Collecting Evidence of FLEGT-VPA Impacts for Improved FLEGT Communication

Synthesis report

Paolo Omar Cerutti, Tatiana Goetghebuer, Nastassia Leszczynska, Jean Newbery, Johanna Breyne, Ahmad Dermawan, Charlotte Mauquoy, Pamela Paule Tabi, Raphael Tsanga, Luisa Van Der Ploeg, and Jean-Marie Wathelet
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Tatiana Goetghebuer (ADE), Legal Wood logo in Indonesia
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Collecting Evidence of FLEGT-VPA Impacts for Improved FLEGT Communication

How to Read this Synthesis Report

The work leading to this Synthesis has been funded by the FAO EU-FLEGT Programme with the objective to gather evidence of impacts of the FLEGT-VPA process so far for better communication. This Synthesis is not the communication tool itself. Communicators can draw upon the evidence and information contained in the synthesis report to formulate messages targeted to needs and audiences.

This Synthesis Report provides the reader with an overview of the key VPA impact results from the three country reports: Cameroon, Ghana and Indonesia. Its primary purpose is to map where the VPA process has or has not made progress in each of the three countries against pre-selected dimensions. Results are presented at the country level and should be read as such, its purpose is not to compare the countries in terms of which has done better or worse, but rather to identify commonalities and differences related to VPA impact. Readers are introduced to the status of each country’s VPA process and the forest context early on and are encouraged to bear these differing stages of VPA implementation and unique country contexts in mind while reading results.

That being said, readers will note that country results are presented in the same format. This is because the same core indicators were deployed across the same four selected thematic areas (Sustainable forest management and forest conditions; Relation and development of the formal and informal forest sector; Jobs and employment; Law enforcement and compliance) during primary data collection in each country. Results and narratives are therefore based around where progress has/not occurred (comparing the situation prior to the VPA process starting and the situation at time of research) combined with the magnitude of the change and how strong the VPA contribution was to these changes. It should be noted that country results are not presented against any benchmark, meaning that no judgement is made regarding where a country ‘should’ be. Rather the report outlines where significant changes seem to have occurred and where progress remains to be made.

This insight into progress and contribution to change is based on an individual perception survey and Focus Group Discussion results – bolstered by desk research – and presented per thematic area. Surveys were conducted on a sample of inclusively selected country experts from different sectors (private sector, public sector, civil society, forest community representatives and consultants/researchers). Readers will be guided to note where differing views on progress at country level were observed between these five sample groups. While readers are encouraged to process results at thematic area level, indicators within each area of interest can also be read independently.

Readers will also note that a thorough Desk Review was undertaken for each country. A key result from this exercise was that very little impact orientated literature, and no systematic approach to capture VPA impact, existed prior to this study. This cross-country study is thus a first attempt to cover such a broad range of indicators which highlight VPA-related progress in the context of a country specific VPA process, and where possible provides more global insight into the VPA process in general. The methodology deployed for this study has been specifically designed to be replicable, should future VPA impact studies be commissioned.

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1 A library has since been created where relevant publications can be posted and shared publicly: https://vpa-library.cifor.org/
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Collecting Evidence of FLEGT-VPA Impacts for Improved FLEGT Communication

Executive Summary

The work leading to this Synthesis has been funded by the FAO EU-FLEGT Programme with the objective to gather evidence of impacts of the FLEGT-VPA process so far, across a sample of three countries (Cameroon, Ghana, and Indonesia) and four thematic areas (Sustainable forest management and forest conditions; Relation and development of the formal and informal forest sector; Jobs and employment; Law enforcement and compliance).

A note on the methodology

An innovative methodological approach has been used for this assessment, which proved to be reliable, easily replicable across countries and time to capture progress (or lack thereof), and very effective in meeting the planned objectives. The two keywords of the methodology are change and contribution: The central feature of the survey conducted in the three countries is its ability to assess change between two points in time (before and after VPA implementation), and to build narratives about the VPA contribution to the observed change. (A detailed explanation of the methodology used is provided in Annex I).

Each methodological step fed the following one. A desk review was used to identify key indicators to measure impact. No initial baseline or current value could be established with available evidence for specific indicators – across various thematic areas –, notably because coherent and regular measurements of these indicators were found to be insufficient. The review served to build a questionnaire with close-ended questions where each question could test a hypothesis found in the literature or capture missing information from the desk review (using similar wording in the three selected countries). Then, during a 12-day field mission in each country, the questionnaire was rolled out on a representative sample of key forest sector experts (grouped in five categories²). These respondents also participated in focus group discussions to elaborate on their answers or to share additional evidence about a particular topic. Next, country reports described in-country survey results, which were put into perspective by the focus group discussions, relevant references from the desk reviews, and secondary data generated from the literature when available. Finally, closing the loop, this Synthesis uses results from the three countries, builds narratives of impacts around the four thematic areas, and discusses VPA contributions to those impacts. The objective of this synthesis is not to assess VPA impact within a particular country, neither to compare the selected countries.

In a context of limited comprehensive information about VPA impacts, which is made even more complex by the nature of illegal logging, collecting perception data on a representative sample and using an appropriate tool (intuitive and user-friendly survey software) is a very useful source of information to gather preliminary impact evidence. There are limitations related to the use of perception data: reported information and opinions risk being biased by the experience and characteristics of a respondent. In particular, non-VPA communities of practice and their perceptions risk being under-represented. However, risks can be mitigated. The survey builds on closed questions framed in a neutral way, leaving little room for interpretation. The range of expertise, background and sectors of the selected sample of respondents is an additional precaution against reporting bias. Anonymity encourages respondents to honestly fill in the questionnaire and express opinions during group discussions. And ultimately, descriptive statistics help monitor intra- and inter-group differences.

² Public administration, private sector (mainly Small and Medium forest Enterprises, SMEs), civil society organisations, local community representatives, and ‘Other’ (a category including consultants, researchers, industry and donor representatives). The final sample size is 341 respondents: 102 in Cameroon, 137 in Ghana and 102 in Indonesia.
Synthesis of results

Change between the two periods (from before to after VPA implementation) has been measured on a scale from 0 to 5 (no progress to great progress), while the VPA contribution has been measured on a scale from -3 to +3 (strongly negative to strongly positive VPA contribution).

One of the first findings of this study is that there is progress on many VPA-related targets and that for most of these observed changes, VPA contribution is generally positive and rarely negative. VPA contributions obtain values from 0 (no effect) to +2.26 (strong effect) for most indicators. A negative value would have meant not only lack of contribution, but a negative contribution, i.e. the VPA-related activities would have made the situation worse-off than without any VPA intervention.

The Results section (Section 4) in the main text of the Synthesis presents the details of a selection of indicators used to build brief narratives of impacts in the four thematic areas using graphical elements to show the progress (when available) and the VPA contribution.

Using a similar approach in the three selected countries allows us to look at a broader perspective across all collected indicators and across the three countries. This is important because, while the VPA process in each country remains a very time- and resources-consuming exercise in itself, it is also part of a larger process, i.e. a global effort at fighting illegal logging and related trade. Combining the findings from the three countries to get a more global picture provides a useful tool to assess VPA impact more globally, and it allows lessons to be derived for other VPA countries as well as for the VPA process itself. The global picture analysis provides some interesting insights which are summarized here (see Section 5 for more details, figures, and explanation).

1. **Thematic area 1: Sustainable forest management and forest conditions**
   a. There has been a decrease in illegal logging rates notably in production forests mandated to have management plans, where those are now better implemented than in the past, and the VPA has contributed positively towards such evolution.
   b. The voices and opinions of many local communities and indigenous people are not only better listened to, but also receive more consideration when decisions are adopted and implemented on the forests where they live, with the VPA process contributing positively to these trends.
   c. More consideration is given to the status of women, youth and marginalised groups when decisions are taken in the forest sector, but the VPA process has had a marginal contribution to this change. If this area remains a target impact for the VPA process – based on the premise that women, youth and marginalized groups contribute much to better management of the forests – then renewed strategies and efforts of intervention are warranted.

2. **Thematic area 2: Relation and development of the formal and informal forest sector**
   a. At various degrees across sampled countries, the VPA process has positively contributed to better private sector organisation and hence less disruptions in the business conducted specifically by many SMEs operating largely in the informal sector, which are today much better acknowledged in the political agenda and better able to coordinate and manage their operations through recognised associations.
   b. On the background of growing informal economies in all sectors, a marginal part of previously informal SMEs joined the formal timber sector and improved their capacities to comply with legality requirements and the quality of their management skills. The VPA contributed to such change. One expectation remains largely unmet with this group, i.e. that the VPA would help them to increase their exports. Further efforts will need to be made to manage this expectation, as it partly depends on
unpredictable market conditions and partly on actions which could be supported through the VPA process itself, e.g. improving SME’s capacities to meet market demand.

c. A large part of the informal sector – if this were to remain one target impact of the VPA process – needs further **capacity building and awareness raising efforts** for better compliance and understanding of the added value that compliance can bring. This is the part of the forest sector which, in some countries more than others, still fear being put out of business by the VPA process. Eventual further efforts will have to deal with, explain and dispel such fears.

3. **Thematic area 3: Jobs and employment**
   a. The VPA process positively contributed to an overall **better organisation and expertise of workers**, as well as to a better integration of legality and SFM topics in both academic and technical curricula, such as university and master courses, and specialised forestry schools.
   b. Conversely, working conditions, **jobs’ availability, security and safety** do not seem to have improved much since VPA implementation, and the VPA process does not seem to have greatly contributed to overall progress in the labour market. These results speak more to the power of market forces than to the weaknesses of the VPA process itself. However, curricula seem to have evolved, now taking into account legality and sustainable forest management themes in the forestry cursus. Hence, further actions and investments on these topics might also lead to improvement in the labour market.

4. **Thematic area 4: Governance, law enforcement and compliance**
   a. The VPA process has positively contributed to a more coherent **legal framework**, with sanctions being also more enforced and more credible today than they were before VPA implementation.
   b. **Transparency** has considerably improved since VPA implementation, with the VPA having contributed to such improvement.
   c. The VPA process has had a largely positive contribution to the specific case of holding the **government accountable**, with notable efforts made by better organised civil society organisations.
   d. It is important to note that a stronger **civil society** may seem a logical and expected result of the VPA process given the resources dedicated to it. Yet a concern raised by several respondents during FGDs is that it would be a mistake to take this very positive result as a ‘given’ which does not need further support. A stronger civil society is the conduit to several other expected results, including transparency, accountability, awareness, more systematically enforced sanctions and the fight against corruption, both before and after licences are issued.

Results indicate that many of the elements noted above have indeed improved over time, with positive VPA contribution. However, if choices have to be made in future with fewer resources dedicated to VPA implementation (both financial and technical); then one option to consider could be to maintain support to already positive results which have high potential to lead to others. For example, if a ministry or a government remains unresponsive to funds and support for improved transparency, then a better strategy could be to make civil society even stronger, hence able to make the government responsive, as results seem to show.
All results are of course a function of the resources devoted to them and the specific in-country historical context. There may be areas where results so far have not been as expected, and decisions may need to be taken whether to increase investment or stop it altogether. This has direct links with the timing of investment, i.e. in what stage of the VPA process funding should be increased or decreased or stopped. Section 5 of this Synthesis discusses some specific results in each area. It also provides recommendations on our (subjective) choice of results. However, there certainly is more information that can be discussed and further analysed, selected or discarded, were a Theory of Change with appropriate indicators to be adopted in each country, with baseline and target values for selected indicators. Hopefully, this will soon be a reality with countries’ impact monitoring systems becoming operational.

Lastly, it is worth reminding the readers of this Synthesis that this work was commissioned to collect evidence of the impacts of the VPA process for better communication. Yet this Synthesis is not the communication tool itself. More work is definitely warranted to extract explicit and key messages to be communicated to defined audiences following this work.
### List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>ADE</td>
<td>Analysis for Economic Decisions</td>
</tr>
<tr>
<td>BVQi</td>
<td>Bureau Veritas Quality International</td>
</tr>
<tr>
<td>BPS</td>
<td>Badan Pusat Statistik (Central Statistical Agency)</td>
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<tr>
<td>CIFOR</td>
<td>Center for International Forestry Research</td>
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<tr>
<td>CoC</td>
<td>Chain of Custody</td>
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<tr>
<td>CS</td>
<td>Civil society</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organisations</td>
</tr>
<tr>
<td>DN</td>
<td>Don’t know</td>
</tr>
<tr>
<td>DOLTA</td>
<td>Domestic Lumber Traders Association</td>
</tr>
<tr>
<td>EFI</td>
<td>European Forest Institute</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EUTR</td>
<td>European Union Timber Regulation</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation of the United Nations</td>
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<tr>
<td>FC</td>
<td>Forestry Commission</td>
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<tr>
<td>FGD</td>
<td>Focus group discussion</td>
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<tr>
<td>FLEGT</td>
<td>Forest Law Enforcement Governance and Trade</td>
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<tr>
<td>FLEGT-AP</td>
<td>Forest Law Enforcement Governance and Trade Action Plan</td>
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<tr>
<td>FSC</td>
<td>Forest Stewardship Council</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IP</td>
<td>Indigenous population</td>
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<tr>
<td>JPIK</td>
<td>Independent Forest Monitoring Network</td>
</tr>
<tr>
<td>MINFOF</td>
<td>Ministry of Forests and Fauna</td>
</tr>
<tr>
<td>LC</td>
<td>Local communities</td>
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<tr>
<td>LMCC</td>
<td>Log Measurement and Conveyance Certificate</td>
</tr>
<tr>
<td>NA</td>
<td>No answer</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>nPFD</td>
<td>non-Permanent Forest Domains</td>
</tr>
<tr>
<td>OLB</td>
<td>Origine Légale du Bois (Timber Origin and Legality)</td>
</tr>
<tr>
<td>PA</td>
<td>Public administration</td>
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<tr>
<td>PEBO</td>
<td>Permis d’Exploitation de Bois (Timber Exploitation Permits)</td>
</tr>
<tr>
<td>PEFC</td>
<td>Programme for the Endorsement of Forest Certification</td>
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<tr>
<td>PFD</td>
<td>Permanent Forest Domains</td>
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<tr>
<td>PHPL</td>
<td>Pengelolaan Hutan Produksi Lestari</td>
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<tr>
<td>PS</td>
<td>Private sector</td>
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<tr>
<td>REDD+</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
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<td>SFM</td>
<td>Sustainable Forest Management</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>SFP</td>
<td>Salvage Felling Permit</td>
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<td>SME</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SVLK</td>
<td>Standard Verifikasi Legalitas Kayu</td>
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<tr>
<td>TIDD</td>
<td>Timber Industry Development Division</td>
</tr>
<tr>
<td>TLAS</td>
<td>Timber Legality Assurance System</td>
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<tr>
<td>TUC</td>
<td>Timber Utilization Contract</td>
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<tr>
<td>TUP</td>
<td>Timber Utilization Permit</td>
</tr>
<tr>
<td>TVD</td>
<td>Timber Validation Department</td>
</tr>
<tr>
<td>VC</td>
<td>Ventes de Coupe (Sales of Standing Volume)</td>
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<tr>
<td>VPA</td>
<td>Voluntary Partnership Agreement</td>
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1. Introduction

The objective of this initiative financed by the FAO EU-FLEGT Programme, is to gather qualitative and quantitative evidence of impacts of the FLEGT-VPA process so far, across a sample of three countries – Cameroon, Indonesia and Ghana. Results will serve the communication needs of the European Commission (including Member States and the European Parliament), the EFI-FLEGT Facility, FAO-FLEGT Programme, VPA countries as well as international organisations and academia working on FLEGT.

The meaning of impact is often prone to misinterpretation. In this document, impact is referred to as a change of state resulting from a chain of events to which outputs and related activities have contributed. For example, in the general case of FLEGT, as well as in the particular cases of Voluntary Partnership Agreements (VPA) and the European Union Timber Regulation (EUTR), a multitude of public and private institutions, agencies, civil society organisations (CSOs), private individuals, etc. are investing money and time to initiate ‘activities’ (e.g. a capacity building workshop on transparency with a local non-governmental organisation (NGO) in a timber-producing country). These activities lead to ‘outputs’ (e.g. the local NGO releases an analysis using its country’s published and unpublished data regarding illegal logging), which lead to ‘outcomes’ (e.g. private companies and/or the government are changing their behaviour thanks to the information they now have access to). The entire causal effect chain leads to ‘impact’ (e.g. reduced illegal logging in the country, because more and better data is available). Note that ‘results’ – also very often used – is a term used to cover all of the above, i.e. the outputs, outcomes or impacts of an intervention.

The notion of time is also essential: changes of state (i.e. impacts) rarely occur from dawn to dusk. In fact, most of the time they require years or decades to fully materialise. Hence, it is important to reflect on the timing of an evaluation related to the status of the programme. The proposal for a EU FLEGT Action Plan dates from 2003. Preparations and discussions about VPAs started soon after in various tropical timber-producing countries, and – of relevance to this document – VPAs were signed with Ghana in 2009, Cameroon in 2010 and Indonesia in 2013. Depending on one’s perceptions, beliefs, and experience with complex political processes such as VPAs, one may say in 2019 that 10, 9 and 6 years (since VPA signature) are ‘reasonable’ time periods to expect some ‘impacts’ to show in the three countries. This is the basic tenet of this study, which thus makes an implicit assumption about time: it is assumed that 10, 9 and 6 years are indeed reasonable timeframes to expect some impacts. This assumption is a necessary condition to launch an assessment of VPA impacts. It is not a sufficient condition, however, to find evidence for all possible impacts of the FLEGT-AP.

Measuring a change means to compare a situation before something happens (e.g. an intervention such as a VPA), with the situation at the time of assessment, using the same or at least comparable indicators. The major problems commonly faced in many programmes across a broad spectrum of development interventions are the lack of baseline measurements, lack of clearly defined indicators, and lack of ability to make comparable measures across time. It is also the case with FLEGT-VPAs. Furthermore, the notion of contribution (or attribution) is also key when assessing impact evidence. Indeed, many alternative factors other than the intervention itself might contribute to an observed change. Hence, it is important to develop an appropriate methodology to understand how an intervention has contributed to an observed change. Lack of clear methodologies to assess contribution is, in the case of FLEGT-VPA, also an issue.

Because of these shortcomings, only a few, well-defined and well-structured ‘impact pathways’ (causal results chain: activities→outputs→outcomes→impacts) can be coherently measured. For many other pathways, evidence leading to impacts may exist, but it is scattered here and there along the pathway making it difficult to define. And for others, there may be no evidence of impacts simply because there were no measurements done at any point (in time or space) along the pathway.

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3 Definition adapted from Marlo (2019) See also Belcher & Palenberg (2018).
This study tries to overcome some of the above shortcomings through various methodological steps which are described in detail in the Methodology section (Annex I). Overall, this study seeks to gather and assess impacts of FLEGT-VPAs and demonstrate contribution where possible, in a comprehensive way through engaging key forest sector experts and key FLEGT stakeholders, using a similar approach in the three countries.

In many countries, the FLEGT Action Plan and VPA processes have generated a lot of grey and published literature, as well as media coverage. However, only a tiny section of that literature concerns impacts (intended here as a change in state resulting from a causal chain of events to which outputs, outcomes and related activities have contributed). The bulk of such literature is also insufficiently structured and widely scattered across many topics, lessening its contribution to an exercise trying to assess the impacts of the VPA process across different countries. Yet such literature can provide evidence on some results which, if sufficiently and coherently linked through a Theory of Change, can and must be used in addition to the collected indicators to construct narratives of impacts. This, in short, is what this exercise sets out to do, i.e. gather evidence that can be used to outline some relevant and realistic narratives on VPA impacts.

The narrative is, for the time being, built on three countries (Cameroon, Ghana and Indonesia) and on four specific thematic areas, based on available time and resources. Nevertheless, the methodology has been prepared with the specific objective of being easily replicable in as many countries as possible. Hence it is important to remember that we have deployed a cross-country approach (and not a country-specific approach) enabling us to derive impact of the VPA process across countries which are at different stages of VPA implementation. This is designed to make the narrative as compelling and as solid as possible. In other words, by covering three countries that are in different stages of VPA implementation, this initial evidence gathering exercise allows us to outline where possible the bigger picture of impacts related to the VPA process. The methodology has been thought of as a way of assessing changes in various VPA-related impact domains as well as of indicating how the VPA process may or may not have contributed to change. The objective of this assessment is therefore not to assess VPA impact within a particular country, nor to compare the selected countries.

The next section briefly presents the methodological approach. Section 3 outlines the VPA and forest context in each of the three selected countries. Evidence of FLEG-T-VPAs impacts gathered through the entire process of this study are presented in Section 4, following the four thematic areas. Section 5 concludes by presenting global summary of findings and Section 6 closes this Synthesis with a few reflections on the approach used in this assessment.

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4 VPA countries are developing national impact monitoring systems which will be a valuable addition to this gap – if well planned – in both baselines and VPAs’ expected contribution to impacts.

5 In this report, results are structured around impacts in the four selected thematic areas at the explicit request of the Technical Committee. If a background Theory of Change were followed, it could also be rewritten to correspond to the five intended VPA impacts namely illegal logging, economic development, institutional effectiveness, forest conditions, livelihood & poverty.
2. Methodological approach

A cross-country approach was developed to measure, within a tight timeframe, changes between a situation prior to VPA implementation and the present situation in four VPA impact domains (4 thematic areas) and to assess the VPA potential contribution to these observed changes. A mixed qualitative and quantitative methodology was prepared and rolled out across each of the three countries which are at different stages of VPA implementation, with slight contextual modifications made for each.

The approach is easily replicable, should the need arise, across time and countries. The details of the methodological approach are presented in Annex I. Yet it is worth stressing that reading the methodological approach might help the reader to better understand and contextualize the findings.
3. Country VPA and forest contexts

Cameroon, Ghana and Indonesia present different environmental, social, economic and political conditions setting the background on which the VPA process has been developing over the years. They are also at different stages along the VPA implementation and may thus experience different sets of constraints, expectations, advantages and disadvantages which may help explain the VPA results obtained so far.

One particular focus of this assessment concerned the part of the private logging sector made of Small and Medium forest Enterprises (SME), which is generally differentiated from the industrial, large-scale one, and variously defined whether one considers the means of production (chain- or hand-saws for processing on-site vs big industrial machineries for processing in sawmills), the destination markets (domestic vs. export), the status of the enterprise (informal vs formal), or else.

The terms ‘small’ and ‘medium’ have relative interpretations in different countries. For this reason, we did not adopt a fixed definition of SMEs and adapted it instead to the different contexts of Cameroon, Ghana and Indonesia.

The next three sections present a brief overview of each country’s VPA and forest sector.

3.1 Cameroon VPA and forest context (in brief)

Preparatory discussions about the FLEGT Action Plan and notably VPAs commenced in Cameroon around 2004. While a Forest Law and its implementing Decree were adopted in 1994 and 1995 respectively, at the beginning of the 2000s several inconsistencies, conflicting regulations and tout-court illegal acts remained. Official VPA negotiations with the EU started in 2007, before signing the VPA on 6 October 2010 and ratifying it on 9 August 2011. The first three-year preparatory phase was designed to lead the way to issuing the first FLEGT license, with the implementation of a Timber Legality Assurance System (TLAS). After failing to deliver on its promises, a second attempt at developing a functioning TLAS also experienced huge difficulties. At the time of research, no license had been issued. The only completed and official step taken by the Ministry of Forests and Fauna (MINFOF hereafter) towards the future issuance of FLEGT-licences had been the adoption of a Decree which, when fulfilled by logging companies, would grant them a ‘certificate of legality’ (which would pave the way for them to obtain FLEGT-licences when available to be issued) (MINFOF, 2013).

Legality of timber is defined as “based on compliance with national laws and regulations and duly ratified international legal instruments, [...] in order to guarantee the viability of forest management by the producing and/or exporting enterprises, its suppliers and subcontractors in the name of the owners of the forest (the State, the local government district, a private owner or a community)” (EU – Cameroon, 2011).

Cameroon has about 25 million inhabitants which is expected to almost double by 2050, and about 20 million ha of dense forests, divided into Permanent and non-Permanent Forest Domains (PFD and nPFD). The PFD is mandated by law to remain forested; it belongs to the State; and – in addition to protected areas – it contains about 6 million ha of industrial logging concessions that are mandated by law to be sustainably managed (Table 1). The PFD also contains about 800,000 ha of so-called Council forests, which can also be harvested once a forest management plan guaranteeing its sustainable use has been approved by the MINFOF.

<table>
<thead>
<tr>
<th>Country</th>
<th>Industrial concessions</th>
<th>Forest area ('000 ha)</th>
<th>Population ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Area (ha)</td>
<td>Number</td>
<td>Average area (ha)</td>
</tr>
<tr>
<td>Cameroon</td>
<td>6,281,212</td>
<td>105</td>
<td>59,821</td>
</tr>
</tbody>
</table>
Of relevance for the VPA process in Cameroon and for the results of this assessment, there exist also several other logging titles and authorisations, which can be granted by the MINFOF in the nPFD. As the name suggests however, such titles are not of a sustainable nature and they are not required to have approved forest management plans. The most common titles are called Sales of Standing Volume (or *Ventes de Coupe*, VC) and Timber Exploitation Permits (or *Permis d'Exploitation de Bois d'Œuvre*, PEBO). The most salient difference between VC and PEBO is that the former (max 2,500 ha to be harvested over a period of max 3 years) require large financial investments and are generally granted to industrial companies and their production can be exported, while the latter (max 500 cubic meters to be harvested over a period of max 1 year) are generally granted to small-scale or individual enterprises and their production should be sold on the domestic market. Over the years, the amount of timber harvested through VC has been increasing as compared to timber harvested in concessions, and this shift remains a key challenge to VPA implementation as the legality of VCs seems more challenging to check than the legality of large-scale concessions.

So-called Community Forests (max 5,000 ha) must be granted in the nPFD but they are mandated by law to obtain a simplified version of a forest management plan, guaranteeing the sustainability of harvesting operations over the long-term.

The small-scale timber sector is considered as one comprising both formal and informal enterprises, producing timber with chainsaws and processing it on-site, before selling it down the chain to domestic markets (the vast majority of it) or to traders who then export it to neighbouring countries or the international market. Legal access to timber for this sector can be through PEBOs, though a very limited number of operators use them.

### 3.2 Ghana VPA and forest context (in brief)

VPA negotiations with Ghana started in March 2007 and Ghana’s VPA was signed in November 2009. As of mid-2019, the decision on Ghana’s readiness for licensing start was pending the outcome of the final joint assessment of the Ghanaian Legality and Assurance System, which has been launched in March 2019 (EFI, 2019).

Ghana’s definition of legal timber involves “a subset of laws contained within the legal framework for timber harvesting, processing and export” (EU – Ghana, 2010).

Ghana has a population of about 30 million which is expected to grow to about 52 million by 2050. Ghana’s territory spreads over 238,500 square kilometres and is divided into two main ecological zones, the Savannah Zone and the High Forest Zone, from which timber is stemming (Marfo, 2010; MLNR, 2012). Ghana has approximately 2.6 million hectares of forest reserve land, of which 1.6 million hectares falls within the so-called High Forest Zone. Of these reserves 715,000 hectares have been dedicated for natural timber production, with the remainder under protection and plantation development. Apart from these reserves approximately 500,000 hectares of unreserved forests as well as a further 2 million hectares of crop land also produce timber (http://www.timbertradeportal.com/countries/ghana/).

<table>
<thead>
<tr>
<th>Country</th>
<th>Industrial concessions</th>
<th>Forest area (‘000 ha)</th>
<th>Population (‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Area (ha)</td>
<td>Number</td>
<td>Average area (ha)</td>
</tr>
<tr>
<td>Ghana</td>
<td>3,200,000</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>


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6 i.e. The nationwide Wood Tracking System (WTS) for the Timber Legality Assurance System.
The State is responsible for issuing permits both to timber produced in forests reserves and to timber grown on farmland (off-reserves) via the Forestry Commission (FC) (Planning Branch, 1999, in Carlsen, 2014). The only land uses allowed on forest reserves are forestry and some cases mining and admitted farming. These lands are mainly owned by the local communities but managed by the government (MLNR, 2012). Off-reserves are defined as any land area apart from permanent forest reserves in the High forest Zone and are mainly farmlands that belong to farmers (FAO, 2015).

There are three main types of logging permits for natural forests (private plantations are privately managed and do not require specific permits):
- **Timber Utilization Contract (TUC):** written contract signed by the sector Minister and ratified by the parliament of Ghana that grants a timber harvesting right (NEPCon, 2017). These permits can be issued to all types of companies (large, medium or small) that operate on the domestic and/or export market;
- **Timber Utilization Permit (TUP):** small-scale permit which can be issued to rural communities or NGOs for social or community purposes and where the timber is not for sale or exchange (Carlsen, 2014);
- **Salvage Felling Permit (SFP):** signed by the Chief Executive of the FC (NEPCon, 2017), permits logging companies (large, medium or small) operating on the domestic and/or export market to harvest singular trees in areas undergoing development such as road construction, expansion of human settlement or cultivation of farms (Carlsen, 2014).

“Once a tree is felled, its details (number, species, volume, source) are first registered on a Tree Information Form and then, when ready for transport, re-entered on a Log Measurement and Conveyance Certificate (LMCC) with details of destination included. This LMCC accompanies the log all the way from the forest to the mill” (FLEG ITM 2019).

For exports, the company must then apply for a FLEGT license (Europe) or Export Permit (other export markets) with the Forestry Commission’s (FC) Timber Industry Development Division (TIDD), Ghana’s licensing Administration. The application must be accompanied by the sales contract and relevant documentation, including a related log input/product output data sheet. This documentation will then be checked online by the Timber Validation Department (TVD/FC) and subsequently the FLEGT-License can be issued. For domestic sales, companies need to apply for the Domestic Timber Inspection Certificate (ibid.; EFI, 2016).

The small-scale timber sector is considered as one comprising chainsaw millers and their activities (production, transport and trade), generally defined as chainsaw milling in the relevant literature and outlawed – albeit far from stopped – in Ghana since 1998 (Marfo, 2010).

### 3.3 Indonesia VPA and forest context (in brief)

Indonesia has an operational national legality assurance system (Sistem Verifikasi Legalitas Kayu or SVLK), developed in 2003. VPA negotiations started in 2007 and the VPA was signed in 2013. Since then, a revised SVLK has been progressively implemented. The system applies to all wood production in Indonesia, from timber produced in large-scale forest concessions and timber processing industries to smallholders and small-scale timber enterprises (Susilawati et al., 2019).

Timber is deemed legal “when its origin and production process as well as subsequent processing, transport and trade activities are verified as meeting all applicable Indonesian laws and regulations.” (EU – Indonesia VPA).

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7 Note that since 1998, old leases are being converted to TUCs. This led to an ongoing conversion issue, which started prior to VPA implementation, with new companies paying for new TUCs, whereas those with old leases have it already and did not pay.
The areas designated as state forests spread over 120.6 million ha (Ministry of Environment and Forestry [MoEF], 2018a). In addition, the MoEF also has a mandate to manage 5.3 million ha of marine conservation areas. The areas designated as state forests are currently divided into three main sections: production (68 million ha), conservation (22 million ha) and protection (30 million ha) forests (MoEF, 2018a).

Production forests are divided into three categories: (i) permanent production forests, (ii) limited production forests, which are more restrictive in terms of management, and (iii) conversion forests, which can be converted to other uses, such as mining or agricultural.

Large industrial forest concessions (around 30 million ha) are attributed by the government to large timber enterprises, both in logging concessions (18.8 million ha) and industrial timber plantations (11.2 million ha) (MoEF, 2018b). They need to comply to the local traceability system, SVLK, as well as with Pengelolaan Hutan Produksi Lestari (PHPL) standards, which can be interpreted as SVLK+, adding sustainability management criteria to the legality requirements. These large enterprises log and transform the timber themselves or sell to timber processors. They operate both on domestic and international markets.

### Table 3: Forest area, population, industrial logging concessions (Indonesia)

<table>
<thead>
<tr>
<th>Country</th>
<th>Industrial concessions (natural forests)</th>
<th>Forested areas (forest cover)</th>
<th>Population ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Area (ha)</td>
<td>Number</td>
<td>Average area (ha)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>18,809,357</td>
<td>259</td>
<td>72,623</td>
</tr>
</tbody>
</table>

Source: MoEF (2018a, b)

No logging can take place in both conservation and protection forests, with the latter – located along rivers, on steep slopes, etc. – having a strict protection status.

Timber can also be harvested outside state forests on land that is not classified as forests. These private forests are plantations on private (agricultural) land done by farmers in order to diversify their income. VPA regulations also apply to this category of forests, but simplification schemes to comply with legality requirements exist for tree planters who sell mainly to brokers/traders. This timber is used for both domestic and international markets, depending on the brokers.

Finally, there exist a special form of forestry are the social forestry schemes, which are concessions in both state forest zones and outside state forest zones. Local communities can apply for one of the five schemes: village forest, community forest, smallholder timber plantations, indigenous forests and forestry partnership.

The small-scale timber sector is considered as one comprising wood processing industries of the annual production capacity of less than 6,000 m$^3$/year and associated timber supply chains. This is, however, only the tip of the iceberg of a very complex value chain, and when the full range of downstream processing is considered (i.e. family-based, small-scale furniture and handicraft production), the picture becomes very complicated and exact numbers are difficult to come by (Cerutti et al., 2014).
4. Impact evidence within the four selected themes

The synthesis aims at telling some relevant and realistic narratives on VPA impacts across three countries, at different stages of VPA implementation, based on the collected information (survey, FGD, and desk review). However, the three country databases are not aggregated in one global dataset. This is of course possible, but it would not be meaningful since results will be hard to interpret (due to context differences, e.g. different situation prior to VPA implementation). Instead, graphs and figures in this report present each country specific results as support to the narrative. Since all the indicators were collected using the same approach (same indicators, same scale, etc.), this enables us to show a broad picture of FLEGT-VPA impacts while respecting countries’ specificities.

This section therefore presents a selection of the quantitative and qualitative results measured for this assessment, covering the four thematic areas. The selection is, of course, subjective, and it can be complemented by additional indicators (see full list of measured indicators in Annex II). The four thematic areas and the results obtained so far by the VPA process in the selected countries will be presented below as four separate sub-sections. Yet when the deep links that exist among various results in those areas contribute to a common set of impacts on the long-term, they will be presented under (what we judge is) the most relevant thematic area.

For each thematic area, we start by briefly explaining why and how VPAs should contribute to an impact, defined as a change of state resulting from a chain of events to which outputs and related activities have contributed. Then, when feasible, we present the evolution of the most relevant indicators contributing to that change. Evolution is intended here as a change which has occurred between before and after the signature of the VPAs, up to the date of this survey, i.e. April 2019. When relevant (and measured by the survey), we also describe change which has not yet led to impact, but it is likely to. In other words, we present some outcome-related change, because today’s outcomes are potential leads to tomorrow’s impacts and need to be documented. When available, we show how interviewees assessed the VPA contribution to these observed changes. Lastly, when feasible we also refer to the existing literature, present some country specificities exposed during Focus Group Discussions (FGDs), and exploit secondary data to indicate consistency of results (or lack thereof).

When reading this section, it must be kept in mind that (i) multiple series of results in various thematic areas are very much linked together, some pushing (e.g. support to TLAS, law enforcement, sanctions) and some other pulling (e.g. activities on green public procurement policies), and (ii) most VPA-expected changes are not exclusively related to VPA interventions. When the VPA process materializes on the ground, it does not act in silos, and indeed it is not planned to act in silos. The VPA process is a coherent set of actions, deployed throughout time, in complement to country specific actions (and influenced by national and international context), all leading to the desired impacts, some due to occur sooner than others.

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8 Though exceptions exist (e.g. Hoare 2015), to our knowledge, this is the first attempt looking at so many thematic areas through three VPA countries using a similar methodology. It is thus not surprising that most of the literature found in step 1 of the methodology (i.e. desk review) only refers to one or a few topics in one country or another. As the aim of this document is to assess the VPA process across countries, we will refer to the most relevant literature from one country or another when it can be used as an example of a common trend or change. It must be made clear, however, that such examples are not presented to compare countries or to emit any judgment of the progress of one country vs another.
4.1 Sustainable Forest Management and Forest Conditions

**Thematic area 1 - Key Findings**

- There has been a decrease in illegal logging rates notably in production forests mandated to have a management plan, where those are now better implemented than in the past, and the VPA has contributed positively towards such evolution.
- The voices and opinions of many local communities and indigenous people are not only better listened to, but also receive more consideration when decisions are adopted and implemented in the forests where they live, with the VPA contributing positively to these trends.
- More consideration is given to the status of women, youth and marginalised groups when decisions are taken in the forest sector, but the VPA process has had a marginal contribution to this change. If this area remains a target impact for the VPA process – based on the premise that women, youth and marginalized groups contribute much to better management of the forests – then renewed strategies and efforts of intervention are warranted.

Legality has been at the heart of the FLEGT Action Plan since 2003, but one of the stated ultimate objectives of the process since inception has been the sustainable management of forests. Today Sustainable Forest Management (SFM) remains a crucial element, related to major environmental issues such as the fight against deforestation, carbon emission reduction and climate change mitigation. Several expected impacts of the FLEGT Action Plan, and implicitly of VPAs, directly speak to the three pillars of SFM, i.e. promoting environmentally appropriate, socially beneficial, and economically viable management of forests.

The three hypotheses underpinning the collection of indicators for impact on SFM were gauged from the existing literature. First, we tested for improvements in the perceived levels of illegal harvesting in both forests that are mandated to be managed sustainably (‘permanent domain’, ‘in-reserves’, ‘state forests’ in Cameroon, Ghana and Indonesia, respectively) and other types of forests, adding two qualifying indicators on the perceived shares of illegally traded timber in both export and domestic markets.

Second, we tested variables considered closer to the actual implementation of SFM, such as the amount of forest operations conducted following a well-implemented forest management plan. In addition, we tested whether forest operations conducted with a third-party, independently-audited certificate had increased, coupled with harvesting occurring with a legally obtained harvesting permit.

Third, we tested a series of five indicators to monitor impacts on local communities and indigenous population. The literature abounds on the VPA having increased people’s participation in general discussions about illegal logging in their respective countries. We tried to go a step further and asked interviewees (including representatives of local communities and indigenous population where possible) whether they believed participation had led to tangible changes in decisions taken affecting the forest and their rights (notably property rights), and whether taxes collected on forest operations led to improvements of their livelihoods.

The following sub-sections detail results against each of the three sets of hypotheses.
4.1.1 Reduced illegal logging
Measuring the impact on illegal logging means defining it. Hoare (2015) provides one relevant reference for this exercise, having adopted and measured a defined set of indicators pertaining to illegal logging in the three sample countries at two different points in time with the same methodology. The percentage of total timber production estimated to be illegal increased for Cameroon from 2000 to 2012, while it remained stable in Ghana and Indonesia (Hoare, 2015). Yet these changes need qualification, as they occurred with various offsets and dynamics occurring between the large-scale, industrial forest sector generally exporting its produce, and the smaller-scale, more artisanal forest sector generally serving domestic markets. For example, unlicensed large-scale illegal logging was found to be less prevalent in Indonesia, but this gain was offset by increased illegal production from forest conversion and informal small-scale logging, which also account for about 70% of total production in Ghana (Hoare, 2015).

That is why we tested various hypotheses on VPA contributions in this sub-topic, broadly directing the questions towards two major types of forests, i.e. those mandated to adopt SFM vs other categories.

Results largely corroborate the existing literature and help better qualify the VPA contribution to such trends. Overall, interviewees agree that there has been a decrease of illegal logging rates in both types of forests (with a larger majority in Ghana and Indonesia than in Cameroon, Figure 1 and Figure 3) and that the VPA has contributed positively towards such evolution (slightly less positive in Cameroon, Figure 2 and Figure 4).
When asked to focus on a particularly relevant aspect of illegal logging, i.e. the share of illegal timber reaching export and domestic markets and the contribution of the VPA to change, interviewees indicated overall positive trends and contribution (Figure 5 and Figure 6).

Three points are worth noting. First, overall, the percentages indicated by interviewees for the periods before VPA are very much in line with those available in the literature (Table 4). Second, there is a solid opinion across countries that the rates of illegal logging have indeed decreased as compared to the period before VPA – especially in forests mandated to be sustainably managed (see type 1 forest Figure and share of illegal logging in the export market graph) – and that the VPA process has contributed to such decrease. Lastly, for all countries and in particular in Indonesia’s case, these findings also imply that (i) more research is needed to quantify current rates of illegal logging (obviously using comparable methodologies), and (ii) awareness raising efforts, both about the negative effects of illegal logging and the control measures in place through the TLAS, need to be maintained among stakeholders even in post-license times, because – as the literature and results in other thematic areas below indicate – many conditions contribute to illegal logging: corruption and other poor governance practices can continue to exist and illegal logging will not immediately be perceived to have reduced to zero when
licences are operational. Hence, research and awareness raising remain key even after licences start to be issued.

Table 4. Estimated percentages of illegal logging (domestic and export market together, or not mentioned)\(^9\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>50</td>
<td>50</td>
<td>65</td>
</tr>
<tr>
<td>Ghana</td>
<td>34-60</td>
<td>NA</td>
<td>70</td>
</tr>
<tr>
<td>Indonesia</td>
<td>70-80</td>
<td>70-80</td>
<td>60</td>
</tr>
</tbody>
</table>

The most consistent finding across this series of indicators and with reference to the two types of forests,\(^10\) is that in Ghana and Indonesia there seems to be no ‘leakage’ effect of illegal logging shifting from managed to non-managed forests. To the contrary, the VPA has contributed positively in both Ghana and Indonesia to the reported decreases. The situation is much less clear for Cameroon: there is no agreement among groups that illegal logging has indeed decreased in the non-permanent forest domain (31% saying it has in fact increased), and the VPA is not perceived to have contributed much to countering that trend (though results show the VPA has also not contributed to worsening the trend compared to what it would have been without VPA).

4.1.2 Progress on sustainable forest management

Similar to illegal logging above, progress (or lack thereof) on SFM and the VPA contribution to it has been tested using a series of push and pull factors.

Forest management plans are a direct product of the last three decades’ global efforts towards the adoption of SFM. They are mandatory for most logging concessions in all sampled countries. Yet a recurrent topic in the specialized literature has been the extent to which management plans are implemented.

Results indicate a trend towards better implementation of management plans, with the VPA having contributed positively to it (Figure 9 and Figure 10). FGDs from Cameroon suggest that the trend could be much improved in the country, where actions towards fighting corrupt practices could become more effective than they presently are. In Indonesia, respondents report that the better implementation of forest management plans is mainly implemented through PHPL.

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\(^9\) The figures presented in this table cannot be compared as the methodological approaches followed to obtain those results are not similar.

\(^{10}\) Cameroon (permanent and non-permanent forest domain), Ghana (in- and off-reserves) and Indonesia (within and outside state forests).
Directly related to discussions on SFM, the VPA process positively contributed to an increase of third-party, private certification (Figure 11). Data available from certification schemes such as FSC and PEFC indicate that such contribution has been larger in so-called Chain-of-Custody (CoC) or private legality certificates (variously named by different certifying bodies, e.g. *Origine Legale du Bois* or OLB in Cameroon), than in forest management ones. For example, in 2010 Indonesia had about 126 CoC certificates (delivered by FSC), while in 2019 it had about 323 CoC (FSC 291 + PEFC 32). Similarly, by 2018, Cameroon had about 33 legality certificates (OLB from certifier BVQi and VLC from Rainforest Alliance).

FGDs provide a further supporting explanation for such trends, as this can be seen as a risk-management strategy adopted by (largely industrial) logging companies, not so much willing to invest in, e.g. FSC Forest Management certificates, but at least anticipating potential markets sensitive to legality-type certificates (as it seems the case from FGDs in Indonesia) or responding to VPA countries’ new legislation giving them recognition for future delivery of FLEGT licences (e.g. Cameroon).

Whatever the reasons, CoC and legality certificates remain necessary steps towards certification of forest management and SFM. Whether the push of VPAs will stop at legality certificates or will go beyond that and become an active contributor to more Forest Management certificates, or even whether FLEGT-licences will replace other private legality certificates, remain open questions. Yet one important VPA contribution to the private certification business remains: by improving forest laws
and national traceability systems, the work of national and international private certification bodies is made easier (as also reported by FGDs, particularly in Indonesia).

Similar to findings above, the share of timber harvested with a legal permit is reported to have clearly increased after VPA with a positive contribution of the VPA to this trend (Figure 12 and Figure 13). Trends are very conspicuous in the case of Indonesia and, to a lesser extent in Ghana, while Cameroon stands out among sampled countries. Indeed, in Cameroon, not much overall change in the share of timber harvested with legal permits seems to have occurred, with the VPA having nonetheless slightly contributed to avoiding an even worse situation.

4.1.3 Improved socio-economic conditions
Promoting socially beneficial conditions is a key pillar of SFM. The scientific literature on the subject, notably the one focusing on voluntary forest certification schemes, while still scant and in need of more evidence, provides several criteria which, if acted upon and improved, can be conducive to improved social wellbeing.

The VPA process has integrated several of those criteria – and implicitly their pathway to impact – in the activities undertaken in VPA countries. We chose to test one such pathway through a series of five indicators for which the VPA contribution could be checked.

As the logic goes, if local communities and indigenous populations are consulted, and if those consultations are not just to record their presence at meetings (though important), but instead to listen to their opinions, and take them into account when taking forest related decisions, this could be conducive to better forest management. Similarly, if the same or other consultations also lead to an improved consideration of women, youth and indigenous population, and recognition in decision making of the rights – notably property ones – of local communities and indigenous population, then better management can be expected.

This pathway to impact is illustrated with results obtained from the survey in the following series of figures.

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11 E.g. see Conservation Effectiveness (2019) for a list of available scientific evidence.
First, there has been an overall improvement in consultations held for decision making purposes, with a very positive message on VPA contribution coming from Ghana in particular (Figure 14 and Figure 15).

**Figure 14:** LC & IP consultation in decision-making (N-C=96, N-G=130, N-I=92)

**Figure 15:** VPA contribution to more consultation of LC & IP in decision-making (N-C=97, N-G=131, N-I=89)

Second, respondents also generally agree that such consultations lead to better consideration of their opinions when decisions are eventually taken, again with VPA contribution to this result being generally positive and stronger in the case of Ghana than in Indonesia and Cameroon (Figure 16 and Figure 17).

**Figure 16:** LC & IP’s opinion better taken into account in decision-making (N-C=96, N-G=132, N-I=86)

**Figure 17:** VPA contribution to more consideration of LC & IP’s opinion in decision-making (N-C=97, N-G=131, N-I=87)

Third, the VPA process has only slightly contributed to more consideration given to the status of women, youth and marginalised groups when decisions are taken in the forest sector (Figure 18). The same is observed regarding the consideration given to debates on the property rights of local communities and indigenous population when it comes to forest decisions (Figure 19),

12 The same question has been asked regarding LC&IP rights in general, not specifically property ones, and the results are similar.

15
these topics are not the exclusive realm of VPA discussions and they can enter discussions in various forms in different countries. FGDs (and the relevant literature) reveal the complexity of land tenure in each of the countries and the ranges of problems that it can cause to the forest sector. They also mentioned that VPA implementation tries to address some dimensions of such complex issues, though with limited success so far, since it first concentrates on the more pressing issues of TLAS adoption and implementation.

If one could take this line of reasoning further down the road to impact, it would be easy to note that communities and people whose voices are better heard and listened to, would also likely be better able to advocate for their rights and possibly denounce illegal activities, given some ad-hoc capacity building on other thematic areas is conducted.

Also, if people are more aware of the multiple functions played by the forest, the assumption is that they will care more to preserve and better manage it. This is not only true for local communities, but also for state officials: better knowledge of the forest’s value by authorities in charge of monitoring and managing it, is directly linked to improved socio-economic conditions of the people living in and off the forest.

In this sense, we tested for awareness of the consequences of ‘bad’ forest management and for the knowledge and awareness about the functions and services provided by the forest, and the VPA contribution to the latter. Results list various services which are much better acknowledged today than before VPA (in particular climate regulation and biodiversity conservation), with the VPA having contributed positively to a better integration of such functions and services in the forest policy agenda. Such awareness is overall higher in Indonesia and Ghana, and to a lower extent in Cameroon, and it is relatively higher (across the three sampled countries) in interviewees from civil society groups and public administration (Figure 20).
Lastly, we tested for the efficiency of tax collection, the VPA contribution to change, and whether any tax revenue derived from the timber sector is today contributing more than in the past to an improved wellbeing of local communities and indigenous population. Results are mixed across countries. **Efficiency of tax collection is reportedly better today than before the VPA, with the latter having contributed much to this positive development** (Figure 21 and Figure 22). In the case of Ghana, which stands out among sampled countries, the overall improvement of implementation of the forest law, in particular contracts between loggers and communities and their effective implementation through Social Responsibility Agreements, contributes to the stronger results obtained (Figure 23).
Figure 23: Tax revenues coming from the timber sector contribute to an improvement of the well-being of LC and IP, in a more important way than before VPA ratification (N-C=91, N-G=122, N-I=64)

4.2. Relation and development of the formal and informal forest sector

**Thematic area 2 – Key findings**

- The VPA process has contributed positively to better private sector organisation and hence less disruptions in the business conducted specifically by many SMEs operating largely in the informal sector, which are today much better acknowledged in the political agenda and better able to coordinate and manage their operations through recognised associations.

- Though still marginal given prevailing economic conditions (i.e. growing informal economies), a part of previously informal SMEs joined the formal sector and improved their capacities to comply with legality requirements and the quality of their management skills. The VPA contributed much to such change. One expectation remains largely unmet with this group, i.e. that the VPA would help them to increase their exports: further efforts will need to be deployed to manage this expectation, as it largely depends on unpredictable market conditions more than the VPA process itself.

- A large part of the informal sector – if this were to remain one target impact of the VPA process – needs further capacity building and awareness raising efforts for better compliance and understanding of the added value that compliance can bring. This is the part of the forest sector which, in some countries more than others, still fear being put out of business by the VPA process: Eventual further efforts will have to deal with, explain and dispel such fears.

As with the definitions of SFM and illegal logging, qualifying the variable ‘private sector’ is very important to understand VPA’s results on this topic. In general, the FLEGT literature covers two major blocks when it comes to private sector. Industrial, large-scale, export-oriented companies on one side, and artisanal, small- to medium-scale, domestic or regional market-oriented companies or individuals on the other (SMEs hereafter). These two blocks are, of course, an oversimplification of localised situations which could result in a partial or total mix of the two, with various differences across countries, as discussed above. While the majority of large companies operate in the formal sector, SMEs are present in both the formal and informal economy. In this assessment, special emphasis was put on SMEs, trying to assess the impacts that the VPA process in the three countries has had on them, both on those previously operating informally and on those remaining in the informal sector.

FGDs strongly reveal that aspirations and constraints are also important. For example, the private sector in several countries remains informal and serves the domestic market because there are no laws
allowing it to operate formally and to export production abroad. Yet many interviewed operators are actively advocating for those conditions to change, and results indicate that the VPA process has strengthened their capacity and knowledge to do so.

With that context in mind, this assessment focused more on assessing the changes and the VPA contribution to changes vis-à-vis SMEs, in terms of testing both the general improvements of the sector’s dynamics and the occurrence of new market opportunities (for export, when possible, as well as on the domestic market).

For this chapter more than for others in this document, we believe it is important to remember the context in which SMEs are developing in selected countries, which is not peculiar to the forest sector. First, more than half the workforce in developing countries is employed in the informal economy, where SMEs in the forest sector largely operate. Second, the informal economy is closely tied to the state of the environment, and informal activities sourcing on natural resources can be environmentally damaging. Third, the informal economy contributes about 13% of world gross domestic product (GDP) and in some countries, e.g. Cameroon, it represents about 50% of gross value added. Fourth, the informal economy is and will continue to grow for the foreseeable future (IIED et al., 2016, Cerutti et al., 2018, Putzel et al., 2014, ILO, 2013).

While the VPA process can be said to be working in a ‘mature’ environment with regard to the timber industry and its legality, where changes do occur but on a moderate scale, this is not the case with SMEs, largely operating in the informal economy. Regarding SMEs, the VPA process is working in a permanently expanding and boiling ocean of individuals and small enterprises looking for their place in the economic and social landscape. It is thus not surprising that results and FGDs revealed that SMEs are facing enormous challenges when it comes to current changes occurring to the legal landscape, notably in the forest sector. In some countries (e.g. Ghana and Indonesia) more than others (e.g. Cameroon), there are also very strong aspirations – at least from part of the SMEs’ sector – to reach out and get larger shares of the international timber market than those covered today. The VPA is seen as a tool conducive to such aspirations.

Most respondents indicate the number of SMEs to have grown since the signature of the VPA, especially in Cameroon (Figure 24). However, FGD clearly said that the reasons of this trend are more linked to the private sector context (demand-driven), than to the VPA process.

![Figure 24: Evolution of the number of SMEs (N-C=83, N-G=123, N-I=77)](image)

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13 In Indonesia, a number of studies have concluded that, with the SVLK implementation, small-scale operators face more challenges while receiving fewer benefits than large-scale operators (Susilawati et al., 2019). Third-party verification and V-legal documents are not economically feasible for smallholders, even if they are allowed to certify as a group (Setyowati and McDermott, 2017; Maryudi et al., 2015; Erbaugh et al., 2017). Small producers lack awareness of SVLK requirements, which also means that they lack information about the risks associated with non-compliance (Susilawati et al., 2019).
Because of their nature, it is extremely difficult to get the actual number of SMEs (mainly informal) in any country. Different proxies, however, corroborate the above perceptions. In Cameroon, timber production from the nPFD and the timber demand on the domestic market have been growing for more than a decade, as did the percentage of total timber production sourced by chainsaw millers in Ghana, or the number of registered furniture makers in Indonesia, which increased from 107,166 in 2010 to 180,565 in 2017 (Central Statistical Agency or BPS (2019), category ISIC-31 furniture).

This introduction serves as a note of caution in interpreting the results below. Results will show that the SMEs’ capacity, access to relevant information, political influence and various other tested variables, have improved since VPA implementation with varying contributions of the VPA process itself. Yet, many more SMEs have joined the market while the process is ongoing, and they currently still lack capacity to comply with legality requirements and to meet the requirements of the European timber demand. In the worst cases, they have no clue as to what the VPA process or the FLEGT Action Plan are, as they have not yet been informed.

4.2.1 Forest sector dynamics

First, we asked about the overall dynamics in the forest sector, inclusive of both industrial companies and SMEs, as compared to other sectors. For the sector to improve, one necessary condition is a conducive political environment, in which the forest sector appears on the political and development agenda as any other sector. Political priorities will not cease to exist and to change in rank – e.g. the mining or agri-business sectors may today come ahead of the forest one – but the presence on the political agenda makes all the difference as compared to a complete absence of political interest in improving and developing the sector. Even more so, for a process such as the VPA which needs political support as much as (or arguably even more than) any other support (e.g. financial, technical, knowhow).

Overall, results indicate a clear sign towards the prioritization of the forest sector as much as other sectors in Ghana and Indonesia, while the results are much less clear in Cameroon. In the latter, the majority of respondents indicate the lack of political prioritization of the forest sector (Figure 25).

![Figure 25: There is political will to prioritize the development of the forest sector as much as the development of other sectors to contribute to the overall development of the country (N-C=91, N-G=126, N-I=85)](image)

Results also indicate a strong agreement across sampled countries that the private forest sector (both industry and SMEs) is better organized today than before VPA implementation (Figure 26).
And lastly, the VPA contributed positively to decreased disruption in the timber sector (less market failures), notably with regard to SMEs, whose associations also receive today greater recognition (Figure 27 and Figure 28).

FGDs in Indonesia and Ghana, for example, indicated that SMEs improved their internal process and business management. Specifically, in the case of Indonesia, they have better book keeping and administration due to legality compliance obligations, and access to banking services and to some public subsidies to reach such compliance. Available figures from the Central Statistical Agency corroborate this result: in 2010, about 2.4% and 11.5% of companies registered in categories ISIC-16 (timber products) and ISIC-31 (furniture) accessed loans from banks. As of 2017, those numbers were up to 4.8% (ISIC-16) and 19.3% (ISIC-31).

SMEs are also more encouraged to work through associations, and the VPA has quite strongly and positively contributed to the recognition of these associations by other groups (e.g. government and/or industry). In Ghana, the Ghana Timber Association lists the reduction of stumpage fees, the reduction of felling limits and extended years of compartments as achievements highlighting increased consideration of SMEs. Moreover, associations such as the Domestic Lumber Traders Association (DOLTA)\textsuperscript{14} are reported to have the ability to lobby at higher political levels than in the past, i.e. to the Forestry Commission.

Though the VPA has contributed to the positive improvements described above, it must be mentioned here that most respondents also maintain that many problems persist, even in the best-case scenario of Indonesia where FLEGT Licences are already delivered. One such problem, with reference to SMEs,

\textsuperscript{14} DOLTA counted 25,000 members in 2012. They are domestic lumber traders, table top machine operators, chainsaw operators and transporters in four regions (Greater Accra, Eastern, Volta, and Central) of Ghana.
is the ongoing large (unrecorded) numbers of companies which are not yet well represented in VPA discussions, while other are the possibly contrasting trends initiated by the VPA process.

On the one hand – as also found in part of the literature and as indicated above – the VPA is contributing to streamlining operations in the sector and to an improved recognition of SMEs, in addition to an improved capacity to conduct their activities legally (Figure 29). On the other hand, it is also contributing to or, in the view of part of the literature, not doing enough to avoid putting SMEs out of business (Figure 30).

These trends are contrasting (in the direction of change) but they are not necessarily contradictory. As the legality standards get stricter, VPA actions supporting SMEs’ capacity to adapt help some SMEs, while they leave others unable (or indeed unwilling) to comply. Putting private companies out of business is an ambivalent concept in terms of VPA impacts: It can be a negative economic consequence of the VPA, especially if the process occurs unfairly (e.g. those willing to comply are not provided with a conducive environment to do so), but it can also be seen as a positive result if those excluded are unwilling to adapt to any (improved) legal framework, choosing to operate illegally. Note that the VPA contribution here is close to zero, meaning that it does not seem to play a big role in squeezing SMEs out of market (at least up to now), though this is less true for Ghana.

Next, we tested indicators used as proxies for the ‘costs of legality’ (all of them, as usual, gauged from available literature). Results indicate that the share of informal taxes (which include the cost of bribery along the production chain, also tackled by governance changes described below) has not decreased much across sampled countries (Figure 31). The VPA is reported to play a neutral to weakly positive role in avoiding a worsening of the situation (Figure 32). One common fear, notably vis-à-vis SMEs’ capacity to adapt to more stringent rules, is the introduction of new formal and informal taxation burdening their operations, as indicated by about half of respondents (Figure 33).
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Figure 31: Share of SMEs’ costs paid as informal taxes (N-C=71, N-G=100, N-I=51)

Figure 32: VPA contribution to reducing the costs faced by SMEs paid as informal taxes (N-C=82, N-G=105, N-I=71)

Figure 33: The VPA certification process introduced new formal and informal taxes (N-C=76, N-G=113, N-I=83)

In addition to the above, the legal frameworks are still technically and financially too constraining for SMEs (Figure 34). Nonetheless, possibly in relation to an increased awareness about the negative consequences of ‘bad’ forest management and the role of forest’s ecological functions and services (presented in the previous section), results also indicate that in Ghana and Indonesia, SMEs have reduced their impact on the environment (Figure 35). The opposite is true for Cameroon, in line with previous results. Note that Figure 35 presents answers from all categories of respondents, not only private sector or SMEs.

Figure 34: The legal harvesting is technically and financially too constraining for SMEs (N-C=92, N-G=125, N-I=86)

Figure 35: SMEs in the forest sector have reduced their impact on the environment since VPA ratification (N-C=87, N-G=129, N-I=85)
The results above convey a mixed picture of what is happening in the particular (and complex) case of SMEs. While unequivocal indications about positive impacts on SMEs are so far still lacking, there is a general acknowledgment that SMEs are today much better placed than in the past on the political agenda. First, their opinions – as in the case of local communities and indigenous population – are more and better considered than in the past, with the VPA positively contributing to this trend (Figure 36 and Figure 37).

Second, there is more readily and significant information available for SMEs to exploit and to be informed about legality compliance, with the VPA having strongly contributed to this trend, especially in Ghana (Figure 38 and Figure 39).

4.2.2 New market opportunities
Most SMEs’ aspirations in engaging with legality and with the VPA process in particular are directed towards getting more and better market opportunities, be them on the export or domestic markets. We tested a couple of variables in that regard, one about increased export opportunities and the second about domestic opportunities (Figure 40 and Figure 41).
These results show that Indonesia has had the largest percent increase in SMEs’ exports after VPA implementation. In Indonesia and to a lesser extent in Ghana, results indicate an increase in SMEs’ share in export market as well as a positive VPA role in contributing to improved access to export markets for at least some SMEs or SME associations engaged in the process.

Similarly, in both countries there is a positive acknowledgment of the steps made by the government to make legal wood more attractive on the domestic market, e.g. through the adoption and effective implementation of green public procurement policies. This has created a clear positive trend in Ghana, for example, where the evolution of the demand for legal wood shows the largest increase (Figure 42).

FGDs reveal that one of the highest expectations created by the VPA in all countries has been for increased exports, notably to the EU market. Whether or not such expectations have been actively nourished by the VPA process itself (and its proponents) or whether they were just hoped for by most national groups, remains a speculative exercise, beyond the scope of this document. The expectation should be held as relevant and addressed where possible however, notably as VPA negotiations progress in other countries. In Indonesia, this expectation was not yet met to the degree hoped for by national groups, and they also revealed that in both Ghana and Cameroon, most people feared they will not be met even if (and when) FLEGT licences are issued.

There is, of course, a clear acknowledgment that non-VPA-related factors contribute to the global trends in the timber market, notably its shift towards destinations such as China which has largely replaced historical markets such as the EU. Yet complaints remain, especially in the case of Indonesia,
that EUTR implementation is not living up to expectations. Indonesia is used as an example here, but there seem to be lessons to be learned for other countries also. As the argument goes, the lack of ‘preference’ on entry to the EU market (and lack of ‘preference’ for legal wood demand in Europe)\textsuperscript{15} translate into unfair competition since it is the only country in the region to internally impose legality compliance. This is seen as a VPA-related burden, notably on SMEs (see previous results), because companies in neighbouring countries can reportedly export to EU without such burden (just bearing the due diligence cost). We could not find any published information on how much a solid due-diligence procedure which complies with EUTR requirements would cost compared to the national legality compliance cost for an average company importing in the EU. Hence the argument raised by Indonesian groups needs further verification.

4.3. Jobs and employment

<table>
<thead>
<tr>
<th>Thematic area 3 – Key findings</th>
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<tbody>
<tr>
<td>• The VPA process positively contributed to an overall better organisation and expertise of workers, as well as to a better integration of legality and SFM topics in both academic and technical curricula, such as university and master courses, and specialised forestry schools.</td>
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<tr>
<td>• Conversely, security of jobs does not seem to have improved much since VPA implementation.</td>
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The VPA’s effect on the labour market is the most difficult to assess, in terms of both changes over time and VPA contribution to those changes. Two reasons are worth mentioning upfront. First, official and comprehensive data are largely non-existent (also because – as documented above – there always is a large informal part in these economies). Second, the timber production and trading sector is often aggregated into some other sector or line of production, e.g. agriculture, forestry and fishery, or paper products. This is because these categories are often the subject of either broader or very targeted development policies irrespective of VPA presence/absence.

Available estimates for the informal forest sectors indicate that in Cameroon, Ghana, and Indonesia, about 45,000, 97,000, and 1.5 million people could be employed. These are relevant numbers but many caveats remain as to their completeness and especially their regular updates, as they are not generally captured by forest-specific, official statistics.

Several VPA-related activities have tackled issues pertaining to the labour market. We tested two major variables, namely increased job opportunities and expertise, as well as better working conditions in the forest sector.

4.3.1 Job opportunities

Results indicate that since VPA implementation there has been a positive evolution of job opportunities in the forest sector in Cameroon and in Indonesia, albeit for very different reasons. The picture is less clear in Ghana (Figure 43). In Cameroon, FGDs suggest that job opportunities have been created largely through more business as well as new types of jobs in logging activities often developing in the informal sector, corroborating results (above) on the evolution of logging activities in the non-permanent domain (Figure 44). In Indonesia instead, FGDs suggest that jobs have been created by a mix of both more business opportunities and new types of jobs, notably in further processing activities, e.g. furniture making and trading.

\textsuperscript{15} Reportedly due to the lack of awareness campaigns in the EU promoting the ‘FLEGT label’.
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Specific job opportunities for local communities and indigenous populations increased (Figure 45), while those for women, youth and marginalised groups remained largely stable (slightly increased, especially in the case of Ghana (Figure 46).

These trends, however, are only slightly positively impacted by the VPA process (Figure 47).
4.3.2 Working conditions and expertise

Stronger positive impacts of VPA implementation are recorded on improved working conditions, notably in the case of Ghana (Figure 48). We tested several explanatory variables for such trends on working conditions.

Results indicate an overall better organisation and expertise of workers (Figure 49 and Figure 50), and a clear impact of VPA discussions on the better integration of legality and SFM topics in both academic and technical curricula, such as university and master courses, and specialised forestry schools (Figure 51). Conversely, security of jobs does not seem to have improved much since VPA implementation (Figure 52).
4.4. Law enforcement and governance

**Thematic area 4 – Key findings**

- The VPA process has positively contributed to a more coherent legal framework, with sanctions being also more enforced and more credible today than they were before VPA implementation.
- The VPA process has had a largely positive contribution to the specific case of holding the government accountable, with notable efforts done by better organised civil society organisations.
- Transparency has considerably improved since VPA implementation, with the VPA having contributed to such improvement.

This last thematic area is arguably the one where the VPA contribution links to several other contributions from many other interventions, processes and programmes. Law enforcement in the forest sector can be a problem, but if the judiciary or the rule of law are weak across the board, one can obtain results specific to the forest sector only to a certain extent. Similarly, even if the Ministry in charge of forests in any given country shows a strong will to change things for the better, given the nature of illegal logging and lack of coordination among several other Ministries, results will be minimal. Conversely, improvements can be marginal on some other areas, e.g. the empowerment of civil society or the fight on corruption, and yet mean a great deal in terms of the country’s overall advancement. For all these reasons, we tested many variables, presented below under various sub-sections which reinforce each other.

Under this heading, as done with Hoare (2015) for illegal logging (see thematic area SFM), we also found very useful to use Fern (2016), which provides an interesting approach to measure six dimensions of governance: respondents were asked to choose the statement corresponding to their current perception of the situation, among six different statements for each governance dimension. Today’s assessment seems to be quite homogenous across the different countries (Figure 53). This could be explained by the choice of statements themselves which encompass many dimensions (see Annex III).

![Figure 53: Fern governance indicators (overall results from this assessment, 2019)](image-url)
For this study, we asked the same questions, but we also captured progress on each of the governance dimensions, by adding various other indicators when needed, as described in the remaining of the section. The objective was to capture more sensitivity in the assessment of some specific dimensions by disentangling them.

4.4.1 Law implementation and sanctions enforcement

Arguably, it all starts with an improved legal framework and a coherent definition of what ‘legality’ means. We tested the VPA contribution to a more coherent legal framework and results are generally positive, with one of the highest positive contribution in the case of Ghana (Figure 54).

Next, we found improvements on both legal justice and government coordination (as measured by Fern), though current values and FGDs indicate that much remains to be done on both dimensions (Figure 55 and Figure 56).

Sanctions seem to be more enforced today than they were before VPA implementation, with the largest increase and VPA contribution in the case of Ghana (Figure 57 and Figure 58).
Furthermore, the VPA process positively contributed to sanctions becoming more credible (Figure 59).

We also tested the main causes of non-compliance with the law, as a proxy to better understand where and why sanctions may not be enforced or be less credible. Results indicate that while corruption and conflict of interests take the lion’s share in the case of Cameroon, lack of coordination among government agencies seems more relevant in both Ghana and Indonesia (Figure 60).
4.4.2 The role of civil society
Given the role that civil society can have in improving governance, we investigated the role of civil society, its evolution, and the VPA contribution (or lack thereof). Results indicate a consistent improvement over several dimensions, including civil society’s independence and effectiveness in controlling irregularities in the forest sector and in conducting independent observation of forest activities (Figure 61 and Figure 63), with positive VPA contribution to such improvements (Figure 62 and Figure 64).\textsuperscript{16} These data corroborate much of the available literature across sampled countries.

\textsuperscript{16} These two indicators are of course highly linked, results are therefore very similar – a sign of data reliability.
In order to reach such results, several things had to occur to civil society, such as organisation and effective contribution to decision making. There is a strong agreement that civil society is better organised than before VPA implementation (Figure 65).

There is also a positive contribution of the VPA process to the result that civil society’s opinions are better considered today in decision making than they were before VPA implementation (Figure 66 and Figure 67). These results are especially strong in the case of Ghana, where the evolution of Civil Society organisations is seen as a major achievement of the VPA. Examples of their power and ability to hold the government accountable include their actions on Special Permits in 2017 and allocation of Salvage Permits in 2019.
4.4.3 Corruption

Given that corruption and conflict of interests are two of the major causes of non-compliance (see above), we explored several variables related to this specific topic.

First, corruption may be specific to the forest sector, but it is generally a broader issue. To set the scene, we asked whether corruption decreased more than in other sectors since VPA implementation. While in Ghana and Indonesia that seems the case, Cameroon presented the opposite situation, i.e. the level of corruption in the forest sector remains equal to or even higher than in other sectors (Figure 68).

Second, the political determination to fight corruption increased since VPA implementation, with a positive VPA contribution, more pronounced in Ghana and Indonesia, and a bit less pronounced in Cameroon (Figure 69 and Figure 70).
Third, corroborating results presented above, independent observation (i.e. improved scrutiny, notably by civil society groups) plays an important role in reducing corrupt behaviours, more so after VPA implementation (Figure 71).

Finally, in such a context, a common fear expressed in the literature concerns new opportunities for corruption created by the bureaucracy generated by the VPA process itself. This does not seem to be the case, with more positive results in Ghana and Indonesia than in Cameroon (Figure 72). Note that this result can also be read in parallel to the one presented above about SMEs paying similar or less informal taxes since VPA implementation.

Figure 69: Level of political will to fight corruption in the forest sector (N-C=96, N-G=129, N-I=95)

Figure 70: VPA contribution to improving political will to fight corruption (N-C=94, N-G=129, N-I=87)

Figure 71: The work of independent observation contributes more to the reduction of acts of corruption in the forest sector than before VPA ratification (N-C=95, N-G=133, N-I=89)

Figure 72: Bureaucracy related to the VPA process has created new opportunities for corruption (N-C=91, N-G=125, N-I=72)
4.4.4 Accountability and transparency
Both improved accountability and transparency are fundamental pillars of improved governance. Again, results checked against Fern’s assessment show improvement on both dimensions, though much remains to be done (Figure 73 and Figure 74). Indicator results and FGDs reveal that channels for reporting infractions and corruption exist and are being used, but results are not always timely and follow-up action is rare/non-existent. They also show that most information is available on request within a reasonable time frame, and that some information is regularly published.

In the specific case of holding the government accountable, the VPA contribution is largely positive, especially so in the case of Ghana (Figure 75).

In the case of transparency, the situation has considerably improved since VPA implementation, with the VPA having contributed to such improvement (Figure 76 and Figure 77). This is especially true for Ghana where public access to key information of the GhLAS and due diligence tool for private sector are available through the Timber Transparency Portal launched in 2018 (Fern 2018).
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We also checked which category of respondents benefited more from improvements in transparency (i.e. relevance of information). Results show overall high degree of reported relevance of information across categories and countries, with caveats in Cameroon, especially in the case of SMEs (Figure 78).\(^{17}\)

More work is definitely needed on this aspect. In Indonesia, even if the FLEGT VPA process has improved transparency (Fern, 2016), access to information to support and facilitate SVLK monitoring activities (such as on timber products management) is still weak, and many data to be published are still unavailable (Fern, 2017; Fern, 2018). According to EFI (2018), updates on the status of non-compliance cases are not public nor regular.

\(^{17}\) Note that this does not mean that available information is enough.
4.4.5 Spill-over effects

Lastly, one can read in available documents that the VPA inspired other processes. This is because of its innovative and holistic approach to improving governance and to empowering people whose voices are generally not heard in political circles (e.g. local communities, indigenous population, SMEs), while also focusing on very technical issues, such as devising and implementing improved regulations and traceability systems.

We collected opinions on such ‘inspiration’ and we also asked for practical examples to which we could refer. A large majority of people across the three sampled countries agree with the statement that the VPA has inspired other processes (Figure 79), and several examples have been provided. While REDD+ fills the role of usual suspect here, also because the two processes advanced often in parallel in many countries, several other examples have been provided (Figure 80).

More work is needed to test the validity of, and the exact impact on those suggestions. However, the fact that people had so many examples to offer is comforting and should not be taken lightly in terms of broader impacts, or spill-over effects, that the VPA might have generated outside the forest sector. Ultimately, institutional effectiveness remains one of the long-term expected impacts of both the VPA process and the FLEGT Action Plan, and such spill-over effects are a clear pathway to impact.
5. Conclusions on VPA’s global impact

The many data collected can be exploited in various ways. We chose to build three global pictures gathering information related to the three visited countries: (1) measurement of a change between two periods (situation before VPA implementation and today’s situation) with the estimated VPA contribution to this change (this information has been collected for 17 indicators); (2) VPA contribution to a number of VPA-targeted impact dimensions (this information is available for 35 progress dimensions to which VPA might have contributed); (3) level of respondents’ agreement on various statements related to expected VPA impacts (18 statements exist). These pictures with the full legend are available in Annex II. Note that in front of each variable there is a number starting from either 1, 2, 3 or 4 to respectively relate to the four thematic areas assessed. The three global pictures are discussed in the next sections.

5.1. Change between before VPA and present, with VPA contribution to change

To broadly look at observed changes in various VPA impact dimensions, the three following figures were built (Figure 81). They present, for each country and over the same scale (0 to 5) the indicators across the thematic areas for which a change has been measured, from before VPA implementation (dotted coloured line) to after (continuous coloured line), and where the VPA contribution to that change (grey line) has been computed based on collected data (see Annex II to get the full legend).

The overall findings from these graphs are the following:

1) These three figures show overall progress on most indicators, with a varying but positive VPA contribution.  
2) The graphs also show that there still is room for improvement. Indeed, on all indicators and in some countries and for some indicators more than others, the ‘optimal’ target (level 5) has not been reached yet (and is far from it on many dimensions, in some countries).

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18 The 17 indicators for which the survey enables to measure a change between before VPA implementation and the current situation (April 2019). The name of all the indicators can be found in Annex II.  
19 As an example, a grey line (VPA contribution) halfway between and dotted and continuous coloured line, indicates more or less a 50% contribution to that change. The closer the grey line is to the continuous coloured one, the stronger the VPA contribution to change.
3) Although the **VPA process is not the only contributing factor to these changes**, it seems to be quite relevant for many changes, with some coherence across the three countries. For example, this is especially true for thematic area 1, regarding the share of legal timber on export market (indicator 1.2); as well as for area 4, concerning the role of the CS in the forest sector (indicators 4.2 to 4.5).

4) Each country situation (being at different stage of VPA implementation) can be analysed by taking a closer look at the three figures above. The **indicators’ initial values (before VPA - dotted line) are different in the three countries**: the highest values are observed in Indonesia, the lowest in Cameroon, while Ghana stands in the middle. This indicates that in Indonesia the situation before VPA (dotted line) seemed more ‘advanced’ (and more homogenous) than in both Cameroon and Ghana. **Present values are also different from country to country**, with Ghana presenting, on most dimensions, the highest values, even if Indonesia and Cameroon situations have also improved. Ghana is hence the country where most progress seems to have occurred: today’s situation is still a bit less homogeneous than in Indonesia, but overall larger improvements on many areas are reported, with much contribution from their VPA process. Cameroon presents improvements in some areas, while the overall picture remains quite heterogeneous across indicators and less ‘advanced’ towards expected impacts and weaker VPA contribution than in Ghana or Indonesia.

5) Changes and VPA contributions appear to be more important in thematic area 4, than in thematic areas 1 and 2. This is not surprising and already somehow acknowledged in recent FLEGT documentation, with recommendations for more actions and resources devoted to the development and readiness of the private sector (large-scale and SMEs).

**Looking at findings in specific thematic areas, the following results are worth mentioning again:**

**Thematic area 1**
- **Share of legal timber on the export market (1.2) has increased more than on domestic market (1.1).** This might not be a surprising result, though suggesting that legally operating seems more easily accessible to large formal companies which mostly export than for SMEs still largely operating on the domestic market (this is also confirmed by results shown in thematic area 2). Furthermore, this result also indicates that monitoring a very large number of SMEs is certainly more difficult than checking generally smaller numbers of large companies (though corruption is still observed and does not seem to depend on companies’ size). This may also suggest that large companies benefit today more than SMEs from legality compliance since the former export more than the latter.
- **All in all, it seems that the ultimate goal of sustainable forest management has been directly and positively impacted by the VPA process** through a better implementation of management plans (1.4) and also by support to an increased number of private Chain-of-Custody certificates (1.8).
- **LCs & IPs are more and better consulted, and their opinion is better taken into account in the forest sector decision-making process.** This is an important step towards improved socio-economic conditions, as decisions in the forest sector will better respect and consider LC & IP’s rights and needs. (Improved socio-economic conditions are also support by improved efficiency in tax collection and improved awareness of state officials about the forest’s values and services).
Thematic area 2

- SMEs’ opinions and knowledge are better taken into account in the forest sector decision-making process.

- Changes in business opportunities (especially on the export market) and the reduction of informal taxes (also related to changes in corruption and governance more broadly) remain relatively small for SMEs, though improvements are noted in Indonesia with a larger number of SMEs turning to the formal sector.

Thematic area 4

- Changes and VPA contribution appear to be relatively more important in this thematic area than in others, especially for indicators related to civil society and to several fundamental elements of better forest governance, such as transparency and accountability.

- It is important to note that a stronger CS may seem a logic and expected result of the VPA process given the resources dedicated to it. Yet we argue it would be a mistake to take this very positive result as a ‘given’ which does not need further support, a fear several respondents raised during FGDs. A stronger CS is the conduct to several other expected results, including transparency, accountability, awareness, better sanctions and the fight against corruption, both before and after licences starts to be delivered.

- Results indicate that some of these elements have indeed improved over time, with positive VPA contribution, but if choices will have to be made in a future with lower resources dedicated to VPA implementation (both financial and technical), then one option to consider could be to maintain support to already positive results which could lead to others. For example, if a ministry or a government remains unresponsive to funds and support for improved transparency, then a better strategy could be to make CS even stronger and able to make the government responsive, as results in the case of Ghana and Indonesia seem to show.

Finally let’s try to reflect on some lessons learned in terms of actions for the future based on this global picture (Figure 81).

In a perfect world, the continuous colour line in each country would be on the external circle (max value of 5) and the grey line (VPA contribution) would be very close to it, meaning that (i) illegal logging and all the problems contributing to it have been solved and that (ii) the VPA has been the key factor to that solution. Of course, the reality is much more complex, hence the following questions make more sense: How many years are necessary to move each indicator from the dotted line (before VPA, when the world realised there was a problem with illegal logging) to its optimal value?; More concretely, how many years are necessary to kill corruption? How many years to empower a nascent civil society? How many years to set up a working TLAS? There is no final answer to these questions.

Yet another interesting question is where should the EU still invest time and budget to make further significant progress? Policy makers are constantly asked to provide value for money assessments of their actions. So, the question that makes even more sense is instead: How much money over how many years is reasonable to spend on trying to push the continuous colour line towards its maximum

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20 Measuring a change in the indicators related to thematic 3 (socio-economic change) was more difficult to capture (i.e. number of jobs or job security) and had much more risk to be biased (fewer respondents would have been able to share their opinion because of the specialised nature of the question). However, we did ask VPA contributions to progress in some dimensions of job and employment potentially impacted by the VPA process, reported in the text. Note that VPA expected effects on thematic area 3 are also mostly indirect effects.
value knowing its initial value? When should external investments (such as the EU’s) decrease and when should trade and market access incentives become the driving forces for further impact?

Again, these latter questions have no easy answers. Figure 81 in addition to opinions expressed during FGDs can support decision making through any number of recommendations, because the links between various thematic areas can be infinite. Hence, recommendations would need to be preceded by an exercise on priority impacts that will have to be reached through the VPA process. Below, we chose to focus on three (very subjective) points.

- When looking at indicator 2.3 (Share of SMEs business in export market), investment could occur initially to prepare SMEs to get ready for an international business environment, and it could then decrease while waiting for the market to take over, yet with sufficient funding maintained to avoid SMEs, and especially informal ones, to become the victims of an overly complex licencing system. Findings indicate that there has been little progress over the course of many years on this indicator (2.3), because this particular change might occur only after licences are granted, not only because licenced SMEs discover new opportunities abroad, but also because governments adopt incentives for SMEs to be more competitive on the international market. Indonesia is a case in point, where at least some SMEs find easier access today to formal financial credit than they used to find before VPA implementation. This point has a corollary linked to the question of whether to maintain external funding after licences are granted: market traction and incentives for licenced timber might take years to materialize, notably for SMEs (both formal and informal), hence the suggestion to plan and maintain external funding for SMEs’ capacity building and awareness well after the initial licences have been granted.

- A similar suggestion on maintaining external support and investment well into the implementation phase and after licencing applies to a broader set of issues than just SMEs, because the conditions created by the VPA process (as some findings indicate) happen to be so revolutionary for some countries’ governance systems, that one cannot reasonably expect resistance to change to decrease immediately. This is the typical case with issues treated in this Synthesis under the broader governance theme (Theme 4), but it can be applied also to other indicators which can act in tandem to governance. Transparency and civil society engagement are a classic example, to name just one. On transparency, findings indicate solid improvements as well as solid VPA contribution to those improvements, while civil society groups gained more power than before VPA to discuss and even steer decisions taken on the forestry sector. It must be a matter of careful planning on the EU side whether to decrease or halt funding (e.g. after licencing occurs) on either or both variables, considering the links among them, and the close relation that exists between VPAs and the EUTR, with the latter arguably easier to implement if the former’s improvements (notably on transparency) are maintained over time.

FGDs from all three countries and from all groups of respondents stressed this point several times. Of course, it is easy to discount such opinions from recipient countries as a willingness to maintain a stream of external development money open over the course of as many years as possible, but one cannot as easily say that some arguments lack solid foundations. For example, most groups in Cameroon agree on the fact that – should they be given the possibility to rewrite Annex VII, i.e. the ‘transparency’ one – they would do it differently because they have learnt a number of lessons since the initial implementation phase. It seems thus

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21 Incidentally and outside the scope of this document, this is the type of question that a well-conceived Theory of Change should allow to answer.
important to continue supporting all issues connected to improved transparency, because results indicate that it has not only already improved, but that new governance dynamics connected to the relation between the State and civil society have been put in motion. This is of course a case where the VPA is not the only hero in town, but still a case where initial investment in the VPA process has paid a great dividend to improved governance (indicators 4.1 to 4.8 in the Figures above), and one where investment should be kept on-going for a number of years well beyond the signature of the VPA because they are arguably the core area where one would want to have great impacts within the broader fight against illegal logging and trade.

- While trends and contributions on issues related to the thematic area Law Enforcement and Governance seem to be homogeneous across the various indicators tested, a more heterogeneous picture emerges from the indicators related to SFM (indicators 1.1 to 1.6). In this case, the recommended approach must consider one of the ultimate aims of the implementation of SFM, i.e. to maintain healthy standing forests which can continue to play their roles and provide their services to humanity. And if all forests are not the same in the eyes of the legal framework, as is the case in all countries, then a VPA approach must consider what can and what cannot be obtained within a reasonable time and resources available. For instance, in all three countries the level of commercialised legal timber on the domestic market is low, and although the VPA process has indeed contributed to some improvements, one should question whether (and when) the future incentives of trade and market access incentives will play a role on those domestic markets. This is not an easy topic to treat and there are no easy recommendations to make, but different considerations could lead to different recommendations. For example, if SFM is the ultimate objective, then the end market reached by the timber acquires less importance: what we want is to manage the forest sustainably, irrespective of the end market. On this, results indicate a positive trend and a positive contribution of the VPA to it. If, however, a rapid use of the forces that international timber trade and export market access can provide is the objective (also to decrease external investment in lengthy VPA processes), then one may prioritise investment in processes and actions targeting timber that reaches the international market over timber sold domestically, at least for the initial years. This has, of course, nothing to do with giving more importance to one market vs the other in absolute terms, but to better understand the characteristics of the two in order to use the potential of a VPA process at its best, at least initially. For example, it has implications for resources and approaches spent on preparing and implementing TLAS, notably on traceability systems.
5.2. VPA contribution to a number of VPA-targeted impact dimensions

Another global picture is provided when looking at the VPA contribution to progress in 35 impact dimensions (Figure 82). This allows to further investigate the VPA contribution to additional impact indicators organized per thematic area (first number of each indicator is related to the area).  

By zooming out of the global figure, one could say that VPA-related activities have contributed to improvements in similar areas of intervention in all the three sampled countries (e.g. see indicators 1.10 to 1.14, or 4.1 to 4.10) with various degrees of success in the three countries. This is possibly the result of a similar and coherent set of activities adopted by VPA implementers across countries.

By zooming further out, it also appears that Ghana (blue line) stands closer to the external border of the graph, while Cameroon (yellow line) is closer to the centre, with Indonesia remaining between the previous two yet closer to Ghana (especially concerning VPA contribution to reduce illegal logging and to improve SFM). This result suggests a greater VPA contribution in Ghana in most impact dimensions than it is the case in Indonesia and even less the case in Cameroon. Explanations to such trends could be many. Ghana has made great efforts in recent years to fulfil all the requirements to start shipping licenced timber, and the survey in 2019 took place just after the final pre-licence stages had been discussed and agreed upon, with a close-to-the-target euphoria felt in all respondents. In Cameroon, the opposite is true, as the survey took place at a time of intense discussions with the EU on a future renewed effort on the VPA process, with various weaknesses and shortcomings of previous years being in the spotlight (e.g. the inconclusive results of the traceability system after several years’ investments). Many respondents felt the ‘burden’ of “too long, too complex” negotiations in addition to the one of the “gangrene” which is corruption in the country: this may have impacted the lower contribution than in other countries. And lastly, Indonesia is very proud – rightly so – to have had SVLK

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22 There are more VPA contribution variables than change variables since it is not possible to quantitatively assess a change in all the dimensions with this survey.

23 The same Figure with indicators’ labels is presented in Annex II.
started even before the VPA, hence the tendency (felt especially in FGDs) to give less credit to the VPA process for the progress made.

All in all, it is very well worth noting that such findings reflect the fact that the VPA process contributed to significant improvements in various dimensions even if the ultimate official ‘reward’ of the process, i.e. the FLEGT license, has only been given to one country. If anything, this stands to show that, because of the very nature of the VPA process, the journey is as much a real prize as (or even better than) the destination. This may be a difficult message to pass on to policy makers and even to people engaged with the process itself in various countries (EU Delegations, governments, CSOs, private sector, etc.), but it is a fundamental one. Given the nature of the fight, the number of countries issuing FLEGT licences is at least as important as the broad changes on many thematic areas that VPAs have been contributing to over the years.

As done with Figure 81, by zooming in into Figure 82, one could pay special attention to single indicators or set of indicators in some specific thematic areas.

**Thematic area 1:**

- The biggest VPA contribution for the three countries seems to go for the **reduction of illegal logging** on the export market.
- The VPA has contributed to **improved SFM**, measured by indicators 1.6 and 1.7, in Ghana and Indonesia, and to a lesser extent in Cameroon.
- The VPA process has contributed to the **improvements related to LC and IP** (indicators 1.10 to 1.14), notably in Ghana. This result assumes even more importance (in terms of choices for future investment and support) as it seems from FGDs that the VPA is often the only process really focussing on such groups.
- The VPA process seems to have had **little influence on the increase of surfaces covered by private certification schemes** aiming at SFM (vs CoC), **as well as on a better consideration of women, youth and marginalized groups** in question related to forest management. On both areas, further investment and synergies with existing processes (e.g. private certification schemes, rights’ movements, etc.) are warranted.

**Thematic area 2:**

- The VPA seems to have **greatly contributed to better recognition of SMEs associations**, and this is true within the three visited countries.
- With the caveats discussed above, in Ghana and to a lesser extent in Indonesia, the VPA process appears to have contributed to **improve SMEs capacity to operate legally**. Especially in Indonesia, the VPA process has helped SMEs’ opinions to be better taken into account in decision making processes.
- The VPA does **not seem to have highly contributed yet to** less market disruption in the forest sector (2.1), nor to increasing SMEs’ access to export market (2.7), nor to reducing informal taxes paid by SMEs (2.4). If anything, these results speak also to the difficulty of influencing the market and/or the (long) time needed for such influence to occur, and to the possible need for the VPA process to strategize about incentives and where to place them along the process.
- Indicator 2.3 (VPA contribution to forcing SMEs out of business) shows that the **cost of legality is a real burden for SMEs** and that the VPA is not doing enough – notably in Ghana (blue line, Figure 82) – to avoid SMEs going bust. In Indonesia (pink line, Figure 82), the VPA is not seen as the main contributor to forcing SMEs out of business, since the SVLK existed prior to the VPA and it has its own ‘responsibilities’ partly irrespective of the VPA. Lastly, in Cameroon (yellow line, Figure 82), the traceability system not being yet operational, the VPA is not yet seen as contributing to send SMES out of business.
Thematic area 3:
- The VPA process does not seem to have greatly contributed to progress in the labour market, at least not as measured by the measured indicators (except concerning curricula – see supra and infra). The same comments apply on the power and time needed to influence processes which almost entirely depend on the market forces.

Thematic area 4:
- VPA contribution seems to be important regarding improvement on the coherence of the legal framework (4.1), especially in Ghana but also true in the two other countries.
- The VPA process appears to have greatly contributed to improving CS recognition and role in the forest sector (4.4 to 4.7). Interestingly, this is also true in Cameroon (while for most of the other indicators in this Figure, Cameroon stands far from the two other countries).
- Consequently, the VPA process seems to also contribute to improve government accountability (4.9), level of transparency (4.10) as well as the sanction credibility and enforcement.
- Regarding the political will to fight corruption, the VPA contribution is less important.

Given the nature of the VPA process, it is difficult to ‘expect’ that it will ever be the only contributing factor to any of the indicators considered. In numerical terms, this means that it is unlikely that the three lines in Figure 82 will all reach the external circle (value of 3) on all indicators. This would apply even if a larger or the entire number of VPA countries were assessed. However, one might wonder what is a reasonable VPA contribution level (0-3). By looking at Figure 82 simply as a picture on the wall – and with hindsight after many years of VPA implementation – and given the results obtained on many indicators in Ghana and in Indonesia (with the time, efforts, resources and care spent), a reasonable value VPA contribution value (be it 1 or 2.5) should be put in relation with the resources devoted to provoking this change and the external factors (positive or negative) influencing (fostering or hindering) the targeted change. One may then conclude that relatively reasonable VPA contribution (between 1 and 2.5) is now observed in Ghana and Indonesia on the most expected targeted dimensions (such as reduction on illegal logging, especially on export market, legal framework improvement, better recognition of SMEs, CS empowerment, accountability and transparency).

Ultimately, progress and contribution go hand in hand (Figure 81 and Figure 82). Considerations about VPA contribution require prioritisation in time and space, because resources are not infinite and because the VPA is not the only process acting on all thematic areas and indicators. One could argue that, if any indicator had progressed already to a maximum value of 5 in country X, one should not be too much concerned about trying to improve this dimension through the VPA process. Conversely, if the VPA contribution were close to a maximum value of 3 (e.g. see some indicators in Ghana and Indonesia) and the progress was still far from a maximum value of 5, then maybe some other processes (external to VPA efforts) should also focus on that indicator, because it has been deemed essential to VPA impacts but the VPA process seems to have reached its limits in pushing the agenda forward.
5.3. Respondents’ agreement on statements related to expected VPA impacts
One last type of question still worth to be analysed from an inter-country perspective concerns the level of agreement on specific statements (see Annex II, Figure 5). The only statement for which more than 75% is reached in the three countries is indicator 2.8 (VPA process gives a positive image of the country and helps to be considered as a reliable business partner). While looking more closely within each thematic area, the following results emerged.

**Thematic area 1:**
- There is a lot of room to make tax from timber sector to contribute to the well-being of LC and IP. Whether that is an area for further investment of the VPA process, remains to be seen.

**Thematic area 2:**
- Most respondents agree that the broader private sector is today better organized than before VPA (2.2); that SMEs have reduced their environmental impact (2.6) though not in Cameroon, and that information available to SMEs meets their needs regarding legality compliance (thought weaker in Cameroon).
- A majority of respondents tend to agree that legality compliance has a significant cost for SMEs (2.4).

**Thematic area 3:**
- A majority of respondents tend to agree that curricula now better integrate legality and SFM components, leading to improved expertise.
- Room for progress on job safety and security is high.

**Thematic area 4:**
- Respondents agree that CS is better organized than before the VPA.
- Concerning corruption, results show improvement (4.2, 4.3) while knowing from the literature and the FGD that corruption in the forest sector is still a big issue in the three countries.
- In the three countries, the VPA process has positively inspired other processes.
6. Reflections on the methodology

The innovative methodological approach used for this assessment proved to be efficient in spite of limited time and budget. Each step fed the next one. The desk reviews informed us on the lack of publicly available publication covering the main VPA impacts and providing relevant indicators to measure them at different points in time. It then served to build a questionnaire where each question could test a hypothesis found in the literature or capture a missing information from the desk using similar wording in the three selected countries. The country reports described in-country survey results, which are put into perspective by the focus group discussions and relevant references from the desk reviews. Finally, closing the loop, the global synthesis analyses and reports overall VPA process results over thematic areas impacts and VPA contributions to these impacts.

Overall, results indicate that (i) positive change is occurring across countries on many aspects of the four thematic areas considered for this assessment, (ii) the VPA process has made many positive contributions to such change while for some indicators it remains neutral or just slightly positive, and (iii) progress on many indicators is distant from the expected or optimal level (as assessed by respondents), suggesting that there exist room for improvement to which VPA might contribute.

Given that this was an innovative approach to VPA impact, several lessons have been learnt. Were the survey to be replicated in the same countries or in additional ones, improvements could be brought to the methodology. More time could be dedicated to select the respondents to further improve representativeness. After completing this first assignment, a review of the questionnaire could lead to remove less relevant questions to focus on the most interesting ones (also reducing cost). In addition to this, a process to collect secondary data could be organized in the country, in collaboration with CSOs and academia (though this might take so much time that the approach might not be efficient anymore). Ideally, this latter option should be coordinated and harmonized with national VPA impact monitoring teams in the country. Another option could be to include some secondary data analysis findings into the questionnaire and ask key informants about their opinion on VPA contribution to those findings.

Going beyond the VPA context, a similar methodology could be developed to study the Demand or Global side of the FLEGT Action Plan. For example, such survey could be conducted with major EUTR stakeholders to study EUTR implementations and its effect on the global international scene. The surveys could be conducted by a team of qualified facilitators during EUTR related gatherings.

In all cases, qualification of impacts is needed, and one should avoid looking at results with a blank or white lens, because many processes and indicators are part of a complex web of interactions which feed each other over time and space. The expected or optimal progress of one indicator may slow for a given period of time while waiting for something to occur on other fronts, including processes outside the reach of the VPA (or EUTR) process. All in all (for the first time to our knowledge), results allow for a panoramic view across time, countries and dimensions of impact, which provide decision makers with both potential avenues for further intervention in some areas and suggestions for re-thinking about the impact pathway in other areas.
7. Bibliography


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Annex I: Methodology

Below we briefly explain the different steps of the methodology.  

1. Prioritising themes and online survey

The first step was to identify the four most relevant thematic areas to be covered by the study. The same thematic areas would also form the entry point for desk review and structure the main sections of the questionnaire (see below). First, FAO EU FLEGT Programme and the EU FLEGT Facility provided a list of ten thematic areas among which four were eventually selected through an online survey. The online survey was sent to a pre-identified sample of key international and local country experts (sample selection has been made by EU delegation, FAO EU FLEGT Programme and the EU FLEGT Facility internal staff). In total, we received 50 answers (23 for Cameroon; 9 for Ghana; and 18 for Indonesia). The thematic areas to be included in the study were selected based on answers which got the highest frequency and based on a discussion with the main FAO EU FLEGT Programme and the EU FLEGT Facility individuals leading this study and VPA implementation on the ground. Respondents were also asked to share their opinion on sub-themes (within the broader thematic areas) worth to be covered (under the form of open questions). The desk review and the development of indicators were guided by selected thematic areas and sub-themes. The final four selected thematic areas were:

1. Sustainable forest management and forest conditions (environment),
2. Relation and development of the formal and informal forest sector (economic),
3. Jobs and employment (economic),
4. Law enforcement and compliance (governance).

It is worth mentioning that selected thematic areas covered basically all expected and some non-expected impact dimensions of VPAs, thanks to the many sub-themes selected under each thematic area. This was also corroborated by the positive answers given by respondents when asked whether they thought the survey was covering the VPA’s most important issues and themes.

2. Desk review

The first objective of the desk review was to gather the existing evidence on VPA impacts on the four themes and related sub-themes. The second objective was to inform the in-country work, as findings were used to draft and contextualize the questionnaires based on hypothesis derived from the review, and to collect the missing information. The desk review was structured along the selected thematic areas, collating as much existing evidence about VPA impacts from as much available documentation as possible.

The selection of the documentation was an iterative process. The first set of documents was selected by the team through various search strategies (e.g. online, through contacts with experts, etc.), with later additions made by FAO EU FLEGT Programme and the EU FLEGT Facility international and local experts. Online survey respondents were also asked to share any relevant literature. Additional references were received also after the completion of the desk review, through revisions made by FAO FLEGT team and EU FLEGT Facility. Finally, further relevant references were added based on suggestions made by in-country surveyed respondents. An exhaustive list of the reviewed documents is available in the bibliography section of each country desk report, where a list of additional readings is also provided.

The review was carried out using Nvivo software, which allowed findings from several documents to be grouped under themes and sub-themes. This identified relevant information was collated into a

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24 A detailed methodological note, approved by the Technical Committee consisting of the FAO EU FLEGT Programme and the EU FLEGT Facility, is available upon request.

25 Due to tight time constraint, the survey remained on average ten days online.

26 Nvivo is a subscription qualitative analysis software that allows the user to group analysis and findings under key themes as derived from the text.
Collecting Evidence of FLEGT-VPA Impacts for Improved FLEGT Communication

report. The desk reviews paid particular attention to literature focussing on impacts within the four thematic areas, resulting from the VPA implementation process.

**Two lessons on the results of the desk reviews are worth sharing here.** First, hardly any publication covering the main VPA impacts and providing relevant indicators to measure them at different points in time (before and after VPA implementation) was found publicly available. Academic papers usually limit their attention to a precise topic and/or on a specific population category in a restricted area (e.g. VPA impact on private smallholder tree plantations in Gunungkidul District, Indonesia). Although most of the documents link their findings to the broader VPA process in the country under scrutiny – notably through recommendations for improvements and possible ways forward – they do not constitute a solid base on which *indicators for impact* in the four thematic areas could be construed and measured over time. Most literature can of course be used to gauge insights into well-defined VPA’s activities or outcomes, but the methodological approaches used to measure them are largely dissimilar, and the links in time and space among outcomes are very difficult to interpret.

Second, even when some literature describes *changes* on elements of the thematic areas, the VPA attribution/contribution is most of the times assumed instead of being measured and explained.

This is not, of course, a critique of any single element of the available literature. There are many solid scientific papers among the latter, and many well-prepared non-scientific reports. Yet the bulk of them was not prepared and written with a general framework in mind to measure their collective impact. For this reason, the desk review remains a very interesting exercise which should be updated regularly: It is unrealistic to ask the global community to prepare their work on one single established impact-evaluation framework, but a regularly updated review (possibly in a single repository) can help shedding points of light on the road towards building a cross-country coherent approach to measure impact and the VPA contribution to it.

### 3. Survey and field missions

#### 3.1 Questionnaire

Each question of the questionnaire was formulated to test a hypothesis found in the literature related to VPA impact within the selected themes and sub-themes or phrased to capture a missing information from the desk-review. In general, baseline values, i.e. an indicator’s values before VPA ratification, were not publicly available in the literature or simply not measured. This required to ask recall questions to respondents. Three types of questions were asked:

- **i)** Evolution questions, trying to capture a *change* in the value of an indicator between the current situation and before VPA ratification, while asking to assess the VPA *contribution* to this change;
- **ii)** Questions trying to capture the *trend* of an indicator over the years since the VPA ratification. These are cases were no exact measurement is feasible because people would not know exact values, and yet they can have an idea of the trend;
- **iii)** Statement questions, for which respondents had to agree or disagree on the particular statement mentioning a VPA potential impact.

The VPA *contribution* has been measured on a scale from -3 to +3, while *progress* from *before* to *after* VPA implementation has been measured on a scale from 0 to 5 (LIKERT scale). Thanks to the relatively large sample (see below) statistical analyses can be performed, and interpreted (e.g. magnitude of a change, the strength of the VPA contribution, etc.). The option “Don’t know” (DN) was available in all answers.

The survey itself was conducted with SurveyCTO software (an ODK software). Respondents directly completed the questionnnaire on tablets, and the data were then immediately sent to a server storing them. To avoid respondents’ fatigue and facilitate data entry, careful attention was also paid to the
number of questions, and to the formulation and the visualization of questions (using icons, colours and shapes).

3.2 Sample selection and representativeness
A closed-question survey was chosen, in addition to Focus Group Discussions (FGD), on a representative sample of key experts to collect opinions/perceptions on VPA impacts.

**A crucial step to ensure maximum representativeness of the sample with given time and budget constraints, was the respondents’ selection process.** Sample size was planned to be limited to around 100 respondents per country. The selection process involved authors’, in-country partners’ and EU-FLEGT FAO/EFI’s networks and knowledge of country contexts. Respondents were selected among one of five main categories: public administration, private sector (mainly Small and Medium forest Enterprises (SMEs)), civil society organisations, local community representatives and ‘Other’ (a category including consultants, researchers, industry and donor representatives).

One key guiding principle directing the selection of potential respondents was to select key informants with broad, long-term knowledge of the forest sector and its evolution over time, i.e. knowledge not limited to FLEGT or VPA process. This was adopted as a partial solution to two potential shortcomings. First, to avoid collecting many missing variables, which would reduce the number of observations, and therefore the power of the analysis. In other words, more people would have likely brought more detailed information on a very limited number of indicators, but they would have also increased the number of “Don’t know” answers.

Second, to collect the broadest possible range of opinions regarding impacts (across and within each category). This was done to minimize – to the extent possible – a selection bias towards ‘pro-FLEGT’ key experts who would skew the results towards positive answers. Results and general statistics indicate that was not the case (see below). Focus Groups Discussions were also key to this objective. They were run after each single thematic area was covered and they were regularly monitored (e.g. at evenings during fieldwork). This allowed respondents to raise as many issues as they wanted on any specific area, while also allowing the analysts’ team to check how the issues and their content (both positive and negative) varied over time and number of respondents. In all countries, different teams of analysts recorded a significant decrease in new issues after about 50/60 respondents. None of the facilitators present during FGDs had the impression that they were exclusively ‘pro-FLEGT’—this is also demonstrated by the variety of answers received in the survey and during FGD.

Facilitators were trained to make respondents feel at ease to talk and share their experience/vision only after having answered the survey on the tablets. During FGDs, interviewees were asked to recall examples/stories to illustrate outlined changes brought about by the VPA, evidence being as refined and specific as possible. It also was an opportunity to request documents/sources supporting the respondent views.\(^\text{27}\)

This does not preclude new important issues and their quantification to have been missed by this survey, but it does indicate that their likelihood is very low. Indirectly, this also speaks to (always) possible and indeed desirable increases in the number of respondents, as a larger sample would provide more statistical power but would likely not provide significant new information on the impacts (or lack thereof) of the VPA process.

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\(^{27}\) Note that, in some occasions, private or public sector participants were interviewed in smaller groups in case they were not willing to share information with competitors, or due to lack of time to devote to a survey.
Once identified, the potential respondents were invited to participate in the survey conducted on tablets during the in-country field mission. A few respondents were asked to complete the online version of the survey. Each respondent answered the same questionnaire, on tablet or on-line version, covering the preselected themes and sub-themes.

The initial sample in each country was thus limited to about 120 experts to be contacted, which then (with some further snow-balling during field missions) resulted in actual numbers of 102 key informants in Cameroon, 137 in Ghana and 102 in Indonesia, i.e. a total of 341 respondents across the 5 groups (Figure 83).

A few remarks are in order before proceeding to results.

First, the sample size allows statistical analysis to be performed and to investigate differences between categories. Although statistical power is low, significant differences – or outliers – in opinion across groups were systematically investigated and they could be described (this was done in preparing the country reports which constitute the building blocks of this synthesis). Second, the respondent sample in each country was highly relevant both in terms of forest sector expertise and specific and broader knowledge of the forest domain (Figure 84).

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28 In one country, one respondent was sent in the place of an invitee and was not found to be knowledgeable enough on the topic. The respondent’s entry was deleted, and it is excluded from the analysis.
29 See final list of respondents per country within the annex of the Country Reports.
30 One remark is due concerning the sample balance between categories. Since variance across categories exists, the weight given to each category in a country matters. This argument cannot be completely dismissed, and it is basically a question of budget and time. One way to overcome this problem would be to properly stratify the sample: (i) identify the population size of each category, then (ii) find its internal variance, and (iii) compute the number of individuals within each category to end up with a ‘clean’ representative sample for each category and in total (the more people think differently – i.e. variance is high – the bigger should be the sample).
Third, the sample size is relatively small, but is relevant enough to capture a wide diversity of opinions across and within groups. In terms of variance across and within groups, analyses show that respondents within a category or across categories do not always have the same opinion, though the standard deviation is on average not large (and often larger across groups than within a specific group). Given the different geographical settings of sampled countries, the probability for the Indonesian sample to be less representative than those of Cameroon and Ghana is higher. This is due to three main reasons: (i) the country is much bigger which could imply more diversity based on geographical specificities; (ii) a larger share of the respondents than those in Cameroon and Ghana filled the questionnaire online, a way to capture more diversity by reducing budget constraints, but preventing the analysts from checking their identity; (iii) the share of ‘Other’ category is larger than in other countries since representatives from certification bodies and relatively more researchers were interviewed.

One potential limitation of the selection process highlighted above is that reported information and opinions risk being biased by the experience and characteristics of a respondent. In particular, non-VPA communities of practice and their perceptions risk being under-represented. Further iterations of this exercise should consider such limitation, and possibly extend the sample outside the ‘forestry’ or ‘VPA-related’ arena.

3.3 Quanti-quali survey implementation in the field
In country data collection took place at the individual and focus group level in the capital cities and other relevant locations in each country (depending on country specificities).

During the pilot mission in Cameroon, the data collection tool was thoroughly tested before it was rolled out to ensure relevance, efficiency and feasibility. The test was conducted by the entire team to harmonize understanding and implementation methods. Based on lessons learned from the pilot country, the appropriate modifications were incorporated into the tool before deployment in the two other countries. The tool was contextialized and translated where required with in-country support and expertise, before being re-tested locally before deployment in the field to ensure full relevance.
and ease of understanding. The survey in the two other countries (Ghana and Indonesia) were simultaneously conducted by country leaders with local CIFOR or partner teams.31

Country field missions took from 10 to 15 days, but the logistics were prepared well in advance in order to get the appropriate authorizations, but also to make sure that identified key experts were available. Missions were conducted by two impact experts with local (FLEGT/VPA) experts trained beforehand to allow conducting simultaneous interviews/FGDs when necessary but also to ensure interactions on the content. The first two days in each country were spent testing the different data collection tool, to adapt them and to finalize logistics. Then, the team conducted approximately two survey sessions per day with groups of approximately 10 persons. Meetings with EU delegations were also organized during the field mission or shortly after them.

To ensure common understanding of the questions raised in the survey, especially regarding the VPA contribution, each session started with a 10-minutes presentation. It introduced the purpose of the questionnaire; exposed the types of questions included in the survey, as well as the meaning of the possible options for answers. Careful attention was paid to the VPA contribution question: the presentation used a metaphor (the steps needed to build a bridge) to explain VPA contribution (going, as indicated above, from a strong negative VPA contribution or −3, to strong positive VPA contribution or +3, with 0 meaning no VPA contribution to a positive observed change).

Lastly, as is standard procedure at both CIFOR and ADE, all respondents signed a document giving their consent to use their answers, and data collection was completely anonymous (a further incentive to provide honest responses). Respondents were not paid but offered tea/coffee/biscuits and reimbursed transport costs.

4. Data analysis and country reports
As soon as data were collected, i.e. at the completion of fieldwork, analyses were conducted using R software. Country reports were prepared as intermediary products presenting all descriptive statistics using survey data and FGD contents. Where relevant, desk review findings were also incorporated. These reports are the basis for the synthesis report, the final deliverable of this assessment.

5. Synthesis reports
To make the narrative about VPA impacts as compelling and as fact-based as possible, we derive impact findings of VPA process across three countries which are at a different stage of VPA implementation. Note that the objective of this synthesis is not to assess VPA impact within a particular country, neither to compare the selected countries. The synthesis aims at telling some relevant and realistic narratives on VPA impacts across three countries based on the collected information (survey, FGD, and desk review).

In the text of this synthesis, however, the three country databases are not aggregated in one global dataset. This is of course possible, but it would not be meaningful since results will be hard to interpret (due to context differences, e.g. different situation prior to VPA implementation). Instead, graphs and figures in this report present each country specific results as support to the narrative. Since all the indicators were collected using the same approach (same indicators, same scale, etc.), this enables to show a broad picture of FLEGT-VPA impacts while respecting countries’ specificities.

31 A coherent across country implementation of the survey was ensured by the study team member present during the pilot survey in Cameroon.
Annex II: Figures of the Global impact picture

| 1.1. Share of commercialised legal timber (in volume) on the domestic market |
| 1.2. Share of commercialised legal timber (in volume) on the export market |
| 1.3. Share of national timber production exploited with a legally obtained permit |
| 1.4. Level of implementation of forest management plans in the country |
| 1.5. Level of LC's and IP's consultation in forestry sector decision-making |
| 1.6. Level of importance of LC's & IP's opinion taken into account in forestry sector decision-making |
| 1.7. Level of Efficiency of the tax collection |
| 2.1. Share of SME's costs paid as formal taxes (the rest is bribes) |
| 2.2. Level of importance of SME's opinions taken into account in decision-making in the forestry sector |
| 2.3. Share of SMEs business in export market |
| 4.1. Level of sanction enforcement |
| 4.2. Level of Importance of CS's role as a control agent to denunciate irregularities in the forestry... |
| 4.3. Level of CS' effectiveness as independent observer |
| 4.4. Level of CS' autonomy as independent observer |
| 4.5. Level of importance of CS's opinions taken into account in decision-making in the forestry sector |
| 4.6. Level of political will to fight corruption |
| 4.7. Level of transparency |

Cameroon Change measurements between before and after VPA implementation with the estimated VPA contribution to these changes (Scale from 0 to 5)
1.1. Share of commercialised legal timber (in volume) on the domestic market
1.2. Share of commercialised legal timber (in volume) on the export market
1.3. Share of national timber production exploited with a legally obtained permit
1.4. Level of implementation of forest management plans in the country
1.5. Level of LC’s and IP’s consultation in forestry sector decision-making
1.6. Level of importance of LC’s & IP’s opinion taken into account in forestry sector decision-making
1.7. Level of efficiency of the tax collection
2.1. Share of SME’s costs paid as formal taxes (the rest is bribes)
2.2. Level of importance of SME’s opinions taken into account in decision-making in the forestry sector
2.3. Share of SMEs’ business in export market
4.1. Level of sanction enforcement
4.2. Level of importance of CS’s role as a control agent to denounce irregularities in the forestry sector
4.3. Level of CS’s effectiveness as independent observer
4.4. Level of CS’ autonomy as independent observer
4.5. Level of importance of CS’s opinions taken into account in decision-making in the forestry sector
4.6. Level of political will to fight corruption
4.7. Level of transparency

Ghana

Change measurements between before and after VPA implementation with the estimated VPA contribution to these changes (Scale from 0 to 5)
Indonesia

Change measurements between before and after VPA implementation with the estimated VPA contribution to these changes (Scale from 0 to 5)

1.1. Share of commercialised legal timber (in volume) on the domestic market
1.2. Share of commercialised legal timber (in volume) on the export market
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3.3. Level of CS's effectiveness as independent observer
3.4. Level of CS's autonomy as independent observer
3.5. Level of importance of CS's opinions taken into account in decision-making in the forestry sector
4.1. Level of political will to fight corruption
4.2. Level of transparency
4.3. Level of CS's effectiveness as independent observer
4.4. Level of CS's autonomy as independent observer
4.5. Level of importance of CS's opinions taken into account in decision-making in the forestry sector
4.6. Level of political will to fight corruption
4.7. Level of efficiency of the tax collection

Figure 3
VPA contributions to the following progress dimensions

1.1. VPA C° to reducing illegal logging type 1
1.2. VPA C° to reducing illegal logging type 2
1.3. VPA C° to reducing share of illegal logging on export market
1.4. VPA C° to reducing share of illegal logging on domestic market
1.5. VPA C° to decreased deforestation trends
1.6. VPA C° to increasing harvesting permits legally obtained
1.7. VPA C° to better management plans implementation
1.8. VPA C° to an increase in privately certified surfaces
1.9. VPA C° to better integration of multiple forest functions and ecosystem services
1.10. VPA C° to more consultation of LC and IP
1.11. VPA C° to better consideration of LC and IP’s opinion
1.12. VPA C° to better consideration of LC and IP’s rights
1.13. VPA C° to better consideration of LC and IP’s property rights
1.14. VPA C° to better redistribution of taxes to LC and IP
1.15. VPA C° to better consideration of women, youth and marginalised groups in questions related to forest management...
1.16. VPA C° to a more efficient collection of taxes

2.1. VPA C° to less market disruption in the timber sector
2.2. VPA C° to better recognition of SMEs associations
2.3. VPA C° to squeezing some SMEs out of business
2.4. VPA C° to reducing SMEs’ costs paid as informal taxes
2.5. VPA C° to improving the technical capacity of SMEs to conduct an accurate self-assessment
2.6. VPA C° to consideration of SMEs’ opinion
2.7. VPA C° to improving SMEs’ access to the export market
3.1. VPA C° to changing the labour market in the forest sector
3.2. VPA C° to improving working conditions
4.1. VPA C° to better coherence of the legal and regulatory framework
4.2. VPA C° to better enforcement of sanctions
4.3. VPA C° to making sanctions more credible
4.4. VPA C° to providing CS with a greater role in controlling legality and in identifying irregularities
4.5. VPA C° to more effective CS independent observation
4.6. VPA C° to greater autonomy of civil society in its role as an independent observer
4.7. VPA C° to better consideration of CS’s opinion
4.8. VPA C° to improving the political will to fight corruption
4.9. VPA C° to making the government more accountable

Figure 4

Cameroon, Ghana, Indonesia
1. Contribution of tax revenues from timber sector to improved well-being of LC and IP

2. Political will to prioritise the development of the forestry sector as much as the...
   2.1. The private forest sector is better organised than before VPA ratification
   2.2. The VPA certification process introduced new formal and informal taxes
   2.3. The legal harvesting of timber is technically and financially too constraining for SMEs
   2.4. Available information about legality compliance meets the needs of SMEs
   2.5. SMEs in the forestry sector have reduced their impact on the environment since VPA
   2.6. SMEs in the forestry sector have better expertise than before VPA ratification
   2.7. Government has made legal wood more attractive on the domestic market since VPA
   2.8. Involvement in VPA process gives a positive image of the country and helps it to be...

3. Workers in the forestry sector are better organised since VPA ratification
   3.1. Workers in the forestry sector have access to more secure jobs than before VPA ratification
   3.2. Workers in the forestry sector have better expertise than before VPA ratification
   3.3. Better integration of legality and SFM in curricula than before VPA ratification
   3.4. Better integration of legality and SFM in curricula than before VPA ratification

4. CS is better organised than before VPA ratification
   4.1. CS is better organised than before VPA ratification
   4.2. The level of corruption in the forestry sector decreased more than in other sectors since...
   4.3. The work of independent observation contributes more to the reduction of acts of...
   4.4. Bureaucracy related to the VPA process has created new opportunities for corruption
   4.5. VPA process has inspired other processes in the country

Figure 5: Percentage of respondents agreeing with the following statements

[Bar chart with percentage of respondents from Cameroon, Ghana, and Indonesia for each statement]
### Annex III: FERN indicators’ details

| ACCOUNTABILITY | 1 | No or virtually no accountability mechanisms exist within the forest sector, corruption goes unchallenged with no follow up on infractions. |
| 2 | Channels for reporting corruption and infractions exist in principle but are not put into practice. Corruption continues with impunity. |
| 3 | Channels for reporting infractions and corruption exist, and are being used, but results are not timely and follow-up action is rare/non-existent. |
| 4 | Channels for reporting infractions and corruption exist, are acknowledged by the authorities, and when used, sometimes result in follow-up action but it is not always timely or is incomplete. |
| 5 | Effective channels for reporting corruption exist and are being used. Internal accountability mechanisms (such as independent auditor) exist and are fully operational. |

<p>| GOVERNMENT COORDINATION | 1 | Government agencies do not share information or coordinate with forest agencies on matters which impact forests. It is also the case within forest departments. |
| 2 | Some institutionalized information sharing exists with forest agencies, but action is not coordinated and there is no coordination between national development plans and forest policies. |
| 3 | Information sharing does happen and there is some coordination between national and forest policies, but in practice different agencies regularly work in silos. |
| 4 | Coordination within forest department is generally good and there is reasonable information sharing with other government agencies, but little joined up priorities and approaches. |
| 5 | Government agencies habitually coordinate and cooperate with forest agencies. On the ground management of forests largely follows the adopted national policies and practices. |
| PARCIPATION of CS, LC&amp;IP, Private sector (each category answered for itself) | 1 | They are only informed |
| | 2 | They are being consulted |
| | 3 | They take part in discussions |
| | 4 | They collaborate with government bodies |
| | 5 | They have a certain power of influence in decision-making |
| CAPACITY of CS, LC&amp;IP, Private sector, and public sector (each category answered for itself) | 1 | Actors have neither the time, skill, knowledge, resources or experience to take positions and act on issues to do with forests or community rights. |
| | 2 | Actors have some (but not all) of the following: some understanding of the issues, some experience or technical skill, some time and some resources, but all these aspects need to improve. |
| | 3 | Actors have reasonable time, skill, knowledge, experience and resources to act, but could improve on most areas. |
| | 4 | Actors are generally well informed, skillful, experienced and have access to reasonable resources to act, but are lacking in one or two areas. |
| | 5 | Actors have the time, skills, resources (including financial) to analyze, take positions on, and actively campaign about forest issues, and they are doing so. |
| TRANSPARENCY | 1 | Virtually no information available except occasionally. |
| | 2 | Some information available on request and on an ad-hoc basis. |
| | 3 | Most information is available on request within a reasonable time frame, some information habitually published. |
| | 4 | All or almost all information is available on request, some is in the public domain. |
| | 5 | All information is systematically made available and regularly updated, the VPA transparency annex has been fully implemented. |</p>
<table>
<thead>
<tr>
<th>LEGAL JUSTICE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Laws are inconsistent, no momentum for reform.</td>
</tr>
<tr>
<td>2</td>
<td>Some formal recognition that legal reform is needed but little action.</td>
</tr>
<tr>
<td>3</td>
<td>Laws are being reformed, but the process is far from complete and generally not implemented.</td>
</tr>
<tr>
<td>4</td>
<td>Some legal reforms have been completed and significant steps have been taken to implement them.</td>
</tr>
<tr>
<td>5</td>
<td>The legal framework is coherent, and laws are fully implemented.</td>
</tr>
</tbody>
</table>