

**Europe and North Asia (ENA) Forest Law Enforcement and Governance (FLEG)  
Preparatory Conference  
Moscow, Russia, 6-8 June 2005**

## **I. Introduction**

The Europe and North Asia (ENA) Forest Law Enforcement and Governance (FLEG) Preparatory Conference took place in Moscow, Russia, from 6-8 June 2005. The Conference brought together 128 participants from 37 countries representing governments, an intergovernmental body, international organizations, non-governmental organizations (NGOs), and industry. The event was co-hosted by the Ministry of Natural Resources of the Russian Federation and the World Bank, with financial support from eight international donors.

The ENA FLEG Preparatory Conference marks a key step in the broader ENA FLEG process which will culminate in a Ministerial Conference in November 2005, where governments are expected to sign a Ministerial Declaration committing to take action to address illegal logging and associated forest crimes. The Preparatory Conference provided an opportunity for governments and other stakeholders to exchange information related to forest sector governance and to share experiences on forest sector reform and other FLEG-related initiatives. In this regard, the discussions helped to foster a common understanding of the main FLEG issues in the region and of specific stakeholder interests and priorities.

The three-day Preparatory Conference comprised sessions on experiences in the ENA region, issues related to FLEG, stakeholder perspectives and integration with ongoing processes. Lively working group discussions focused on regional and thematic issues, including information and transparency, institutions and legislation, enterprise and forest management, and forest governance and livelihoods. The Preparatory Conference succeeded in producing “building blocks” of a draft declaration and an indicative list of items for action that will help inform preparations for the Ministerial Conference.

This report includes a brief overview of the discussions, outcomes and next steps. A comprehensive summary of the Conference was prepared by the International Institute for Sustainable Development (IISD) Reporting Services. This report along with photos from the event is available at: <http://www.iisd.ca/sd/sdmos/>.

## **II. Overview of the discussions**

The Preparatory Conference opened with remarks from high profile speakers, including Valery Roshupkin, Federal Forestry Agency of Russia, Kristalina Georgieva, World Bank Country Director for Russia, and Nikita Bantsekin, Ministry of Natural Resources of Russia. Jürgen Blaser, Intercooperation Switzerland, and Jag Maini, former Head of the United Nations Forum on Forests (UNFF) Secretariat, served as International Co-Facilitators for the Conference. The opening session set the tone for the Conference by

reinforcing commitment to tackle illegal logging and by clarifying the goals and objectives for the Conference.

Subsequently, presentations were delivered on practical experiences in the ENA FLEG region, topics addressed included: Ilim Pulp Enterprises experiences in Northwest Russia, a report on FLEG issues in low-income countries, efforts to combat illegal logging in Bulgaria, the Albanian Interministerial Commission on Illegal Logging, issues for new EU members, and experiences from local government in the Russian Far East. A representative of the State Forestry Administration of China delivered remarks regarding illegal logging issues in China and the potential for China to engage in regional and international FLEG initiatives.

In the session on issues related to FLEG, participants delivered presentations on legislation and regulatory frameworks for improved forest governance, the relationship between forest governance and livelihoods, experiences in transitioning to a market economy, transparency and access to information, and the EU initiative to combat illegal logging. These presentations helped to frame and inform discussions that took place in subsequent working group sessions.

In a stakeholder panel session, representatives from industry, environmental NGOs, consumer and trade organizations, and certification and verification organizations shared their experiences and perspectives on key issues. Industry emphasized focusing on illegal operators and avoiding placing additional requirements on legal operators. NGOs underscored mechanisms for public involvement in decision making on forest use and cautioned that trade liberalization is accelerating unsustainable exploitation of natural forests in exporting countries. Consumer and trade organizations encouraged governments to lead the demand for proof of legality through procurement policies and certification, and highlighted systems for verifying origin and legal compliance.

In regional working group sessions, participants identified issues for action or needing further consideration, such as the need for a common understanding of illegal logging, strengthened rule of law, improved forest institutions, and clear and simple legislation. On trade, issues identified included incentives for legality, the use of trade sanctions, domestic markets for illegal timber, and trade monitoring systems. The importance of comprehensive, comparable and accurate data was also stressed along with transparency of information. Stakeholder participation, consumer awareness raising, respect for indigenous and local community rights, and the creation of economic alternatives for forest-dependent poor also emerged as key issues. Annex I provides more detail on outcomes from these groups.

Four parallel thematic working groups subsequently met to identify issues and suggested actions related to: information and transparency; institutions, legislation and law enforcement; enterprise and forest management; and forest governance and livelihoods. Information and transparency issues identified related primarily to modalities for sharing information, including information systems and standards, issues of confidentiality, verification, cost and responsibility (private vs. public sector). Key areas for institutions, legislation and law enforcement group included addressing underlying causes of illegal

logging, harmonizing and simplifying legislation, promoting cross-sectoral cooperation, and fostering good governance frameworks. In relation to enterprise and forest management, certification and log-tracking, incentives for small and medium-sized companies, respect for private property rights, and private sector participation in the ENA FLEG process emerged as priorities. A key point raised for forest governance and livelihoods, was that forest access and user rights should be assured for the poor, local communities and indigenous peoples so that they are not criminalized for forest resource use. Annex II details outcomes from these groups.

### **III. Outcomes**

On the final day of the meeting, participants considered and commented on two draft documents that are the outcomes of the meeting: 1) “building blocks” for a ministerial declaration and 2) an indicative list of items for an action plan. The documents, prepared by a drafting group led by the co-chairs, aimed to reflect the issues presented and discussions held at the meeting. These draft documents will be revised based on comments made and will be further developed provide the basis for discussions and negotiation at the Ministerial meeting. The section on Next Steps below provides a timeline on how these documents will be developed.

### **IV. Next steps**

The International Steering Committee (ISC) meet briefly on June 8 to agree on key procedural issues and timeline for next steps. The ISC members agreed to proposed dates of Nov 22-25<sup>th</sup>, 2005 for the Ministerial Conference to be held in St. Petersburg, Russia.

Agreed next steps toward the Ministerial Conference are as follows:

#### **June 8**

- Draft building blocks for MD and IAP as prepared at the Preparatory Conference

#### **By July 8**

- Revised draft building blocks for MD and IAP prepared by facilitators; and
- Secretariat to send the revised draft to ISC for review

#### **By July 22**

- ISC to review the revised draft and to send comments back to secretariat

#### **By Aug 5**

- Facilitators/secretariat to incorporate comments received by the ISC (\*after this step, building blocks will be referred to as elements of the MD/IAP);
- Secretariat to send elements of the MD/IAP for government’s consultations and inputs and other stakeholders’ review

#### **By Sep 9**

- Governments and other stakeholders respond with suggestions (\*after Sep 9, no changes to be made to the content of MD and IAP drafts)

#### **By Oct 13 (t.b.c.)**

- Secretariat to consolidate documents into draft MD and IAP; and
- On Oct 13 (t.b.c.), ISC video conference to be held to review the progress

#### **Nov 15 (t.b.c.)**

- 4<sup>th</sup> ISC meeting (t.b.c.) considered during the workshop on combating illegal logging of the Ministerial Conference on the Protection of Forests in Europe (MCPFE)

#### **Nov 22-25**

- Ministerial Conference, St. Petersburg, (Ministerial Segment on Nov 24-25)

**Stakeholder engagement:** The ISC also re-emphasized the importance of engagement of interested stakeholders including NGOs and the private sector in the process of preparing for the Ministerial Conference. It was agreed that IUCN would facilitate the selection process for both national and international NGOs. The ENA FLEG secretariat will facilitate the selection process of the private sector ensuring regional representations (e.g. North America, Central Europe, Northern Europe, China, Japan, Korea, Russia and possibly Caucus and Balkans) with a balanced proportion of different types of small, medium and large associations/companies.

## **Annex 1: Defining Issues in Regional Break-Out Groups**

Four parallel discussions took place according to the following regional groups: North-East Asia Cluster (Group #1), Central Asia, Caucasus and South-East Europe Cluster (Group #2), Enlarged EU Cluster (Group #3), and North-East Europe Cluster (Group #4). Outcomes of these discussions are summarized according themes that emerged as priorities during the Preparatory Conference and organized as issues, suggested actions or comments.

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### **Group 1: North-East Asia Cluster**

*Moderator: Evgeny Kuzmichev*

*Rapporteur: Nalin Kishor*

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Group agreed that illegal logging was a very important issue in the North East Asia (NEA) region. The group characterized this NEA region as one with huge areas; high biodiversity; the international borders with China as special relevance to illegal logging issues; and high unemployment and migration from Russian Far East. The group also noted that a high demand of the Chinese market for timber was a major factor influencing problems of illegal logging in the NEA region: there are a large number of processing factories in China with a high demand for a large quantity of timber supply. This high demand often leads to supply of illegal timber provided by Chinese traders who purchase illegal timber with ready cash. Since benefits from sales of timber are mostly captured by the middlemen Mafia in the region, local people do not receive sufficient benefits.

Group highlighted the need to identify how the ENA-FLEG could address problems in this region and identified the following key aspects with suggested actions.

#### **Common understanding of FLEG/definitions:**

##### *Suggested actions*

- Develop clear definition of illegal logging which will help quantify the scale of illegal logging and monitor progress in its containment
- Create better understanding of who gains and who loses from the current situation and who tends to block reforms

#### **Data, information, and transparency:**

##### *Suggested actions*

- Develop electronic information and database on production, consumption and exports to track volumes and also the extent of illegal logging
- Raise awareness for the use of legal timber and against use of illegal timber
- Harmonize data across countries and in the region

#### **Institutions and legislation:**

##### *Suggested actions*

(National)

- Identify legislative gaps and how to fill them

(International: trans-boundary issues and conventions)

- Countries to ratify and adopt international conventions
  - a. Russia should ratify the ESPA convention (Assessment of Environment and Trans-boundary issues)
  - b. ORHUS convention (promoting public participation and decision making)
  - c. CBD- which includes consideration of indigenous people's rights
- Consider Global Environment Facility projects to address biodiversity problems arising from illegal logging

## **Trade**

*Suggested actions*

- Apply trade measures in both countries in China and Japan
  - Prohibit export/import of illegal timber
  - Regulate trade in forest products by Tariff and Non Tariff measure (caution: only trade measures consistent with WTO should be considered (eg. bilateral agreements are WTO consistent))
- Ensure transparency of customs information

## **Private sector/commercial issues**

*Suggested action*

- Introduce voluntary certification as means to address illegal logging

*Comments*

- From the Russian viewpoint, new forest code recognizes the greater role for the private sector. Large enterprises will be encouraged to operate in this area because they bring many more opportunities and resources including support for social and environmental concerns.
- Possibilities of encouraging joint ventures between China, Japan and Russia was raised

## **Livelihood aspects**

*Suggested actions*

- Ensure rights of indigenous communities and local population so that they are not criminalized
- Governments to recognize forest needs of local communities and those forests should be designated as community forests

*Comment*

- Conservation concessions as implemented in the LAC region, may be a feasible approach to involve communities in sustainable forest management

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## **Group 2: Central Asia, Caucasus and South-East Europe Cluster**

*Moderator: Dolores Beloretchka*

*Rapporteur: Tapani Oksanen*

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Group 2 discussed issues and challenges of countries and the region and addressed key actions needed for the FLEG process.

### **Common understanding of FLEG/definitions:**

#### *Suggested action*

- Define what to control: supply or demand

### **Data, information, and transparency:**

#### *Suggested actions*

- Institutions to share information and cooperate
- Verify origin of exported timber
- Involve scientific community in assessing/determining environmental impact of logging operations – sustainable levels of harvesting need to be established (forest use based on demands related to economic growth)
- Facilitate regional and international monitoring to verify to what extent the national logging quota is being followed, but recognize the challenge associated with monitoring, evaluation and verification
- Establish international forest and timber trade monitoring method and system, accessible to all national and international stakeholders

### **Institutions and legislation:**

(National)

#### *Issues*

- Lack of awareness of the status of forests as an important resource for the nation
- Insufficient attention to forests in the legislation of other sectors (other sectors interfering in forest management according to their own priorities e.g. energy)
- Weak legislation and implementation
  - powerful groups in the society benefit from this situation
  - punishments stimulate illegal activities rather than prevent them (weak penalties and low financial sanctions)
- Lack of awareness of the authorities including the judicial system, on importance of forest issues in general
- Lack of capacity of forestry professionals, judges, forest owners
- Problems of conflicts in major sources of illegal wood
- Over centralized institutional framework
- Lack of coordination among different state organizations constrains the effective control of commercial operations

#### *Suggested actions*

- Strengthen and harmonize national laws

- Improve existing forest institutions (legislation; organizations especially separation of management and control functions ; rules and regulations; cross-sectoral cooperation; communication; capacity building; international institutional arrangement)
- Improve state regulatory and monitoring system on harvesting of roundwood

(International)

*Issue*

- Lack of clarity as to which international commitment/convention has the highest priority in the forestry sector

*Suggested actions*

- Assess impact of the increasing demand of the importing (EU and other developed countries), and share responsibility to act
- International convention might provide tools to control powerful groups in the society

### **Civil society and stakeholder engagement and participation**

*Issues*

- Lack of awareness on the benefits of sustainable natural resource use
- Lack of economic alternatives for poor people

### **Trade**

*Issue*

- Poor customs management with lack of control for export of illegally logged timber, especially high value species without control

*Suggested actions*

- Transition countries should open their markets of wood products, efforts to limit export/import are counterproductive

*Comment*

- Experience with CITES needs to be scrutinized to learn from their experience

### **Private sector/commercial issues**

*Issues*

- Vested interests and dominant influence of the large companies
- Perpetrators of forest crime/corruption go unpunished
- Plantation programs do not match the needs of commercial loggers,

*Suggested actions*

- Increase processing of timber in the country of origin to add value to domestic production
- Reforest hardwood species (poplars etc fast growing trees)
- Conduct monitoring in conflict areas

### **Livelihood aspects:**

*Issues*

- Unemployment and lack of resources in the rural areas & rural poverty, (poverty so drastic that people do not even think what will happen tomorrow – short-term interests dominate: cutting of trees (even fruit trees) gives immediate cash)

*Suggested actions*

- Promote joint forest management, fast growing species plantations (but rural population prefers hardwood species for charcoal)
- Promote alternative sources of energy; investment in such energy programs at the state level

### **Group 3: Enlarged EU Cluster**

*Moderator: Janis Birgelis*

*Rapporteur: Daniela Göhler*

Group 3 shared experiences and views on issues and challenges for countries and the region, and addressed key actions needed for the FLEG process. Many countries in this region expressed numerous challenges arising from a recent trend towards a market economy through a restitution process. Group stressed the importance of developing common understanding of illegal logging; identifying underlying causes of illegal logging in the region, such as restitution process, poverty, and land tenure and property rights; developing clear and simple legislation; building capacity of governments, civil society, and the private sector; and promoting sharing information and experiences among countries and all stakeholders. The following are specific issues and key actions raised during the discussion.

#### **Common understanding of FLEG/definitions:**

*Issue*

- Combating illegal logging is a step towards SFM but how to define SFM?

*Suggested actions*

- Develop common understanding of clear and precise definition of illegal logging
- Address not only illegal “logging” but also any illegal “activity”
- Identify underlying causes in the region, in particular restitution process, poverty, attitude towards property rights in many of new member countries
- Focus on how to sustainably use forests

#### **Data, information, and transparency:**

*Issue*

- Public information is not reliable

*Suggested actions*

- Ensure traceability of origin of imported timber
- Ensure transparency: routines need to be put in place, e.g. in terms of measuring consumption and production figures
- Use legality verification systems to ensure equal possibilities to small-scale producers CEPF (Confederation of European Forest Owners)

- Promote sharing of information and experiences between countries and all stakeholders
- Address issues of consumption of illegal logging by consumer countries

### **Institutions and legislation:**

#### *Issues*

- Challenges in changing structures (restitution process, markets, forest administration etc)
- Challenges in implementing legal regulations and unclear legislation

#### *Suggested actions*

- Develop clear laws and regulations and National Forest Programs (NFPs) to strengthen governance and capacity to overcome existing problems
- Build capacity of stakeholders including governments, civil society and the private sector
- Support legislation to guarantee Sustainable Forest Management (SFM) and support ecosystem approach and economic valuation
- Promote comprehensive treatment of illegal logging as it is a cross-sectoral issue; interdepartmental cooperation is needed
- Promote community forest management
- Implement secure land tenure rights
- Countries within in a region to coordinate regulatory frameworks
- Support FLEGT initiative to review existing national rules and implementation of international agreements signed by ENA countries

### **Civil society and stakeholder engagement and participation**

#### *Suggested action*

- Proactively engage civil society throughout the whole process (Ministerial Conference, implementation of outcomes)

### **Trade**

#### *Suggested action*

- Close markets for illegal timber in order to eliminate illegal business

### **Private sector/commercial issues**

#### *Issues*

- Numerous requirements that forest owners have to meet (e.g. permits, certificates, controlled by forest guard)
- Voluntary Partnership Agreements (VPA) with exporting countries to be envisaged but concern was raised to what extent voluntary agreements will lead to actions
- Lack of capacity of private sector in transition to a market economy

#### *Suggested actions*

- Ensure support from government to make private sector a strong partner in the forest policy

- Promote capacity building for forest owner associations
- Promote a fair and legally operating environment: economic losses through illegal logging; focus on measures not obeying the law; extra burden to be avoided
- Support public procurement in the private sector including social aspects
- Support forest certification, chain of custody control and FLEGT initiative
- Promote transparent timber markets with equal access and market information, in particular for SME
- Secure private ownership in the long term to guarantee SFM

### **Livelihood aspects**

#### *Suggested actions*

- Promote solutions that do not discriminate against forest dependent people
- Promote participatory approach

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## **Group 4: North-East Europe Cluster**

*Moderator: Anders Portin*

*Rapporteur: Laura Ivers*

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Group 4 discussed issues and challenges of countries and the region and addressed key actions needed for the FLEG process.

### **Common understanding of FLEG/definitions:**

#### *Issue*

- Severity of violation, intention (not black and white)

#### *Suggested actions*

- Develop common definition of what is legal (distinguish between criminal and petty legality)
- Identify underlying social issues that leave individuals with lack of choice/options beyond illegal actions
- Discriminate based on actions not countries
- Classify violations: criminal code; administrative code; institutional and agency directives;
- Focus on environmental aspects or sustainable development or broader
- Implication for estimates of illegal activity

### **Data, information, and transparency:**

#### *Suggested actions*

- Ensure comprehensive and comparable data on forest resources; correct, accurate, and affordable information; and value of a unified database to monitor logging
- Raise public awareness for consumers and allow consumer to make informed choice
- Develop tools to track and demonstrate legality

### **Institutions and legislation:**

#### *Suggested actions*

- Ensure legality as a first step toward sustainability
- Take a step-wise approach toward legality
- Adopt anti-monopoly policies

### **Civil society and stakeholder engagement and participation**

#### *Suggested actions*

- Ensure public access and involvement in decisions on forest resource use and in verification of information
- Ensure participation of local people in the FLEG process
- Promote participation of civil society to help and strengthen government supervision

## **Trade**

### *Suggested actions*

- Ensure role of customs control
- Change incentives
- Focus on forest aspects, not commercial aspects
- Ensure problem not displaced
- Inform consumers

## **Private sector/commercial issues**

### *Issue*

- Lack of foreign companies compliance with national legislation

## **Annex II: Defining Issues in Thematic Break-Out Groups**

Thematic groups identified key issues and actions to be taken within areas: Information and Transparency (Group 1), Institutions, Legislation and Law Enforcement (Group 2), Enterprise and Forest Management (Group 3), and Forest Governance and Livelihoods (Group 4). Outcomes of these discussions are summarized according themes that emerged as priorities during the Preparatory Conference and organized as issues, suggested actions or comments.

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### **Group 1: Information and Transparency**

*Moderator: Andrey Kushlin*

*Rapporteur: Lars Laestadius*

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#### ***Issues***

- Unmotivated government restrictions on openness
  - E.g. detailed topographic maps of Russia
- Old routines and technology
  - Destruction of customs documents after 30 days
- Government policies on pricing and distribution of open information
- Lack of sharing of information
  - Authorities don't share
  - Stakeholders don't share
- Lack of reference for legality verification
  - Authorities don't have it
  - The public doesn't have it
- Lack of government and corporate transparency
  - The public has low trust

#### ***Suggested actions***

- Mobilize political will
  - Mandatory and voluntary
- Enable sharing of info. Make compatible info standards
- Clarify division of responsibility between government and private side – who should report on what, and pay for what?
  - Systems development takes time, can be expensive
- Trace wood
  - Trace origin of wood – spatial tools needed and exist, e.g. GIS, sat images. Must be made available
  - Trace movement of wood – species, volumes, routes. Spot mismatches. Solutions exist. Western Companies are investing already.
- Ensure common voluntary forum, platform for sharing data, cross validation, verification of results, public reporting and discussion

- Establish and publish principles that govern the limits to transparency for security or business reasons
- Ensure trade in wood be free. Reporting should be designed to allow legality verification without constraining this freedom or adding significant cost.
- Build systems that will produce references that can be verified. Verification will be by authorities but also by public.
- Must be mandatory to report all planned industrial logging activities to authorities within certain time prior to logging. Approval should be automatic (default), unless authorities take action.
- Must be mandatory to report intended wood flow
- Make the reported information widely public to allow verification, including through remote sensing.
- Establish data from different producers, including different stakeholders. This will allow cross-validation and add analytical value.
- Use modern technology to reduce cost, increase technical accuracy and reduce risk of falsification and political filtering.

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## **Group 2: Institutions, Legislation and Law Enforcement**

*Moderator: Victor Teplyakov*

*Rapporteur: Malgorzata Buszko-Briggs*

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Since the ENA region is very heterogeneous, one of the biggest challenges is to find universal proposal/approach. Therefore, FLEG declaration should be of a general character, providing countries opportunities/ framework to meet requirements (declaration will be implemented only selective in accordance with national priorities). In addition, FLEG declaration will not be a legally binding instrument; should relate to national legislation and sustainable development relation as a matter of principle.

### ***Issues***

- Institution/legislation/law enforcement is a national issue
- Laws existing/ how good?/ how they are being implemented ?
- What are the gaps in the legislation?
- Inter- governmental relations?
- Crime in forest management/ “big fish” issues/ money laundering – touch financial institutions/ and/or regional ones?
- Society and government relations in terms of transparency/participation?
- How should government procedures for public/ civil society consultation be developed?
  - Effectiveness of laws
  - Access to justice
- Compliance with international conventions and regulations
- How to group and harmonize laws and regulations: criminal, administrative, normative documents of agencies, procedures for decision making

- Harmonization of penalty is impossible at international scale
  - Licensing/ monitoring

### ***Suggested actions***

#### **Institutional aspects**

- Harmonize with other sectors and international commitments
- Ensure cross-sectoral cooperation – as illegal logging is a complex issue
- Improve NGO/ government cooperation – issue of participation
- Support every nation to have adequate public governance system allowing efficient management of forests and their protection
- Promote access to information on forest related issues
- Ensure regulations to empower police/customs to tackle illegal forest related activities

#### **Legislation**

- International commitments should be incorporated e.g biodiversity (CBD)
- Harmonize national laws / categories/ grouping of the regulations
- Identify relation between theft e.g. – which is a criminal case and which is not – illegal logging
- Analyze insufficient law / lack of instruments or capacity for law enforcement

#### **Law Enforcement**

- Choose relevant institutions to enforce forest law
- Elaborate common sanctions in all countries
- Ensure efficient and effective law enforcement
- Distinguish between large-scale crime and poverty driven illegal logging
- Illegal logging in a broad sense might be characterized as organized crime (to look for new partners / to fight this organized crime) – anti-money laundering institutions
  - Get new partners, look for institutions which can contribute to this
- Ensure tariff measures / to give incentives / trade measures which are WTO compatible
  - WTO is negotiating currently forest products regulation / meeting in December 2005 Hong Kong – idea to address them from FLEG

#### **Incentives**

- Governments and local authorities to find alternatives for sustainable energy sources
- Promote labeling of products issue / chain-of-custody / certification
- Promote commitments to the international treaties (To include a reference in ENA FLEG declaration a provision to recall other international commitments)
- Provide employment

### ***Recommendations (Input to the Declaration / steps-wise approach)***

- Value of exchange of information/ experiences of different countries (to create a working group on FLEG related issues, which includes governments, civil society and private sector) to elaborate a report on country experiences to the Ministerial Conference)
- Cross-border exchange of information/cooperation – added value
- Forest resources – forest management – education systems – international processes
- Facilitate mechanism on the FLEG to provide efficiency to the legislation make amendments to existing legislation
- Promote efficiency and harmonization of laws
- Ensure Civil society right of access to judicial systems / conflicts between local population / state/
- We need control – executed through the commodity exchange
- International forestry convention

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### **Group 3: Forest Industry and Forest Management**

*Moderator: Robert Kirmse*

*Rapporteur: Elena Kulikova*

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#### ***Issues***

- More conservative than aggressive
- How to ensure that policy decisions do not have unexpected negative impact on responsible industry
- Focused on what industry can actually address – forestry issues
- Social, corruption and other non-forest issues via partnerships – Industry and NGOs
- Uniform terminology; criteria and generally accepted methods to identify specific types of violations – what is illegal? What is the minimum requirement to be a legal operator?
- Along the entire value chain: how to confirm that product is legal
- What is meant by multi-stakeholder participation by country?
  - Do all countries have the capacity to facilitate that participation?
  - How to encourage cooperation among governmental agencies, land-owners and forest industry?

#### ***Suggested actions***

##### **Reliable and transparent information/statistics**

- Market and trade flow information can help promote legal trade
- Inventory information

##### **Policy and institutional developments**

- Do not create new costly bureaucracy on otherwise legal operators
- Do not create barriers to free trade

- Keep forest legislation simple and understandable, because complex legislation tends to promote corruption
- Take into account both forest management and forest industry

#### **Certification and log- tracking**

- Ensure recognition of various systems (Forest Stewardship Council and Pan-European Forest Certification)
- Market based certification (how to ensure the benefits of certified products)
- Develop log tracking systems:
  - Standardized and recognized log-tracking system (and possibly simplified procedures for small- and medium- sized companies)
  - Use of modern, up-to-date wood tracking technology
  - How to stimulate the development of voluntary tracking systems by the small operators

#### **Small- and medium-sized companies**

- Develop incentives for responsible behavior
- Make special efforts to engage this group into the process (internationally/nationally)

#### **Respect to private property rights in restitution processes**

- Government policy to clearly define the role of the private sector and state
- Promote capacity building of local agencies and land owners (extension)

#### **Education, dissemination of knowledge, PR relations**

- Educate consumers

#### **Participation in the ENA FLEG process**

- Ensure that all sectors of the industry receive information on the process

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## **Group 4: Forest Governance and Livelihoods**

*Moderator: John Hudson*

*Rapporteur: Serguei Milenin*

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FLEG is usually perceived as a means to curb halt illegal logging, reduce environmental damage, establish a functioning framework for sustainable forest management (SFM) and capture lost revenues for the State. However, forest law enforcement and governance, and efforts to improve them, may have profound consequences for local communities.

### ***Key issues***

- Local communities, including indigenous people, are usually the least powerful of forest users. They have little ‘voice’.
- The dependence of local communities on forests goes beyond timber to include non-timber forest products, services and other values. Dealing only with timber misses part of the picture.
- Illegal logging can have negative and positive effects on local communities. In turn, efforts to improve law enforcement can also have positive and negative effects.
- Laws related to forests may limit the rights and livelihoods of local communities. Many laws affect the way these people use forests. These forest-related laws include: customary laws and norms. Rights of ownership, use and access to forests by local communities are sometimes not recognized in forest related laws.
- Laws and regulations may favor large-scale forest users that generate revenues for the State over local communities that are less visible and generate less revenue.
- Requirements for complex management plans may be beyond the capacity of local communities and effectively exclude them.
- Regulations may restrict the transport and marketing of forest products by local communities.
- Local communities may be involved in illegal logging to meet basic needs (e.g. fuel wood, non-timber forest products) or contribute to commercial scale illegal activities through involvement with other groups.
- Law enforcement may target poor people and small-scale operators and avoid those individuals who are well connected and politically protected.

### ***Suggested actions***

- Raise awareness among local communities of the value of forests (goods and services at local, national and global levels) and the purpose and context of FLEG activities.
- Promote participation of local communities or their representatives in FLEG discussions.
- Identify the potential impacts of FLEG activities on local communities.
- Promote a dynamic rural economy that reduces poverty and dependence on forests, using market instruments where possible.

- Simplify laws and regulations that are unnecessarily complex (and may be inconsistent) and consider differentiating those that apply to local communities from those that apply to large-scale forest users.
- Clarify and protect access and use rights.
- Avoid loss of access to resources in the process of administrative and institutional reform (e.g. restitutions).
- Seek clarity of roles and responsibilities of different stakeholders and avoid conflicts of interest (some participants suggested that the policy and regulatory functions of the State should be separated from any responsible for commercial management).
- Avoid measures that criminalize the actions of local communities that seek to meet basic needs (e.g. fuelwood for domestic use).
- Target large-scale illegal activities and actors rather than local communities.
- Strengthen local level regulatory capacity to ensure effective law enforcement.