



Collecting Evidence of FLEGT-VPA Impacts for Improved FLEGT Communication

Executive summary

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Raphael Tsanga (CIFOR), log and sawnwood trucks in Cameroon

Tatiana Goetghebuer (ADE), Legal Wood logo in Indonesia

Nastassia Leszczynska (ADE), Working session with Ghanaian participants

Tatiana Goetghebuer (ADE), Woodworking factory in Indonesia

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Collecting Evidence of FLEGT-VPA Impacts for Improved FLEGT Communication

Executive summary

The work leading to this synthesis was funded by the FAO EU-FLEGT Programme with the objective of gathering evidence on FLEGT-VPA process impacts so far in order to improve **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 specific needs and audiences.

The study applied a uniform methodology across a sample of three countries at different stages of Voluntary Partnership Agreement (VPA) implementation (Cameroon, Ghana and Indonesia), with the double purpose of: (i) testing a methodology which could be applied efficiently to any number of countries (VPA as well as non-VPA); and (ii) identifying what contribution the FLEGT-VPA process has had on four key thematic areas.¹ The applied methodology was perception-based, designed to measure **change** between two points in time (*before* and *after* VPA implementation), and to build narratives about the **VPA contribution** to these outlined changes.² A questionnaire was tailored to the countries' context and administered through intuitive and user-friendly tools on a representative sample of 341 highly knowledgeable forest sector experts. This approach proved to be reliable, applicable cross-country and easily replicable.

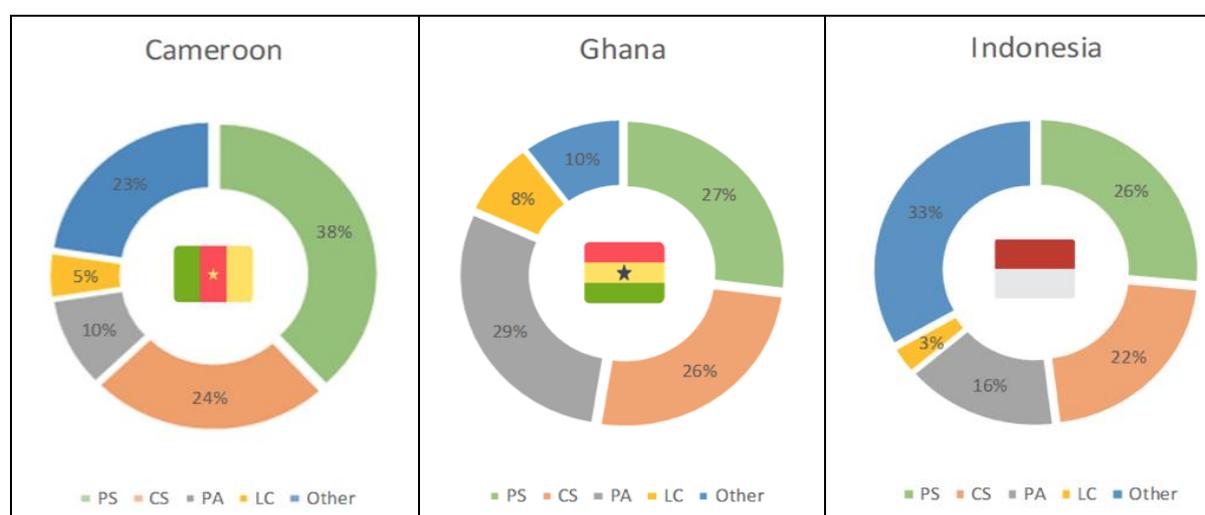


Figure 1. Expert study sample
(PS = private sector, CS = civil society, PA = public authority, LC = local community)

¹ Sustainable forest management and forest conditions; Relation and development of the formal and informal forest sector; Jobs and employment; and Law enforcement and compliance. Also note the study is not a comparison of the sampled countries' performance, but rather seeks to understand similarities and disparities of FLEGT-VPA contribution across contextually different countries.

² As part of the study the team undertook in-depth global and country-level literature reviews on VPA impact (available online), finding very few relevant studies or databases explicitly conducted or built to document direct impact.

The **key findings** below outline results at **global** and **country** level under the four thematic areas covered by the study³ Global findings outline common results from across the three countries combined and provide a bigger picture of FLEGT-VPA areas of stronger and weaker contribution against VPA progress targets. Country findings isolate some of the notable country results, outlining to what extent the VPA contributed to a perceived change within that country. Results take into account the fact that each country commenced VPA implementation from a differing baseline level,⁴ and acknowledge that it is difficult to completely isolate the efforts and effects of the VPA process in any country.

The last section sums up the **key discussion points**, outlining that all in all, the VPA process has contributed to improvements and progress even without two of the countries (Cameroon and Ghana) having issued any FLEGT licenses to date. This is positive and in line with the FLEGT Action Plan’s initial objectives. However, there is room for improvement. Ultimately, the methods used in this assessment – and the results obtained – allow policy makers to reflect on strategic considerations which are informed by documented progress to date and related financial, political and technical efforts in each country. Such considerations include where the greatest crossover with other interventions (e.g. EUTR, REDD+) exists to ensure no duplication of efforts, and how and where resources can be most effectively allocated moving forward based on the contained evidence and policy makers’ priority areas.

Key findings: FLEGT-VPA global and country-level contribution

The overall results indicate that the VPA process contributed to significant improvements in various dimensions assessed. Improvements show a remarkable degree of similarity among intervention areas in the sampled countries (e.g. see Figures 2 and 3 for sustainable forest management [SFM] and governance). This appears to be the result of a similar and coherent set of activities supported by VPA implementers in various countries over the years.

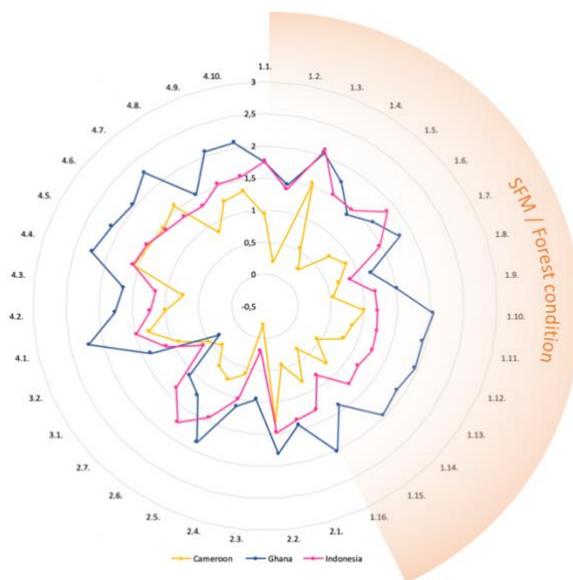


Figure 2. Sustainable forest management and forest conditions results comparison between the three

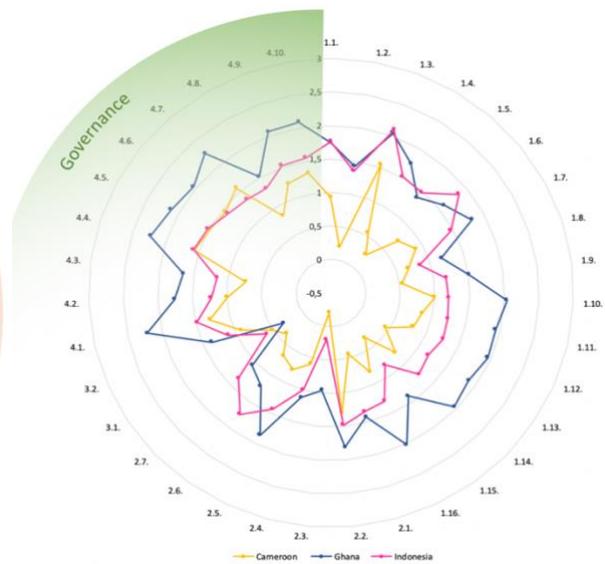


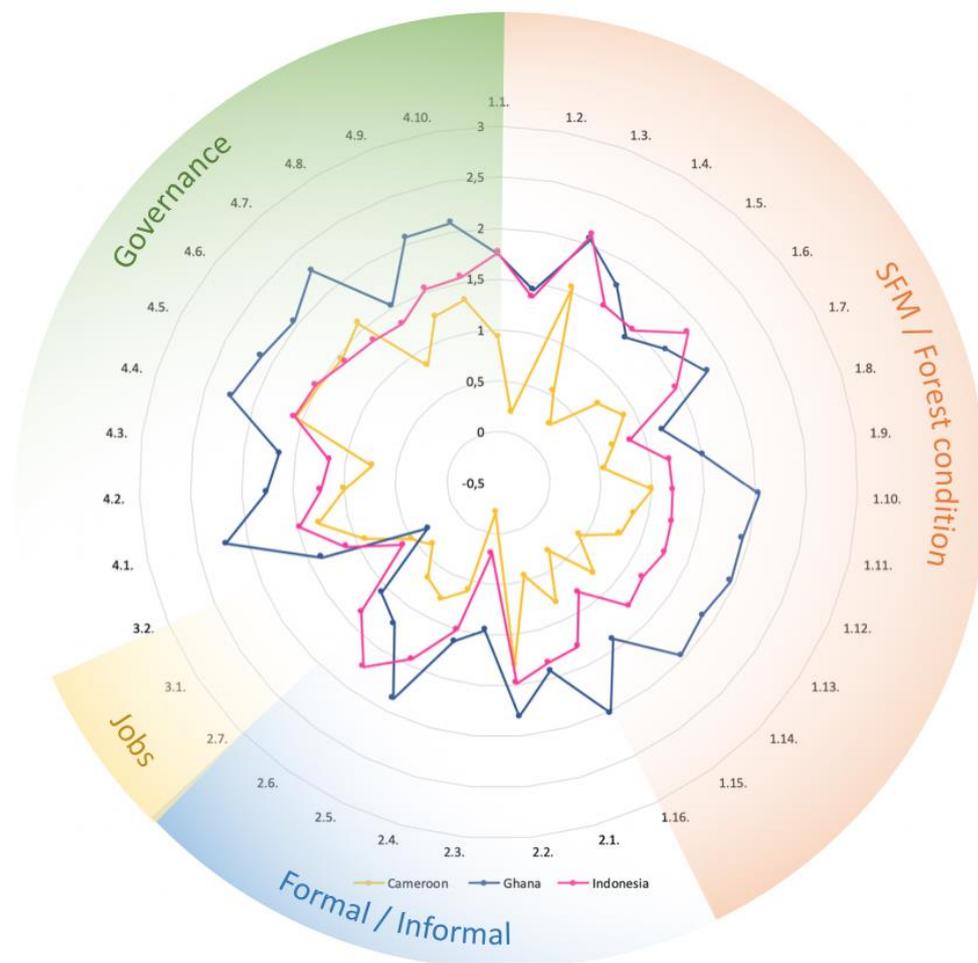
Figure 3. Governance, law enforcement and compliance results comparison between the three countries

³ Please see the synthesis report for the methodology used in selecting the thematic areas.

⁴ The highest starting values were observed in Indonesia, the lowest in Cameroon, with Ghana in the middle.

Results also indicate that baseline and current values in sampled countries differ. While pre-VPA values were higher in Indonesia for most variables, current values for Ghana are, for instance, higher than those for Cameroon. In other words, the current situation on several dimensions appears more advanced in both Ghana and Indonesia than in Cameroon, with the VPA having generally had a positive contribution to the observed change.

Overall, changes are more marked in some thematic areas than in others. This is not a unique finding, but it does raise the question about future strategic decisions and further investment in some areas as compared to others. This is an issue to which we return in the key discussion points below, after presenting detailed results from the four selected thematic areas (see Figure 4).



**Figure 4. Global results:
VPA contribution to 35 VPA-targeted progress dimensions**

Sustainable forest management and forest conditions

Globally, the VPA process has contributed positively towards a decrease in **illegal logging** rates, particularly illegal industrial timber in **export** markets, notably derived from production forests being mandated to have management plans. At the country-level this held true across Cameroon, Ghana⁵

⁵ At the time of the survey in April 2019, Ghana's efforts to fulfil all the requirements to start shipping licenced timber were coming to fruition, the survey taking place just after the final pre-licence stages had been discussed and agreed upon, respondents expressing their delight with the development.

and Indonesia as the share of **legal timber** in export markets had gone up with direct attribution to VPAs. In Indonesia, the share of national timber production exploited with a legally obtained permit has also gone up. Further, across each country, the ultimate goal of SFM was being better achieved through more thorough implementation of **forest management plans**.

At both global and country levels, the VPA process only had a marginal contribution to reducing the share of illegal timber in **domestic markets**, and globally seemed to have had little influence on the increase of surfaces covered by private certification schemes aiming at SFM. Further investment in and synergies with existing processes (e.g. private certification schemes) are warranted.

Globally, the VPA process has contributed positively to the voices and opinions of **local communities and indigenous peoples** living in and around forests being better considered during forest-related decision making, as well as to more efficient collection and better **redistribution of taxes** to these communities. Consultation with and consideration of these groups during forest sector decision making was strongest in Ghana.

Relations and development of formal and informal forest sectors

Globally, the VPA process has contributed positively to better **private sector organization** and fewer business disruptions, mainly for small and medium-sized enterprises (SMEs). The opinion of SME operators is now better acknowledged in the political agenda (despite operating largely in informal sectors), and they are better able to coordinate and manage their operations through recognized **associations**, with some joining the formal timber sector (mainly in Indonesia). At the country level, greater inclusion in forest-related decision-making processes was particularly felt in Ghana and Indonesia, although the overall share of SME business in each country's **export market** remained very low.

Relatedly, the VPA process has also contributed globally to better organized and **more knowledgeable** workers, with greater integration of legality and SFM topics in both academic and technical curricula.

Globally, to some extent the VPA process has contributed to increasing SMEs' access to export markets, and to reducing costs paid as **informal taxes**. While at the country level in Cameroon and Indonesia, the share of SME costs paid as **formal taxes** has increased, global findings suggest that this has not lead simultaneously to a reduction in informal payments (e.g. bribes). Further action may be required in this area, for example in improving SMEs' capacity to meet market demand, and in additional capacity building and awareness raising efforts to promote a better understanding of the added value of compliance and subsequently to increase compliance.

Jobs and employment

Globally, the VPA process does not appear to have contributed greatly to transforming **labor markets** and improving working conditions. These results may speak more to the power of market forces than to weaknesses in the VPA process itself.

Governance, law enforcement and compliance

Both globally and at the country level, VPA contribution results were strongest under this thematic area. The VPA process has contributed positively to a more coherent **legal and regulatory framework** with **sanctions** being more regularly enforced and more credible due to the VPA, and to greater transparency in the forestry sector.

Globally, the VPA process has contributed positively to a stronger and better organized **civil society**, providing actors with greater autonomy to now hold governments to account by identifying irregularities. At the country level, in Cameroon and Indonesia the effectiveness and autonomy of civil society has increased markedly due to the VPA, while in Ghana civil society has made real strides in its ability to hold government to account, make it more responsive, and steer forestry-related decisions.

Further, Cameroon and Ghana indicated more improvements in **transparency** levels, with strong contributions from the VPA process.

However, VPA contributions to improving the **fight against corruption** in the forestry sector were less significant at both levels. Phasing out corruption is a long-term process requiring prolonged effort, and examples need to be set from senior government leadership outside the forest sector, with whom VPA implementers need to work closely. Ways of disincentivizing the need for corruption also need to be found through, for example, even greater transparency.

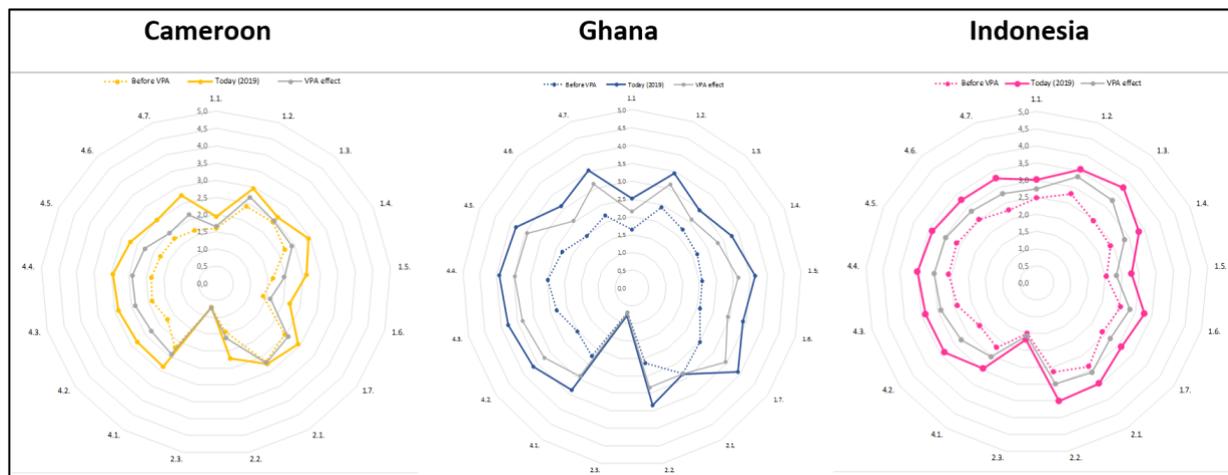


Figure 5. Results per country:
Before and after VPA implementation changes with VPA contribution to these changes

Key discussion points

The global and country-level results outlined above indicate progress across several key themes and aims of the program. While positive, no single result has yet reached the largest outlying target, indicating the complex nature of the process, ongoing challenges and room for improvements. Further, progress should be contextualized against FLEGT expenditure from inception, and put alongside external factors potentially influencing (fostering or hindering) targeted changes. So, **does the outlined progress indicate good value for money?** Answers are, of course, context specific and there is no single 'good' or 'bad' answer to this question. Yet results inform possible answers both analytically and graphically, hopefully contributing to improved decision making.

Similarly, improved decision making can be informed by the evidence outlined in this report, from which a further set of questions are raised and should be thought over and addressed by FLEGT stakeholders. These questions are:

- **What results do policy makers want to see?** Are there priority areas that could be addressed with a more targeted approach moving forward? This is an important point that must be reflected upon not only within countries, but notably across them. It is of course important to note – as done above in the case of Cameroon and Ghana – that positive impacts are obtained *within* countries even prior to FLEGT-license issuance. Yet results (e.g. from Indonesia) also point to broader, possibly regional considerations, whereby positive outcomes so far in Indonesia may be hampered by the lack of progress in neighboring countries (e.g. Malaysia), causing stakeholders to talk about unfair competition and unmet expectations, which could reverse those positive outcomes.
- **How can funding be best used to achieve better results in priority areas?** Looking at Figures 4 and 5, decision makers can reflect on how much money is reasonable to spend over how many years on trying to push the continuous colored line towards its maximum value knowing its initial value.

- **Should resources be used to capitalize on the largest improvement areas, or redirect efforts to areas where least impact has been seen?** For example, at the global level we see scattered results on indicators related to SFM (including reduction in illegal logging, reduction of illegal timber in markets, and harvesting permits). Compare this to strong results around a strengthened civil society and the question becomes even clearer: should support in stronger performing areas be maintained to capitalize on results while synergies with other programs and/or trade and market dynamics are improved in weaker areas, or should finances and efforts be shifted to lower performing areas to bring them up to the same level (hoping that results from the others persist, see below)?
- **How can results be maintained if funding is reduced?** Given the longitudinal nature of many VPA impact areas, the risk remains that without direct support, civil society (to continue the above example) may lose momentum. If a similar study is undertaken in the future, how could original investment be justified if a plateau is observed after initial improvement? That being said, there is room for greater synergy with existing instruments, for example between the EUTR (at the importer country's side) and VPA efforts, with increased strategic cooperation potentially ensuring that objectives from each initiative are achieved before questions about funding reduction or reallocation are raised.
- **How can expectations on potential results be managed?** For example, SMEs' access to export markets has not improved, despite expectations from most stakeholders that the VPA would increase their exports. Inversely, the informal sector still fears being put out of business by the VPA process itself. It would be fair to ask if this remains a viable objective considering that anticipated results are up against unpredictable market conditions. Instead, the benefits of increasing legal production for domestic consumption need further analysis.
- **Is it viable to expect to see a clear direct impact?** Some VPA areas are more subtle and less quantifiable, but does this make them less viable? For example, two key takeaways from statement questions (where the experts were asked to rate how much they agreed or disagreed with a given statement) outline the perceived broader importance of a country being involved in the VPA process. **A large majority of respondents thought the VPA had inspired other processes in their country**, and considered that the **VPA process gave a positive image of their country** and helped it to be considered as a reliable business partner. This indicates spill-over effects from the VPA process to policy areas outside the forest sector, which may lead to broader institutional effectiveness and higher levels of governance within the country.

These are complex questions that put the theoretical against the practical and the input against the context, but are essential to address in order to ensure that VPA funding is channeled as effectively as possible and against clearly defined anticipated results.

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