



SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
Swedish Environmental Secretariat for Asia (SENSA)



ILLEGAL LOGGING

*Current Issues and Opportunities
for Sida/SENSA Engagement in Southeast Asia*

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**Illegal Logging:
Current Issues and Opportunities for Sida/
SENSA Engagement in Southeast Asia**

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FOREWORD

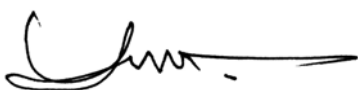
Illegal logging and its associated trade remains a serious threat to forests and people in Southeast Asia. However, despite having caught the attention of the international community more than a decade ago, and despite much effort towards stemming the tide, the illegal timber trade still accounts for a significant portion of wood and wood products from this region.

The most apparent effect of illegal logging may be its contribution to the rapid loss of primary forest. Apart from environmental degradation, however, it also undermines economic growth and equitable development. On a global scale, illegal logging is estimated to cause the loss of more than US\$10 billion per year from public lands alone and another US\$5 billion accounted for by evaded taxes, fees, and other revenues associated with legal forestry.

Illegal logging is closely linked with corruption and organized crime, undermining the rule of law, the principles of democratic governance, and respect for human rights. Poor, forest-dependent people are often the hardest hit. It is a proven fact that illegal logging can fuel poverty and widen the gap between the powerful and the powerless and restrict access to resources and land.

Both RECOFTC and SENSAs are concerned about illegal logging and its impact on people and forests. We see illegal logging as a symptom of weak governance. We agree that the necessary response is in building the capacities of key stakeholders, facilitating the sharing of lessons and information as well as supporting analytical work on governance issues. We also support local people's rights to forest and forest land as we believe they have a crucial role to play in the sustainable management of forests.

This report provides an overview of the issues, root causes, and driving forces behind the crimes related to illegal logging. The report includes a comprehensive review of existing initiatives to address the challenges of illegal logging in Southeast Asia. We welcome the identification of options on how to continue efforts, which would bring added value. We are convinced that the report will be useful for not only for RECOFTC and Sida/SENSA but also for other stakeholders.



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ABBREVIATIONS AND ACRONYMS

AFP	Asia Forest Partnership
ASEAN	Association of Southeast Asian Nations
ASOF	ASEAN Senior Officials on Forestry
CBD	Convention on Biological Diversity
CEDAW	Convention on Elimination of all Forms of Discrimination against Women
CIFOR	Center for International Forestry Research
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CPF	Collaborative Partnership on Forests
DENR	Department of Environment and Natural Resources - Philippines
ECOSOC	Economic and Social Council of the United Nations
EIA	Environmental Investigation Agency
EAP FLEG	East Asia and Pacific Forest Law Enforcement and Governance
EU FLEGT	European Union Action Plan for Forest Law Enforcement, Governance and Trade
FAO	Food and Agriculture Organization of the United Nations
FERN	Forest and EU Resource Network
FGLG	Forest Governance Learning Group
FLEG	Forest Law Enforcement and Governance
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
GTZ	German Agency for Technical Cooperation
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
IIED	International Institute for Environment and Development
ILO	International Labour Organization
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
IUFRO	International Union of Forest Research Organizations
MDG	Millennium Development Goal
MFA	Ministry of Foreign Affairs - Finland
MOU	Memorandum of Understanding
NGO	Nongovernment Organization
OECD	Organization for Economic Co-operation and Development
ODI	Overseas Development Institute
PEFC	Programme for the Endorsement of Forest Certification Schemes
RAFT	Responsible Asia Forestry and Trade
RECOFTC	Regional Community Forestry Training Center for Asia and Pacific
REDD	Reduced Emissions from Deforestation and Degradation
RRI	Rights and Resources Initiative
SENSA	Swedish Environmental Secretariat for Asia
SFM	Sustainable Forest Management
SME	Small and Medium-sized Enterprise
Sida	Swedish International Development Cooperation Agency
TFF	Tropical Forest Foundation
TFT	Tropical Forest Trust
TNC	The Nature Conservancy
TI	Transparency International
UNCCD	United Nations Convention to Combat Desertification
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UNODC	United Nations Office on Drugs and Crime
VPA	Voluntary Partnership Agreement (part of the EU FLEGT)
WB	World Bank
WWF	World Wide Fund for Nature

BACKGROUND

This paper is the outcome of a collaborative effort between the Swedish Environmental Secretariat for Asia (SENSA) and the Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC), to “explore opportunities for the Swedish International Development Cooperation Agency (Sida) to support and/or initiate regional programs or projects on the issue of illegal logging in SENSA’s geographical region.”¹ The study took place from November 2007 to April 2008 and was based on a literature review and consultations with experts. Specific objectives were to:

- Examine Sida’s policy towards addressing illegal logging, with specific inclination towards Sida’s new Forest Initiative
- Identify existing definitions of “illegal logging” within SENSA’s geographical region
- Review existing initiatives, programs, or projects on the issue of illegal logging
- Assess priorities for future work through communication with organizations working on the issue of illegal logging
- Based on the aforementioned objectives, make recommendations for Sida/SENSA engagement on the issue of illegal logging within SENSA’s geographical region

Box 1: About the Partners

SENSA is a knowledge-based entity within the Swedish International Development Cooperation Agency (Sida) based in Bangkok, which promotes regional development cooperation and serves Sida’s head office and its offices in the region. Its aim is also to cooperate with Swedish and regional organizations of importance for environmentally sustainable development in Southeast Asia. It also serves as a platform for regional environmental dialogue on such matters as climate change. SENSA has no resources of its own to fund projects but is able to recruit consultants, organize workshops, and function as a think tank. It works independently but at the same time it is an integral part of Sida.

Website: <http://www.sida.se/sensa>

RECOFTC holds a unique and important place in the world of forestry. It is the only international not-for-profit organization that specializes in capacity building for community forestry and devolved forest management. RECOFTC engages in strategic networks and effective partnerships with governments, nongovernment organizations, civil society, the private sector, local people, and research and educational institutes throughout the Asia-Pacific region and beyond. With over 20 years of international experience and a dynamic approach to capacity building—involving research and analysis, demonstration sites, and training products—RECOFTC delivers innovative solutions for people and forests.

Website: <http://www.recoftc.org>

¹ SENSA works throughout the Asian region, but its geographical focus is primarily Southeast Asia, specifically the countries with which Sida has entered into agreements on development cooperation. They include Cambodia, Lao PDR, Viet Nam, Indonesia, and the Philippines. SENSA is also working on environmental issues in the People’s Republic of China. In the South Asian region, SENSA also collaborates with the Sida offices in Colombo, Sri Lanka, New Delhi, India, and Dhaka, Bangladesh. Sida. SENSA - Geographical considerations (available at: http://www.sida.se/sida/jsp/sida.jsp?d=1382&a=32919&language=en_US/) (Accessed March 2008).

Methodology

This study was generated mainly from a literature review of various publications, websites, and program/project documents, but also from personal communication through interviews with people working on the issues of illegal logging in the region. These selected interviews were conducted to assess priorities for potential future work and to gather additional information on particular initiatives.

Eleven interviews were conducted in this study. Interviewees were selected based on recommendations from colleagues, partners, and other interviewees, and were selected due to their (or their organizations') extensive expertise and experience in the area. For a list of interviewed people, see Annex 6.

Geographical Focus and Target Audience

The geographical focus is Asia, in particular Southeast Asia. Due to limited time and SENSEA's emphasis on regional collaboration, the focus has been on regional rather than individual country initiatives.

This study and report is written for Sida and its environmental secretariat in Asia—SENSEA. However, the general information, assessment, and conclusions could also serve other audiences, such as other donors and organizations working in the area of illegal logging.

Limitations of the Study

Initiatives found in sources such as searched publications, websites, and personal communications have been included. The report does not claim to cover all initiatives in the region.

Given the time frame of the study, it has not been possible to contact and verify the accuracy of information on all initiatives included. The interviews aimed primarily to select people or organizations representing different stakeholders or perspectives. Thus, not all information gathered from literature, websites, and other sources has been checked in terms of updates with the relevant organization.

The time frame also allowed only a limited set of interviews, and some sectors are not represented, such as national-level government staff or private-sector actors (e.g. logging companies or financial institutions). The statements made by interviewees represent the views of these individuals and not their organizations.

Linkages to Other Key Areas

Illegal logging is closely connected to other issues related to the forest sector, such as forest governance, community and indigenous rights, law and policy development, land tenure and use rights, gender, land conversion, climate change, decentralization, global economic development and trade, conflict, sustainable forest management (SFM), community-based management, and corporate social responsibility. These relevant areas can sometimes be closely linked to the issue of illegal logging in terms of the effects, underlying causes, trends, and future opportunities or threats. Although investigating these linkages in detail is beyond the scope of this study, they are relevant to finding opportunities for curbing illegal logging and the long-term sustainable and pro-poor management of forests (see chapters on Impacts of Illegal Logging, Underlying Causes, and Drivers of Change, this document).

INTRODUCTION TO ILLEGAL LOGGING IN ASIA

Illegal logging has emerged as a worldwide concern in the last decade. The problem occurs on a global scale, but is most notable in developing countries. While most illegal timber is used domestically, 5–10% of the total global forestry trade is estimated to be comprised of illegal timber, with a greater percentage originating from tropical countries (Seneca Creek Associates et al. 2004). Around half of the tropical wood imported into the European Union is estimated to come from illegal sources (European Commission 2008, [http](#)).

Asia is a region experiencing rapid economic development, with the forest sector being part of this growth. This development is creating opportunities for employment and trade, but unfortunately it is also increasing the threat of rapid deforestation. Illegal logging is understood to be one of the main drivers of deforestation in the region (USAID 2007) together with poorly planned conversion of natural forests and oil-palm production. Increasing demand for wood product, for both domestic use and export, puts pressure on and increases competition for land and forest resources.

Southeast Asia, a region containing some of the richest forests in the world, has experienced a trend of net loss of forest (FAO 2007). Although it contains only 5% of the world's forests, the region has accounted for nearly 25% of the global forest loss over the past decade (World Bank 2008a, [http](#)).

Illegal logging is substantial in Southeast Asia, particularly in areas with high-value timber (FAO 2007). Although illegal logging is difficult to measure, estimates indicate that, for example, as much as 60–80% of the wood from Indonesia and up to 90% in Cambodia could be harvested illegally (DFID 2007).

WHAT IS ILLEGAL LOGGING?

There is no universal definition of illegal logging. It is not a legal term that has been agreed upon, and its use varies in different contexts. Legality also differs from country to country. Below are some general terms and definitions often used when describing illegal logging.

Definitions of illegal logging share some common elements. One fundamental aspect is the “violation of relevant national legislation, including ratified international treaties and conventions” (World Bank 2006a).

The European Union Action Plan for Forest Law Enforcement, Governance and Trade (EU FLEGT), states that illegal logging takes place when “timber is harvested in violation of national laws” (European Commission 2003).

Illegality along the value chain of the forest product can also be more or less specified. One general term used is that “Illegal logging takes place when timber is harvested, transported, bought or sold in violation of national laws” (Brack and Hayman 2001).

In an information brief by the International Tropical Timber Organization (ITTO), the term is decoupled into **illegal logging** and **illegal trade** (although emphasizing that they are closely linked). Here, illegal logging refers to the removal of logs in a manner that is against the provision of relevant laws, while illegal trade (domestic and international or both) is seen as more complex, involving not only forest laws but also laws on corporations, trading, banking, auditing, customs, taxes, etc. (ITTO 2007, [http](#)).

According to Callister (1999), illegal activities in the forest sector largely fall into three categories:

Illegal logging of various forms, movement of wood products, which may or may not have been harvested legally, without proper authorisation or in contravention of controls; and activities directly aimed at avoidance of payment of taxes or forestry charges.

Others explain illegal logging in more detail, specifying the illegal actions that may occur from the very initial growing of the tree to the delivery of the forest-based product to the end-consumer:

Illegal acts include...unauthorized occupation of public and private forest lands, logging in protected or environmentally sensitive areas, harvesting protected species of trees, woodland arson, wildlife poaching, unlawful transport of wood and other forest products, smuggling, transfer pricing and other fraudulent accounting practices, unauthorized processing of forest products, violation of environmental regulations, and bribing government officials (Contreras-Hermosilla 2002).

A FLEGT Briefing Note also explains the wide range of actions that can occur throughout the forest value chain, from land allocation to export.

...Illegal harvesting may include not only harvesting practices that contravene the regulations, but also using corrupt means to gain harvesting rights, extraction without permission or from protected areas, cutting protected species or extracting of timber in excess of agreed limits. Beyond harvesting, illegal practices may also extend to transport infringements, illegal processing and exporting, non-payment of taxes or charges, and misdeclaration to customs (European Commission 2004b).

It is apparent that illegal logging can be interpreted differently. However, it is also clear that elements recur in these definitions, namely that illegal logging is about forest operations:

- violating national laws in the country of origin
- violating ratified international treaties and conventions

The definitions vary with regard to how much of the value chain is included. While most definitions start at the “harvesting” step of the chain, others begin earlier and include the allocation of land and harvesting rights.

Box 2 shows some examples of illegal practices occurring in the forest sector.

Box 2: Illegal Practices Occurring in the Forest Sector

Illegal Logging

- Logging timber species protected by national law
- Buying logs from local entrepreneurs that have been harvested outside the concession
- Logging outside concession boundaries
- Contract with local forest owners to harvest on their land but then cutting trees from neighboring public lands instead
- Logging in protected areas such as forest reserves
- Logging in prohibited areas such as steep slopes, river banks and catchment areas
- Removing under-/oversized trees
- Extracting more timber than authorized
- Logging without authorization
- Logging in breach of contractual obligations (e.g. prelogging environmental impact statement)
- Obtaining concessions illegally

Timber Smuggling

- Export/import of tree species banned under national or international law, such as the Convention on International Trade in Endangered Species of Fauna and Flora (CITES Appendix I)
- Export/import of tree species listed under CITES without the appropriate permits (CITES Appendix II and III)
- Export/import of log, lumber or other timber product in contravention of national bans
- Unauthorized movement of timber across district or national borders
- Movement of illegally logged timber from forest to market
- Exporting volumes of forest products in excess of the documented export quantity

Practices Specifically Aimed at Reducing Payment of Taxes and Other Fees

- Declaring selling forest products at prices below market prices to reduce declared profits and corporate and income taxes
- Declaring buying inputs at prices above market prices to reduce declared profits and corporate or income taxes
- Manipulation of debt cash flows (transferring money to subsidiaries or a parent company where debt repayment is freer than the export of projects; inflating repayments, allowing untaxed larger repatriation of profits, reducing the level of declared profits, and, therefore, of taxes)
- Overvaluing services received from related companies to reduce declared profits and corporate and income taxes
- Avoiding royalties and duties by undergrading, undermeasuring, underreporting, and undervaluing of timber and misclassification of species
- Nonpayment of licence fees, royalties, taxes, fines, and other government charges

Box 2: Illegal Practices Occurring in the Forest Sector

Illegal Timber Processing

- Processing timber without documentation (if required) verifying its legal origin
- Operating without a processing licence
- Operating without other necessary licences and approvals (e.g. effluent disposal permits)
- Failing to meet licence provisions, including pollution control standards

Source: Callister (1999).

Legality and Sustainability

In the effort to assure legality in the forest sector, the verification of legality and certification of SFM have been increasingly converging. The interest to verify that timber is legal (as part of the Forest Law Enforcement and Governance (FLEG) movement) has spurred an interest in using private sector forest certification as a mechanism to promote both legality and SFM—(see Brown and Bird 2007 for more information). However, although both mechanisms respond to a need to improve governance in the forest sector, it is important to understand the difference in their approaches. The verification of legality focuses on statutory measures that ensure a minimum standard set by law. In contrast, certification is a voluntary measure that assures responsible forest management in a wider sense that often goes well beyond legality, and includes other components such as environmental and social considerations (FSC 2007).

Nonetheless, legality can be seen as an important step towards SFM. For example, although the long-term aim of the EU FLEGT is to encourage SFM, ensuring legality is considered an important first step to sustainability. A FLEGT newsletter notes:

While compliance with relevant laws is often addressed by standards that describe sustainable forest management, SFM generally includes additional voluntary requirements. Therefore, while legal compliance may be regarded as an important stepping-stone towards achieving SFM, it is generally regarded as insufficient by those markets that demand SFM certification (European Commission 2005).

Examples of certification schemes operating worldwide include the Forest Stewardship Council (FSC), and the Programme for the Endorsement of Forest Certification Schemes (PEFC).

IMPACTS OF ILLEGAL LOGGING

Illegal logging and its associated trade can be seen as a failure of good forest governance, one which has severe and large-scale impacts, including an undermining of economic growth, equitable development, and environmental conservation (Kishor and Oksanen 2006). The World Bank acknowledges that illegal logging and the lack of appropriate forest governance are major obstacles to alleviating poverty, developing natural resources, and protecting environmental values and services (World Bank 2008a, [http](#)). The most commonly mentioned impacts of illegal logging, in terms of economic, social, and environmental aspects, are briefly described hereunder.

Economic Impacts

Illegal logging and the related trade hinder economic development. The World Bank estimates that in developing countries, illegal logging causes an annual loss of more than US\$10 billion per year from public lands alone, eight times the total global development assistance for SFM. Another US\$5 billion is estimated to be lost annually by governments due to evaded taxes, fees, and other revenues associated with legal forestry (World Bank 2006b). Illegal logging is also depressing the price of wood products globally (up to 16%, depending on product type) (Lawson 2007) thus creating an uneven playing field for legitimate forest sector industries.

Social Impacts

It is estimated that more than 90% of the 1.2 billion people living in extreme poverty depend on forests for some part of their livelihood (World Bank 2007, [http](#)). With such a high proportion of people dependent on forest resources, it is not surprising that illegal logging is associated with extensive negative social impacts.

Illegal logging has been shown to fuel poverty and to increase uneven power relations and access to resources and land. Local communities and indigenous groups that are directly dependent on forest resources for subsistence needs are often those most severely affected, as their very livelihoods, rights, and security become threatened. Natural forests often play an important role in subsistence economy systems and livelihoods (for activities including the gathering of fodder, fuelwood, food, medicine, and grazing), and are more important to disadvantaged groups in society (Sida 2007). Illegal logging, with its problems of weak law enforcement and corruption, has a disproportionately adverse impact on these groups.

It is sometimes argued that the rural poor may benefit from weak law enforcement, because they can, for example, illegally use resources on public lands without having to pay fees and taxes. Studies show that when the rule of law is weak, stakeholders that wield power eventually dominate the use of forest resources (FAO and ITTO 2005) and rural poor populations employed in illegal logging operations tend to gain only marginal benefits. In addition, benefits are often transitory, as the operators may abandon a site once its commercial potential is exhausted (World Bank 2006b).

Closely associated with corruption and organized crime, illegal logging undermines the rule of law, principles of democratic governance, and respect for human rights (European Union 2006, [http](#)). In some cases, illegal exploitation is also associated with violent conflicts, with profits from illegal exploitation of forests and other natural resources having been used to fund and prolong conflicts (European Commission 2003). It has been reported that, in countries such as Myanmar, Cambodia, Liberia, Côte d'Ivoire, and the Democratic Republic of Congo, revenues from illegal logging have funded national and regional conflicts (FAO 2005; World Bank 2006b).

Environmental Impacts

In terms of environmental effects, illegal logging causes degradation and loss of forests throughout the region. In Indonesia alone, some 2.8 million hectares of forests are felled illegally each year (European Commission 2008, [http](#)).

Many forest laws prescribe the adoption of sustainable management practices, including social welfare and environmental protection. These services, however, usually have little market value and thus tend to be neglected by operators pursuing short-term gains through illegal forest activities (FAO 2007).

Illegal logging contributes to the rapid loss of primary forest, especially in Southeast Asia. The net forest cover in Asia as a whole actually increased from 2000 to 2005, but this increase was mainly due to the development of forest plantations. While countries like the People's Republic of China, Bhutan, India, and Viet Nam increased their total forest area through such plantation development, most other countries in Asia experienced a net loss. However, this is a net change in forest cover, after changes due to deforestation and reforestation have been taken into account. This means that although a country can experience a decrease of natural forests, due to reforestation the net change of forest cover can still be positive. Southeast Asia experienced the largest decline in forest area—more than 2.8 million hectares, or 2% per year. The greatest loss occurred in Indonesia (1.87 million hectares per year or 2%), followed by Myanmar (0.47 million hectares or 1.4%), Cambodia (0.22 million hectares or 2%), the Philippines (0.16 million hectares or 2.1%), Malaysia (0.14 million hectares or 0.7%), and the Democratic People's Republic of Korea (0.13 million hectares or 1.9%) (FAO 2007).

Degradation and loss of forests pose a grave threat to biodiversity. Forests are the most diverse terrestrial ecosystems, housing a large majority of the world's terrestrial species (CIFOR 2007, [http](#)) Tropical forests are particularly known for their rich biodiversity, and many are found in Asia and the Pacific. This region ranks as one with the largest number of endangered and vulnerable species in the world (FAO 2005).

In addition, deforestation translates into a loss of the many environmental services that forests provide. One of the services that has received recent global attention is the absorption and storage of carbon. Deforestation has been estimated to account for approximately 20% of global carbon emissions. Other environmental services provided by forests include water regulation, soil formation, and stabilization (Greenpeace and Friends of the Earth Europe 2007).

UNDERLYING CAUSES

Illegal logging can be seen as a symptom of wider problems. In order to combat illegal logging, it is important not only to target the symptom itself, but also to understand and address the underlying causes. The causes are complex and often lie outside the forestry sector. Key causes include:

- Weak policy and legal frameworks (including unclear, controversial, or nonexistent policies and legislation governing the use of forest resources)
- Uncertainty surrounding forest tenure
- Corruption and lack of transparency
- Weak law enforcement
- Insufficient information on forest resources, coupled with increased demand for forest products
- Weak institutional structures
- An inability to monitor and enforce the regulations applicable to the use and conservation of forest resources (FAO 2008, [http](#); World Bank 2008b, [http](#))

According to the World Bank, illegal logging is often driven by poverty or is associated with commercial exploitation of timber. It also acknowledges that the underlying causes can be difficult to address since politically well-connected interest groups tend to benefit from the status quo and actively resist change.

Legality is defined according to the laws of the country of origin. In some countries it may be difficult to form a clear definition of illegal logging due to inadequate, conflicting, or inequitable laws. Furthermore, existing forest laws may be seen as socially unacceptable, as they exclude local people from access to forest resources, forcing them to operate illegally to meet their basic needs for survival (European Commission 2004b).

In case studies from 11 countries examined by Food and Agriculture Organization of the United Nations (FAO) and ITTO (Bolivia, Cambodia, Cameroon, Ecuador, Honduras, Indonesia, Italy, Malaysia, Mozambique, Nicaragua, and Peru) five general factors were identified as contributing to illegality in the forest sector:

1. Flawed policy and legal framework: Laws may be technically unrealistic, socially unacceptable, inconsistent, or even conflicting with legislation in other sectors. It can also be a problem of tenure arrangements, as forest land tenure is often unclear or discriminatory. According to the study, illegal forest operations often result from poor or nonexistent control over resources. Security of tenure is therefore seen as one of the most important mechanisms to ensure accountability and control of forest operations at local levels.
2. Poor implementation/enforcement capacity: The case studies indicate that many governments lack the necessary human, financial, and managerial capacity to effectively ensure forest law compliance. In general, when government institutions are weak, there is lower probability for detection and thus a greater tendency to engage in illegal activities.
3. Insufficient data and information about the forest resource and illegal operations: Lack of resource data makes it difficult to make informed decisions, and to identify and monitor illegal acts.
4. Corruption and lack of transparency: Corruption can occur throughout the forest sector, from the award of procurement or timber concessions, to evasion of regulations and taxes. Reasons for corruption vary but can include lack of accountability and transparency, failing policies and institutions, and lack of strong and organized civil society groups.

5. High demand for cheap timber: In some countries, the growing timber market often contributes to overcapacity of the forest industry (this aspect is discussed further in the chapter Drivers of Change, this document).

Another consideration is that of poverty and the prohibition of subsistence use by local people. Forest-dependent people, whose livelihoods depend on forest products, are less likely to comply with forest laws if they believe that compliance will endanger their livelihoods.

The report also raises concerns related to logging bans (see Box 3), and argues that such bans may actually result in increased levels of illegal operations, in the country imposing the ban, as well in neighboring countries. Logging bans have been proven effective only where they are accompanied with transitional adjustment policies for alternative timber supplies, social and economic safety nets at the local level, and effective conservation management (FAO and ITTO 2005).

Box 3: Logging Bans

Policies designed to control illegal logging activities, such as logging bans, have sometimes proven counter-productive. Powerful political interests have continued to find means to log forests while poor and small-scale forest producers have been unable to find alternative livelihoods.

Source: FAO and ITTO (2005).

DRIVERS OF CHANGE

Some of the key drivers and trends behind illegal logging in Asia are briefly described hereunder.

Export-Driven Growth and Expanding Demand for Cheap Forest Products

Growth in regional economies, in particular China combined with an expanding demand for forest products in the region and in international markets (such as the United States and the EU), are leading to greater pressure on remaining resources. Indonesia, China, Papua New Guinea, and Malaysia are major timber producers in the region and timber is also important for the economies of Myanmar, Lao PDR, Cambodia, and India. Asia is also an important hub for processed forest products, and China, Viet Nam, and Thailand are increasingly relying on supplies of raw materials from other countries. China has become a major force in the global forest product market, importing around half of the tropical logs of the international trade (Stark and Cheung 2006). Its timber imports tripled in quantity and doubled in value between 1997 and 2005. This increase is a result of not only increasing domestic consumption, but also the rising international demand for low-cost forest products and an inability to meet this demand from its own forest production (White et al. 2006). Of the timber imported into China, over 70%, measured by volume, is processed and exported to other markets.

Increasing Trade

In Asia, substantial initiatives such as the Asian Development Bank's Greater Mekong Subregion "economic corridor" concept and the Asian Highway project (initiated by the United Nations Economic and Social Commission for Asia and the Pacific) are devoted to enhancing growth through improved infrastructure and trade. The traffic volume is generally expected to increase significantly. Coupled with fewer border inspections, this may lead to increased illegal trade in timber and timber products (Lund, personal communication, 2008).

Land Conversion

Land conversion—referring to the cutting or burning of forest lands in order to utilize them for other purposes, such as palm oil production, rubber tree plantations, or pasture lands for cattle—is extensive and on the increase in many countries in Asia. Demand for energy crops and alternative energy sources, including biofuels, can also be expected to increase in the future.

Illegal logging is often closely associated with the conversion of forests to other land uses. According to The Nature Conservancy (TNC), land conversion permits are being used in several countries in Asia to log areas before abandoning them (TNC 2008b).

However, not all drivers and trends in the region are negative. Some positive trends are pushing for increased attention to be paid to the issues of illegal logging.

Awareness of and Demand for Legal Wood

The increasing awareness of the impact of illegal logging has led to a higher demand for legally sourced wood, particularly from the United States, European Union, and Japan, through private sector initiatives, public procurement policies, and trade initiatives (the EU FLEGT and various bilateral initiatives).

Increased Community Management of Forests

It is increasingly recognized that the lack of secure or clear rights to own and use natural resources affects the ability and incentive of individuals or communities to make long-term decisions regarding their forest use and land management. There is also a growing recognition that local communities can manage forests as well or better than public authorities or large-scale industry. Governments are also becoming aware that widespread public ownership discriminates against local and indigenous communities, and there has been a shift to handing ownership and administration of management over to communities. Forests owned and officially administered by indigenous and traditional communities have doubled over the last 15 years, and communities now own and administer approximately one-quarter of forests in developing countries—although with a great range of different tenure arrangements (RRI 2007).

Mechanisms in Response to Climate Change

Climate change is putting forests high on the international agenda, a positive trend for the many forest inhabitants who depend on forests for their livelihoods. However, initiatives such as “avoided deforestation” have received mixed reactions. It is still unclear who would gain from these activities, and a number of social nongovernment organizations (NGOs) have raised concerns over the process. Their concerns are mainly the lack of consultation with indigenous peoples and other forest-dependent communities on these initiatives, as well as the need to consider issues such as governance, tenure, and customary rights (Kill 2008). According to the Rights and Resources Initiative (RRI), initiatives to tackle climate change could affect local people’s access to and benefits from resources negatively or positively. In order to contribute to positive outcomes, local property and civil rights should be a priority (RRI 2007).

SWEDEN'S AND SIDA'S OVERALL POLICIES AND GUIDELINES

Within the frameworks established by the Government and Parliament, Sida develops policy documents and methods for its work. This chapter provides an overview of Sweden's and Sida's overall policies and development goals, and existing directions towards addressing illegal logging.

The key policies and guidelines steering Sida's, and thus SENSAs, work are briefly described hereunder.

Sweden's Policy for Global Development

The Swedish Policy for Global Development, (Swedish Government 2002) enacted by Parliament in late 2003, has the overall goal to "contribute to equitable and sustainable development." This goal applies to international development cooperation as well as all other policy areas, such as trade, agriculture, environment, migration, and economic policy. The policy aims to contribute to the achievements of the Millennium Development Goals (MDGs). Two perspectives are integrated throughout all parts of the policy:

- **A rights perspective**, which means that people's rights are central. The rights perspective is based on human rights perspectives and norms. This perspective also includes democracy, and the two are seen as mutually reinforcing. Moreover, the rule of law and good governance is stressed as an essential requirement for participation, influence, and enjoyment of rights. In this view, human rights cannot be fully respected without a democratic form of government.
- **The perspectives of the poor**, which means that poor people's needs, interests, capacity, and conditions are the point of departure. It acknowledges poor people as a heterogeneous group and the necessity to enable the poor and their legitimate representatives to take an active part in decision making themselves. Considering this, the perspectives, interests, resources, and capacities of poor women, men, and children should be represented in national strategies and policies.

The Government Bill emphasizes closer collaboration among actors in all sectors of society, in particular with public authorities at the national level, local authorities, civil society, and NGOs, the private sector and the trade union movement. Increased cooperation in the European Union and at the global level is also emphasized.

The policy contains eight central thematic areas or building blocks:

1. Respect for human rights
2. Democracy and good governance
3. Gender equality
4. Sustainable use of natural resources and protection of the environment
5. Economic growth
6. Social development and social security
7. Conflict management and human security
8. Global public goods

Policies and Guidelines for Swedish Development Cooperation

Within the overall goal of Sweden's Policy for Global Development, Swedish development cooperation specifically aims to "contribute to an environment supportive of poor people's own efforts to improve their quality of life" (2003/04:UU3).

According to Sida, poverty is the lack of power, choice, and material resources, depriving people of the freedom of being able to decide their own lives (Sida 2005).

Three documents, *Perspectives on Poverty*; *Sida at Work*; and *Goal, Perspectives and Central Component Elements* provide the policy and methods framework for Sida, and express Sida's fundamental principles and values.

Three major roles characterize Sida's way of working:

1. The role of an analyst, which relates to Sida's understanding of, and relation to, a working environment characterized by complexity, interdependence, and dynamism.
2. The role of a dialogue partner, which relates to Sida's interaction with its partners, particularly with regard to dialogue, ownership, and partnership.
3. The role of a financier/intermediator of resources, which relates to Sida's performance in its core task, i.e. to transform available resources for development cooperation into effective support for poverty reduction (Sida 2005).

International Development Goals and Conventions Relevant to Sida

A number of development goals within the international development community are relevant to Sida, such as:

- The Millennium Development Goals, international agreements, and guidelines (including the Johannesburg Summit and Monterrey Consensus [2002]; the Rome Forum of Harmonisation [2003]; the Marrakech Memorandum on Management for Development Results [2004]; and the Paris High Level Forum on Aid Effectiveness, resulting in the Paris Declaration [2005]; and guidelines such as the OECD/DAC Guidelines for Poverty Reduction).
- The UN Universal Declaration of Human Rights and subsequent international conventions (including the Covenant on Civil and Political Rights; Covenant on Economic, Social and Cultural Rights; on the Elimination of Discrimination of Women; on the Rights of the Child; as well as the International Labour Organization [ILO] core conventions).

Sida Policies Related to Illegal Logging

This section looks at Sida policies related to illegal logging, including both general and specific policies, and briefly overviews both the new Forest Initiative and SENSE's platform for environmental cooperation.

Sida's General Policies

Within Sida's fundamental policies mentioned in the previous section, there are no specific directions on the issue of illegal logging. These policy documents do not mention the term "illegal logging" at all.

Broader terms such as “forest” or “deforestation” are briefly mentioned. Only one position paper on natural resource tenure includes the related term “non-compliance with forest regulations” (see next section). In short, there is little guidance to be found specifically from these core policies on “illegal logging.”

However, if we look beyond this specific term and to illegal logging from the perspective of **impacts** and **underlying problems** (see Impacts of Illegal Logging and Underlying Causes, this document), it becomes clear that combating illegal logging lies close to Sweden’s and Sida’s core principles. The **rights perspective** and **poor people’s perspective** of the Policy of Global Development touch on the very key perspectives violated by illegal logging. Its **eight building blocks**—respect for human rights; democracy and good governance; gender equality; sustainable use of natural resources and protection of the environment; economic growth; social development and social security; conflict management and human security; and global public goods—are very relevant to the impacts and underlying problems of illegal logging.

A selection of other policies and writings relevant to illegal logging and its associated trade and corruption are given hereunder.

According to Perspectives on Poverty, Sida supports the:

Eradication of corruption and promotion of transparency in all areas of the public domain
(Sida 2002, p. 33).

Protection and expansion of the natural resource assets of the poor, including equitable management of ecosystems (Sida 2002, p. 37).

Sida argues that an important aspect of democracy and the human-rights approach is that they translate poor people’s needs into rights, and recognize individuals as active subjects and stakeholders. Three principles are highlighted as particularly important:

- All human beings are born free and equal in dignity and rights
- Transparency, accountability, and rule of law
- Participation and representation in public decision making

In the same paper, it is acknowledged that poor people are particularly and directly dependent on natural resources for their survival (e.g. because of their limited assets and greater dependence on commonly held resources for their livelihoods). The paper also argues that corruption has a disproportionately greater effect on the poor. A high degree of transparency, straightforward rules of accountability, and strong deterrents to corruption are essential to enhance the opportunities of the poor.

Sida’s Policies on Forestry and Natural Resources

Sida’s position on sustainable forestry and natural resource tenure is discussed hereunder with reference to two relevant position papers.

Sustainable Forestry

According to a 1999 position paper on sustainable forestry, the long-term objective of Sida’s support in the forest sector is to “increase the contribution of forest and tree-based activities to economic, social and environmentally sustainable development for poor people” (Sida 1999, p. 11).

In order to achieve this objective, Sida gives priority to the following three themes:

1. Sustainable use of natural resources in rural areas.
2. Development of the requisite conditions for the sustainable use of forest resources, including policies and supportive institutions. Participation of different interest groups in the process, roles and responsibilities of concerned authorities and organizations, access to information, and analytical capacity are pointed out as necessary elements.
3. Capacity building and human resource development.

According to the paper, Sida's basic philosophy is that people are at the center of the approach, and that the use of forests, forest lands, and trees should contribute to sustainable development and enable poor people to improve their living conditions. The paper also argues that the participation and knowledge of poor people is a precondition for the sustainable development of forests. In consequence, Sida shall:

support the development of forms for men and women to exert an influence locally over the use of forest land. This includes, among other things, access to land under reasonable conditions for individual families, institutional forms for the sustainable use of public land and of forests owned by others, for example the state. (Sida 1999, p 14).

Natural Resource Tenure

In a recent position paper on natural resource tenure, it is stated that:

Secure tenure for poor is key to poverty reduction and the realization of fundamental human rights (in particular the right to an adequate standard of living, including access to water, food and housing) (Sida 2007, p.7).

On illegal logging related to sustainable forest management:

Poverty reduction is long-lasting only if the resources on which people are dependent are managed in a sustainable manner.

Evidence shows that local communities can manage forests in a sustainable way if they have secure resource rights. (Sida 2007, p. 11).

On illegal logging related to tenure and human rights:

Enabling access to the resource tenure system on the part of the poor is key to avoiding elite capture and ensuring equitable benefit sharing (Sida 2007, p. 16).

A human rights perspective to resource tenure entails seeing natural resource tenure in the context of international law and respecting fundamental principles, such as non-discrimination, accountability, transparency and participation. This includes giving special attention to marginalised or excluded group—women, pastoralists, slum dwellers, indigenous and tribal people, and minorities (Sida 2007, p. 6).

On illegal logging related to governance, power and local democracy:

In many societies, control of natural resources is an important source of power. Conversely, power relations shape access to resources. Poor and marginalized groups, to secure their access to resources, must have a fair say in decision-making that affects resource rights. Corruption distorts decision-making, undermines human rights, directly and indirectly impacts poverty, and contributes to resource degradation. Examples of this are the distortion in the allocation of timber or mining concessions or non-compliance with forest, environmental and other regulations (Sida 2007, p.11).

Sida's New Forest Initiative

The Forest Initiative is a Sida-supported platform aiming at increasing the capacity and capability to deal with forest resources in a sustainable way. The initial phase is set for three years, from 2007 to 2010, and is based on the understanding that "forest is a productive resource, with potential to contribute to long-term poverty reduction, economic development and positive effects on the environment" (author's translation).

The initiative is focusing not on technical aspects of forestry, but rather on the bottlenecks for sustainable forestry and the forest sector, as well as the factors that show how forests can contribute to good societal development and poverty reduction. Matters such as **good governance** and **rights** are the focus, including issues such as **tenure**.

Two goals have been set for the initiative; one is a general development goal and the other a specific goal for the initial phase of 2007–2010:

Development Goal

A long-term use and management of forest resources as a means to poverty reduction and a good environment (author's translation).

Goal of the Initiative 2007–2010

Through increased Swedish involvement, particularly related to food governance and rights aspects, create conditions to qualitatively improve Swedish development cooperation related to forests, in line with the goals of the Policy on Global Development (author's translation).

The initiative contains three components:

1. Network function, aiming to create new contacts among internationally active actors.
2. Thematic activities, strengthening strategically important global and regional actors in their work to promote democratic governance and rights. Swedish actors shall participate, and the collaboration is expected to result in mutual learning and strengthening of Swedish human resources.
3. Two funds for collaboration, in order to strengthen the Swedish private sector's engagement at the international level (Skoglund 2007).

SENSA and It's Platform for Environmental Cooperation

SENSA- works for environmentally sustainable development in Southeast Asia by promoting regional cooperation, strengthening cooperation between the region and Sweden, and serving as a platform for regional environmental dialogue.

One of SENSA's areas of focus is climate change and adaptation, which currently involves cooperating with the United Nations Environment Programme (UNEP) to develop a regional knowledge platform for Southeast Asia. The main objective of this regional platform would be to provide a forum for regional consultation, dialogue, and cooperation, and for joint learning and sharing of experiences on a multistakeholder basis and within the framework of the Nairobi Work Programme.

Illegal logging and its components could potentially be addressed and brought forward in the SENSA-UNEP platform (Granlund, personal communication; SENSA: Draft Concept Paper on SENSA-UNEP Regional Platform on Climate Change and Adaptation Solutions in Southeast Asia).

Illegal Logging Related to International Development Goals and Conventions

There are also a number of international development goals and conventions relevant to Sida and the issue of illegal logging. These are briefly described hereunder.

Related to the Millennium Development Goals

As part of the international development community, Sida is committed to the MDGs, which consist of eight goals agreed upon by the United Nations Millennium Summit in September 2000. The principal goal, Goal 1, is to halve extreme poverty, Goal 7, to ensure environmental sustainability, and Goal 8, to develop a global partnership for development—these may be the goals most obviously relevant to illegal logging, but the other goals are also indirectly linked to the issue (see Annex 1).

Related to Conservation

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), is an agreement between governments to ensure that international trade in specimens of wild animals and plants does not threaten their survival. The convention aims to control trade in certain critically endangered species and to regulate and monitor trade in other species that have been assessed as vulnerable to overexploited. The convention provides a mechanism to regulate international trade in timber species and products (see Annex 2).

The Convention on Biological Diversity (CBD), is an international treaty to sustain the diversity of life on Earth, and was adopted at the Earth Summit in Rio de Janeiro in 1992. At its meeting in 2002, the Conference of the Parties adopted an Expanded Program of Work on Forest Biological Diversity. In its Programme Element 2: Institutional and Socio-Economic Enabling Environment is an activity to “promote forest law enforcement and address related trade” (see Annex 2) (CBD 2007, [http](#)).

Related to Human Rights

Human rights are closely related to illegal logging, as the principles of democratic governance and respect for human rights are often undermined by its activities (see chapter Impacts of Illegal Logging, this document). Human rights conventions relevant to these issues include the covenants on economic, social, and cultural rights, as well as the covenant on civil and political rights, the covenant on the elimination of discrimination of women, as well as the International Labour Organization’s (ILO) core conventions (see Annex 3).

Related to Corruption

The Convention Against Transnational Organized Crime, which came into effect in 2003, is a legally binding instrument committing ratifying states to measures against transnational crime. It includes actions such as the creation of domestic criminal offences to combat transnational crime, adoption of new frameworks for mutual legal assistance, extradition, law enforcement cooperation, and technical assistance and training.

The Convention Against Corruption, adopted in 2005, addresses the four key issues of Prevention, Criminalization, International Cooperation, and Asset Recovery (see Annex 4) (World Bank 2006b).

These conventions were also recognized in a new resolution titled 'International cooperation in preventing and combating illicit international trafficking in forest products, including timber, wildlife and other forest biological resources.' This resolution was presented to the Economic and Social Council in the sixteenth session of the United Nations Commission in Crime Prevention (2007). It highlights the adverse environmental, social, and economic impacts of illicit harvesting and international trafficking of forest products.

It strongly encourages member states to take appropriate measures to strengthen law enforcement and related efforts and to cooperate at bilateral, regional, and international levels. It also encourages the use of legal instruments such as the United Nations Convention Against Transnational Organized Crime and the United Nations Convention against Corruption (United Nations 2007a).

INITIATIVES IN THE REGION

The concern over illegal logging and its associated trade has spurred initiatives implemented at various levels, from international and regional political processes to concrete pilots at the national, regional, and local levels. This chapter gives an overview of a number of key initiatives occurring in or targeting the Southeast Asian region.

Multilateral Initiatives

There are a number of multilateral initiatives working to address illegal logging and this section provides an overview of those occurring in or targeting the Southeast Asian region.

Forest Law Enforcement and Governance (FLEG)

The FLEG process is a series of regional initiatives supported by the World Bank, the United Kingdom and United States governments, and other partners to strengthen governance in the forestry sector, international dialogue, and cooperation to fight illegal logging. The process started in the East Asia and Pacific region in 2001, with similar initiatives now underway in Africa as well as in Europe and the Russian Federation (FAO and ITTO 2005).

According to the World Bank, the regional FLEG process was aimed at creating high-level political commitment and political space at regional and national levels to address the issues of FLEG together with stakeholders from civil society and the private sector. The impacts observed to date include: increased awareness of the effects of illegal logging and the need for action; identification of priority actions at regional and national levels and facilitation of exchange of experiences and best practice; and promotion of the incorporation of illegal logging and other forest crimes in other regional processes, such as the Association of Southeast Asian Nations (ASEAN).

However, impacts in terms of actual enforcement and compliance from the FLEG ministerial processes have been mixed. The World Bank reports that there are a number of countries with an important role in the production and marketing chain that are not yet committed to addressing the issues. Also, a large proportion of industries operating within countries affected by illegal logging are not engaged in the FLEG process (World Bank 2006b).

East Asia and Pacific FLEG (EAP FLEG)

The first FLEG meeting was held in the region in Bali 2001. At this meeting, ministers, technical experts, NGOs, and representatives of the private sector from East Asia and the Pacific, Europe, and North America gathered to discuss illegal logging, governance, and law enforcement. A ministerial declaration was issued (the Bali Declaration), with agreements to take immediate action and strengthen bilateral, regional, and multilateral cooperation to address violations of forest law and crime, particularly illegal logging, associated illegal trade, and corruption.

The Bali Declaration announced joint actions to tackle these problems, including agreements to increase collaboration, exchange information, raise awareness, improve governance, reduce economic incentives, and strengthen capacity within and among governments, the private sector, and civil society. The Declaration also recommended the formation of a regional Task Force on FLEG to advance the objectives of the Declaration. An Advisory Group, with representatives from NGOs, industry, civil society,

and other relevant stakeholders, was suggested to be linked to the regional Task Force (both groups were established in 2002) (World Bank 2008c, [http](#)). For details on the history and ongoing EAP FLEG process, see Annex 5.

The FLEG initiative is now entering Phase II, which is focusing on implementation of the declarations and their commitments. Three thematic areas of action have been identified for EAP FLEG:

1. Regional customs cooperation in controlling trade of illegal timber.
2. Forest sector transparency.
3. Country diagnostics and experience sharing (DENR 2007).

Forest Law Enforcement, Governance and Trade (FLEGT)

In May 2003, the European Commission adopted the FLEGT Action Plan (COM [251]2003). The Action Plan seeks to support improved governance in timber-producing countries and to ensure that illegal timber does not enter the European Union. A Council Regulation approved in 2005 (No. 2173/2005) provides the legal framework for a licensing scheme to control the entry of timber into the European Union (European Commission 2003; 2007, [http](#)).

The ultimate goal of the Action Plan is to encourage sustainable management of forests, where ensuring legality of forest operations is considered a vital first step (European Commission 2004a). The plan emphasizes issues such as equitable and just solutions, verification systems, transparency, capacity building, and policy reform (European Commission 2003). Measures include support for improved governance and capacity building in producer countries and the development of Voluntary Partnership Agreements with producer countries to ensure that only legally logged timber enters the European Union.

The Action Plan also promotes the use of legally sourced timber within the European Union and encourages: Member States to refer to European Union public procurement legislation, private sector initiatives to be based on corporate social and environmental responsibility, and financial institutions and banks to take into account environmental and social factors when conducting due diligence assessments (for loans) (European Commission 2004a). A FLEGT Committee, comprised of Member States representatives, has been established to assist the Commission with implementing the FLEGT regulations.

Funding for the capacity-building component of FLEGT has been provided through development cooperation funds managed by the Commission (European Commission 2007, [http](#)). The European Union has also funded projects implemented by NGOs supporting the FLEGT Action Plan, and has provided a trust fund for the World Bank to support the regional FLEG processes (World Bank 2006b).

Voluntary Partnership Agreements (VPAs)

VPAs are bilateral agreements between producer countries and the European Union, and are central to the EU FLEGT initiative. The agreements aim to ensure that only legally licensed timber is being exported and imported. Negotiations are underway for such agreements; in Southeast Asia, they have started with Indonesia (led by the European Commission) and Malaysia (led by the Netherlands). In Indonesia, stakeholders have agreed upon a legality standard, which has been submitted to the Minister of Forestry. In Malaysia, a definition of legality has yet to be agreed upon by all stakeholders. A number of social NGOs have raised concerns regarding the process and its lack of transparency. Meanwhile, the Government of Viet Nam has also expressed interest in the FLEGT process, and has been engaged in initial talks with the European Commission (Logging off 2008, [http](#)).

Another concern is that the VPAs could be circumvented because some producer countries may not join the scheme. These countries could then provide an alternative route through which illegal timber

from VPA countries enters the European Union (European Commission 2008, [http](#)). Another concern has been that it does not include all forest products. The European Union, however, is looking at additional measures that could supplement the bilateral VPAs (European Commission 2007).

G8-Action Program on Forests

The G8 meetings were originally a forum developed to discuss major issues of economic importance, but have expanded to cover a much wider range of international matters. Its decisions are nonbinding, and it has no permanent secretariat or follow-up mechanism. Members rotate in taking on presidency, and Japan will assume this role in 2008.

In 1998, the G8 Foreign Ministers agreed on a Forest Action Programme, which included “illegal logging” as one of its five areas of action. The G8 countries agreed to certain commitments, including assessing the nature and extent of international trade in illegally harvested timber and taking measures to improve market transparency. The 2003 Declaration contains a statement committing G8 members to assist countries in adopting modern technologies, such as satellite imaging, in order to combat illegal logging.

In 2005, when the United Kingdom held the presidency, illegal logging was given priority, and was discussed among their Environmental and Development Ministers in a meeting later that year. The final statement of this meeting stipulated various actions to be taken to halt illegal logging. These included:

- Assisting timber-producing countries on law enforcement and governance
- Sharing of technical knowledge
- Increasing awareness and engaging civil society
- Strengthening steps to halt import and marketing of illegally logged timber
- Extending public procurement policies that favor legal timber; and encouraging the private sector in producer and consumer countries to develop and promote legally sourced timber and implement voluntary codes of conduct (FAO and ITTO 2005)

The next G8 Summit will take place in Hokkaido, Japan in 2008. It is expected that Japan will also make illegal logging a priority area for discussion (Chatham House 2008b, [http](#)).

Related: the G8 Illegal Logging Dialogue

A G8 Illegal Logging Dialogue was launched in 2006 by the Global Legislators Organization for a Balanced Environment together with the Com+Alliance, at the World Bank and International Monetary Fund Annual Meeting in Singapore. The purpose was to bring together legislators from major wood-producing and consumer countries (Globe International, [http](#)), representatives from progressive forest industry, and civil society organizations to discuss and agree on policies to address illegal logging and poor forest governance. The objectives were:

- To provide a forum outside formal international negotiating structures
- To allow participants to contribute openly and in confidence and thus address particular areas of contention without the restraint of a formal government negotiating position
- To utilize the unique position of legislators to push the boundaries of what is politically possible internationally and to build a constituency amongst legislators and other key stakeholders for action by the G8, European Union, and producer countries
- To become a catalyst for international and domestic action
- To combine discussion with open sessions allowing media access

In July 2008, at the G8 Heads of State Summit, a set of tried-and-tested, practical policy proposals for tackling illegal logging will be proposed to be acted on by G8 and timber-producing countries (Globe International, [http](#)).

United Nations Forum on Forests (UNFF)

In 2007, the UNFF-7 (seventh session) adopted the so-called “Non-legally binding instruments on all types of forests.” The instruments seek to strengthen political commitment and action for sustainable management of forests, contribute to the internationally agreed development goals (such as the MDGs), and provide a framework for national and international action. They urge Member States to review and improve forest-related legislation, strengthen forest law enforcement, promote good governance at all levels, and combat and eradicate illegal practices according to national legislation in inter alia forest-related sectors.

In addition, the UNFF multiyear program of work 2007–2015 states that “forest law enforcement and governance at all levels” shall be addressed as a cross-cutting issue at all sessions (United Nations 2007b).

United Nations Office on Drugs and Crime (UNODC)—Asia and the Pacific

The UNODC has recently been given a wider mandate, and works not only on trafficking issues related to drugs, but also on trafficking in other areas. The regional office for Asia and the Pacific is currently drafting a program on trafficking in illegal timber and timber products in Southeast Asia and the Pacific. The aim of the program is to prevent, suppress, control, and monitor the trafficking of timber and timber products, and to enhance law enforcement and customs cooperation and training.

The program also plans to create a regional system for data collection related to illegal logging, export and import, production and consumption, and to establish an inventory of stakeholders working in this field. The program will cover seven principal themes associated with illegal trade and timber, namely: supply reduction, counter-trafficking; demand reduction; treaty and legal affairs and enforcement; monitoring and data collection, research and analysis; interagency cooperation and training; and awareness-raising, education, and dissemination of information.

Due to the UNODC’s long experience working in drug trafficking, the office has readily available tools for information exchange, training, cross-border cooperation, and port and container security, which will also prove useful when dealing with illegal trade of forest products.

In addition, in a draft resolution presented to the Economic and Social Commission in 2007, UNODC was requested to invite Member States to exchange information for the identification of stakeholders involved in illicit international trafficking in timber and other forest products (United Nations 2007c; UNODC 2007; Lund 2008, personal communication).

Asia Forest Partnership (AFP)

The AFP was initiated in the activities leading up to the 2002 World Summit (launched by Japan and Indonesia). Leading partners are the governments of Japan and Indonesia, the Center for International Forestry Research (CIFOR) and TNC (FAO and ITTO 2005). The AFP welcomes government, intergovernmental, and international organizations, the private sector, civil society organizations including indigenous and local communities, and research and academic institutions (Asia Forest Partnership 2008).

The partnership has recently entered its second phase (2008–2015). The goal for this phase is to:

Promote cooperation and catalyze action among governments, civil society and business to achieve sustainable forest management (SFM) in Asia and the Pacific and thereby maintain and enhance the provision of forest products and ecosystem services, and their contribution to human well-being.

Combating illegal logging and its associated trade is one of the partnership's key themes for the second phase. Considerations cutting across themes include:

...the livelihoods, rights, security and well-being of forest-dependent people; improving forest-related governance; strengthening institutions and capacities for SFM; and securing and diversifying finance for conservation and sustainable use of forest resources.

The AFP's core functions are facilitation and promotion of multistakeholder dialogue; partner engagement in national, regional, and global institutions and processes; synergy among existing projects, programs, and initiatives; collaborative initiatives; and information sharing. CIFOR is currently hosting the AFP information-sharing secretariat.

Collaborative Partnerships on Forests (CPF)

The CPF is a partnership of 14 forest-related international organizations, institutions, and conventions' secretariats. It was created in 2001 in response to recommendations given by Economic and Social Council of the United Nations (ECOSOC). The current members are CIFOR, FAO, ITTO, International Union of Forest Research Organizations (IUFRO), CBD, the Global Environment Facility, United Nations Convention to Combat Desertification (UNCCD), UNFF, United Nations Framework Convention on Climate Change (UNFCCC), United Nations Development Programme, UNEP, World Agroforestry Centre (ICRAF), World Bank, and the World Conservation Union (IUCN) (CPF 2007).

The objective of the partnership is to support the work of the UNFF and to enhance cooperation and coordination on forest issues, for the promotion of sustainable forest management of all forest types. Issues related to illegal logging, such as law enforcement and governance, are included under the theme Combating Deforestation and Forest Degradation. UNEP is the focal agency of this program and CIFOR, FAO, CBD, UNCCD, UNFCCC, and the World Bank are supporting agencies (CPF, [http](#)).

CPF members are working both independently and collaboratively to help improve forest law enforcement and trade. Initiatives include awareness raising, engaging stakeholders in discussions, and supporting political processes such as the FLEG process (CPF 2007, [http](#)).

Bilateral and National Initiatives

A number of bilateral initiatives have been developed in order to curb illegal logging and its associated trade. Several countries have developed timber trade agreements, as well as made their own commitments through procurement policies guiding or binding their public sectors to only purchase legally verified wood and wood products. This section explores some of these initiatives and highlights examples of how other donors are engaging in the area.

Bilateral Trade Agreements

There are many options for governments in consumer countries to contribute to the reduction of illegal logging, one being to exclude illegal products from their markets through mechanisms such as trade agreements. Bilateral agreements have been developed between some producer countries in the region and their major consumer countries, with commitments to work together to reduce illegal logging and control its trade. Indonesia has, for example, signed a Memorandum of Understanding (MOU) with the United Kingdom, Norway, China, Japan, and the Republic of Korea. Other countries, such as Malaysia, have taken unilateral steps to prevent illegal wood from entering their markets, banning all timber imports from Indonesia (Brack and Saunders 2006).

China and the United States are also in the process of negotiating a bilateral agreement. A recently signed MOU includes joint actions to combat illegal logging and the associated trade, and the two countries will begin sharing information on timber shipments, increase law enforcement activities, and encourage private sector partnerships to promote SFM (China View 2007).

Public Procurement Policies

A number of countries are also looking at their role as a consumer of forest products in terms of public sector purchases. Governments (from central to local level) are often major consumers of goods and services, including wood and wood products. As seen earlier, the EU FLEGT Action Plan encourages its member countries to develop public procurement policies to promote legal or sustainable forest products, and countries such as Belgium, Denmark, France, Germany, the Netherlands and the United Kingdom have already developed such policies (Brack and Saunders 2006).

Outside Europe, countries such as Japan and New Zealand have also developed procurement policies (FAO 2005). The policies are slightly different from each other; some are voluntary while others are mandatory, and some focus on tropical timber while others extend to all sources of wood. In addition, there are different emphases on legality: Some countries (such as France and Netherlands) strive primarily for “sustainability” (often based on criteria of global certification schemes, such as the Forest Stewardship Council, FSC) see legality as a side-effect rather than the main aim; other countries (Denmark and the United Kingdom) with systems designed for both, recognize that while sustainable timber is desirable, it may not exist in sufficient quantities, and therefore set legality as a minimum standard.

Sweden has so far not developed such procurement policies, but the Swedish Environmental Management Council is at the moment leading a working group, including the Swedish Forest Agency, industry, and owner representatives as well as civil society, to develop voluntary criteria for public procurement (P. Nohrstedt, personal communication).

Examples of National Initiatives

This subsection looks at national initiatives involved in addressing illegal logging in Germany, Finland, and the United States.

Germany

For the German Agency for Technical Cooperation (GTZ), combating illegal forest activities is perceived as an intermediate step towards achieving SFM. Germany has already incorporated measures related to FLEG and trade in many of its bilateral development cooperation projects and programs, and has also played a role in the international and regional FLEG processes and the implementation of the EU FLEGT Action Plan. Its development cooperation is primarily targeting partner countries and regions where environment and natural resource management is a priority area for cooperation, that meet one or more of the following criteria:

- Illegal logging is particularly widespread and may be used to fund armed conflict
- Forest destruction from illegal logging is of particular importance to poverty in the country, in part because of loss of revenues
- Strong demand and reliance on imports place pressure on other countries/regions’ trade policies or encourages illegal logging in other countries

Other priorities are partner countries’ needs and political momentum. In Southeast Asia, given the close interrelation of regional and global trade, GTZ’s main focus is at the regional level. The main instruments

used are technical cooperation, including promotion of capacity and good governance; financial cooperation with technological transfer; public–private partnerships; and cooperation with NGOs for the development and implementation of independent monitoring of the FLEG legality assurance system and for promoting participation of civil society (von Pfeil, n.d.).

Finland

The Ministry for Foreign Affairs of Finland (MFA) has had few activities that directly relate to illegal logging in this region. The closest link lies in its work in Lao PDR, where the MFA, in collaboration with the World Bank, is supporting a project called the Sustainable Forestry and Rural Development Project (see Manivong and Sophathilath 2007). Some parts of this project relate to the area of illegal logging, particularly its components on SFM and sectoral monitoring and control, including forest certification through the FSC. According to the MFA, it will continue supporting this project for at least another phase (the current phase ends in 2008) (H. Ahola, personal communication).

United States and the President’s Initiative Against Illegal Logging

President G.W. Bush’s Initiative Against Illegal Logging was launched in 2003 and aims to assist developing countries combat illegal logging, the sale (including for export) of illegally harvested timber products, and corruption in the forest sector. Its four key strategies are good governance, community-based actions, technology transfer, and the harnessing of market forces.

The initiative targets three critical regions: the Congo Basin, the Amazon Basin, and Central America, as well as South and Southeast Asia. In South and Southeast Asia, the focus is to promote community-based forest management and protection; promote ecogovernance, transparency, and accountability in the forest sector; address illegal logging threatening orangutan habitat; and follow up on the South Asia Ministerial Conference on FLEG in Bali 2001 (US Department of State, <http://>).

International Associations or Agency Initiatives

A number of associations and organizations are working on issues related to illegal logging and a selection is highlighted in this section.

Association of Southeast Asian Nations (ASEAN)

ASEAN has taken an increasing interest in the issues of illegal logging. In the 29th meeting of ASEAN Ministers on Agriculture and Forestry in November 2007, ministers made a statement on strengthening forest law enforcement and governance. The statement acknowledged the outcomes and agreements of the 9th Meeting of ASEAN Senior Officials on Forestry (ASOF) in Bali, Indonesia (17–18 August 2006), to collectively pursue the FLEG initiative as a collaborative mechanism to address illegal logging and its associated trade. Action points agreed upon were:

- To strengthen FLEG in their respective countries, particularly in preventing and combating illegal logging and its associated trade, consistent with prevailing national laws, rules, and regulations.
- To enhance collaborative activities and programs such as regional customs and trade cooperation, forestry sector transparency, joint approaches in timber certification, country diagnostics, and experience sharing.
- To build upon the EAP FLEG initiative as a meaningful platform for synergistic partnership and cooperation.
- To task ASOF to prepare and implement a work plan to achieve the aforementioned measures.
- To urge ASEAN Dialogue Partners, international and regional organizations, and the business community to extend technical assistance and support.
- To welcome the organizing of the 2nd Asia FLEG Ministerial Meeting in the Philippines in 2008 (ASEAN 2007).

In a presentation from ASEAN in 2007, some rationale was given on ASEAN's involvement in FLEG:

- ASEAN vision 2020: "... promote forestry as model in sustainable development ..."
- ASEAN Economic Community by 2015: "... narrow the development gap, ensure fair trade and achieve global competitiveness ..."

The ASOF approach on forestry is to:

- Sustain engagement in EAP FLEG and other initiatives
- Facilitate, through the ASEAN Secretariat, the institutionalization of EAP FLEG involving all partners

ASOF have endorsed the three EAP FLEG priority areas for implementation (regional customs cooperation; forest sector transparency; and country diagnostics and experience sharing), and are developing a study on forest sector transparency, where they will look at timber administration and financial flows in selected ASEAN member countries (W. Prabianto, personal communication).

The next steps for ASEAN are said to be to:

- Assume leadership in the EAP FLEG
- Establish a multisectoral working group or committee
- Establish linkages with ongoing regional initiatives (e.g. the AFP, G-8 Initiative) (Prabianto 2007)

The report also notes that SENSEA co-organized a workshop with ASEAN in Yogyakarta, Indonesia in September 2005 on Strategic Alliances in Sustainable Forest Management.

World Bank

The World Bank has taken a number of actions to support improved forest governance and law enforcement. The 2002 World Bank Forest Strategy set a priority on governance in the forest sector, including illegal logging and corruption. The Bank supports law enforcement and governance through a variety of services. Through lending and advisory services, it supports initiatives such as the development of national forest policies, capacity building, awareness raising, support to resource inventories, and development of reporting and monitoring systems. The Bank also gives support through public sector governance programs; governance and anticorruption diagnostics; as well as technical assistance in various areas such as land and regulatory reform, antimoney laundering, etc.

FLEG-related issues also come in under the Bank's broader governance work. It has also taken a leading role in regional FLEG initiatives, in terms of getting these processes off the ground, as well as helping to legitimize open discussions on the problems (World Bank 2006b). With several of its client countries particularly affected by illegal logging, most of the Bank's FLEG-related activities are carried out through bilateral country assistance programs. These activities focus on the problems expressed by each individual country, including crime protection, detection, or suppression. The World Bank and the European Union also have a joint trust fund (the Forest Law Enforcement and Governance partnership) for FLEG activities, which supports meetings, country-level and analytical work, etc (B.W. Magrath, personal communication; World Bank 2008b, [http](#)).

Food and Agriculture Organization of the United Nations (FAO)

Since FAO first raised the issue of illegal activities in the forest sector in its State of the World's Forests 2001 report, the organization has been carrying out numerous activities to promote better governance and forest law compliance. The main area of work in this region is on building capacity (Simmathiri, personal communication). FAO also gathers data on forest resources, and determines

the extent and nature of illegal operations (FAO, [http](#)). In 2005, the FAO Committee on Forestry requested that FAO assist countries with strengthening forest law enforcement. This is accomplished through the above activities, but also through the FAO-hosted National Forest Programme Facility, a program contributing to increased awareness and facilitation of policy and legal reforms in member countries. The facility can include issues of illegal activities in its program of action.

FAO has held various meetings and workshops aiming to examine and discuss the issues of law compliance and governance. FAO's Regional Forestry Commission also serves as a forum for sharing information and promoting cooperation among countries on various issues, including governance and timber trade.

In addition to State of the World's Forests, FAO has highlighted the issue of law enforcement in other publications. These include a report developed with ITTO that identified best practices to improve law compliance in the forest sector, based on the experiences of countries in Asia, Latin America, and Africa (FAO and ITTO 2005).

International Tropical Timber Organization (ITTO)

ITTO is an intergovernmental organization promoting conservation and sustainable management of forests, and has a membership of 50 countries representing around 80% of the world's tropical forests. The organization addresses illegal logging mainly through its promotion of SFM. ITTO initiatives include projects on forest law enforcement, reports on trade-related statistics, development of criteria and indicators, and studies on certification approaches (Flejzor 2005). In 2001, the International Tropical Timber Council commissioned case studies related to forest law enforcement in the context of sustainable timber production and trade, and encouraged member countries to submit project proposals on the topic (FAO and ITTO 2005). To date, 15 studies have been published (Johnson 2007).

ITTO has also initiated a series of case studies on the export and import data of various countries. These studies serve to shed light on undocumented trade, and also to improve statistical reporting on timber in both producing and consuming countries. In addition, in 2005, ITTO developed a publication with FAO on best practices (see FAO section). ITTO also acts as a forum for debate on forest trade and SFM, supports member countries in developing frameworks for law enforcement and also supports a phased approach to certification, where verification of legality is seen as an important step. The organization's mandate derives from a series of International Tropical Timber Agreements, starting from 1983, with a new one (ITTA 2006) expected to come into force in 2008 (Chatham House 2008a, [http](#)). The International Tropical Timber Agreement (ITTA) 2006 contains specific references on strengthening members' capacity to improve FLEG and on addressing illegal logging and related trade in tropical timber (World Bank 2006b).

Research Institutions and Capacity-Building Organizations

There are a number of research institutions and capacity-building organizations working on issues related to illegal logging in this region, conducting research and analytical work, or building capacity at various levels. A few of these are highlighted in this section.

Center for International Forest Research (CIFOR)

CIFOR has in its current program an emphasis on engagement in law enforcement and governance research. One of its subthemes under Forest and Governance focuses on law enforcement, environmental justice and livelihoods, and aims to: "provide analytical information on illegal forest activities, modes of finance and their impacts on livelihoods, forests and power relations among stakeholders, and to develop policy options and practical approaches to address the problem" (CIFOR 2007, [http](#)); a new program phase is under development.

Chatham House

Another research institution with a clear focus on illegal logging is Chatham House, which contributes analytical work conducted by its Energy, Environment and Development Programme (Chatham House 2005) as well as disseminating information through its regular open meetings on illegal logging and its website (Chatham House 2008, [http](http://www.chathamhouse.org)).

Overseas Development Institute (ODI)

ODI is engaged in analytical and advisory work through its VERIFOR project, which aims at providing practical support to decision-makers who are developing systems to verify that timber and forest products are legally harvested (see VERIFOR section). RECOFTC, which coordinates the VERIFOR project for Asia and the Pacific, is also engaged in issues related to illegal logging through its capacity-building programs on governance. In addition, RECOFTC also coordinates the work of the Forest Governance Learning Group (FGLG) in Asia (India, Indonesia and Viet Nam; see FGLG section), and conducts training in conflict management under the Responsible Asia Forestry and Trade (RAFT) program (see TNC section). It also supports analytical work on forest governance in various countries in the region.

There are many other organizations engaged in research or capacity building on this topic; these are only a few of the most commonly mentioned institutions working in this area.

Private Sector Initiatives

This section gives examples of “codes of conduct” and responsible business practices contributing to efforts to curb the illegal logging trade. Highlighted are two well-known companies with strong ties to Sweden.

Codes of Conduct and Investment Procurement Policies

One of the tools used by the private sector for promoting responsible and legal logging is to develop norms of behavior or “codes of conduct.” Corporate codes of conduct are voluntary initiatives where corporations, either independently or as members of associations, commit themselves to follow self-defined principles of social and environmental responsibility (Kishor and Oksanen 2006).

Codes of conduct can either be developed by associations, to be followed by all members, or by individual corporations. Entities such as the Confederation of European Paper Industries, the International Council of Forest and Paper Associations, and the Japanese Federation of Wood Industry Association, are all examples of industry groups that have taken steps to make sure they do not support illegal activities. A number of individual corporations are also taking steps independently to avoid buying or selling illegally sourced timber. Two examples of such individual corporations are given hereunder, both with (partly) Swedish origin and operating in this region.

IKEA

When it comes to codes of conduct for responsible purchasing of wood material, the Swedish home furniture company IKEA is at the forefront. IKEA's long-term goal is to “source all wood in the IKEA range from verified responsibly managed forests, certified according to a forest management standard recognized by IKEA.” In order to reach its goal, IKEA works according to a “staircase model” containing four levels in order to establish minimum requirements on wood material and to place stepwise increased demands on the suppliers. However the staircase-system is explained more as a two-level model.

Level 1 is only the starting phase, and suppliers need to reach level 2 within three months. Collaboration is, in practice, not started unless Level 2 is reached. Level 3 was initiated by IKEA as a stepping stone for those suppliers seeing the step from Level 2 to 4 being too big, but is seldom used (A. Svanborg, IKEA, personal communication):

Level 1: Start up conditions

Level 2: Minimum requirements

Level 3: Wood procurement routines approved according to IKEA's 4Wood standard

Level 4: Forest management and Chain of Custody in compliance with the official standard recognized by IKEA (Currently, only FSC certification is a recognized standard by IKEA)

IKEA's short-term goal is to have 30% of the wood material used in IKEA products certified according to Level 4 and 100% of the suppliers on Level 2 of the staircase model by 2009 (IKEA 2006, [http](#)). One of the criteria of Levels 1 and 2 is that wood "must be produced in compliance with national and regional forest legislation." Other minimum requirements include knowledge of origin, no wood originating from protected areas (unless felled according to the management plan for the area); not from intact natural forests or high conservation value forests, unless certified according to Level 4 standard; and not originating from plantations established after 1994 by replacing intact natural forests. All IKEA suppliers are audited by IKEA and suppliers representing a minimum of 25% of the volume bought in by IKEA go through wood supply chain audits (A. Svanborg, IKEA, personal communication).

IKEA is also actively involved in forest projects in its wood-sourcing regions, focusing on issues such as combating illegal logging, promoting forest certification, and training and educating on responsible forest management. Since 2002, IKEA has been working with the World Wide Fund for Nature (WWF) to promote responsible forestry with projects in countries such as China, the Russian Federation, Lao PDR, Cambodia, and Viet Nam (IKEA 2006, [http](#)). The partnership has developed a wood-tracking system in order to detect leakages along the chain of custody, and has established producer groups committed to extracting only legally sanctioned harvests (Kishor and Oksanen 2006). It is also supporting a pilot project certifying two plantations in Viet Nam and a reforestation project in collaboration with the Swedish University for Agriculture in Sabah, Borneo (A. Svanborg, IKEA, personal communication).

Stora Enso

Stora Enso is an integrated paper, packaging, and forest products company originating from Sweden and Finland. The company works with traceability systems, supplier and field audits, and third-party verification as its main tools to fight illegal logging. It works actively to prevent illegal logging in all its areas, and also to prevent any other illegal activities related to its wood supply.

In a fact sheet for its stakeholders, the company lists measures taken to combat illegal logging:

- Recognize and analyze risks related to illegal activities in the Group's operating environment
- Ensure that suitable systems are in place to verify that all fiber comes from legal sources by applying Stora Enso's principles and traceability guidelines related to the origin of wood and fiber
- Institute appropriate corrective actions, including the cessation of purchases as soon as any irregularities are noted
- Implement environmental management systems
- Promote forest certification (Stora Enso 2007)
- Implement chain-of-custody systems to verify wood flows from certified forests
- Strengthen its local presence in wood procurement areas
- Establish long-term partnerships with selected suppliers
- Keep supply chains as short as possible
- Train the Group's own personnel and suppliers
- Maintain active stakeholder dialogue

- Cooperate with the authorities, industrial associations and academia to promote the Group's position
- Have traceability systems in place to verify the origin of wood and enhance the third-party verification of the traceability systems (Stora Enso 2005)

Civil Society and NGO Initiatives

Civil society has taken an important role in bringing attention to the problem of illegal logging and raising awareness among politicians and the public about the urgency to act. There are a number of civil society organizations working in areas related to illegal logging, particularly at the national level. Below are examples of organizations engaged in work related to illegal logging. Given SENSEA's regional focus, emphasis is placed on organizations with components at the regional level.

World Conservation Union (IUCN)

IUCN works on the issue of illegal logging and its related trade from the perspective that such issues are causes and symptoms of broader governance problems, such as insecurity of land tenure, inappropriate logging concession systems, corruption, and overcapacity of timber processing. One of the main global activities related to illegal logging is the project Strengthening Voices for Better Choices, a four-year initiative that started in 2005. The project aims to enable and actively implement forest governance arrangements that facilitate and promote sustainable, equitable forest conservation and management. Particular emphasis is placed on facilitating multistakeholder dialogues, translating regional resolutions into actions in the countries, ensuring field level realities reach national level processes, and that impacts of national policies are assessed; and supporting sharing of information and lessons.

The project mainly operates in six countries and, in the Asia region, works in Viet Nam and Sri Lanka, both at the national level and with pilot activities in the field, in addition to select regional activities (IUCN 2006, [http](http://www.iucn.org)). In China, IUCN is working with others to increase awareness about FLEG issues, especially on the role of Chinese operations in the timber sector in Africa (G. Broekhoven, personal communication). Furthermore, IUCN is currently exploring opportunities to expand the project to the four Lower Mekong Countries as well as China. In addition to the aforementioned project, governance is a cross-cutting theme in IUCN's other country projects in the region (A. Ingles, personal communication).

The Nature Conservancy (TNC)

TNC works to improve forest management, strengthen policies affecting forests, and help business and consumers make informed purchasing decisions (TNC 2008a). Its main initiative relating to illegal logging in Asia and the Pacific is its three-year RAFT initiative. Bringing together a catalytic group of representatives from NGOs, governments, and the private sector (partners include IUCN, WWF, Tropical Forest Trust (TFT), Tropical Forest Foundation, RECOFTC, ASEAN, ITTO, ScanCom, DLH, The Home Depot, Lowe's, and Xerox) the program and its partnership focuses on promoting improved forest management practices, timber trade from verified legal and certified sources, reduced forest-related conflicts, and strengthened regional cooperation around forest management and trade issues. Specifically on legality, the program works to mainstream the use and acceptance of credible legality standards. It also assists governments and private companies to develop purchasing policies and investment screening procedures for legally verified wood products.

The TNC/WWF Global Development Alliance work in Indonesia was initiated in 2002; it brings together business, governments, and environmental groups to combat illegal logging and create market links to promote wood from well-managed forests.²

² For further information please visit: http://www.nature.org/wherewework/asiapacific/indonesia/files/forest_summary.pdf

Building on the alliance, the program has a regional focus, including forest producers in Indonesia, Malaysia, Viet Nam, Cambodia, Lao PDR and Papua New Guinea, and the consumer countries of China, Japan, Singapore, the United States and the European Union (USAID, [http](#)).

The Forest and European Union Network (FERN)

FERN is a social and environmental organization focusing on forests and forest peoples' rights in the policies and practices of the European Union (FERN 2008a, [http](#)). One of its campaign areas is "promoting good governance in the forest sector," including work to combat illegal logging. Here, FERN works with an NGO coalition both in Europe and in producer countries (Ghana, Liberia, Cameroon, Congo, Malaysia, and Indonesia) to address the issues of illegal and destructive logging. It specifically focuses on the implementation of the EU FLEGT processes and works to support legal, institutional, and policy reform to improve communities' access to forest resources—a project partly funded by Swedbio (FERN 2008b, [http](#)).

Bilateral agreement (VPA) processes are used as a political space by FERN and its partners for better recognition of community and indigenous people's rights. FERN also coordinates an online resource for information on the EU FLEGT processes in producer countries.

FERN has also been involved in the discussions on additional legal options for the EU FLEGT Action Plan. It has also looked at public timber procurement and the role of financial institutions. (S. Ozinga, FERN, personal communication).

Environmental Investigation Agency (EIA) and Telapak

EIA with its Indonesian partner Telapak, has worked extensively in this region on investigating forest crimes and advocating for improved forest governance. The problem of illegal logging is targeted from producer to consumer, and the organizations' main work has been:

- Exposing illegal logging in Indonesia's National Parks and fighting for action against the corrupt timber barons controlling the trade
- Supporting local Indonesian organizations in their efforts to fight forest crime
- Pressuring neighboring countries, such as Malaysia and Singapore, to stop laundering illegal Indonesian timber
- Lobbying donors and government within Indonesia to combat illegal logging
- Campaigning in the European Union and the United States for new laws that make it an offense to import illegally-sourced timber
- Providing unique information, videos, and photographs of what is actually happening on the ground

Some of their more recent work includes undercover investigations in illegal logging connected to timber barons in Indonesia and the expanding timber furniture industry in Viet Nam (EIA 2008, [http](#)).

Transparency International

Transparency International is a global organization fighting corruption and has a network of more than 90 locally established national chapters and chapters-in-formation. These entities combat corruption in the national arenas and bring together relevant players from government, civil society, business, and the media to promote transparency in elections, public administration, procurement and business (TI 2007a, [http](#)). Transparency International has a number of specific skills and tools for anticorruption measures, such as principles developed for various stakeholders (such as businesses), tools for environmental governance and monitoring (such as the Forest Transparency Index), as well as a number of capacity-building training materials.

Transparency International has recently developed a Forest Anti-Corruption and Advocacy Programme for Asia Pacific, its first specific sector activity in a region. The program is planned to begin in 2008 and will examine corruption at both the national and transnational levels (L.A. Elges 2008, personal communication). Although specific activities in each country will depend on needs to be assessed at the outset of the program, the overall focus is to contribute to the prevention of: foreign bribery and political corruption; corruption in forest licensing and concessions, timber laundering; judicial corruption; deficient due diligence of financial institutions; and unsustainable demands for timber and wood products from primary forests in Asia and the Pacific.

The program focuses on countries with the largest amount of intact forest and the greatest risk of illegal activities. It will also include some developed countries from the demand side. Implementation will begin in Group A countries (year 1–2) and Group B countries (years 3–5). Groups C and D are involved in visibility, outreach and advocacy activities carried out throughout the program (TI 2008):

- **Group A:** First priority regional countries with greatest natural forest resources and/or volumes of timber: China, Indonesia, Malaysia, Papua New Guinea, Singapore, Solomon Islands, Taipei, China
- **Group B:** Second priority regional countries with natural forest resources and/or large volumes of timber transit: Cambodia, Lao PDR, Myanmar, Philippines, Thailand, Viet Nam
- **Group C:** Priority developed regional countries with significant stake in the timber trade: Australia, Japan, Republic of Korea, New Zealand
- **Group D:** Priority developed countries located outside the region with significant stakes in timber trade from the region: United States; selected European Union Member States

Part of the program's focus will be to promote more transparency and accountability in the EA FLEG and the EU FLEGT processes (L.A. Elges, personal communication).

The World Wide Fund for Nature (WWF)

WWF has taken a number of initiatives related to illegal logging. The Global Forest and Trade Network (GFTN) is a WWF initiative aimed at eliminating illegal logging and improving the management of valuable and threatened forests. Started in 1991, GFTN facilitates trade links between companies committed to responsible forestry, and is active in nearly 30 timber-producing and consuming countries—in Asia, GFTN chapters exist in China, Indonesia, Japan, Malaysia and Viet Nam (WWF 2008, [http](#)). WWF has also conducted analyses on various issues within the initiative, for example, it has developed a manual of best practices for buyers wanting to keep illegal timber out of the supply chain, called Keep it Legal (R. Taylor, personal communication).

WWF has been active in FLEG at the international level—in EU FLEGT and other FLEG processes—as well as in specific initiatives in producer countries, such as Indonesia, where it has conducted various studies on illegal logging, strengthened the role of local NGOs, supported national monitoring and coordination, and developed guidelines on illegal logging prevention, handling, and mitigation. These have now been adopted as national guidelines for combating illegal logging by the Indonesian Coordinator Minister for Law and Security (I. Kosasih, WWF Indonesia, personal communication).

WWF also monitors the progress of European Union governments on the EU FLEGT Action Plan (WWF 2007, [http](#)). In addition, it is working with other organizations to advocate the introduction of legislation in the European Union and the United States to prohibit trade in products made from illegally-sourced timber. In 2007, WWF worked with the Organization for Economic Co-operation and Development (OECD) Roundtable on Sustainable Development to organize a ministerial Roundtable on the Economics of Illegal Logging and Associated Trade. The organization has also conducted trade flow analyses and has worked with individual companies (such as IKEA) on responsible forestry (World Bank 2006).

Global Witness

Global Witness is a nongovernment organization based in the United Kingdom that investigates the role of natural resources in funding conflict and corruption around the world. The organization has worked extensively on the issue of illegal logging by investigating crimes at national levels and has also played an advocacy role internationally. It focuses on exposing illegal logging practices and their links with conflicts, corruption, human rights, and environmental abuses. The organization has investigated logging operations in both Cambodia and Myanmar (Global Witness, [http](#)). Global Witness has also acted as an official independent monitor of forestry in Cambodia from 1999, until the Cambodian Government terminated its role in 2003 (Global Witness 2003, [http](#)).

Greenpeace

Greenpeace is another organization that has been active in raising awareness and advocacy in the area of illegal logging. Working around the globe, Greenpeace campaigns for issues such as the protection of ancient forests and against destructive and illegal logging (Greenpeace International 2008b). It has also conducted analyses on specific themes, such as a recent assessment of verification systems (Greenpeace International 2008a). Greenpeace is also working in individual countries in this region, with offices in Indonesia, the Philippines, and Thailand, and has produced various country reports on the issue of illegal logging. Greenpeace has also been active at the regional level, in the Asia FLEG and with the EU FLEGT process (Greenpeace International 2008c).

Networks and Other Projects/Programs

In addition to the initiatives described above, there are a number of other civil society organizations, networks and projects/programs working on the issue of illegal logging. Due to their large number, particularly at the national level, it is impossible to describe them all. This section gives a few examples of networks and projects or programs working at the regional/international level.

Forest Integrity Network

The Forest Integrity Network, hosted by Transparency International, is a multistakeholder global coalition seeking to bring together NGOs, governments, international organizations, the private sector and academics to deal with corruption and its impacts on sustainable forest use (TI 2006, [http](#)).

The Forests Dialogue

The Forests Dialogue is a forum with individuals of diverse interests and regions committed to the conservation and sustainable use of forests. It has facilitated dialogue between civil society and the private sector on FLEG issues both at international and regional levels (The Forests Dialogue, [http](#)).

TRAFFIC

TRAFFIC, the wildlife trade monitoring network, works to ensure that trade in wild plants and animals is not a threat to the conservation of nature. It promotes international cooperation to address wildlife trade issues and works closely with the CITES Secretariat (Keong 2006). TRAFFIC has been involved in the Asia FLEG and FLEGT processes, where it has provided input on technical aspects and environmental management practices (Tong 2007).

Tropical Forest Trust (TFT)

TFT helps its member companies—retailers and suppliers of tropical wood products—source wood from legally verified and sustainable sources (where legally verified forest is a minimum step). TFT members are also committed to increasing their volume of wood sourced from sustainable forest operations, such as those certified by the FSC, with TFT assisting with improving the sustainability of management practices in forests producing wood to its member companies (Tropical Forest Trust 2006, [http](#)). The TFT forest program includes countries such as Indonesia, Malaysia, Viet Nam, Lao PDR, and Cambodia (Tropical Forest Trust 2006).

VERIFOR

VERIFOR is a research and advisory project led by the UK Overseas Development Institute (ODI) that aims to provide practical support to decision-makers who are developing systems to verify that timber and forest products are legally harvested. The project works in partnership in three regions (with RECOFTC coordinating the work in Asia) and consists of two distinct phases. The first phase focused on reviewing existing verification systems in the forest sector and elsewhere in order to develop a set of principles in forest verification, and the current second phase aims at building a dialogue among interested parties and designing verification systems (VERIFOR 2007, [http](#)).

Forest Governance Learning Group (FGLG)

FGLG is a project led by the International Institute for Environmental and Development (IIED). It works in Africa and Asia to exchange learning and develop ideas on forest governance, and to make them work for practical, just, and sustainable forest use. One of its focus areas is illegal and corrupt forestry. In Asia, forest governance learning groups are active in India, Indonesia, and Viet Nam (IIED 2005, [http](#)).

ASSESSING THE OPTIONS

This chapter contains a selection of general reflections on illegal logging and the approaches Sida can take to effectively address this issue in Southeast Asia. It includes views and opinions expressed during interviews conducted with experts working in the region on the issues of illegal logging and forestry governance reform.

General Reflections and Considerations

Based on the literature review and the conducted interviews, some general reflections and considerations can be drawn out that Sida/SENSA should consider when approaching the issue of illegal logging.

Illegal Logging—How Broad a Focus?

Illegal logging can be seen as the narrow issue of law enforcement linked to urgent concerns about the illicit harvesting or trading with timber, or as the much broader issue of forest governance requiring a more long-term approach. While combating large-scale criminal acts requires targeted actions in law enforcement, dealing with weak governance often involves complex issues such as tenure arrangements, corruption, and poverty (World Bank 2006b). There are different views on where the emphasis in the fight against illegal logging should lie. Considering the urgency of the rapid deterioration of forests, a combination of short-term approaches addressing immediate concerns along with longer-term solutions addressing underlying root causes, is needed.

Illegal Logging—Out of Poverty or Greed?

Addressing the problem of illegal logging requires examination of its underlying causes. It is particularly important to differentiate between illegal activities driven by poverty (for subsistence needs) and those activities resulting from organized crime. For an actor such as Sida, differentiating between these aspects is important as a point of departure for intervention.

Illegal Logging—Producer and Consumer Responsibilities

The evidence of system failure causing illegal logging is often clear in relation to producer countries. However, because the associated trade is spurred by the expanding demand for cheap forest products, its close connection to the demand side (see the chapter Drivers of Change, this document) is becoming widely accepted. In consequence, combating the problem of illegal logging requires the engagement of both producer and consumer countries—strengthening forest governance in producer countries, as well as securing support from and implementation of environmentally and socially responsible procurement policies in consumer countries (World Bank 2006b).

Legality = Sustainability?

As seen in the earlier section on initiatives, many organizations and institutions view illegal logging as an important component that hinders SFM. It is also recognized that while some practices may be legal, they are not necessarily environmentally sustainable or pro-poor. As noted by a few interviewees, there are a number of legal activities that also negatively affect the sustainability of the forest resources in the region, such as conversion of forest lands for agricultural plantations. In terms of social considerations,

it is accepted that many existing policy and legal frameworks discriminate against local communities (particularly minority indigenous groups), and a crude enforcement of existing laws and regulations may actually leave poor people worse off (Colchester 2006). In light of these facts, Sida should view illegal logging within the broader framework of SFM, including good governance, human rights, and participation and environmental sustainability.

Illegal Logging in Connection With Drivers of Change

Some trends briefly described in this study are closely related to illegal logging. A few of these trends, such as export-driven growth, expansion of trade and land conversion, have been spurring illegal logging and the demand for illegal timber and timber products. Other trends could help curb illegal logging practices, such as the expansion of community-based forest management. New mechanisms in response to climate change may lead to positive impacts, such as increased attention paid to forest governance and SFM, but may also lead to negative impacts such as a decrease in local people's access to resources. Regardless of whether the impacts are positive or negative, considering illegal logging in relation to these broader drivers and trends is important for foreseeing potential threats and opportunities.

Assessment of Gaps and Priorities

In assessing priorities for the future, interviews were conducted with individuals from organizations working on the issue of illegal logging. The interviewees were asked for their views on: 1) the gaps in the area of illegal logging, 2) the priorities for the future, and 3) the potential role of Sida/SENSA in this area. Annex 6 lists those interviewed. A summary of responses organized by topic is presented hereunder.

Challenges Facing Efforts to Curb Illegal Logging

A number of challenges hamper efforts to curb illegal logging. This subsection briefly highlights nine of the main issues.

Lack of Transparency, Access to Information and Open Dialogue

According to some respondents transparency is an issue, both in terms of difficulty to access information as well as the lack of open policy dialogue where civil society can participate in discussions on new land laws and regulations.

Lack of Capacity at Various Levels

Lack of capacity was mentioned as a general gap, particularly at the local level, where the lack of capacity hinders NGOs and other local level representatives to effectively participate, represent constituencies, facilitate stakeholder processes, and advocate stakeholder interests (e.g. in FLEGT VPAs).

Knowledge Gaps

Several knowledge gaps were mentioned, ranging from specific analytical details to those in broader governance and poverty. Analytical needs still persist regarding details on trade and its routes and species, as well as clarification on legality. Broader gaps include a lack of understanding of the connections between forest governance weaknesses and rural poverty and development; economic implications of illegal logging; and the links between weak forest governance and broader governance challenges, such as corruption. One respondent mentioned a failure to distinguish between different types of illegal logging activities, which tend to be lumped into one definition.

Gaps in Law Enforcement

Illegal logging is difficult to trace, and it was acknowledged that the organized crimes related to illegal logging, often involving powerful people, make it more challenging to curb. Two respondents argued that a special set of skills is required to prevent forest crimes, and that a criminal approach with targeted crime solving is needed. Some respondents also pointed to a low capacity in law enforcement and prosecution.

Weaknesses in Regional and Country FLEGT Processes

One respondent commented that, although the negotiations of the European Union's VPAs are proceeding rapidly, only a few organizations are working on the issues. This gap affects the exchange between countries as well as the important follow-up on the progress in the different countries. Another respondent remarked that the regional FLEG process has been stalled, and that there is a gap in terms of commitment. It was also mentioned that ASEAN has committed to developing a regional legality standard in support of FLEG and FLEGT processes, and that this requires support to ensure that standards are not too low.

Corruption and Governance Issues

Corruption and money laundering were mentioned many times. One respondent noted that out of the many initiatives in the area of illegal logging, only a few target corruption directly. Corruption was said to be prevalent in many countries in the region, in part because government officers are unable to live off their salaries alone. Entire systems are sometimes built on corrupt practices, and may be socially accepted as such.

Unclear Roles of Financial Institutions and Small and Medium Enterprises (SME)

Financial institutions and SMEs were noted as stakeholders that have so far been overlooked by those working to curb illegal logging. Currently, their roles in illegal logging are unclear. For financial institutions, there is a need to examine the nature of both their conditionality for investments, and their involvement in money laundering.

Links to Land Conversion and Climate Change Mechanisms

Some respondents mentioned other issues of concern related to illegal logging. One respondent remarked that FLEG is a key enabling condition for Reduced Emissions From Deforestation and Forest Degradation (REDD). However, linking the FLEG initiative to climate change mitigation was said to be a challenge in Asia. Another respondent commented that other issues have greater impacts on people and forests than illegal logging, providing the example of forest conversion for agricultural plantations. These clearings are sometimes legal, and sometimes illegal.

Market Constraints and Imbalance

One noted constraint was that legal and certified wood products do not have a direct premium in the market, making it difficult to compete with cheaper products made from illegally sourced wood. Another problem noted was a continued high demand for wood, especially from China but also from the Republic of Korea and Japan, which, combined with a lack of domestic supply, is creating an imbalance in the market. The respondent argued that in order for illegal and unsustainable logging to be dealt with properly, the problem of demand–supply imbalance needs to be solved first. One way of decreasing the imbalance would be to use a portion of the region's large areas of degraded lands for wood plantations. Logging bans were also mentioned as a counter-productive measure. It was argued that, in general, regulated timber harvesting is preferable to a complete ban, which often leads to uncontrolled harvesting.

Potential Priorities and Roles for Sida/SENSA

Ten potential priorities and roles for Sida/SENSA engagement are identified hereunder.

Advancing the Regional FLEG Process

According to one respondent, a dialogue is needed to decide whether FLEG should develop a broader agenda focusing on social and governance issues, or focus more narrowly on law enforcement. This could be facilitated by an organization such as Sida. Another respondent suggested that the ASEAN Secretariat could take a leadership role in the Asia FLEG process, with regional cooperation in forestry pursued through ASEAN's ASOFs and its subsidiary bodies. ASEAN could facilitate the expansion of Asian FLEG stakeholders by acting as the avenue for inviting partners, especially consumer countries such as the European Union, Japan, Republic of Korea, China (ASEAN+3), among others.

Ensuring Local Participation and Information Exchange in EU FLEGT Processes

One respondent emphasized the need for exchange among the FLEGT processes and translation of the progress from one country to another. It was also suggested that Sida/SENSA could support the VPA country dialogues. One idea was for the Sida/SENSA platform to support NGOs in countries like Viet Nam to become involved in negotiations and the exchange of information in the FLEGT process. Another recommendation was for Sida/SENSA to make sure that there is local consent on the standards, and to support and strengthen capacity of local communities so they can better participate in the processes.

Closing the Knowledge Gaps

Several respondents noted the need to prioritize the existing knowledge gaps. One respondent said that there is a gap regarding illegal trade in terms of routes, species, final destinations, and hotspots etc., and that it will be difficult to tackle the problems unless this knowledge gap is addressed. This respondent also commented that although the role of financial institutions has been studied at the global level, it has not been studied specifically in relation to the forest sector in Southeast Asia.

Another respondent emphasized the knowledge gaps of forest resources and timber, noting that most countries in Southeast Asia lack even the most basic statistics on forest resources and harvesting volumes. Without an official and reliable system for verifying legality and environmental standards for production forests, it will be difficult to steer business from illegal to legal harvesting.

One respondent mentioned the necessity of an analytical study on the impact of timber legality assurance system application on sustainable timber trade and local livelihoods. Another need that was stressed was an analysis of risks related to economic land concessions and land-use change, as well as increased knowledge on how to best manage commercial and productive forests sustainably. Another suggestion was that Sida could study degraded lands and whether such lands could be used for forest plantations to help meet the great surge in demand for wood materials in the region.

Another respondent also suggested that Sida/SENSA could support learning networks, as there is a great need for the sharing of skills and knowledge. RECOFTC was mentioned as a possible anchor institution for some of these networks, such as the one on participatory planning and conflict management.

Ensuring Coordination and Cohesion

Pointing to the numerous existing initiatives, one respondent commented that there is a risk of duplication, and emphasized the need for coordination to create a better overview of what is happening. In addition, the respondent saw a need for coherence in the different global governance streams, such as biodiversity and climate, and a need for these processes to be strung together.

Supporting Knowledge Management and Capacity Building

Several respondents remarked on the priority of capacity building in different forms and levels. In order to take opportunities, to know where processes are heading, and to understand what they need to do, government staff members need awareness and understanding of the processes. Capacity building is also needed at the community level, in both institutional and human resources development.

Capacity associated with specific mechanisms, such as timber legality assurance systems, should also be built. Other areas mentioned included capacity building on legality standards, auditing within FLEGT, conflict management, reduced impact logging, protected area management and sustainable management rehabilitation. A priority was working with local government staff in the field in a joint effort to test good governance pilots. ITTO was mentioned as a platform that could be used to strengthen capacity, laws, and practice.

Involving the Private Sector

One respondent said a priority should be trying to engage SMEs. Another respondent mentioned the many recent developments in Lao PDR with regard to private sector investment, such as Stora Enso's investment in the country. Stora Enso has expressed an interest in having its activities certified. Sida could have a role in supporting this process by ensuring that local people are not disadvantaged.

Supporting Community-Based Management

A few respondents mentioned supporting community involvement in forestry as a priority. One respondent commented that money coming in through REDD schemes could potentially be used to set aside large areas for conservation, thereby undermining community rights.

Focusing on Addressing Corruption

One respondent said that for illegal logging, many of the issues return to the problem of corruption, and that it would be of interest to study what the international community has done on this problem and what tactics could be used to combat illegal logging.

Strengthening Tools, Systems, and Cooperation

The need for application of specific tools and methods such as timber tracking and legality verification was mentioned, as well as the strengthening of certification systems. Another priority listed was customs cooperation, and the "single windows system" being developed by ASEAN in order to trace illegal trade. To support this development, a harmonization of timber trade documents would be useful.

Influencing Processes, Convening Dialogue, and Contributing Funding

It was suggested that Sida, as a donor, should also seek to ensure that illicit timber trafficking concerns are included in the risk assessment process of regional infrastructure and trade development initiatives within the Asian Development Bank and the World Bank. Another process for Sida to watch was that of the Asia Pacific Economic Cooperation (APEC), which has committed to increasing forested areas in the region. If Sida provides co-funding, then it may have opportunities to affect the process and leverage outcomes, and ensure the inclusion of social dimensions. One respondent suggested that Sida should address the overall issue of wood supply and demand imbalances in the region, and the issue of how to increase the supply of raw material for the wood-consuming industry.

Another noted role for the Sida/SENSA platform was that of a neutral convening partner. Some respondents also named specific possibilities for collaboration and funding, such as funding the geographical expansion of the Strengthening Voices for Better Choices project to cover the entire Lower Mekong subregion, or collaboration within the ASEAN strategic alliance in sustainable forest management.

RECOMMENDATIONS

This report has provided some background to illegal logging including its immense impacts on the environment and the people depending on forests and society as a whole, as well as potential areas for Sida's/SENSA's engagement. This chapter presents final recommendations for Sida to consider in its discussions on illegal logging, and the potential role Sida/SENSA can take in addressing these issues.

Recommendations Regarding Sida's Policy Framework

This study shows that illegal logging, as understood by its underlying problems and impacts, lies at the core of Sweden's and Sida's principles for development. Sweden's policy for Global Development, with its rights and poor people's perspectives and eight building blocks, touches on the very key areas violated by illegal logging, such as democracy and good governance; sustainable use of natural resources; respect for human rights; and protection of the environment (see chapter on Sweden's and Sida's Overall Policies and Guidelines, this document).

In addition, the study has found close links to existing Sida policies, and presents examples where Sida has emphasized areas closely related to illegal logging, such as corruption, transparency, accountability and rule of law, participation and representation in public decision making (e.g. local influence over the use of forest land), and equitable management of ecosystems. Addressing the underlying problems affecting the forest sector is also very much in line with the current thinking behind Sida's new Forest Initiative, where the key areas for achieving sustainable use of forests for poverty reduction and environment are **governance and rights aspects**.

An understanding of the wider picture shows that Sida/SENSA has reason to engage in the issue of illegal logging from the holistic perspective of SFM, where Sida's mandate lies particularly close to the social aspects of sustainability.

The next step for Sida is to develop an understanding of the issues of illegal logging, and discuss if and how it would like to engage. If Sida decides to engage in this area more directly, it should position itself by clarifying its intentions and what it could offer. This study could provide some background to the discussions.

Why Use the Forest Perspective?

Governance and rights issues are broad and complex and are pertinent not only to the forest sector, but also to many other sectors in society. So why should Sida/SENSA look at these complex matters from a forest perspective? One reason is that forests are very important to many poor people. It is estimated that 90% of the 1.2 billion people living in extreme poverty depend on forest resources for some part of their livelihood; thus, what happens within the forest sector can have an impact on the livelihoods of many poor households in the region. Also, illegal logging often violates poor people's rights, giving Sida an entry point through which these broader issues could be addressed. However, as many of these issues are cross-sectoral in nature, it is important to connect with and learn from other sectors working on similar problems.

Terminology

The term "illegal logging" has been used throughout this study (for definitions, refer to the chapter What is Illegal Logging? this document). However, this term has sometimes been perceived as being rather narrow or unclear, as well as loaded and representing sensitive issues. As can be seen in the Initiatives chapter, there are other terms in use, the more common ones being "forest law enforcement and governance" and

“forest law compliance.” In Sida/SENSA’s discussions on its potential role in this area, it is important to be aware of the different terminologies and of the way their use may affect the perception of Sida/SENSA by the region’s other stakeholders.

Main Themes or Areas for Intervention

Based on the analysis of Sida’s policy framework and the key underlying causes and impacts of illegal logging, three main areas can be seen to strongly converge with Sida’s interests:

Governance Issues, Including Principles of Non-discrimination, Participation, Transparency, and Accountability

Principles of good governance are necessary to promote equitable management of forests, and various sources have shown that weak governance is a key root cause behind illegal logging and trade. It is also becoming clear that, unless these issues are addressed, the potential of forests’ contribution to development cannot be fully realized. Many of the ongoing FLEG processes in the region encounter problems such as lack of local participation, transparency, and accountability.

Rights of Men, Women, and Children, With a Special Emphasis on Human Rights and Rights to Land and Resources

A rights-based approach places people’s rights at the center and strengthens the possibility of individuals to claim their rights from the state. If a forest degrades or disappears, then the livelihoods of forest-dependent people disappear with it. Adequate housing and food, protection against forced eviction, an adequate standard of living, and the rights of women and indigenous people are all examples of rights backed by international laws, applicable to those countries that have signed the relevant covenants. The above distinction between men, women, and children indicates the importance of a gender approach to these issues, and to acknowledge the different impacts that illegal logging may have on men, women, and children.

Sustainable Management of Forests

As previously discussed, while some forest management practices or activities may be legal, they are not necessarily environmentally friendly or pro-poor. Strengthening sustainability aspects in the policy and legal frameworks of countries in the region remains an important task, in order to ensure that forest resources are managed in a way that is protecting the environment as well as the rights and livelihoods of the poor.

Recommendations Regarding Potential Roles for Sida/SENSA

As can be seen in the Initiatives chapter, there are a great number of activities and processes in Southeast Asia to combat the problems of illegal logging. It is in Sida’s best interest, both strategically and economically, to recognize and make use of existing work, and to avoid duplicating the work of others. Accordingly, Sida should try to link with existing programs or initiatives where there is an identified need for assistance. Sida/SENSA can engage with and bring added value to many different areas and activities. However, Sida/SENSA will need to make decisions regarding specific initiatives when it has a firm position on its specific topics or issues of interest, its role, and the amount of resources that can be committed.

Recommendations on the roles that Sida/SENSA could explore further, based on the analysis of Sida's policy framework and an assessment from literature review and conducted interviews are given hereunder.

Contributing as a Donor

Sida, as a donor, could **support initiatives** targeting illegal logging and its underlying causes, focusing particularly on the areas converging with Sida's interests, as discussed earlier. This study gives an overview of ongoing initiatives and gaps where work is needed in this region. In addition, Sida could, in its support of and collaboration with various institutions and initiatives, **push for the principles of good governance** or, in some cases, even make it a condition for funding. As mentioned in the assessment, Sida could also **strategically engage in existing regional and national processes** in order to influence the outcomes.

Strengthening Knowledge and Dialogue

Sida—and in particular SENSA as a knowledge-based entity—can have a role as a convening partner where it acts both as a **knowledge hub** (collecting and sharing information with Swedish and regional actors) and as a **platform for dialogue and information sharing** between stakeholders (such as the private sector, research organizations, government and civil society; more involvement of the private sector is an important component because it has so far been less active in the FLEG process). Here, it would also be important to link to Sida's Forest Initiative, as explained briefly in previous chapters. Lessons from the regional work should feed back into Sida so that the organization can make informed guidelines and decisions as a donor (see the previous section). Sida could also enhance knowledge by contributing expertise or resources directly to organizations focused on capacity-building activities in the region.

Creating Awareness and Influencing Consumer Processes

Even though the focus of this study is on initiatives in this region, Sweden, as a member of the European Union and a consumer country, has a role contributing to the **demand of legally verified timber**. Sweden has a stake in the EU FLEGT initiative and could push for good governance, protection of human rights, and sustainability from the standpoint of a European Union member. Many European countries are also taking individual country measures by developing **bilateral agreements or public procurement policies** to ensure that illegal timber or timber products are not entering their respective countries. Although Sweden has yet to develop such agreements or policies, voluntary criteria for public procurement is under development and Sida, with its **expertise and networks** related to the social dimension, could contribute to such processes.

Recommendations for Entry Points

Four potential entry points for action have been identified.

Make Sure Social Dimensions are Included in Ongoing Processes

Important processes are currently underway in the Southeast Asia region, such as the FLEG and FLEGT processes. From a pro-poor perspective, it is important to include local and indigenous people in these processes, as they are often directly affected by the resulting decisions and action plans. However, interviews conducted in this study show concerns that some of these processes have low levels of involvement of civil society and local people. Sida could have a role in supporting these processes and making sure social concerns are integrated, ensuring adequate participation of local and indigenous people's representatives, and increasing the capacities of these groups to engage effectively.

Support Analytical Work, Information Sharing, Networking, and Dialogue in the Region

The assessment in this study clearly indicates that there are large knowledge gaps in the region that need to be addressed. Specific areas that were prioritized include a lack of knowledge about illegal trade, its routes and species, statistics on forest resources, and the nature of different stakeholders' involvement in illegal logging and trade. Broader areas where increased knowledge is needed were also mentioned, such as forest governance and its link to rural poverty and development, risks related to land-use change, the imbalance of demand and supply of wood, and knowledge about sustainable management of commercial forests (see previous chapter for more details).

Addressing these large knowledge gaps is needed to enable the international community to curb the problem of illegal logging strategically. Sida/SENSA could have a role in narrowing these gaps. For example, it could support institutions and researchers in the region to gather and disseminate information and analyze relations and issues relevant to illegal logging and trade. In addition, as mentioned in the previous section, Sida, and especially the SENSA platform, could have a role in supporting information sharing, networking, and dialogue in the region.

Strengthen Capacities at All Levels

Capacity was another gap that emerged as a strong priority in the assessment. The need for capacity building were emphasized at many levels (from local to national and regional), and related to specific areas (such as certain mechanisms) as well as to broader ones (including conflict management and good governance). Particularly highlighted was capacity building of government staff at the community level (for details of the prioritized gaps, see previous chapter). Sida could help strengthen the capacity in areas related to illegal logging by supporting initiatives and institutions engaged in capacity-building activities in the region.

Clarify Tenure Uncertainties and Strengthen Community Involvement in Forestry

As discussed in this report, uncertainty of tenure is one of the underlying causes of illegal logging. Tenure systems in some countries also discriminate against local and indigenous people. Thus, an important issue for future action is to clarify existing systems and support the strengthening of indigenous and local community land tenure and access rights to forest resources. Sida could support organizations or initiatives that work to strengthen local and indigenous people's tenure rights as well as provide general support to community involvement in forestry. Sida could also have a role as a donor, pushing for the inclusion of these social considerations in processes affecting forest land tenure.

Concluding Recommendations

Several additional recommendations are the result of this study. They are briefly summarized hereafter.

Sida's Policy Framework

This study shows that illegal logging, as understood by its underlying problems and impacts, lies at the core of Sweden's and Sida's principles for development. However, it also shows that Sida's existing policies do not give any directions on the specific issue of illegal logging. If Sida is interested in engaging more directly in this area, a first step would be to develop an understanding of the issue and position itself in terms of clarifying its intentions and interests of work.

Specific Areas Where Illegal Logging Closely Converges With Sida's Interests

- Governance issues, including principles of nondiscrimination, participation, transparency, and accountability
- Rights of men, women, and children, with a special emphasis on human rights and rights to land and resources
- Promotion of sustainable management of forests

Sida's/SENSA's Potential Roles

Contributing as a donor:

- Supporting initiatives targeting illegal logging, particularly in the three areas mentioned above (Sida)
- Influencing partners and initiatives to include principles of good governance in their work and processes (Sida/SENSA)
- Engaging in country or regional processes to leverage the outcomes in order to include social considerations (Sida/SENSA)

Strengthening knowledge and dialogue:

- Collecting and sharing information and knowledge among Swedish and regional actors (SENSA)
- Serving as a platform for dialogue between stakeholders in the region and Swedish stakeholders (SENSA)

Creating awareness and influencing consumer processes:

- Influencing EU FLEGT and consumer processes in Sweden to include social considerations (Sida)

Recommended Entry Points

- Strengthen social aspects of regional and national FLEG/FLEGT processes, including support for participation and capacity building among local and indigenous people and their representatives
- Support analytical work and information gathering in the region on explicit knowledge gaps (mentioned in this study)
- Strengthen information sharing, networking, and dialogue among key stakeholders in the region
- Strengthen capacity-building efforts, particularly targeting government staff and the community level
- Support initiatives and processes aiming to clarify tenure arrangements, strengthen local and indigenous people's tenure rights, and promote community involvement in forestry

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ANNEX 1. THE MILLENNIUM DEVELOPMENT GOALS (MDGS)

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, malaria, and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop a Global Partnership for Development

Goal 7:

- Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources
- Reduce by half the proportion of people without sustainable access to safe drinking water
- Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020

Goal 8:

- Develop further an open trading and financial system that is rule-based, predictable, and nondiscriminatory, includes a commitment to good governance, development, and poverty reduction—nationally and internationally (UN 2005, [http](http://)).

ANNEX 2. CITES

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an agreement between governments to ensure that international trade in specimens of wild animals and plants does not threaten their survival. The convention aims to control trade in certain critically endangered species and to regulate and monitor trade in other species that have been assessed as vulnerable to over-exploited. The convention provides a mechanism to regulate international trade in timber species and products (Keong 2006). Currently it is ratified by 172 Parties (countries), which include all countries in Southeast Asia with the exception of Timor-Leste (CITES, <http://www.cites.org/>).

Species in the CITES list are grouped in three Appendixes according to their vulnerability. Regulations are not limited to only whole plants or animals, but also include parts or derivatives that can be recognized from a species in CITES. For Appendixes I and II, so-called “range states” (countries in which the species lives) must assess the sustainability of trade. International trade is prohibited for Appendix I species, unless the purpose of the import is noncommercial use.

Proposals to list species under CITES can only be made by Parties in CITES. Changes or proposals to Appendixes I and II can only be approved at a Conference of the Parties (taking place every two years). For Appendix III, proposals can only be made by at least one so-called “range state” (countries in which the species lives). The State needs to demonstrate its commitment to protect the species through legislation.

Each Party that either imports or exports products specified in the CITES listing needs to designate one or more Management Authorities to administer the licensing and a Scientific Authority to advise on the effects of trade on the species.

For Appendix I species, an import and export permit is required and may be issued only if: the specimen was legally obtained; the trade will not be detrimental to the survival of the species; and an import permit has already been issued (Hewitt 2007; Keong 2006).

Only a few tree species are included in CITES today. The current tree species with high international profile are Big-leaf Mahogany (*Swietenia macrophylla*) (Americas), Afromosia (*Pericopsis elata*) (Africa), and Ramin (*Gonystylus* spp.) (Southeast Asia). For NonTimber Forest Products, the highest profile species is Agarwood (*Aquilaria malaccensis*).

In 2006, TRAFFIC investigated the role CITES could take in tackling illegal logging. Some of the findings include:

- The monitoring system of CITES provides for inspections both at export and import points, which could potentially make it more difficult to trade illegal wood, if such wood is included under CITES
- CITES trade data are one of the most comprehensive sets of data on species in trade. The data could indicate instances of illegal trade and be used to trace illegal logging
- For trade of species under Appendixes I and II, CITES insists on sustainability, and requires NonDetriment Findings (NDFs) (determining whether the [level of] harvest of a species for export would be detrimental to the role of the species in the ecosystem throughout its range) through its Review of Significant Trade. Recommendations of the review (once endorsed by the Plant or the Animal Committee) are binding for the Party to implement, the failure of which carries the possibility of punishment, such as withdrawal of permission for Parties to import from the offending state

- The issuance of CITES export permits are conditional on adherence to the domestic regulations for the protection of flora and fauna by the exporting Party. Under this regulation, however, the ability to exclude illegal logged timber would only be as good as the national legislation and administrative systems in place
- The most promising approach for CITES to tackle illegal logging is to list species in Appendix II. This could be a powerful force for change in the regulatory frameworks of countries where the laws on logging and related trade are weak
- Appendix III does not have the same rigor regarding monitoring and control as Appendixes I and II do, but could still be a useful tool to increase awareness, enhance regulatory controls, and seek assistance from other CITES Parties (Keong 2006)

ANNEX 3. HUMAN RIGHTS IN RELATION TO ILLEGAL LOGGING

The Universal Declaration of Human Rights (1948) (1986) (not legally binding):

Article 17.

- “Everyone has the right to own property alone as well as in association with others.”
- “No one shall be arbitrarily deprived of his property” (UNa, http).

The Declaration on the Right to Development (1986) (not legally binding):

Article 1.

1. “The right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.”
2. “The human right to development also implies the full realization of the right of peoples to self-determination, which includes, subject to the relevant provisions of both International Covenants on Human Rights, the exercise of their inalienable right to full sovereignty over all their natural wealth and resources.”

Article 2.

3. “States have the right and the duty to formulate appropriate national development policies that aim at the constant improvement of the well-being of the entire population and of all individuals, on the basis of their active, free and meaningful participation in development and in the fair distribution of the benefits resulting therefrom.”

The International Covenant on Economic, Social and Cultural Rights (ICESCR) & International Covenant on Civil and Political Rights (ICCPR):

International covenants and conventions have the force of law for the States that ratify them—are legally binding human rights agreements.

Relevant conventions include:

Article 1 of ICESCR and ICCPR.

“All peoples have the right of self-determination...and freely pursue their economic, social and cultural development. ...In no case may a people be deprived of its own means of subsistence.”

Article 11 of ICESCR.

“The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing...”

Article 25 of ICCPR.

“Every citizen shall have the right and the opportunity...(a) to take part in the conduct of public affairs, directly or through freely chosen representatives; ...(c) to have access, on general terms of equality, to public service in his country.”

Article 26 of ICCPR.

“All persons are equal before the law and are entitled without any discrimination to the equal protection of the law. In this respect, the law shall prohibit any discrimination and guarantee to all persons equal and effective protection against discrimination on any ground such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.”

Article 27 of ICCPR.

“In those States in which ethnic, religious or linguistic minorities exist, persons belonging to such minorities shall not be denied the right, in community with the other members of their group, to enjoy their own culture, to profess and practise their own religion, or to use their own language.”

(UNb, UNc, http).

International Labour Organisation (ILO) Convention 169 Concerning Indigenous and Tribal People's Rights:

Article 6.1. Governments shall

(a) “Consult the peoples concerned, through appropriate procedures and in particular through their representative institutions, whenever consideration is being given to legislative or administrative measures which may affect them directly”

(b) “Establish means by which these peoples can freely participate, to at least the same extent as other sectors of the population, at all levels of decision-making in elective institutions and administrative and other bodies responsible for policies and programmes which concern them.”

Article 7.1.

“The peoples concerned shall have the right to decide their own priorities for the process of development as it affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use, and to exercise control, to the extent possible, over their own economic, social and cultural development. In addition, they shall participate in the formulation, implementation and evaluation of plans and programmes for national and regional development which may affect them directly”.

Article 8.1.

“In applying national laws and regulations to the peoples concerned, due regard shall be had to their customs or customary laws”.

Article 13-19 concern indigenous and tribal people's rights to lands and territories (UNd, http).

Convention on Elimination of All Forms of Discrimination Against Women (CEDAW):

Article 14 (2)

“States Parties shall take all appropriate measures to eliminate discrimination against women in rural areas in order to ensure, on a basis of equality of men and women, that they participate in and benefit from rural development and, in particular, shall ensure to such women the right: (a) To participate in the elaboration and implementation of development planning at all levels” (UNe, http).

ANNEX 4. CONVENTION AGAINST CORRUPTION

The Convention Against Corruption was adopted in 2005, addressing the four key issues of prevention, criminalization, international cooperation, and asset recovery:

- Prevention—measures directed at both public and private sectors, such as establishment of anticorruption bodies, codes of conduct for public servants, transparency and accountability on public finance matters, specific requirements for the judiciary and public procurement.
- Criminalization—applies not only to basic forms of corruption such as bribery and embezzlement of funds but also to areas such as concealment and laundering of the proceeds of corruption.
- International cooperation—applies to every aspect of the fight against corruption, from prevention to investigation and prosecution of offenders. Countries are also required to support the tracing, freezing, seizure, and confiscation of the proceeds of corruption.
- Asset recovery—to effectively support the efforts of countries to redress the worst effects of corruption (World Bank 2006b).

ANNEX 5. THE MAIN STEPS OF THE ONGOING EAP FLEG PROCESS

2003: The East Asia and Pacific (EAP) FLEG Task Force and Advisory Group held their first working meeting in Indonesia. The meeting produced a plan for initial actions: (Action 1) Develop a clearinghouse mechanism for transparent reporting for all matters of forest governance; (Action 2) Develop and compile a format to share information on progress made at the country and regional level on FLEG implementation; (Action 3) Develop the overall strategic framework for FLEG implementation at national and regional level; and (Action 4) Conduct research on timber supply and demand.

2004: EAP FLEG Advisory Group meeting in Thailand. Participants expressed strong support to relaunch the Asia FLEG process and the work of the Task Force. Suggestions were given to structure the work of the Task Force and the Advisory Group by establishing steering committees for both groups. The meeting stressed the need for adequate resources to allow the Task Force and Advisory Group work to advance (World Bank 2008a).

2005: In an EAP FLEG side event on the UNFF 5th session, an Interim Steering Committee was established to provide guidance to the Task Force chair and to advance the Asia FLEG process to the meeting of the Task Force in the Philippines.

2006: The second meeting of the EAP FLEG Task Force/Advisory Group meeting was held in the Philippines. Agreement was reached to hold a second Ministerial Meeting in 2006. It was also recommended that each country establish a secretariat for Asia FLEG, and a regional steering committee was formed.

2007: The second Meeting of the East Asia and Pacific FLEG Regional Steering Committee was held in Bali, Indonesia. Also, an ASEAN Statement on EAP FLEG was released to complement the process, as not all EAP countries had signed the Bali Declaration (e.g. Malaysia and Myanmar) (World Bank 2008b). In addition, two meetings were conducted in June and July of 2007, a technical workshop of the EAP FLEG Task Force/ Advisory Group, followed by an ASEAN Senior Forestry Officials (ASEAN-ASOF) roundtable where recommendations from the earlier meeting were discussed and adopted (R. Obendorf, personal communication).

2008: Discussions are currently taking place on conducting an EAP FLEG side meeting of the Task Force and Advisory Group at the Asia-Pacific Forestry Week event in Hanoi, in preparation for the next Ministerial meeting. The Philippines has offered to host the second Ministerial Meeting. Forest sector transparency and customs collaboration are likely to be the focal topics for the agenda (World Bank 2006a).

ANNEX 6. LIST OF INTERVIEWEES

The interviewees were asked to respond on the main gaps within the work to combating illegal logging, and priorities for the future (both in terms of general priorities and specific to Sida/SENSA).

Name	Organization	Role in Organization
William B Magrath	World Bank	Lead Natural Resource Economist, Rural Development and Natural Resources, East Asia & Pacific
Appanah Simmathiri	United Nations Forest and Agriculture Organization of the United Nations (FAO)	National Forest Program Adviser, Asia-Pacific
Johannes Lund	United Nations Office on Drugs and Crime (UNODC)	Consultant
Prabianto Wibowo	ASEAN Secretariat	Associate Officer, Natural Resource Unit
Andrew Ingles	The World Conservation Union (IUCN)	Head of Livelihoods & Landscapes Programme, Asia (Also with input from Guido Broekhoven.)
David Cassells	The Nature Conservancy (TNC)	Director TNC Asia Pacific Forest Program
Lisa Ann Elges	Transparency International (TI)	Senior Asia Pacific Program Coordinator
Saskia Ozinga	Forest & EU Resource Network (FERN)	Coordinator for Trade and Investment Issues & Forest Peoples
Rod Taylor	World Wide Fund for Nature (WWF)	International Asia Pacific Forest Coordinator
Arvid Svanborg	IKEA	Chief Representative IKEA Trading (HKG) Ltd & Indonesia Representative Office
Helena Ahola	Ministry for Foreign Affairs of Finland	First Secretary

For more specific information on the interviews, please contact SENSA.

SENSA

The Swedish Environmental Secretariat for Asia (SENSA) is a knowledge-based entity within the Swedish International Development Cooperation Agency (Sida) which:

- promotes regional cooperation for environmentally sustainable development in Southeast Asia;
- strengthens cooperation between the region and Sweden for the benefit of the environment in the region; and
- serves as a platform for regional environmental dialogue on such matters as climate change.

Website: www.sida.se/sensa

RECOFTC

RECOFTC holds a unique and important place in the world of forestry. It is the only international not-for-profit organization that specializes in capacity building for community forestry and devolved forest management. RECOFTC engages in strategic networks and effective partnerships with governments, nongovernment organizations, civil society, the private sector, local people, and research and educational institutes throughout the Asia-Pacific region and beyond. With over 20 years of international experience and a dynamic approach to capacity building—involving research and analysis, demonstration sites, and training products—RECOFTC delivers innovative solutions *for people and forests*.

Website: www.recoftc.org