)
- ii. Review of literature and procurement policies
- iii. Discussion with other projects and donors in the region
- iv. Regional workshop and national meetings to further discussion and raise awareness
- v. Potential study tour or training
- vi. Conducting a feasibility study and developing a pilot program

#### TARGET AUDIENCE AND POTENTIAL PARTNERS

- Ministries of Environment, Interior, Public Works, Education, and Finance, as well as Council of Ministers, Prime Minister's Office, and similar agencies
- The Food and Agriculture Organization and ITTO, which have been engaged in analysis of procurement policies and could partner for technical assistance, materials, and workshops or training
- Partners from national verification systems (e.g., Forest Stewardship Council, Smartwood Verification of Legality, Programme for the Endorsement of Forest Certification)

#### TIMELINE AND BUDGET

Years 1–2:

- Feasibility studies
- Development of national timber legality standard
- Analysis of existing procurement policies
- Studies on lessons learned from other countries

Year 3:

- Dissemination

Proposed Budget US\$	Year		
	1	2	3
National analyses (3 countries)	55,000		
Regional synthesis	20,000		
Dissemination	35,000	45,000	45,000
	110,000	45,000	45,000
<b>TOTAL</b>			<b>200,000</b>

## 13. TOOLKIT FOR COMMUNITY–FOREST INDUSTRY PARTNERSHIPS

### OBJECTIVE

Community groups are better able to enter into fair and equitable partnerships with industry.

#### **This will be achieved through:**

- i. Regional overview of best practices
- ii. Development of toolkits
- iii. Dissemination and training

### BACKGROUND

The increase in land allocations for plantations in the Mekong region has been astounding in recent years, with a wide range of community–industry interactions that mix community and industry provisions of capital, labor, land, and in-kind inputs. PROFOR has documented best practice toolkits that highlight contracts management, benefits sharing, and other issues pertinent for communities.

These models could be piloted and used at the country level. Simultaneous innovation in several Mekong countries would allow for sharing of cross-country experiences.

### PROPOSED ACTIVITIES

Suggested analytical work includes the following:

- Regional overview of best practices
- Development of toolkit
- Training of communities

### TARGET AUDIENCE AND POTENTIAL PARTNERS

- National stakeholders (local communities, industry, government)
- Best practice multinational firms operating in the Mekong region
- Research organizations
- Community trainers

## TIMELINE AND BUDGET

### Year 1:

- Regional overview of community–industry partnerships
- Development of localized toolkit (e.g., based on PROFOR products)

### Year 2:

- Review of toolkit with industry leaders
- Community training

Estimated at US\$ 100,000 per country, comprising the following inputs:

Consultants	20,000
Training	45,000
Meetings and workshops	15,000
Travel and accommodation	10,000
Publications and translations	10,000
<hr/>	
Total	100,000

## 4. POSSIBLE MEDIUM-TERM INTERVENTIONS

The project concepts in this Chapter were proposed in the consultative process. However, they usually depend on outcome of on-going processes and are feasible only in medium and long-term programs. Some may require also long-term financing and technical assistance.

Title	Description	Notes, issues to be resolved
B 1. Regional mechanism to monitor forest sector data and timber trade	<p>The quality and access to forest and trade related data in the Mekong is poor. Improved access is necessary.</p> <p>Proposed activity would consist of regional mechanism for publicly available data on timber companies, harvest, sales, trade and crime; helping to improve transparency in governance and improve dialogue; improve monitoring of timber flow data and availability of information by communities, the private and the public sector</p>	<ul style="list-style-type: none"> <li>• Institutional incentives and quality of data need to be ensured</li> <li>• Needs clear institutional home</li> <li>• Difficulty in obtaining this data. This has been demonstrated e.g. with the East Asia FLEG Clearing-House Mechanism and ITTO efforts to improve trade data reporting.</li> </ul>
B 2. Rapid response mechanism (forest governance policy innovation facilitation grants)	<p>Small, just-in-time flexible funding to allow forest law enforcement agencies to take advantage of opportunities as they present themselves: workshops, training sessions, small-scale information dissemination, field visits, project proposal development, publications for the office, printing, consultations, etc.</p>	<ul style="list-style-type: none"> <li>• Governance and financial management of small-grants facility difficult.</li> <li>• National activity with no apparent regional action.</li> </ul>
B 3. Support for modern criminology practice	<p>Workshops, consultant reports, training and capacity building</p>	<ul style="list-style-type: none"> <li>• This would likely need to be in the form of long-term technical assistance which should be conducted at the national level</li> </ul>
B 4. Regional timber trade analysis	<p>Studies</p>	<ul style="list-style-type: none"> <li>• Likely component of EFI Monitoring &amp; Evaluation process (after initial scoping studies)</li> </ul>
B 5. Development of regional environmental crime center	<p>Regional center for identifying trends and hotspots in environmental crime; facilitating communication between national agencies; common analysis and systems for training and data transfers.</p>	<ul style="list-style-type: none"> <li>• Creation of new institution with long-term operational costs can be considered only after national capacity building</li> <li>• Important links with Interpol or International Consortium to Combat Wildlife Crime</li> </ul>

Title	Description	Notes, issues to be resolved
B 6. Defining legality: regional processes and national drafting teams	Regional process including: regional advisory group; technical advisor(s); national drafting teams; legal assessments; exchanges with Malaysia or Indonesia; training; compilations of international experience and international requirements.	<ul style="list-style-type: none"> <li>• Possible duplication with EFI FLEGT facility and EU's VPA processes</li> <li>• Possibility to use other expertise to learn from other sectors (e.g. extractive industries)</li> </ul>
B 7. Improve Vietnam chain-of-custody and certification to improve regional sourcing and supply chain management	Working with government on Chain-of-custody (CoC) systems, and companies to increase supply and CoC of verified legal and certified wood products	<ul style="list-style-type: none"> <li>• Lessons learned from Liberia include that this is a multiple year, several million USD project.</li> <li>• Potential for REDD or VPA-related investments</li> </ul>
B 8. Development of partnerships between government, industry and civil society to promote forest law enforcement	Development of partnerships between government, industry and civil society to improve enforcement (patrolling and monitoring of sites, joint training opportunities). Models such as WWF or WCS in patrolling and protection.	<ul style="list-style-type: none"> <li>• Multi-stakeholder approaches is a model to be incorporated into all possible activities at national or regional levels (e.g. Philippines Environment and Natural Resources Sector Adjustment Project)</li> <li>• Specific partnership would likely be a national activity with little value-added from regional approaches.</li> <li>• Possible broadening of monitoring to be conducted by VPA protocol</li> </ul>