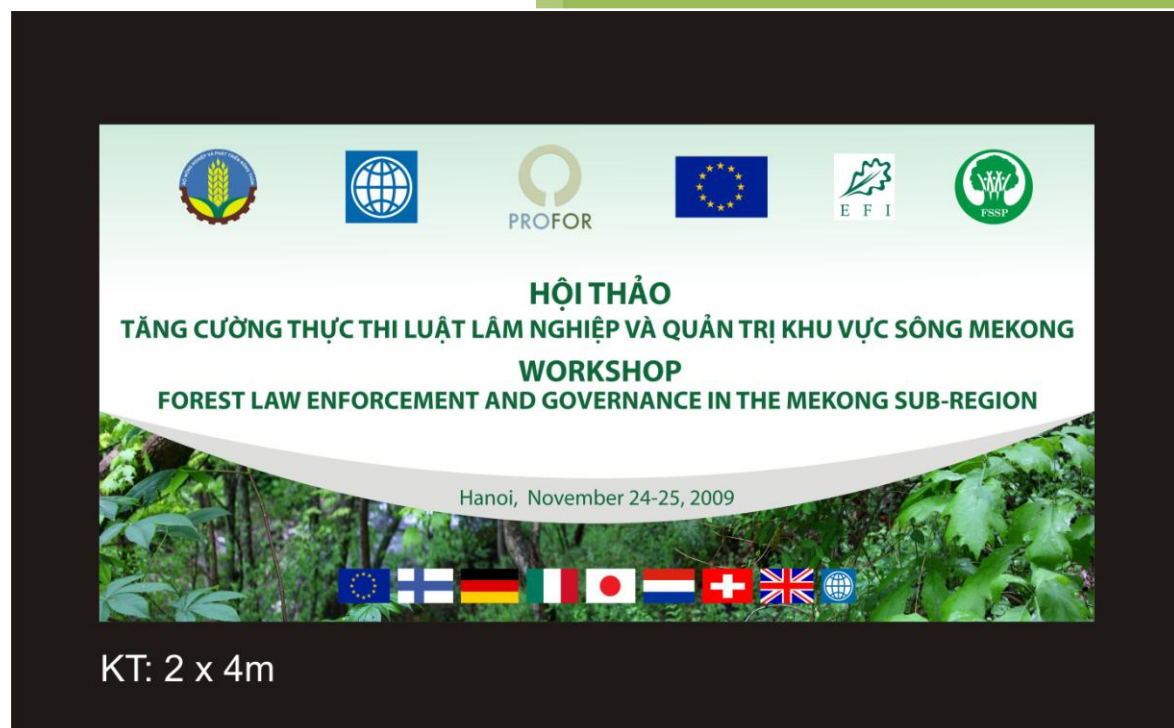


Workshop Summary

Improving FLEG in the Mekong



Melia Hotel, Hanoi Vietnam

**Co-hosted by the World
Bank/ Program on Forests
(PROFOR) and the EU-EFI
FLEGT Asia Project**

November 24-25, 2009

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PROFOR is a multi-donor partnership formed to pursue a shared goal of enhancing forests' contribution to poverty reduction, sustainable development and protection of environmental services. Through improved knowledge and approaches for sustainable forest management (SFM), PROFOR seeks to encourage the transition to a more socially and environmentally sustainable forest sector supported by sound policies and institutions that take a holistic approach to forest conservation and management. Learn more: www.profor.info

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- Ministry for Foreign Affairs of Finland
- The Department for International Development (DFID) of the United Kingdom,
- The Japanese International Forestry Cooperation Office,
- Swiss Development Cooperation (SDC)
- The European Commission (EC)
- The German Government, through the Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (“GTZ”).
- The Italian Ministry of Foreign Affairs
- The Netherlands' Ministry of Agriculture, Nature and Food Quality
- The World Bank

1 BACKGROUND

This workshop, “**Improving FLEG in the Mekong Region,**” was part of the preparation phase supported by PROFOR/World Bank to prepare potential national and regional activities to strengthen Forest Law, Enforcement and Governance (FLEG) in the Mekong Region (Lao PDR, Vietnam, Cambodia and Thailand). This preparation phase began June 1, 2009 with plans to complete in February 2010.

1.1 Location of Workshop

The workshop was held in Hanoi, Vietnam at the Melia Hotel. The first day of the workshop, November 24, consisted of presentations in plenary followed by group discussion in the afternoon. Following the first day of discussions and presentations, the EU-EFI FLEGT Asia Project and the PROFOR co-hosted a reception and dinner at the Melia Hotel. On the second day, November 25, the small groups reported their findings and recommendations.

This workshop was one part of an extensive regional process. Other main steps include:

- National consultants hired in Vietnam, Lao PDR and Cambodia to assist with baseline data, research and workshop preparation;
- Multi-institutional “Core Team” in Vietnam meets every two weeks;
- Meetings in Lao PDR with DOFI officials, Wood Processing Association and members of the WWF/TFT-GFTN team;
- Three (3) working meetings with Forest Administration FLEG Focal Point in Cambodia;
- Meetings with representatives of INGOs working in the forest sector in the Mekong Region (WWF; WCS; TNC; IUCN; Traffic; FAO);
- An extensive meeting with the EU-EFI FLEGT Asia project on potential collaboration, especially within Vietnam and Thailand’s negotiation process; and
- Presentations at two (2) ASEAN events: i) World Bank/ASEAN Secretariat meeting in Jakarta; and the ASEAN ASOF meeting in Myanmar.
- November 24-25 this project co-organized a workshop with the EU-EFI Asia project to formulate activities on improving FLEG and FLEGT in the Mekong;
- At end of November, meetings were conducted with representatives in Thailand regarding potential FLEG activities, notably RAFT-TNC project team and donors;
- Presentation at the ASEAN/FAO/World Bank FLEG Meeting and ASEAN regional knowledge network in Kuala Lumpur on November 30-December 2 which also provides opportunity to receive FLEG reports from 14 countries in the region; and

At the end of January, there will be meetings with several stakeholders to review the draft proposal of recommended activities to improve FLEG in the Mekong Region. A final

proposal should be submitted by mid-February.

1.2 Global Timber Market Trends Sets Focus of Workshop

Vietnam has a \$2.8 billion export market of wood products, primarily to the EU and the USA. Vietnam imports 80% of the timber used in this industry, with up to 25% of these imports coming from Lao PDR. In recent years, the wood product market has seen an increase in demand from import countries for “legal source” or “certified” timber. Export countries and wood processing factories have begun to meet this demand, but so far this market shift has been on a voluntary basis.

However, the legal framework in the European Union (**Due Diligence legislation**) and the United States (amended **Lacey Act**) is now changing the requirements on the import of wood products. These new regulations will limit or ban the import of wood products into the EU and the USA that do not have verification of the “legal source” of timber. Discussions have begun in Japan, China and other countries to adopt similar legal requirements for the import of “legal source” wood products. These market and regulatory requirements dramatically raise the importance of the implementation of FLEG in the Mekong Region and for government, industry and other stakeholders to determine how to address this paradigm shift in trade policy.

In addition to the changes in global markets, the emerging REDD+ agenda will change the landscape for forestry in the Mekong region. If, and when, forest sector plays an increasing role in climate change mitigation, also governance issues need to be addressed to achieve positive development outcomes.

1.3 FLEG in the Mekong Region

The FLEG process has played an increasing role in addressing economic and forestry issues during policy dialogues at ASEAN meetings since the Bali Declaration in 2001. More recently the ASEAN members adopted a FLEG Work Plan 2008-2015 to provide a guide for implementation in each country. Lao PDR has recently begun to engage with the FLEG process through the ASEAN working groups and this preparation phase. Vietnam recently enacted a regulation establishing a FLEGT Working Group to begin pre-negotiations with the EU on a VPA and legal assurance system. Cambodia included an entire chapter of FLEG in the National Forest Strategy that was adopted in 2009.

1.4 Workshop Objectives

The main objectives for the workshop held in Hanoi, Vietnam were the following:

- a) Understand the market and legal changes that will impact the wood industry in the Mekong region as a result of new and proposed laws in the U.S. and the E.U.;

- b) Aware of the status of FLEG and FLEGT process in the Mekong countries and how they can be implemented in Lao PDR and Vietnam; and
- c) Identify and discuss FLEG activities for the Mekong Region, notably Vietnam and Lao PDR, and in collaboration with neighboring countries.

How countries in the Mekong Region respond could lead to the following scenarios:

- Export of “legal source” wood products from natural forest or plantations from or for re-export through Vietnam to the USA, EU and other import markets at a high value price to meet demand for sustainable products; or
- Export of “non-source” timber products to countries without import restrictions for domestic use or low value re-export at a low value price.

Thus the workshop aimed to discuss with government officials, private sector associations, NGOs and donor agencies, the various challenges, outcomes and recommendations to improve FLEG through regional collaboration.

2 SUMMARY OF PLENARY PRESENTATIONS

The plenary session on the morning of November 24 covered a well balanced overview of macro-FLEG and FLEGT issues from the donor perspective to updates on FLEG implementation at the national level from Lao PDR and Vietnam representatives. This session was able to build from the workshop two weeks prior held in Vientiane, Lao PDR and permit further discussion between the countries and ministries within Vietnam on recommendations to improve FLEG.

Day 1 - Morning Session I

The meeting began with an opening delivered by Tran Kim Long, **Deputy Director General of the International Cooperation Department, MARD**. He has been engaged in representing the Vietnamese government in the FLEG process since the Bali Declaration in 2001. In his current position at MARD-ICD, he remains an active focal point on the Vietnam FLEGT Working Group and on the core team of the FLEG preparation phase of the World Bank/PROFOR project. The opening speech confirmed a positive tone on behalf of the Vietnamese government in support of the FLEG process and intention to participate in a potential project to on improve FLEG in the Mekong region.

Mr. Tran Kim Long joined Tuukka Castren, World Bank, and Todd Sigaty, World Bank FLEG consultant, in facilitating the workshop and providing an overview for the participants regarding the agenda and expectations of the workshop. The main goals were to understand the FLEG process, challenges and begin discussions between the different countries and ministries on what activities, if any, could be recommend that improve

FLEG in the region with a strong potential for implementation. The rest of the morning session consisted of three (3) presentations outlining the FLEG process and an update on FLEGT in addition to an overview on the legal and market reforms in the USA (Lacey Act) and the EU (Due Diligence legislation and Voluntary Partnership Agreement (VPA) process and the impact in Vietnam and SE Asia.

Many of the participants had previous exposure to the FLEG process at some level, especially those who had participated at the recent FLEG preparation workshop in Lao PDR and another hosted by IUCN in Vietnam. Therefore, the first speaker, **Tuukka Castren**, spent less time on the FLEG process and instead explained the background of PROFOR's analytical work over the past decade and the emerging themes in their work. He also outlined international and regional initiatives to respond to illegal forestry practices and how the FLEG process has begun to be utilized between producing and consuming countries. Mr. Castren explained the Lacey Act recently amended by the United States, the EU Due Diligence legislation and VPAs and discussed the impacts, challenges and opportunities that are posed by these legislative instruments, although much of the EU discussion was covered by Vincent Van de Berk, EU EFI-FLEGT project, who spoke later in the morning.

The final presentation of the first morning session was offered by **Vincent van den Berk, Advisor to the EU-EFI FLEGT Asia Project. Not only did Mr. van den Berk's presentation cover recommended activities that could support both improvement of governance and reform in trade regulations, since the EU and Vietnam have recently begun pre-negotiation discussions on a potential VPA, this presentation was particularly timely and relevant to the review of the FLEG process. He described in clear detail the EU FLEGT Action Plan, the VPA process and the components of a Legality Assurance System and provided examples of other countries that had embarked on the process. Further, he explained the "due diligence system" and the timeline for adoption by the EU in the next few years. Finally, Mr. van den Berk discussed the expected impact of such reform, especially on Vietnam, which exports over \$3 billion of wood products per year. The EU-EFI FLEGT Asia project is in its early stages, but has begun research on baseline information and discussions with many countries, including those in the Mekong region.**

Day 1 - Morning Session II

The two (2) presentations in the second morning session were country updates on the FLEG process in Lao PDR and Vietnam. This was an interesting juxtaposition since despite being neighbors, they are in very different stages of development of their wood product industry. Vietnam imports over 80% of their timber needs namely to fuel an expanding wood furniture industry that exports over \$3 billion per year. On the other hand, Lao PDR remains an exporter of raw wood to regional markets, namely Vietnam, which have not provided many incentives for certified or legally verified wood. This session has specific significance since the wood products industry in Vietnam has a tremendous impact on the harvesting and export of timber in Lao PDR. During this

session, the following two (2) presentations were given:

Mr. Tran Kim Long, representing MARD, provided an overview of the current status and challenges regarding FLEG in Vietnam. Similar to other countries in ASEAN, Vietnam has participated in FLEG discussions over the past decade, but recently it established a FLEGT working group and has been considering pre-negotiations with the EU on VPA status over the past 2 years. As part of this process, the EU-EFI FLEGT project supported a “Vietnam FLEGT Scoping Study” in partnership with MARD. In 2009, the World Bank conducted an assessment on FLEG in Vietnam through case studies and consultations. IUCN has also been organizing workshops and activities involving private sector and government officials to raise awareness of FLEG and trade related impacts on Vietnam. Here are highlights from the discussion during this talk:

- Vietnam exports over \$3 billion per year of wood products to 120 different countries, with two-thirds to the EU and US markets;
- Vietnam has over 2000 wood processing enterprises with over 250,000 employees – 500 of which are export companies;
- The industry imports over 80% of its wood products at a cost of \$1 billion;
- The trend has been for indoor wood furniture;
- 167 companies have granted COC certificate (3rd most in Asia), but the industry still lacks sufficient trademarks, trade promotion, legal verification;
- The industry and NGOs are becoming aware of Lacey Act and FLEGT, but there remains a stronger need to raise understanding within government;
- Potential responses to the import restrictions in the USA and EU could be: development of a legal definition for natural and plantation timber; increase support for government to meet demands of wood processing association; promoting inter-agency cooperation and increasing regional cooperation and knowledge sharing on FLEG.

Khamput Phanvilay, representing the Department of Forestry and Inspection (DOFI), provided an overview of FLEG in Lao PDR. The country has participated in regional discussions on FLEG since the Bali Declaration however it remains at an early stage of implementation of the FLEG process. Lao PDR has adopted reform legislation over the past decade, including bans on round logs and requirements for sustainable forest management and village participation, but awareness and implementation of such legal reform remains a major challenge. DOFI was formed in 2009, as separate from Department of Forestry, as a monitoring agency conducting forest and wildlife law enforcement. A main challenge for DOFI is the lack of resources with just over 350 staff with little equipment, training or budget.

DOFI needs to improve coordination between the central or national level and the provinces to improve the ability to enforce against illegal logging. DOFI has discussed participation in a working group with Ministry of Industry and Commerce, who have obtained an increasing role in regulating the wood product industry and the flow of

timber, and the Ministry of Finance, Customs Department, but the meetings are irregular at best and should include Ministry of Justice and Ministry of Interior. Khamput confirmed DOFI's strong interest in participating in a project to improve FLEG, including coordination with other ministries and countries in the Mekong region. There is a strong interest in developing curriculum on FLEG, increase training and to focus on development of an Information Management System to track cases and understand trends. DOFI has established "Red Flag" pilot sites to track timber, NTFP and wildlife illegal acts, focusing on enforcement in conservation areas, factories and border crossings. In 2009, DOFI conducted a case study to record enforcement activities. During that time, in four (4) provinces, DOFI confiscated over 26,000 cu3 of wood, 158 tons of NTFPs and 460 aquatic wildlife specimens. Finally, Lao representatives agreed they should have more legally verified timber and clarify the quota system and the exceptions to log from infrastructure sites for export without legal requirements.

Day 1 – Afternoon Session

2. Summary of Group Discussions and Presentations

In the afternoon session on the 24th, participants were divided into 3 groups:

- Vietnam participants from government, private sector in the forestry sector;
- Lao participants from DOFI, Customs, Justice and Commerce; and
- Donor agencies and NGOs working in Vietnam forestry sector.

Objectives

Each group was provided a long list of potential activities to improve the status of the law, enforcement, governance and trade in Vietnam, Lao PDR and the Mekong region. This list of activities was comprised from previous recommended activities to improve FLEG as stated in the Bali Declaration, ASEAN FLEG Work Plan and country national forest strategy plans as well as from findings made during the preparation phase of this project. The goal of each group was to discuss potential challenges and outcomes to improve FLEG and the flow of "legal source" timber, then to review the list of potential activities and:

- Select one (1) of the areas to focus (Law, Enforcement, Governance or Trade);
- Prioritize three (3) activities from the list in the specific chosen area; and
- Recommend only one of the activities chosen and answer the following questions:
 - What is the status quo or what is happening now?
 - Who or what agencies or stakeholders would be involved?
 - What are the next steps to implement the specific activity?
 - What is the opportunity for regional collaboration?

Each group summarized their findings and prepared them to be delivered on Day 2 (see p. 12 below for group reports).

Day 2 - November 25th

On the second day, there were three (3) main activities during the morning session. First, all the participants conducted a SWOT Analysis on the status of FLEG in the Mekong region; second, each of the three (3) small groups reported their findings from their group discussion the day earlier; and third, there was a Question and Answer session for the small groups based on their findings. The meeting ended with closing remarks by **Tuukka Castren, World Bank/PROFOR, and Mr. Kim Tran Long, MARD-ICD.**

3. SWOT ANALYSIS SUMMARY

SWOT Analysis - LEGAL

SWOT Topic	LEGAL
Strength	There has been positive legal reform on paper the past decade at the national level of many countries in the region; Legal capacity at national level has been increased; Growth in interest to study law and in the legal education; Cambodia and Thailand have initial public interest law firms
Weakness	Laws often can conflict as they are drafted by line ministries so there is a need for technical clarification; General need to raise awareness and implement in practice; The lack of certainty in legal application promotes the use of non-transparent sources for foreign direct investment
Opportunity	To clarify laws regarding the chain of custody of timber flow; To obtain a uniform, regional legal verification system of timber; To expand the role of the courts and Ministry of Justice; To increase accountability for actors to comply with the law; To increase access to justice and role of civil society
Threats	Too much time and resources are spent on creating and learning about legal documents that do not get implemented; That the legal system is too underdeveloped to be effective; That the Ministry of Justice and the Courts are too weak; Acceptance that any government approval is legal despite the language of the law; The countries do not agree on regional consistency in defining “legality” or a standard to comply with EU requirements and the Lacey Act

SWOT Analysis - ENFORCEMENT

SWOT Topic	ENFORCEMENT
Strength	Good relationships between the countries; Some shared language skills between countries; Existing MOU agreements on customs, border enforcement between Vietnam – Lao PDR; Vietnam – Cambodia; Strong human resources – FPD/DOF has over 8000 employees; Joint enforcement teams with military, police and forestry have been successful in some countries and under certain projects
Weakness	Low capacity, lack of technical equipment for effective patrol; Poor inter-agency cooperation between forestry and other sectors; Lack of political will to enforce against certain actors; Difficulty preventing collusion between military, corrupt officials and certain actors;
Opportunity	To implement the Bali and ASEAN action plans; To support collaboration on the existing MOUs; To build cross border cooperation in most important locations; To build a database of transparent information on cases, stats; To have more uniform customs forms, reporting, sharing info
Threats	Lack of political will to support increased enforcement; Collusion between officials and the illegal actors; Acceptance that information, decision-making is non-transparent; Lack of equipment, trucks, resources to implement training; (DOFI has over 300 staff and only 2 vehicles) Demand for illegal wood and wildlife is so high that enforcement only moves the flow but does not curb demand

SWOT Analysis - GOVERNANCE

SWOT Topic	GOVERNANCE
Strength	ASEAN FLEG Work Plan has been endorsed 2008 – 2015; Long-stranding, fairly secure governments; Commitment to negotiate the FLEG process; Intention of government to support wood products industry; Strong donor interest in countries and forestry sector; Willingness for key agencies to partner to implement FLEG

Weakness	Lack of political will at high levels; Collusion among key officials and illegal actors; Poor coordination among key ministries in forestry sector; Low level of specialized skill, training, equipment and resources; Low level of ability of streamline decision-making and initiative;
Opportunity	Build on relationships between international community and government agencies in region; To improve relations between countries in reducing illegal flow; To increase transparency of information and decision-making; To support steps at increasing the political will in forestry sector; To support more active role in ASEAN and regional networks for Mekong region as Indonesia, Malaysia often play larger role
Threats	Not enough political will at high levels to support reform; Amount of funds available for illegal activities outweigh donor funds or incentives to reform governance in forestry sector; That despite improved governance the demand for natural forest timber remains at high levels; That reform in governance will not impact military or local officials who are most active in illegal activities

SWOT Analysis - TRADE

SWOT Topic	TRADE
Strength	Multi-billionaire dollar revenue from wood exports to global markets; Good transportation and access to markets; Strong relationships with trade partners; Global demand and investment in future of Asia; Low production costs; Sources of certain wood products with global value and demand
Weakness	Not able to compete with China on price; Limited natural forest supply compared to Africa, Indonesia, PNG and Malaysia; Too many wood processing facilities, saw mills creating demand Low level of skill and experience in industry innovation; Over-reliance on certain export products and markets; Too dependent on natural forest and limited species of wood; Lack of investment and developed plantation system

Opportunity	<p>To produce higher quality products than China; To improve global reputation as source of legal verified timber; To build on existing global trade networks (ASEAN; WTO); To strengthen alliances in building wood product association; To reduce the number of wood processing facilities to reflect more efficient, productive and realistic supply-demand chain; To develop more diverse species and wood products for market; To open more markets to legal verified timber (ex. GFTN); To provide more benefit to local communities and tax base</p>
Threats	<p>Diminish natural resource timber supply; Permanent damage to biodiversity values; To lose revenue from high value wood markets or from PES or REDD if those funds are made available for conservation; Limited to secondary, non-verified timber markets at low price; Leakage to Lao PDR, Cambodia and Myanmar continue while export profits stay in Vietnam and with limited companies</p>

3 SMALL GROUP REPORTS

Group 1 - VIETNAM

Selected FLEG issue: **TRADE**

Top Three (3) Activities and Justifications:

- 1 Implement phased approach for forest certification and legal verification system. This was selected since it is the minimum requirement to access or continue to access the US and EU markets which are over 60% of the Vietnam exports.
- 2 Develop national/regional mechanism for collection, storage and sharing of information on timber harvest, trade, export. This was selected since information sharing is necessary to improve and ensure more sustainable decision making, practices and enforcement related to logging and timber flows in Mekong region.
- 3 Develop consistent operational guidelines on export/import of wood products. This was selected in order to enable a more efficient flow of timber and to provide mechanism to track that flow.

Activity Chosen to Implement:

Phased approach for forest certification and legal verification system.

Status Quo : A number of different laws regulate the legality of forest products, e.g. Law of Forest Protection Development 2004, Law on Trade and Commerce 2003, Biodiversity Law 2008, Law on Environmental Protection 2005.

Who : MARD (Mr. Long), MoIT (Mr. Hoi), MoF (Mr. Thanh), MONRE (Mrs. Ha)

Next Steps:

- MARD develops FLEGT action plan including principles and indicators for legality of timber using multi-stakeholder approach
- Develop a transparent regional import/export legality documentation system

Opportunity for Regional Collaboration:

Vietnam, Lao PDR and potentially Cambodia and Thailand could form an Advisory or Working Group on FLEG or FLEGT to focus on researching, drafting and implementing a legal verification system for each country that had consistency.

Group 2 – LAO PDR

Selected FLEG issue: **ENFORCEMENT**

Top Three (3) Activities and Justifications:

- 1) Provide national and regional training activities and opportunities for customs, forestry and other law enforcement officials on forest law and regulation. This was selected due to the lack of skills, experience and resources of the existing agencies with the mandate to conduct enforcement. There is a strong desire to have exchange and learn from and with officials and systems in other countries
- 2) Establish a uniform format to report illegal logging and trade and test to implement at provincial level to national level. This was selected to improve the efficiency of reporting from the local level. Even if it is done currently, it is often not in a uniform format, nor is it digital or does it become stored in a database. Being able to report and store information would improve the ability to make information transparent to the public and at a regional level.
- 3) Create a computerized national and regional data base and improve national timber tracking systems, information and case record. This was selected for similar reasons to #2 and to adapt DOFI to utilize a system for monitoring that is uniform throughout the country and possibly within the Mekong region. TRAFFIC is conducting baselines study for EU-EFI FLEGT Asia Project to gather a baseline of information which can build on other projects that have data on various aspects of the logging and export activities.

Activity Chosen to Implement:

Develop a mechanism for uniform reporting and case tracking and create a digital database for national and potentially regional use.

Status Quo : There is no existing database. In Lao PDR, monthly reports by paper, not uniform are sent to DOFI. The system in Vietnam is more elaborate but not systematic. Cambodia adopted a computer case tracking system for crime monitoring that remains in use and they report all statistics every two years.

Who : DOFI, Ministry of Commerce, Ministry of Finance-Customs, Ministry of Justice

Next Steps:

- Conduct needs assessments in each country for reporting, documentation system
- Include as agenda item on a regional FLEG working group
- Coordinate with ASEAN, Customs, other projects to design, implement system
- Develop a transparent regional import/export legality documentation system

Opportunity for Regional Collaboration:

A regional tracking system for logging and trade information is dependent on improved, effective, transparent and more uniform national systems. There would need to be collaboration with regional projects and NGOs such as TRAFFIC, Forest Trends, EU-EFI FLEGT and others, which confirm the need to develop a system with a regional focus in digital format.

Group 3 – INTERNATIONAL DONORS and STAKEHOLDER GROUP

The international group consisted of representation from PROFOR/World Bank, the Finnish Government/PROFOR, the Netherlands-EC, the EU-EFI FLEGT Asia Project, IUCN Vietnam, GTZ Vietnam Forestry Project, Consultant on Wood Processing Sector, Private Forest Sector Researcher and Forest Trends.

Selected FLEG issue: **THIS GROUP REVIEWD ALL ISSUES**

Top Activities for each sector:

1. LEGAL

- Adopt a legal definition for Vietnam in collaboration with neighboring countries;

2. TRADE

- Vietnam wood processing association and key companies and government representatives should go to the Shanghai certified wood product trade fair in September to market the Vietnamese products and learn from other lessons. Then there could be such an event for Vietnam hosted in Hanoi each year to promote the legal verified wood products.
- Conduct an economic study to show the value gained from adoption of FSC/COC in Vietnam or Lao PDR;
- Build on existing “tool kits” for wood processing factories to adopt COC
- Support “COC” development in private sector in Vietnam and Lao PDR

3. ENFORCEMENT

- Cross-border enforcement activities outlined in existing MOU in pilot provinces, borders and sites with the highest volume of trade;
- Training Support for FPD-FD, DOFI and FA;
- Analyze joint mobile enforcement teams with forestry, military, police, park rangers that have been effective in Cambodia;
- Analyze the need and effectiveness of computer case tracking systems;

4. GOVERNANCE

- Regional FLEG dialogue with China, Thailand Vietnam and Lao PDR;
- Cross-border provincial level capacity building with existing institutions;
- Build on existing micro-agreements, MOUs between countries, provinces;
- Interest in private sector to adopt voluntary code of conduct (HAWA);
- Need high level political will to improve transparency of information

Activity Chosen to Implement:

Adopt a legal assurance system and common legal definition for timber exports from Vietnam consistent with verified timber imported from Lao PDR or Cambodia. This is the most important issue since it links all the other necessary activities. It was recommended that the legal verification standard should focus on what are the import requirements of each trading partner (Japan, US, EU, etc.).

Status quo: There are various laws regulating logging, processing, transport and import/export of wood products in each country, but there are many conflicts and exceptions and the standard does not satisfy would be required by the EU.

Who : MARD/MAFF/MAF, DOFI/FPD/FA, Ministry of Commerce, Ministry of Finance-Customs, Ministry of Justice

Next Steps:

- Conduct legal analysis and needs assessments in each country for legal definition;
- Gather the numerous COC legal standards being drafted and reviewed in Asia;
- Establish or utilize existing legal drafting teams in each country;
- Coordinate with FLEG working groups in each country and regionally

Opportunity for Regional Collaboration:

Vietnam, Lao PDR and potentially Cambodia and Thailand could form an Advisory or Working Group on FLEG or FLEGT to focus on researching, drafting and implementing a legal verification system for each country that had consistency.



Final Agenda

Day 1 (November 24, 2009): 8:30am -- 5:00pm, followed by reception and dinner

<i>Time</i>	<i>Activites</i>	<i>Responsibilities</i>
8.30 – 8.45	+ Introduction + Agenda + Expectations	Mr. Tran Kim Long Deputy Director General, International Cooperation Department, MARD
8.45 – 9.00	Welcome remark from Vietnam	HE. Hua Duc Nhi, Vice Minister of MARD
9.00 – 9.20	Overview of FLEG project and World Bank/PROFOR	Tuukka Castren, Senior Foretry Specialist “FLEG”, World Bank/PROFOR
9.20 – 9.40	Mekong region FLEG Concept Note	Todd Sigaty, Team Leader FLEG PROFOR Project
9.40 – 10.00	FLEGT and Due Diligence Legislation and their impact on the Mekong Region	Vincent van den Berk, Program Coordinator, EFI EU FLEGT
10.00 – 10.30	Q&A	
10.30 – 10.50	<i>Coffee Break</i>	
10.50 – 11.10	FLEG in Viet Nam: Current status, Challenges, and Future actions	Mr. Tran Kim Long, International Cooperation Department, MARD
11.10 – 11.30	FLEG in Lao PDR: Current status, Challenges, and Future actions	Lao PDR Representative
11.30 – 12.00	Q and A	
12.00 – 13.30	<i>Lunch</i>	

13.30 – 14.00	Review of FLEG recommended activities from ASEAN and country strategy plans	Todd Sigaty, Team Leader FLEG PROFOR Project
14.00 – 15.15	Group discussion FLEG Concept Note + Viet Nam + Lao PDR + NGOs and donors	Facilitators: + Thanh; Felise + Khamla; Khampout + Todd Sigaty; Phuc Xuan
15.15 – 15.30	<i>Coffee break</i>	
15.30 – 16:30	+ Group presentations on outcomes of group discussion (10 mins) + Q&A (5 mins)	
16.30 – 16.45	Closing remarks	Mr. Tran Kim Long, Deputy Director General, ICD-MARD
18:00	Reception and Dinner at Melia Hotel	

Day 2 (November 25, 2009): 8:30am – 12 noon, followed by lunch

<i>Time</i>	<i>Activities</i>	<i>Responsibilities</i>
8:30 – 8:45	+ Introduction + Agenda + Expectations + SWAT Analysis- FLEG in Mekong	Todd Sigaty
8.45 – 10.00	Review and revise project proposals from Day 1	Facilitators: + 3 group reporters
10.00 – 10.15	<i>Coffee Break</i>	
10.15 – 11.15	Review and revise project proposals from Day 1	Facilitators: + 3 group reporters
11.15 – 11.45	Finalize workshop outputs and agree on next steps	Tuukka Castren; Todd Sigaty

What is FLEG?

Definition

FLEG stands for Forest Law Enforcement and Governance and has developed over the last 10 years as a *process* that has become an international practice involving national governments, non-governmental organizations, multilateral and bilateral donors and the private sector. The FLEG process has been tested in three regions: East Asia-Pacific (EAP FLEG), Africa (AFLEG) and Europe-North Asia (ENA FLEG).

FLEG includes issues relating to how forest resources are managed, ranging from how decisions about forest use are made and who is involved in the decision-making process, to the enforcement of forest laws and policy on the ground. Trade has emerged as a key issue in the process: “FLEGT”.

Objective

To combat illegal logging and the associated trade through initiatives in coordination with governmental and non-governmental institutions as well as partners in the private sector and civil society.

FLEG initiatives aim to increase knowledge, develop political will, build stakeholder involvement in both producer and consumer regions and support follow-up programs.

Development of FLEG Program/Source of funding

In 1998, the G8 adopted an Action Program on Forests which made combating illegal logging one of its primary objectives and which led to the launch the FLEG Process in 2001, at which time the World Bank was assigned the responsibility for organizing and coordinating this international initiative.

The first regional FLEG Ministerial Conference was held in Bali in September 2001. Subsequently, FLEG Ministerial regional processes were launched in Africa in 2003 and in Europe and North Asia in 2005. The World Bank organized support of these initiatives by creating the FLEG Program.

The FLEG Program is supported by a multi-lateral trust fund which merged with the PROFOR Trust Fund in 2008.

PROFOR is a multi-donor trust fund program housed at the World Bank within the Environmentally and Socially Sustainable Development (ESSD) Forests Team. PROFOR is funded by the UK’s Department for International Development (DFID), the Finnish Department for International Development Cooperation, the Japanese International Forestry Cooperation Office, and the Swiss Development Cooperation (SDC). The German Government is also an in-kind contributor.

What is FLEG in SE Asia, in the Mekong and in Vietnam

Since the Bali Declaration in 2001, the FLEG process has been adopted by ASEAN and its member states. For example, ASEAN established a FLEG Working Group which meets regularly and has adopted a FLEG Work Plan 2008-2015. FLEG issues and the Work Plan are discussed at the ASEAN ASOF (Senior Forestry Experts) and AMAF (Ministers of Agriculture and Forestry) meetings each year.

ASEAN FLEG activities are supported by the GTZ-AKRN project. Other donors interested in supporting FLEG implementation in ASEAN and the member states are the World Bank, FAO, the EU, US State Department/USAID and the Government of South Korea. The next meeting for ASEAN FLEG will be in Kuala Lumpur from 30 November to December 4, 2009. Each country will present a report on their implementation of the FLEG Work Plan.

The World Bank began the East Asia Pacific (EAP) FLEG Program in 2001. The Program was less active in 2007-2009 as there was not a regional representative, however, support has been provided to develop a PROFOR project to improve FLEG in the Mekong Region with implementation planned in 2010-2012.

In October 2009 the EU-EFI (European Forest Institute) began the ASIA-FLEGT project to promote legal trade of timber between ASEAN and European markets. However, this project will likely focus on Malaysia and Indonesia rather than the Mekong region.

The EU also attempts to negotiate VPAs (Voluntary Partnership Agreements) with ASEAN countries that export wood products to the European Community. The goal is to ensure that all wood products imported to the EC have proof of legal origin. To date, the EU has been negotiating VPAs with Indonesia and Malaysia. Vietnam is discussing whether or not the VPA system would be applicable.

USAID supports the RAFT Program implemented by The Nature Conservancy (TNC) in SE Asia to promote the legal trade of timber including obtaining FSC certification for forests under community management and linking them to markets.

IUCN implements the Strengthening Voices for Better Choices (SVBC), a global project financed by the EU, which aims to promote the development and implementation of improved forest governance. In Vietnam, SVBC has focused on training and raising awareness of the FLEG process among government, industry and other stakeholders. In April 2009, the IUCN hosted a regional workshop to discuss ways to strengthen FLEG.

GFTN-Vietnam, in partnership with WWF, MARD and the Vietnam Association of Timber and Forest Product (VIFORES), supports local community forests and wood processing factories adopt certification practices.

Vietnam has established a FLEG working group to address implementation of activities and collaboration with donors and other stakeholders. According to the National Forest Development Strategy, Vietnam aims to achieve certification for 30% of the timber exported by 2020 and reduce the illegal flow of timber by 80%.