

FLEGT IN ACTION

Governance Research Agenda for FLEGT

Towards global forest governance
research and action

January 2013

Table of Contents

Acknowledgements	4
About the EU FLEGT Action Plan	4
Executive summary.....	5
Purpose of the Governance Research Agenda for FLEGT	5
How the EU FLEGT Action Plan works	5
Knowledge gaps and need for research	6
Aims of the Governance Research Agenda for FLEGT.....	6
How the Governance Research Agenda for FLEGT was developed	6
Structure of the Governance Research Agenda for FLEGT	8
Research theme: forest governance.....	8
Justification	8
Research gaps	9
Specific research topics	9
Research theme: illegal logging and deforestation	10
Justification	10
Research gaps.....	11
Specific research topics	11
Research theme: markets, trade and economic development	12
Justification	12
Research gaps.....	12
Specific research topics	13
Research theme: livelihoods and poverty alleviation	14
Justification	14
Research gaps.....	14
Specific research topics	14
Research theme: linkages between FLEGT and REDD+	15
Justification	15
Research gaps.....	15
Specific research topics	16
Moving forward with the objectives of the GRAF: making FLEGT work for people, societies and forests.....	16
Why research matters.....	16
Collaboration is necessary for research to make a difference.....	16
How to build a collaborative community.....	17
References.....	18

Foreword

Dear researchers, policymakers, practitioners and members of the research-funding community:

We are pleased to present you with this Governance Research Agenda for FLEGT (GRAF). The purpose of this research agenda is to support the aims of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. It aims to provide an integrated picture of medium- to long-term priority areas for governance research to the FLEGT community, including research-funding organisations in the EU and internationally. This agenda is the product of nearly two years of broad consultations among academia, policymakers and practitioners, with contributions from well over 300 people.

The agenda presents a set of prioritised key research questions, organised into themes that are broadly consistent with the goals of the FLEGT Action Plan: (i) forest governance; (ii) illegal logging and deforestation; (iii) markets, trade and economic development; (iv) livelihoods and poverty alleviation; and an additional theme on (v) FLEGT linkages with REDD+. For each theme, we provide a justification of the topic, a description of the research gaps and a list of specific topics in need of research.

The GRAF calls for improved coordination between the research community, policy practitioners and research donors, as well as better-targeted and possibly increased funding for research that is relevant to FLEGT. The anticipated effect of such improvements would be research that is more comprehensive and transparent

and less fragmented, which would contribute to shorter and more intensive iterations in the learning cycles between practice and theory. This would ultimately strengthen the positive impacts of the FLEGT Action Plan in both timber-producing and timber-importing countries.

Our hope is that the GRAF will compel actors to take the initiative and work together on a range of issues across a variety of contexts, to form new nuclei of collaborative communities and thus help to make policy work better for societies. The GRAF is a dynamic document, to be revised and updated when and as required, in response to how FLEGT-related governance evolves.

We hope also that the GRAF will contribute to a dynamic process leading to a larger, shared and coordinated global agenda for forest governance research and action. In our view, closer coordination between those who design and implement governance policies and those who research forest governance will solidify the foundation of practice.



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The Governance Research Agenda for FLEGT (GRAF) was developed through a broad-based participatory and consultative process, and we gratefully acknowledge the contributions from the large number of individuals and institutions involved. This version of the GRAF owes a great deal to Christian Pilegaard Hansen (University of Copenhagen; UCPH), with major contributions from Jo Van Brusselen, Tomi Tuomasjukka and Margaret Shannon (European Forest Institute; EFI) and Jens Friis Lund (UCPH). Christophe Van Orshoven (EFI) contributed to the section on linkages with REDD+. Gert-Jan Nabuurs, Melissa Othman (EFI) and Iben Nathan (UCPH) provided constructive feedback on drafts, thus helping to shape the present document.

During the development of this agenda, the Advisory Group provided valuable guidance and input. The members of the Advisory Group are (in alphabetical order): René Boot, Alexander Buck, Gesa Burchards, Benjamin Cashore, Christian Pilegaard Hansen, Alison Hoare, John Hudson, Sam Lawson, Errol Meidinger, Margaret Shannon, Andrew Wardell and Roderrick Zagt.

About the EU FLEGT Action Plan

FLEGT stands for Forest Law Enforcement, Governance and Trade.

In light of the serious environmental, economic and social consequences of illegal logging, the European Union published the EU FLEGT Action Plan in 2003. The Action Plan recognises that the EU is an important export market for countries where levels of illegality and poor governance in the forest sector are most serious.

The EU FLEGT Action Plan sets out actions to prevent the import of illegal wood into the EU, to improve the supply of legal timber and to increase demand for wood coming from responsibly managed forests. The long-term aim of the Action Plan is sustainable forest management.

The measures of the Action Plan focus on seven broad areas

1. **Support to timber exporting countries**, including action to promote equitable solutions to the illegal logging problem
2. **Activities to promote trade in legal timber**, including action to develop and implement Voluntary Partnership Agreements between the EU and timber exporting countries
3. **Promoting public procurement policies**, including action to guide contracting authorities on how to deal with legality when specifying timber in procurement procedures
4. **Support for private sector initiatives**, including action to encourage private sector initiatives for good practice in the forest sector, including the use of voluntary codes of conduct for private companies to source legal timber
5. **Safeguards for financing and investment**, including action to encourage banks and financial institutions investing in the forest sector to develop due care procedures when granting credits
6. **Use of existing legislative instruments or adoption of new legislation** to support the Plan, including the EU Timber Regulation
7. **Addressing the problem of conflict timber.**

More on the FLEGT Action Plan:

www.euflegt.efi.int/portal/home/flegt_intro/flegt_action_plan



Nicolas Guyot

Executive summary

The overall objective of the Governance Research Agenda for FLEGT (GRAF) is to contribute towards achieving the aims of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. The specific aim is to raise awareness of key gaps in our knowledge about how FLEGT may work and with what results, among funders of research, researchers, policymakers, the corporate sector and civil society. In particular, the GRAF seeks to compile an integrated picture of medium- to long-term priority areas for governance research for the FLEGT Action Plan, for the benefit of research-funding organisations in the EU and internationally. The GRAF calls for both tighter coordination in the research community and enhanced funding for research relevant to FLEGT. The anticipated effect of such improvements would be research that is more comprehensive and transparent and less fragmented, which would ultimately strengthen the implementation and positive impacts of the EU FLEGT Action Plan in both timber-producing and timber-importing countries.

The development of the GRAF began in 2011 with a web-based survey, which elicited 274 responses from researchers, governmental institutions at national, regional and international levels, industry, non-governmental organisations, consultants and students. The survey was structured into five main sections: policies and legal frameworks, socio-economics, markets and trade, monitoring progress, and organisations, processes and networks. Five expert authors – one for each of the five main sections – were then contracted to analyse the survey responses and use the results to draft a chapter for that section. A draft conceptual framework of the GRAF was presented and discussed at the IUFRO Division 9 Forest Policy and Economics Conference in Sarajevo, Bosnia and Herzegovina, in May 2012. Based on feedback received during that conference and following further work, a more detailed draft was prepared and submitted to the Advisory Group and key experts from the European Commission for review, and their comments were incorporated. The EU FLEGT Facility of the European Forest Institute facilitated this preparatory process.

The GRAF organises key research questions into five research themes that are consistent with the goals of the EU FLEGT Action Plan: (i) forest governance; (ii) illegal logging and deforestation; (iii) markets, trade and economic development; (iv) livelihoods and poverty alleviation; and (v) FLEGT linkages with REDD+. Each theme is divided into a justification, a description of the key research gaps and a list of specific topics in need of research.

The hope is that the GRAF will compel actors to take the initiative and work together on a range of topics

across a variety of contexts, to form new nuclei of collaborative communities and thus help to make policy work better for people, societies and forests. The GRAF is a dynamic document, to be revised and updated when and as required. It is thus hoped that the GRAF will mark the beginning of a dynamic process, leading to a larger, shared and coordinated global agenda for forest governance research.

Purpose of the Governance Research Agenda for FLEGT

How the EU FLEGT Action Plan works

In 2003, the European Union (EU) published its FLEGT (Forest Law Enforcement, Governance and Trade) Action Plan, which proposes a range of supply- and demand-side measures to tackle illegal logging and the trade in associated products. The plan explicitly recognises that the EU is a major consumer of wood products from regions with extensive illegal activity and poor governance in the forest sector. European demand was seen as creating a market for illegal wood and, hence, as a significant driver of illegality, thus undermining efforts by governments in producer countries to enforce their forest laws. The EU decided to change its approach and to use the power of the market to leverage improved forest governance.

On the demand side, the Action Plan introduces measures designed to develop markets in the EU for verified legal products, to reduce market access for illegal wood and to encourage consumers to pay the real price of producing legal wood. The central approaches are to focus on the trade policies that are the EU's responsibility and to encourage governments and timber importers in European Member States to engage in responsible purchasing. A central instrument is the EU Timber Regulation, which was passed by the European Parliament in 2010 and comes into effect in early 2013. Under the EU Timber Regulation, operators that place wood products on the EU market are responsible for ensuring that the wood is from a legal source. Another key mechanism has been to encourage EU Member States to adopt public procurement policies that support responsible timber consumption.

Voluntary Partnership Agreements (VPAs) form the cornerstone of the supply-side measures of the EU FLEGT Action Plan. VPAs are bilateral agreements between the EU and timber product-exporting partner countries to trade only in legal wood – specifically FLEGT-licensed wood. For wood to be licensed under a VPA, it must be produced in compliance with the national laws and regulations of producing, processing and exporting countries, and should be traceable

throughout the processing chain through a timber-tracking system. In addition to this timber legality assurance system, VPA negotiations cover issues such as access rights to resources, inclusiveness and transparency of decision-making, and accountability. To date, agreements have been concluded with Ghana, Republic of the Congo, Central African Republic, Cameroon, Liberia and Indonesia. Negotiations are ongoing with Democratic Republic of the Congo, Gabon, Guyana, Honduras, Malaysia and Vietnam. Several other countries are about to start negotiations. Interest in entering the VPA process is expected to increase, perhaps because of the anticipated effects of the EU Timber Regulation.

The EU FLEGT Action Plan employs innovative instruments for dealing with contemporary forest challenges. Many of the issues it covers interact with other governance approaches, both inside and outside the forest sector. It is precisely the innovative character and widely shared interests of FLEGT, in combination with a call for a novel approach to research, that make this agenda well worth the attention of policymakers, practitioners and researchers in forest governance.

Knowledge gaps and need for research

The EU FLEGT Action Plan builds on various policy and governance assumptions. However, these assumptions suffer from knowledge gaps, small and large, and research is required to close these. A general assumption underlying the FLEGT Action Plan, and VPAs in particular, is that improvements in governance will lead to improvements in rural livelihoods in producer countries. 'Improvements in governance' is understood as greater transparency, stronger accountability, clearer legal frameworks for forest management, more equitable access to forest resources, more effective environmental protection, greater protection of labour and community welfare, appropriate taxes and royalties for timber harvesting and trade, and stronger law enforcement. Given this assumption, these issues are addressed in VPA negotiations. However, such assumptions should be subject to critical assessment by the forest governance research community.

FLEGT-related activities are still in an early stage, particularly when it comes to practical implementation. That FLEGT is a relatively young initiative creates an opportunity, because research is most appropriate at the preliminary stages. Research at this stage has greater value and relevance – the results can be used to identify both unintended consequences of FLEGT and solutions. These results can then inform policy-making and contribute to policy learning among all stakeholders through adaptive learning. An additional advantage of early research is that it enables comparisons and analyses over time.

Current research of relevance to the EU FLEGT Action Plan tends to be fragmented and not necessarily comprehensive – even though the Action Plan has ambitious and wide-ranging goals and targets a large number of countries with different biophysical, political, legal and socio-economic conditions. Furthermore, the Action Plan and its policy instruments form only one component of a complex, dynamic and evolving regime of global forest governance, trade and development – a regime that involves a large number of actors and is influenced by numerous socio-economic factors at various levels. Initiatives may interact positively or negatively, depending on the context.

What is needed in research is not the static practice of documenting impacts after they occur. Rather, research needs to be dynamic, where research activities take place alongside policy implementation and where research results provide practical suggestions for sound policy interventions and address unintended consequences at an early stage.

Aims of the Governance Research Agenda for FLEGT

This Governance Research Agenda for FLEGT (GRAF) is a response to the need to provide the EU FLEGT Action Plan with scientific support to improve the implementation and reach of this policy. Described within the GRAF are the key research areas that contributors identified as crucial for the success of the FLEGT Action Plan but where current knowledge is insufficient.

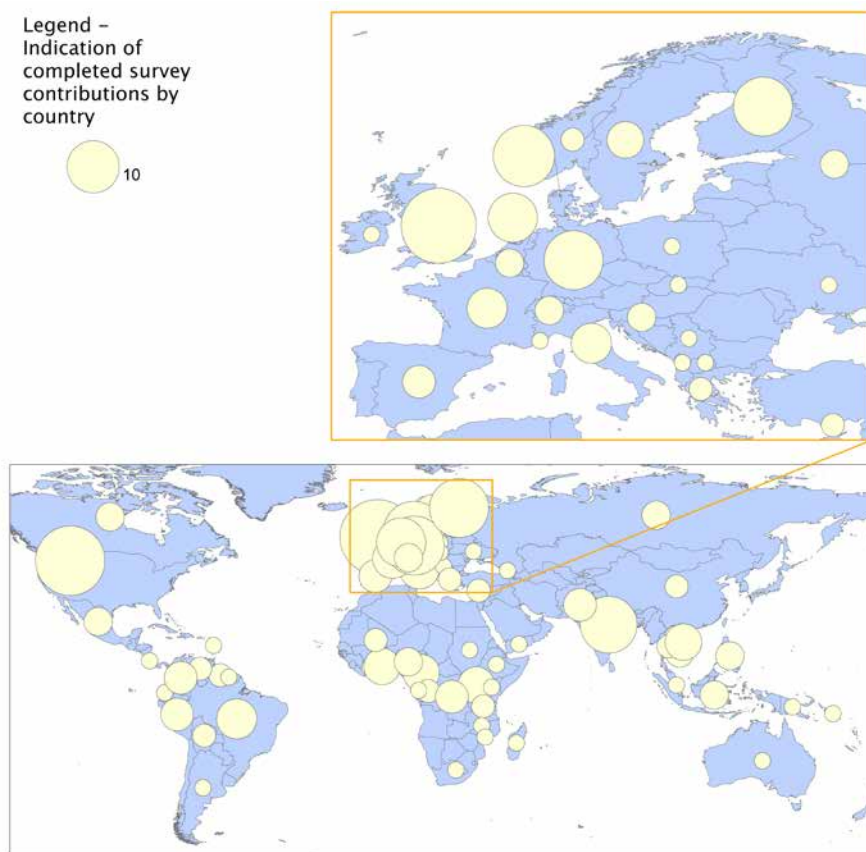
The overall objective of the GRAF is to contribute towards achieving the aims of the EU FLEGT Action Plan.

The specific aim is to raise awareness of key gaps in our knowledge about how FLEGT may work and its potential impacts, among funders of research, researchers, policymakers, the corporate sector and civil society. In particular, the GRAF seeks to compile an integrated picture of medium- to long-term priority areas for governance research for the FLEGT Action Plan, especially for the benefit of research-funding organisations in the EU and internationally.

The GRAF calls for both tighter coordination in the research community and increased funding for research relevant to FLEGT. The anticipated effect of such improvements would be research that is more comprehensive and less fragmented. This would ultimately strengthen and safeguard the implementation and positive impacts of the EU FLEGT Action Plan, in both timber-producing and timber-importing countries.

How the Governance Research Agenda for FLEGT was developed

The development of this research agenda began in 2011 with a web-based survey, which elicited 274 responses



Geographical distribution of respondents to the research agenda survey

from researchers, governmental institutions at national, regional and international levels, industry, non-governmental organisations, consultants and students. Most respondents came from Europe, although the remainder represented wide geographical coverage, as shown in the figure below.

The aim of the survey was to elicit stakeholders' views on important research topics in the field of forest governance, particularly issues of interest for FLEGT and REDD+. The survey was structured into five main sections: policies and legal frameworks, socio-economics, markets and trade, monitoring progress, and organisations, processes and networks. Within these sections, respondents were asked to prioritise predefined research topics, which had been identified during brainstorming sessions at EFI. Respondents were also asked to list any other issues that they believed warranted research. A summary of the survey results, in electronic format, is available on request from EFI.

Five expert authors – one for each of the five main sections – were then contracted to analyse the survey responses and use the results of their analysis to draft a chapter for that section. The resulting background paper is available in soft copy on request from EFI.

The Advisory Group met in February 2012 to review the background paper and discuss the next steps. At that stage, the Advisory Group felt that the background paper did not sufficiently demonstrate interactions between the issues, and recommended that the GRAF endeavour to explain, in simple language, how the research would help in addressing real-world problems. The Advisory Group also agreed that the GRAF should focus on FLEGT but also explore its linkages with other global initiatives targeting forest governance, notably REDD+.

A draft conceptual framework of the present document was presented and discussed at the IUFRO Division 9 Forest Policy and Economics Conference in Sarajevo, Bosnia and Herzegovina, in May 2012. Based on feedback received during that conference and following further work, a more detailed draft was prepared and submitted to the Advisory Group and key experts from the European Commission for review. The comments received were incorporated, and this version of the agenda was produced in November 2012.

The EU FLEGT Facility of the European Forest Institute facilitated the preparatory process.

Structure of the Governance Research Agenda for FLEGT

The overall focus of the GRAF is on furthering understanding of:

- how the EU FLEGT Action Plan influences governance and policy processes;
- what the real outcomes of the Action Plan are; and
- whether the underlying assumptions are valid across the variety of conditions under which the Action Plan is implemented.

To build this understanding, the GRAF is structured into four research themes that are broadly consistent with the goals of the EU FLEGT Action Plan. A fifth theme examines linkages between FLEGT and REDD+. Each theme is divided into a justification of the topic, a description of the research gaps and a list of specific topics in need of research

Throughout this agenda, the term 'FLEGT' is used generally to refer to the various activities arising from or carried out in accordance with the EU FLEGT Action Plan, in a range of contexts and at various levels. Many of the research questions can be considered from different angles. For example, in a country context, 'FLEGT' can mean a VPA process or the impact of the EU Timber Regulation on the demand for legal timber; in an international context, 'FLEGT' could refer to the EU Timber Regulation, VPA processes, public procurement policies or a combination of instruments under the Action Plan. The use of this generic expression allows the reader to interpret the question at the appropriate context and level, thus stimulating further richness in research.

Each research theme is framed by a key research question, as follows.

- **Forest governance:** How does FLEGT influence legal frameworks, planning and decision-making, legal compliance and implementation and enforcement of laws?
- **Illegal logging and deforestation:** How does FLEGT influence the level of illegal logging and what are the likely overall impacts on deforestation and forest degradation?
- **Markets, trade and economic development:** How does FLEGT influence international and domestic markets and trade and opportunities for economic development? Through which mechanisms does such influence occur? How will changes to the markets affect how FLEGT operates?
- **Livelihoods and poverty alleviation:** How does FLEGT influence the livelihoods of forest-dependent people and communities?
- **Linkages between FLEGT and REDD+:** How can governance approaches developed under FLEGT and REDD+ be helpful for each other?

A number of assumptions underlie each of these themes, and these assumptions also need to be researched. Past research has examined the development of VPAs, the EU Timber Regulation and public procurement policies. However, issues that arise with implementing these instruments need to be explored, particularly for identifying ways to improve processes and for generating results that go beyond the traditional monitoring of policy impacts.

As the following sections illustrate, the research themes intersect in many ways; it is important that research on FLEGT also addresses these linkages.

The final section of the GRAF discusses the need for a new culture of scientific research and policy action and concludes with a call to action for researchers, practitioners, research funders and policymakers to forge a strong collaborative community as a critical step towards ultimately achieving improvements in global forest governance.

Research theme: forest governance

Key research question: How does FLEGT influence institutional, regulatory frameworks, planning and decision-making, legal compliance and implementation and enforcement of laws?

Justification

Governance is about rights and roles in decision-making, and the systems used to make, implement, enforce and monitor decisions (e.g. Broekhoven et al. 2012).¹ Importantly, governance is not confined to government – it encompasses the public, private and civil society sectors. FLEGT aims to achieve legal and institutional reforms and to strengthen law enforcement, and thereby to engender changes within the public and private sector spheres. However, legal reforms and their final outcomes are shaped by interactions in more or less formal networks between public, private and civil society actors; the implication is that research on governance must address all these groups of actors.

'Good governance' is inherently normative. In the broader context of global efforts to improve forest governance, FLEGT is expected to support such normative aims as participation, fairness, accountability, transparency, efficiency, effectiveness, equity, openness and coherence (e.g. Zaelke et al. 2005; Bodegom et al. 2008; PROFOR/FAO 2011).

¹ Kjaer (2005, 10) defines governance as '... the setting of rules, the application of rules, and the enforcement of rules'. At an even broader scale, Rayner et al. (2010) characterise governance simply as any effort to coordinate human action in order to achieve certain goals.



Nicolas Guyot

In documenting existing governance practices and identifying elements of governance that are most effective in particular situations, research can help create an impetus for reform. Furthermore, research can reveal specific reform initiatives that may support the broader aims of FLEGT.

Research gaps

Research should examine the three ‘pillars’ of forest governance: (i) legal framework, (ii) planning and decision-making and (iii) implementation, enforcement and compliance (as in PROFOR/FAO 2011).

(i) Legal framework: In-depth analyses of the national legal framework governing forests are needed to inform the development of effective and appropriate legal reforms under FLEGT and/or REDD+. Such studies may also yield information of use in revisions of the timber legality definition.

(ii) Planning and decision-making: Existing research seems to suggest that decision-making during VPA negotiations has involved considerable consultation and inclusion of multiple stakeholders (e.g. Beeko and Arts 2010). However, whether such consultation and inclusiveness are sustainable remains to be seen. There are substantial gaps in our knowledge of forest planning and decision-making processes at national and local levels.

(iii) Implementation, enforcement and compliance: One major knowledge gap concerns the capacity of, and incentive structures for, those in charge of implementing and enforcing forest legislation. Another area of research, which may help identify likely obstacles to FLEGT reforms, is analysis of gaps between current practices and existing and proposed legislation.

Specific research topics

The specific research topics within this theme are grouped under four general headings, as follows.

Research on forest governance regimes

- How do the different global/international, regional and national forest governance efforts overlap and interact?
- Which systems of global/international forest governance are meaningful and which are symbolic?
- Which initiatives influence forest governance in practice and why? Which initiatives do not achieve their objectives during implementation and why?

Research on legal frameworks

- Overarching questions:
 - To what extent do legal frameworks support good governance in general?
 - What does a comparison of legal frameworks reveal? Where and why is law enforced? What can we learn from effective implementation of laws and regulations? What works and what does not?
 - Are forest laws and regulations clear and coherent? Are they consistent with regulations in other sectors (e.g. mining, energy, agriculture) and international commitments (conventions and agreements)?
- Questions related to the VPA process
 - Does the legal framework recognise existing customary rights to forest property and use? Does the legal framework recognise the livelihood needs of indigenous people, local communities and traditional forest users? Are these groups aware of legal and administrative requirements? What is their attitude towards them?
 - Are the mandates of forest-related organisations at various administrative levels clear and coherent?
 - Do the legal framework and associated administrative and judicial institutions provide effective and accessible means of resolving disputes?
 - Are legal provisions and mechanisms for equitable sharing of forest revenue in place?
 - Does the forest legislation provide for transparency, that is, public access to information? Does the forest legislation provide for competition, such as auctions of timber rights?
 - What issues or concerns about legality definitions in VPAs are being raised by different stakeholder groups across countries?
- Questions on the impact of FLEGT/VPAs on legal frameworks:
 - How does the VPA process induce changes in the legal framework and interpretation of the laws?

- How does the VPA approach affect the political economy of the forest sector? How does this effect change stakeholders' political influence? How does this affect VPA negotiation and implementation?
- How are laws and regulations applied? How does the VPA induce changes in applications of the law?
- How do FLEGT requirements influence legal and regulatory frameworks governing forests at national and local levels through (i) demand-side measures such as the EU Timber Regulation or (ii) supply-side measures such as the VPAs? Through which mechanisms does FLEGT have this effect? How does the implementation of FLEGT, and of VPAs in particular, influence the implementation and enforcement of a country's legal framework?

Research on planning and decision-making

- Who participates in forest-related planning and decision-making at various levels? Are planning and decision-making linked?
- What are the key characteristics of decision-making processes in these structures?
- How have actors and networks for planning and decision-making evolved and changed over time? With what outcomes?
- What informs decision-making? What informs planning? How is planning used in decision-making? How is information used in decision-making, policy implementation and review?
- To what extent do relevant organisations and actors have the capacity and resources to participate and engage in forest-related planning, decision-making and implementation?
- What is the quality of the forest-related information available to actors? Is it timely, comprehensive and accessible?
- How do forest organisations and networks engage in policy learning? What data sources and tools for policy analysis are available and how are they used?
- How well does decision-making in forest organisations and networks incorporate multiple interests, particularly the interests of disadvantaged groups?
- How do the different stakeholders involved in decision-making influence forest outcomes? Why?
- How is decision-making in forest organisations tied to other axes of power that influence forest governance and outcomes?
- How does the implementation of FLEGT influence planning and decision-making?
- Who has been involved in VPA negotiations? What form did that involvement take? How influential were different stakeholder groups and how effective were they in getting their issues addressed? What were the outcomes of that involvement? Has the level of par-

ticipation been maintained since negotiations were completed?

- What formal and informal networks exist for forest-related planning and decision-making? How are they best addressed in a VPA?

Research on forest law enforcement and compliance, forest crime and corruption

- How do forest agencies' capacity and effectiveness affect implementation and enforcement?
- How important are information and data management systems for effective implementation and compliance?
- How are the results of monitoring and evaluation incorporated into forest management planning? What types of information are used for decision-making?
- To what extent do implementation and enforcement in practice accord with the laws and regulations as they are written?
- What are the challenges in law enforcement? What aspects of the laws are enforced? How effective is enforcement? Who enforces what and why? What legal and institutional arrangements for law enforcement are effective?
- What factors determine whether actors comply with forest-related regulations?
- What is the role of civil society organisations in monitoring law enforcement and compliance? What is the political space for this? Have the VPAs changed this political space? If so, how?
- Who are the targets of law enforcement? Who are not and why?
- What mechanisms are used for resolving forest-related disputes and conflicts? How effective are they?
- What measures are in place to address corruption? How effective are they?
- What is the profile of organised crime in the forest sector in a country, looking at, for example, geographical coverage, economic size, actors and money flows? What are the most effective ways of combating organised crime?

Research theme: illegal logging and deforestation

Key research question: How does FLEGT influence the level of illegal logging and what are the likely overall impacts on deforestation and forest degradation?

Justification

The EU FLEGT Action Plan assumes that illegal logging is a main contributing factor to deforestation and forest degradation. Drivers and underlying causes of



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deforestation and forest degradation have been identified at various scales, from local to global (see e.g. Kanninen et al. 2007). However, the research community lacks specific knowledge about the effects of timber harvesting, particularly illegal logging, on deforestation and forest degradation. Moreover, to address the problem of illegal logging, we need to understand the root causes and drivers in detail.

Research gaps

The extent of illegal logging is difficult to quantify, because of a lack of a consistent and explicit definition of illegal logging and a widespread lack of solid data (Tacconi 2007). Data on illegal logging are generally not captured in national statistics, but must be estimated through other means. Devising adequate policy reforms requires better methods to assess the extent of illegal logging in specific contexts: across a range of ecosystems, protected areas and socio-economic conditions.² The findings from such context-specific assessments could also prove useful when monitoring the impact of VPAs.

In addition, research at local and national levels on the underlying causes and drivers of illegal logging is inadequate in some timber-producing countries. In particular, research is needed to map actors' economic and other interests in illegal logging with the aim of exploring whether actors are likely to support or resist the implementation of FLEGT, and what conditions influence their attitude. Findings from such research could form the basis of measures to improve law enforcement.³ The com-

batting of illegal logging will, inevitably, reduce the harvest and profits of various actors in the value chain, and research needs to clearly identify who they are and how they operate as a basis for policy recommendations. The research should cover all levels, community to national. Also useful would be studies comparing socio-economic contexts, biophysical contexts and different time points.

Finally, more research is needed to track how illegal logging leads to deforestation and forest degradation. At this stage, the potential role of remote sensing techniques in monitoring deforestation is firmly established. However, more research is needed to refine and further develop remote sensing techniques for monitoring forest degradation and biomass depletion, including exploring ways to overcome the problems that arise when up-scaling studies on small areas to national levels. Such systems are under development as part of REDD+ projects, and potential synergies with FLEGT should be explored. Distinguishing legal from illegal deforestation then requires integration of the remote sensing techniques mentioned above with GIS-based forest management systems. In addition, research should explore the viability of community-based participatory monitoring of illegal logging, forest degradation and biodiversity assessments as a tool for achieving more efficient and effective forest management.

Specific research topics

The specific research topics within this theme are grouped under two general questions, as follows.

How can FLEGT effectively support efforts to curb illegal logging while also contributing to rural livelihoods, poverty alleviation and broader forest governance objectives?

- How can we describe the following in a coherent and consistent manner that allows for comparative work based on case studies: (i) the nature and extent of illegal logging; (ii) the actors involved in illegal logging; and (iii) the development of illegal logging over time?
- What factors influence compliance or non-compliance with rules on timber harvesting? Possible factors include deterrents and penalties, benefits and costs of non-compliance, legitimacy and norms (see e.g. Ramcilovic-Suominen and Epstein 2012).
- How do policy instruments, notably FLEGT, influence the drivers of illegal logging in different socio-economic settings? How are national governments addressing drivers of illegal logging? How successful are these efforts? What contributes to or detracts from success?
- How may FLEGT influence corruption in timber harvesting and production chains? How will stronger law enforcement affect corruption?

² Such specifications are typically missing, or are associated with large uncertainty; see, for example, Tacconi (2007).

³ Political economic theory offers a useful theoretical perspective for such research; see, for example, Ascher (1999), Ross (2001) and Barr et al. (2010).

- What are the linkages between illegal logging, corruption and organised crime in the forest sector, including the informal sector?

How can FLEGT contribute towards reducing illegal deforestation and forest degradation?

- What is the relationship between illegal logging and deforestation and forest degradation?
- How does the implementation of FLEGT change the drivers of deforestation and forest degradation?
- How do measures implemented under FLEGT alter illegal deforestation and forest degradation?
- What is the likelihood that remote sensing techniques can be used in monitoring forest degradation and illegal logging? How can remote sensing techniques be combined with participatory monitoring by local communities?

Research theme: markets, trade and economic development

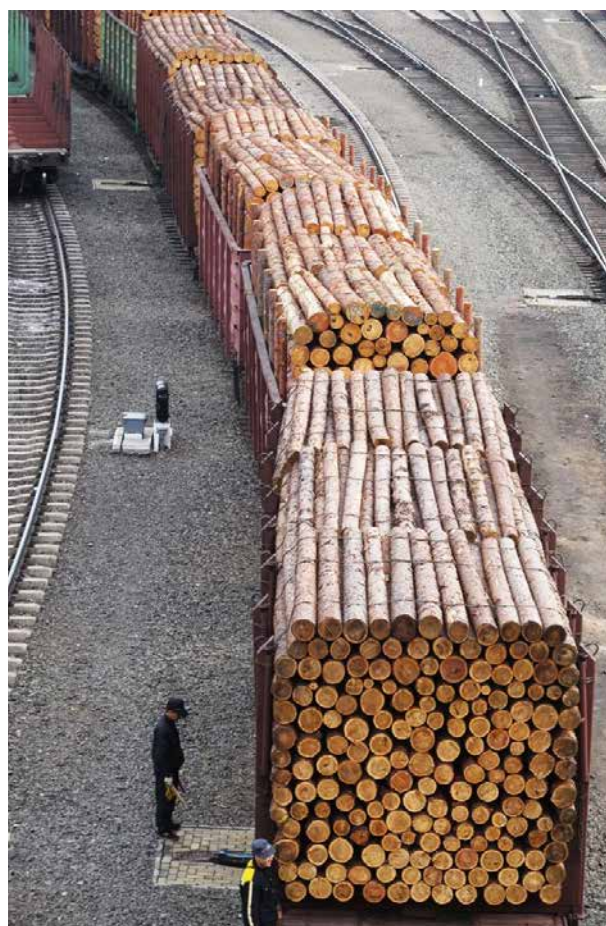
Key research question: How does FLEGT influence international and domestic markets and trade and opportunities for economic development? Through which mechanisms does such influence occur? How will changes to the markets affect how FLEGT operates?

Justification

The global timber harvest has increased by 60% during the past four decades and is expected to continue to grow in the near future, albeit more slowly. The forest sector provides subsistence and wage employment for more than 45 million people in the developing world, and is a key foreign exchange earner for a large number of developing countries. It is estimated that between 15% and 30% of global timber trade involves illegal activities (Nellemann and Interpol Environmental Crime Programme 2012); the annual economic toll of the illegal trade is around US\$5 billion in lost government revenues and US\$10 billion lost in the market value of timber (OECD 2012). FLEGT and similar governance initiatives that target illegal logging must therefore consider the likely consequences for markets and trade and, ultimately, for employment, foreign exchange earnings and, more generally, economic development in the targeted countries.

Research gaps

The global demand for legal timber is growing. This demand is reflected in many policy and trade instruments, including the legality assurance systems that constitute a core element of VPAs. It is largely unknown how demand for legal timber is likely to affect the quan-



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tity (volumes) and prices of wood products traded in international, regional and domestic markets.⁴ One issue for research is whether efforts to ensure timber legality will induce price increases and product substitutions. Also of interest is whether legality verification will cause changes in trade patterns; an example of such a change would be a shift in producer countries' trade preferences towards countries and customers that do not have due diligence requirements. Research that attempts to model market and trade implications such as trade distortions is called for, as are case studies investigating the related consequences, processes and impacts. Findings from such studies may form the basis for larger comparative studies of market and trade effects. Studies are relevant at individual firm, domestic, regional and international levels.

In timber-producing countries that have large informal domestic timber markets and quasi-formal overland export to neighbouring countries, research is needed to better understand the linkages (i) between

⁴ Consistent with conventional micro-economic theory, it has been suggested that removing illegal timber from the markets may cause prices to rise by as much as 15% (cf. e.g. Seneca Creek... 2004). However, clarifying this issue requires more detailed studies that factor in the high complexity of international wood trade and the determinants of demand and supply.

timber legality verification and measures implemented to regulate or integrate informal markets;⁵ and (ii) between formal and informal markets (Cerutti and Les-cuyer 2011). Detailed information is also lacking on the size and development of these markets and trade channels. Another research issue concerns how FLEGT may affect the forest sector's contribution to the general economic development of producer countries, through employment opportunities, foreign exchange earnings and taxation.

The cost efficiency of alternative approaches for compliance with the EU Timber Regulation or similar legislation elsewhere is another potential research topic. Studies should consider both the direct costs incurred by producers and the costs and benefits for society. A comparative analysis of market acceptance of the various regulatory approaches would also yield useful information.

VPA implementation may influence the incentives (positively or negatively) for timber firms in producer countries to seek certification of sustainable forest management; this issue is relevant because timber firms in tropical developing countries have been slow to embrace certification programmes. Legality verification could potentially create foundations of basic legality and law compliance, upon which to base further efforts targeting sustainable forest management through such mechanisms as forest certification (Cashore and Stone 2012).⁶

Specific research topics

The specific research topics within this theme are divided into two general groups, as follows.

FLEGT, trade and markets

- What are the likely trends in prices and the value and volumes of trade flows of legally verified timber?
- How will due diligence requirements and related verification systems affect patterns of international trade in forest products?
- Are trade monitoring systems sufficiently equipped and reliable to detect and estimate volumes of illegal trade?
- To what extent will product substitution occur? Are new consumer markets likely to adopt similar due diligence requirements to those of their suppliers? To what extent?
- What is the reception of FLEGT in the EU? How do different forest sector components compare? Do they

welcome or resist it? What are they doing to comply with it? How do EU Member States compare in terms of attitude towards, support for and implementation of FLEGT Action Plan instruments?

- How will FLEGT affect the structure, profitability and employment opportunities of the forest sector in producer countries?
- Will due diligence requirements induce a shift of production facilities away from countries or regions whose wood is perceived as having 'non-negligible risk' in terms of the EU Timber Regulation?
- How will FLEGT affect the contribution of the forest sector to national economic development through changes in employment opportunities, foreign exchange earnings and taxation?
- How will FLEGT contribute to the stability and attractiveness of the general investment and business climate in producer countries?
- What potential is there to expand FLEGT activities to cover agricultural commodities grown at the expense of forest that was cleared illegally?
- How do EU countries differ in their implementation of the EU Timber Regulation? How should EU Member States coordinate to create equal market access for timber across the EU?
- What is the relative impact of the EU Timber Regulation compared to VPAs on aspects such as forest governance, level of illegal logging and related trade at global level?

VPAs, markets and chain of custody

- How will legality assurance influence and shape domestic, informal timber markets? How will it influence and shape informal and quasi-formal overland export to neighbouring countries?
- How do the costs of legality assurance in VPA countries compare to private, third-party legality verification? Who bears the costs?
- How do timber legality verification and sustainable forest management certification interact (i) in countries where the VPA deliberately seeks to create a synergy between them; (ii) in countries where the two mechanisms operate in parallel; and (iii) between countries?
- How may legality assurance induce forest managers to adopt higher standards for certification of sustainable forest management? Vice versa, how may certification of sustainable forest management induce forest managers to adopt higher standards for legality assurance?

⁵ Some VPAs (e.g. Ghana and Liberia) explicitly address domestic supply from the informal sector, whereas others do not.

⁶ Cashore and Stone (2012) develop a theoretical framework with hypotheses and assumptions that future research could investigate in different empirical settings.

Research theme: livelihoods and poverty alleviation

Key research question: How does FLEGT influence the livelihoods of forest-dependent people and communities?

Justification

More than 1.6 billion people around the globe depend on forests for subsistence, livelihoods and employment. Furthermore, hundreds of millions of people reside in forests (World Bank 2004). Forests provide cash income opportunities from the sale of timber and non-timber forest products, food for own consumption, medicinal products and building materials for houses. In many instances, the forest management regime is not enforced; rather, the people living in and around the forests make decisions on access and forest use and management. Therefore, FLEGT and related governance initiatives that could change the way forests are governed formally and strengthen implementation and enforcement of national legislative and regulatory frameworks will affect the access and self-determination of people living in and around forests and thereby their livelihoods.

In addition, there are linkages between forests and poverty. In the developing world, the presence of forests is associated with high poverty rates (Sunderlin et al. 2007). Furthermore, recent evidence shows that, among the people living in and around forests, the poorest derive as large a share of their income from forest products as do the wealthy (CIFOR 2011).⁷ Therefore, the livelihoods aspect of forest governance reforms has great implications for poverty alleviation.

Research gaps

FLEGT presents both opportunities and risks for poverty alleviation. Findings from research on the nature of forest dependence among rural people can be used for forest law reform and social safeguard policies as part of VPA implementation. Such research could contribute to and draw upon the ongoing efforts to develop social safeguards relevant to REDD+.⁸ Furthermore, research can clarify how forests are accessed and managed locally, with the findings used to ensure that existing local practices are acknowledged and respected during changes due to FLEGT.

Of great relevance to the livelihoods of people living in and around forests is research on the fiscal regimes and benefit-sharing arrangements guiding forest ex-

ploitation. Existing research suggests that forest taxation often generates low levels of revenues compared with the market value of the resource, and that certain groups and individuals with access to the resource earn large windfall profits (see e.g. Gray 2002; Hansen and Lund 2011). Moreover, benefit-sharing arrangements are often not transparent to forest-dependent people: they have little chance of knowing the revenues involved or in gaining a say in how and for what purposes such revenues should be used (Cerutti et al. 2010). The implementation of FLEGT may influence tax revenues and benefit sharing in various ways. On the one hand, timber tax revenues may decrease because the introduction of timber legality verification may reduce the harvest; on the other hand, tax revenues may rise because of an increase in the proportion of the harvested timber that is taxed. FLEGT may trigger legal reforms and improvements in transparency and participation, which may make benefit sharing more equitable. In addition, research is needed to assess whether current revenue-sharing mechanisms work optimally and to identify alternative set-ups and legal arrangements.

Specific research topics

The specific research topics within this theme are grouped under three general questions, as follows.

- What is the context for developing social safeguards as part of FLEGT implementation?
- What is the purpose of social safeguards – are they about compensation for livelihood losses or about expanding livelihood opportunities for local communities? How should VPA partner countries develop such precautionary measures? How should they implement and monitor their operation?
- How does the VPA process affect opportunities for local self-determination and control over decision-making? That is, what changes are occurring that affect the resources over which local communities wield decision-making powers?
- How does the VPA process affect the development of and access to justice, arbitration and grievance mechanisms for affected local communities and individuals?

What are the short-term and long-term impacts of FLEGT on the livelihoods of people living in and around forests?

- How do the livelihood impacts of FLEGT differ between groups with different social status and livelihood strategies? How do these impacts compare before and after VPA implementation?
- How does FLEGT affect local markets for timber and other forest products? How do the changes affect market access for local communities? More generally, how do they affect local livelihoods?

⁷ A surprising finding was that, overall, forest reliance varies little with income levels. Here, 'forest reliance' is the portion of forest income in total household income. Hence, forest income benefits not just the poor but everyone at the study sites (CIFOR 2011).

⁸ A recent review (Rutt 2012) reveals overlaps between the multiple REDD+ efforts to develop social safeguards, thus indicating great potential for coordination and synergies.



Nicolas Guyot

Research theme: linkages between FLEGT and REDD+

Key research question: How can governance approaches under FLEGT and REDD+ be helpful for each other?

Justification

As awareness of the contribution of forest loss to climate change grew, the United Nations Framework Convention on Climate Change (UNFCCC) launched negotiations to introduce a mechanism for Reducing Emissions from Deforestation and Forest Degradation (REDD+) to be included in a post-2012 climate change agreement, upon expiry of the Kyoto Protocol. REDD+ is based on the concept of compensating developing countries for their efforts to reduce this source of emissions at national level. This is different from the project-based afforestation and reforestation that was stimulated through the Kyoto Protocol's Clean Development Mechanism, which achieved little impact on global deforestation and degradation and which also illustrated the need for an approach inclusive of social safeguards.

Several forest-rich developing countries are engaged in REDD+ preparations and, at the same time, negotiating or implementing a FLEGT VPA. The aim of both programmes is to improve forest management and the use of forest resources. Rather than allowing the two initiatives to develop in isolation from each other, it is worthwhile to explore ways to develop REDD+ and FLEGT in a mutually supportive manner – or at least to avoid any interference that would undermine one or the other.

Research gaps

Stakeholders encounter the same challenges when designing a REDD+ strategy or negotiating a FLEGT VPA: unclear legal and regulatory frameworks, particularly those governing land use and access to resources; poorly developed information systems and transparency mechanisms; corruption; and weak law enforcement and judicial systems. Therefore, identifying interactions and synergies between the two initiatives could improve the effectiveness of both and avoid duplication. FLEGT can support REDD+ by, for example, promoting improved forest governance and law enforcement, addressing some causes of deforestation and forest degradation and establishing effective multi-stakeholder processes. In turn, REDD+ can strengthen FLEGT through, for example, increased momentum to support forest sector reform increased political attention, sustained financing through results-based payments and improvement of forest information systems. The impact of REDD+ and FLEGT on forest sector reforms may be stronger if the interactions and overlaps between them are considered in their design and implementation.

- How do legislative changes and strengthened law enforcement under FLEGT affect future development opportunities for rural communities, given changes in their access to land and other resources?
- How does FLEGT affect (i) property rights to land, trees and other forest products, (ii) consent over harvest rights, (iii) application of social agreements and (iv) enforcement of community support?

How can benefit-sharing arrangements best support local livelihoods?

- How effective are the collection, sharing and redistribution of forest taxes, royalties and rents? Who benefits from this revenue?
- How do taxation regimes and benefit-sharing arrangements, both legal and practical, evolve as a result of FLEGT implementation?

Nevertheless, REDD+ and FLEGT are distinct processes. A FLEGT VPA is a bilateral agreement between a partner country and the EU. In contrast, REDD+ is a multilateral initiative that involves a complex range of stakeholders at local, national and international levels, but it has not yet been defined at global level. FLEGT is focused on timber trade as a driver of illegal logging, whereas REDD+ requires strong coordination with other economic sectors including agriculture and mining. Linking the two mechanisms should therefore not be an objective in itself; rather, linkages should be explored on a country-by-country basis as a way of improving forest management and sustainable use of forest resources.

Specific research topics

- How do REDD+ and FLEGT interact and overlap in their design and implementation?
- What interactions and potential synergies and/or conflicts arise between FLEGT and REDD+ on:
 - embedding REDD+ safeguards in national legal and regulatory frameworks?
 - stakeholder engagement and dialogue, including of the private sector?
 - independent monitoring for FLEGT and REDD+?
 - information and transparency needs for REDD+ and FLEGT?
 - land tenure, access rights and use rights?
 - corruption?
 - interaction with other sectoral policies (e.g. land use planning, agriculture)?
 - interaction between levels of governance?
- Which challenges are common to both FLEGT and REDD+? In what instances might either or both instruments be most productive? In which areas might FLEGT and REDD+ work at cross purposes?
- What is the potential of FLEGT and REDD+ to jointly promote and contribute to equitable development at local level?
- How do the monetary and non-monetary incentives for business and governments compare between investing in REDD+ carbon credits and production and trade in verified legal timber? Are the incentives in harmony?
- How has the emergence of REDD+ and FLEGT changed forest governance goals and existing forest organisational structures and capacities?
- How effective are forest agencies, organisational structures and decision-making arrangements in meeting REDD+ and FLEGT goals? How do newer and older institutions compare?
- Are the legal reforms envisaged and implemented under FLEGT consistent with reforms promoted by other initiatives, notably REDD+? Or are they disruptive?

- Does FLEGT influence implementation and enforcement of the national forest sector legal framework in ways that are different from other governance initiatives, notably REDD+?

Moving forward with the objectives of the GRAF: making FLEGT work for people, societies and forests

Why research matters

The aims of this research agenda are to generate information on forest governance and to improve its practice. Policy implementation seldom succeeds fully; the goals are often met only partially and unintended negative impacts are a common feature. Improving the practice and results of policy requires critical analysis of what is happening, what might have happened in other circumstances or what could happen in certain situations. Only with such assessment is it possible to judge the wisdom of one policy approach versus another when seeking to achieve a desirable goal – in this case, improved forest governance to reduce illegal logging and to improve people’s livelihoods. Such analysis can be provided via scientific research.

Research adopts two main approaches to understanding the world around us: (i) theorising about relationships and interactions and (ii) empirically measuring and analysing its elements. Both approaches are necessary for improved understanding. The latter is often, at least to some extent, present in modern policy-making and implementation, the former much more seldom. A core aspect of the GRAF is that it flags the importance of integrating both of these necessary and interdependent aspects of useful scientific research into policy cycles related to FLEGT – with the emphasis on ‘useful’.

Collaboration is necessary for research to make a difference

Those policymakers and practitioners who view scientific research as extraneous to policy-making and practice may believe that they do not have to participate in research. On the other hand, some researchers prefer to avoid policy arenas because of a desire to guard the independence and objectivity of academic research. Such separation of research, policy-making and practice can block efforts by the FLEGT community to improve forest governance. It leads only to a lack of accurate, multi-faceted interpretation and increases the likelihood that policy and practice will fall short of their potential.

As the topics and questions in this agenda clearly demonstrate, researchers must not simply ‘sit at home’ or ‘wander in the field’; working in isolation makes it impossible to effectively link theoretical knowledge with

practical experience. Theory gives new perspectives to practitioners; practical experience gives new perspectives to researchers.

Research can generate more accurate and relevant results when it has timely access to policy-making and the information being used to develop policies. In turn, research must provide policy-making with useful and timely feedback when needed. Generating research findings years after a problem emerges certainly adds to the general pool of knowledge, but the opportunities to give feedback at the time of the problem should not be overlooked.

In this light, it is essential for researchers, practitioners, research funders and policymakers to work together as a community. Such a collaborative community has the best chance of developing a critical understanding of what is, what is not, what might be and what should be. It is for policymakers then to determine what will be.

How to build a collaborative community

The GRAF sets a challenge for future research: How to develop a collaborative community of inquiry that can improve both understanding and capacity to generate new knowledge on forest governance in the context of FLEGT? How to put this community to work effectively in practice, enabling better policy processes that achieve the intended policy impacts and minimise the unintended negative impacts?

The first step is to encourage and sustain collaboration between researchers, policymakers, practitioners, research funders, the private sector, campaigners and intermediaries such as journalists, knowledge brokers and advocacy groups. Each of these communities has its own skills, perspective and purpose. Combining these creates essential opportunities to generate new knowledge that has a useful practical application.

There are many other steps to follow before the emergence of a new culture of science that engages everyone who can usefully contribute to the inquiry. Perceiving FLEGT-related processes in different parts of the world and at different levels as policy experiments may bring one of the needed answers. To achieve the desired goals, their effects must be monitored and the policy instruments adapted as necessary, based on findings from ongoing research.

In such an approach to policy, researchers can use existing theory to interpret practitioners' experiences and inform policymakers about the current and likely impacts and related causalities of existing or proposed policies; in particular, they can point out potential negative impacts that policymakers would like to avoid. In this way, practical and theoretical thinking can give impetus to the policy-making cycle.



Tim Lewis

Learning from policy experiments can be enhanced with good documentation and by providing open access to this basic information. A systematic approach to learning from the past may also be a key tool. Applying lessons learned elsewhere is greatly facilitated by communicating them broadly. Transparency of information also helps analysis by third parties, namely those who may not yet be directly involved.

The EU has a strong commitment to research as a critical element for improving society, as evidenced by the variety of approaches to building research capacity. The FLEGT Action Plan is one of the EU policies that may well have the greatest impacts at global level, but this is not reflected in the allocation of funding for FLEGT-specific research. Targeted funding for FLEGT research is therefore needed.

The old catchphrase of 'think globally, act locally' has inherent value. Although recognising the need for a broad collaborative community of inquiry is the key to change, achieving this goal will be possible only if practical action is taken. A starting point is to take the initiative and use any FLEGT process available to expand the involved community to encompass researchers, policymakers, research funders and practitioners and to define the common ground for action. Reaching across divides will be important, as will collaboration with a neighbour in the same geographical region, or finding a partner process for reflection from another administrative level or even sector.

How to do all this remains an open question. More discussion and action will be needed to supplement the GRAF's focus on outlining the priority research topics and call for a collaborative community of inquiry. It is hoped that the GRAF will compel actors to take the initiative for the next steps and work together on a range of issues across a variety of contexts, to form new nuclei of collaborative communities and thus help to make policy work better for people, societies and forests.

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On behalf of



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