2020-2021 Technical Assistance for REDD+ Implementation: Addressing Forest Crime through Improved Governance in the Lower Mekong Region

UN-REDD PROGRAMME
EXECUTIVE BOARD
INTERSESSIONAL DECISION 1/2020

25 August 2020

UN organizations	
Name of Representative **:** Mette Løyche Wilkie Director, Forestry Division, FAO *Signature* _____ *Name of Organization:* **Food and Agriculture Organization of the United Nations** *Date & Seal*	
Name of Representative: Pradeep Kurukulasuriya *Title:* Director – Nature, Climate and Energy Executive Coordinator- Environmental Finance Bureau for Policy and Programme Support (BPPS)/ Global Policy Network *Signature* _____ *Name of Organization:* **United Nations Development Programme** *Date & Seal* 07-Sep-2020	
Name of Representative: Susan Gardner Title: Director, Ecosystems Division *Signature*_____ *Name of Organization:* **United Nations Environment Programme** *Date& Seal*	

UN organizations	
Name of Representative **:** Mette Løyche Wilkie Director, Forestry Division, FAO *Signature* _____ *Name of Organization:* **Food and Agriculture Organization of the United Nations** *Date & Seal*	
Name of Representative: Pradeep Kurukulasuriya *Title:* Director – Nature, Climate and Energy Executive Coordinator- Environmental Finance Bureau for Policy and Programme Support (BPPS)/ Global Policy Network *Signature* _____ *Name of Organization:* **United Nations Development Programme** *Date & Seal*	
Name of Representative: Susan Gardner Title: Director, Ecosystems Division *Signature*_____ *Name of Organization:* **United Nations Environment Programme** *Date& Seal* 4 September 2020	

UN organizations	
Name of Representative : Mette Løyche Wilkie Director, Forestry Division, FAO **Signature** _____ **Name of Organization: Food and Agriculture Organization of the United Nations** **Date & Seal** 07.09.2020	
Name of Representative: Pradeep Kurukulasuriya **Title: Executive Coordinator & Director- Global Environmental Finance & Head, Natural Capital and the Environment** **Bureau for Policy and Programme Support (BPPS)/** **Global Policy Network** **Signature** _____ **Name of Organization: United Nations Development Programme** **Date & Seal**	
Name of Representative: Susan Gardner **Title: Director, Ecosystems Division** **Signature** _____ **Name of Organization: United Nations Environment Programme** **Date& Seal**	

UN-REDD Executive Board Intersessional Decision 1/2020

On 25 August 2020, the UN-REDD Executive Board approved on a no-objection basis the budget of US$8,869,042 for Technical Assistance for REDD+ Implementation: Addressing Forest Crime through Improved Governance in the Lower Mekong Region.

The Government of Norway has made funds available to address forest crime through improved governance and trade in the Lower Mekong region. A reduction of forest crime will ultimately lead to reduced emissions from deforestation and degradation, and more sustainable management of forests across the Lower Mekong Region and beyond.

Additional information is provided in the sections below.

Context

The UN-REDD Programme supports countries to reduce the likelihood of forest crime by strengthening forest and land use governance. In this context, the government of Norway has requested the UN-REDD Programme to develop a proposal – within the framework of the current UN-REDD Global Technical Assistance, under the Asia component – to address forest crime through improved governance and trade in the Lower Mekong region (LMR). A reduction of forest crime will ultimately lead to reduced emissions from deforestation and degradation, and more sustainable management of forests across the Lower Mekong Region and beyond.

Regional dynamics of investment and trade play a particularly important role in determining land-use change, and thereby act as a significant underlying driver of forest degradation and deforestation in the LMR. There is a clear trend of investments from the expanding economies of China, Thailand and Viet Nam, to the lower income, higher forest cover countries of Cambodia, Lao PDR and Myanmar. Given that the gap between global supply and demand of wood products is predicted to widen significantly by 2050 due to an increase in demand from rapidly growing populations, we can expect the growth in supply from the region to continue to increase, adding more pressure on forest resources. In 2017, Asia had the largest share (46%) of the global forest footprint embodied in demand for timber.

Illegal logging and illegal forest conversion are among the key drivers of forest degradation and deforestation, as recognised by most national REDD+ strategies or action plans within the LMR. This further confirms that illegality remains an indicator of wider governance failures in the forestry sector. Underlying weak governance issues such as insecure land tenure, unclear and potentially conflicting or ill-adapted legal frameworks, poor law enforcement and unclear management and enforcement responsibilities, can drive or exacerbate illegality in the forestry sector.

Effective governance systems are necessary to combat illegal logging and trade, not only through improved law enforcement, but also through systems which can clearly and effectively demonstrate legal and sustainable timber production, processing and trade. Despite ongoing efforts and plans, most LMR countries currently lack fully functional, robust and transparent systems for developing, mainstreaming and monitoring standards of practice in management, harvest, transport and trade in timber and other forest products in order to promote sustainable production and consumption. This Initiative will complement support from the FAO-EU-FLEGT Programme in the development of Timber Legality Assurance Schemes (TLAS) as part of Voluntary Partnership Agreements (VPAs) between some LMR countries and the European Union, by focussing on voluntary certification systems in support of legal and sustainable timber trade.

Voluntary forest certification, including Forest Management (FM) certification and Chain-of-Custody (CoC) certification, continues to expand in all LMR countries. These systems are

designed to generate flows of sustainable timber originating from FM certified forests, but also allow CoC certified operators to apply due diligence for the controlled sourcing of non-certified or non-controversial timber. Voluntary certification builds on legal requirements by further strengthening sustainable forest management practices and by excluding illegal sources of timber from certified supply chains.

Many consumer countries have regulated their market access to prevent illegal timber imports, and have developed or encouraged public and private procurement policies, in recognition of the increasing demand for sustainable wood products. There is also growing demand from China to source sustainable supplies of wood-based products. A number of countries in the LMR (including Viet Nam, Lao PDR and Thailand) are also strengthening timber import controls as part of their VPA commitments. This Initiative will support these demand side measures to increase the relevance of supply side verification and certification systems.

All LMR countries are signatories to the Convention on International Trade of Endangered Species (CITES), which requires the issuance of CITES export permits for a growing number of timber species listed under CITES Appendix II. **CITES implementation in the LMR needs further strengthening** through supply side measures which can significantly contribute to improving forest sector governance.   Private Sector Federations or Associations and Civil Society Organizations (CSOs) play a significant role in the promotion or use of such measures.

High-level mechanisms and bodies have been established which facilitate collaboration between LMR countries, such as the ASEAN Senior Officials on Forestry (ASOF), the ASEAN Working Group on Forests and Climate Change, the ASEAN Single Window customs clearance system, the ASEAN Consultative Committee on Standards and Quality (ACCSQ) and Senior Officers Meeting on Transnational Crime (SOMTC). These initiatives and platforms provide existing avenues to further advance regional efforts to strengthen forest sector certification and traceability and combatting illegality across the region.
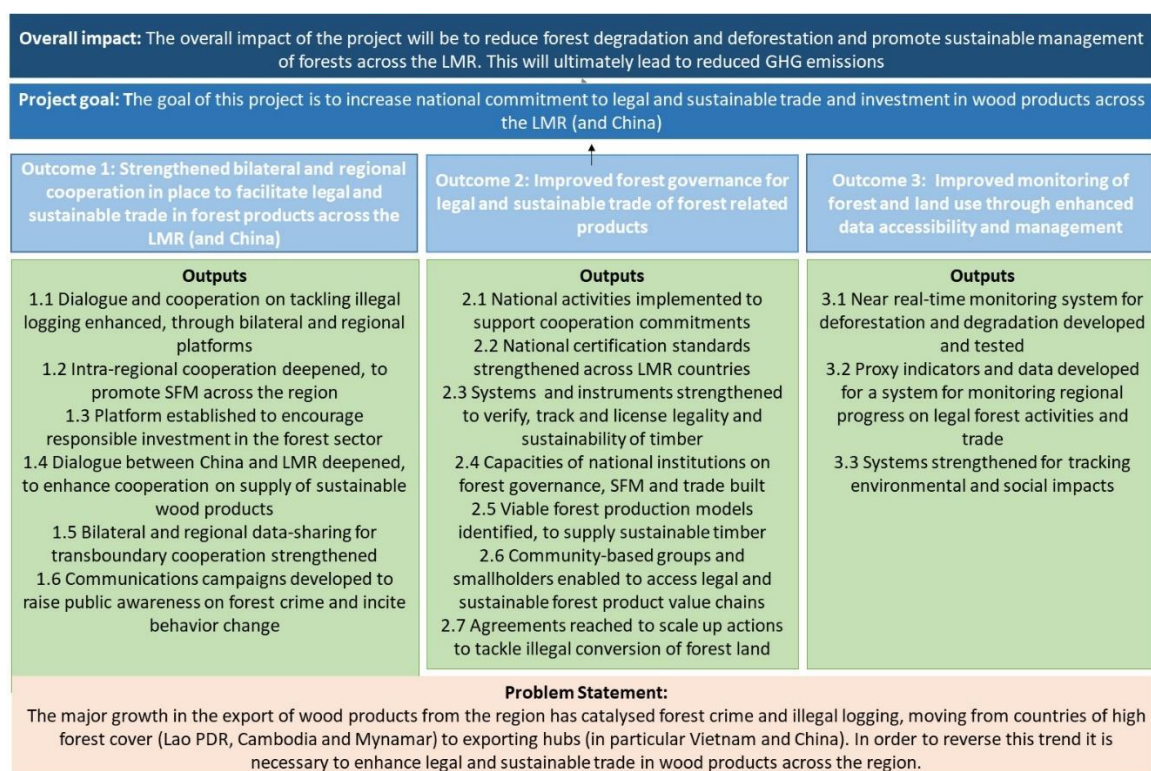
All countries in the LMR have made national statistical data available online and are developing national reporting systems for the Sustainable Development Goals (SDGs). With the support of the UN-REDD Programme, all LMR countries are developing or operationalising National Forest Monitoring Systems (NFMS) and Safeguards Information Systems (SIS) for REDD+. **To expand these systems to effectively monitor and record information related to forest crime, it is necessary to further build the institutional arrangements and capacity, as well as political commitments across the region.**

As countries look **towards the post-COVID future**, there is a risk that, in the rush to recover former levels of economic growth, employment and living standards, environmental concerns will slip far down the list of national priorities. To prevent this, support to countries such as those in the LMR must focus on hardwiring sustainability into their legislative and economic systems. By supporting existing regional dialogues and ASEAN working groups, and addressing nationally-specific barriers to the implementation of their decisions, UN-REDD and NICFI will ensure that the post-COVID recovery does not occur at the expense of the region's unique richness of forest ecosystems, nor of the substantial progress made by forest sector institutions to address climate change.

Budget

Outcome 2: National contributions to the mitigation of climate change through REDD+ are measured, reported, and verified with the necessary institutional arrangements in place							
	2020			**2021**			
UNDG Harmonised Categories	**FAO**	**UNEP**	**2020 Total**	**FAO**	**UNEP**	**2021 Total**	**Grand Total**
Staff and other personnel costs	774,456	447,533	1,221,989	1,502,800	676,567	2,179,367	**3,401,356**
Travel	183,333	31,667	215,000	537,667	81,333	619,000	**834,000**
Equipment, Vehicles and Furniture	40,000	-	40,000	50,000	-	50,000	**90,000**
Transfers & Grants Counterparts	786,667	322,400	1,109,067	1,720,117	663,800	2,383,917	**3,492,984**
Supplies, Commodities,Materials	-	-	-	24,000	4,000	28,000	**28,000**
Gen Operating & Other direct costs	130,000	-	130,000	307,484	5,000	312,484	**442,484**
Subtotal Direct Costs	**1,914,456**	**801,600**	**2,716,056**	**4,142,069**	**1,430,700**	**5,572,769**	**8,288,825**
Indirect Support Costs	134,012	56,112	190,124	289,945	100,149	390,094	**580,218**
Grand Total	**2,048,468**	**857,712**	**2,906,180**	**4,432,013**	**1,530,849**	**5,962,862**	**8,869,042**

Overall impact: The overall impact of the project will be to reduce forest degradation and deforestation and promote sustainable management of forests across the LMR. This will ultimately lead to reduced GHG emissions		
Project goal: The goal of this project is to increase national commitment to legal and sustainable trade and investment in wood products across the LMR (and China)		
Outcome 1: Strengthened bilateral and regional cooperation in place to facilitate legal and sustainable trade in forest products across the LMR (and China)	**Outcome 2: Improved forest governance for legal and sustainable trade of forest related products**	**Outcome 3: Improved monitoring of forest and land use through enhanced data accessibility and management**
Outputs 1.1 Dialogue and cooperation on tackling illegal logging enhanced, through bilateral and regional platforms 1.2 Intra-regional cooperation deepened, to promote SFM across the region 1.3 Platform established to encourage responsible investment in the forest sector 1.4 Dialogue between China and LMR deepened, to enhance cooperation on supply of sustainable wood products 1.5 Bilateral and regional data-sharing for transboundary cooperation strengthened 1.6 Communications campaigns developed to raise public awareness on forest crime and incite behavior change	**Outputs** 2.1 National activities implemented to support cooperation commitments 2.2 National certification standards strengthened across LMR countries 2.3 Systems and instruments strengthened to verify, track and license legality and sustainability of timber 2.4 Capacities of national institutions on forest governance, SFM and trade built 2.5 Viable forest production models identified, to supply sustainable timber 2.6 Community-based groups and smallholders enabled to access legal and sustainable forest product value chains 2.7 Agreements reached to scale up actions to tackle illegal conversion of forest land	**Outputs** 3.1 Near real-time monitoring system for deforestation and degradation developed and tested 3.2 Proxy indicators and data developed for a system for monitoring regional progress on legal forest activities and trade 3.3 Systems strengthened for tracking environmental and social impacts
Problem Statement: The major growth in the export of wood products from the region has catalysed forest crime and illegal logging, moving from countries of high forest cover (Lao PDR, Cambodia and Mynamar) to exporting hubs (in particular Vietnam and China). In order to reverse this trend it is necessary to enhance legal and sustainable trade in wood products across the region.		

To realise the proposed impact, the Initiative aims to achieve three interrelated outcomes. These three outcomes contribute to Outcome 2 of the overarching UN-REDD Results Framework for Technical Assistance 2018-2020.

Outcome 1 is to strengthen bilateral and regional cooperation in order to combat illegal trade and to facilitate sustainable trade and investment in wood products across the LMR and China. Efforts will build on current high-level commitments and existing bilateral and regional channels to reinforce the message of the urgent need to tackle illegal logging, as a means to boost the forest economies of the region and facilitate higher volumes of sustainable trade and investment.

Outcome 2 will support LMR countries in developing, strengthening and preparing for the implementation of systems that define and reliably demonstrate the sustainability of wood products from harvest to export. Increased adoption of voluntary standards will allow LMR countries to maintain or improve access to increasingly demanding international markets, creating an incentive for sector-wide legality compliance and sustainable forest management in significant and critical parts of their respective forest domains.

Outcome 3 will support the improvement of monitoring of forests and land use through enhanced data accessibility and management. This will further support effective implementation of transboundary cooperation, and feedback to domestic decision-making among countries on policies to reduce risks of inadvertently supporting forest crime and illegality in lending activities, imports and investments.

Indicative Outputs and Activities under these three Outcomes are outlined on the following pages. A more detailed inception plan (including refined indicators for the expected results) will be prepared for the implementation.

Output	Activities
1.1 Dialogue and cooperation on tackling illegal logging enhanced, through support to ongoing bilateral and regional platforms	Review current bilateral and regional mechanisms (see Box 1) and develop a strategy of engagement with key fora/platforms/agreements for regional engagement. This is to be implemented jointly with the LEAP initiative. Identify/formulate and monitor the implementation of transboundary cooperation instruments (e.g. MoUs, joint declarations and action plans). This needs both regional and national level activities (Output 2.1). Implementation of specific interventions of the transboundary cooperation. Conduct a case study on tracking transformational change through forest product value chains in the LMR with a biome-based approach.
1.2 Intra-regional cooperation deepened, to promote sustainable forest management across the region	Support ACCSQ Working Group 2 to help ASOF implement agreed guidelines on sustainable forest management and set up forest certification and verification schemes in the LMR for wood products in line with international practices. Review and assess the implementation of forest certification using the ASEAN Guidelines on Phased-approach to Forest Certification (as well as other guidance). Intra-regional learning workshops on forest certification standards (in particular FSC and PEFC). Explore and support alignment of National Single Window systems with the ASEAN Single Window system. This will require support to establishing National Single Windows systems (Outcome 2). Convene regional dialogue with key companies, private sector timber associations, national bodies and other relevant groups on enhancing trade in sustainable wood and timber products. Undertake deeper regional trade flows assessment where appropriate. Review and identify scope for developing public procurement policies on timber/forest products.
1.3 Clearinghouse or collaboration platform established and operationalised, to encourage and support responsible investment and lending in the forest sector within the region	Increasing transaction volume Undertake an assessment of current flows of domestic (bank) and international capital going into the forestry sector in LMR; highlight sustainable projects that have been successful in attracting commercial financing or investment; document recent transactions where information is publicly available. Identify and engage with key actors active in investment and finance in the forest sector across the region to understand better the barriers to finance and investment. Establish clearinghouse/collaboration platform for investors and banks to pool resources, share information and engage with representatives from governments and forest sectors across the region. - Normative framework for responsible investment and lending principles/guidelines in forestry sector of region.

	Review current investor guidelines (both ASEAN guidelines and other guidelines, including the Principles for Responsible Investment's 'Introduction to responsible investment in forestry'). Review current lending guidelines for forest activities for international and local banks. Enhance/develop forest specific investment and lending guidelines as required. Engagement with banks and investors to support adoption of responsible investment and lending principles/guidelines.
1.4 Dialogue between China-LMR deepened, to enhance cooperation to supply sustainable wood products to China	On the margins of the CBD COP, organise a South South Cooperation conference on forest crime with all LMR countries hosted by China. Under China's leadership, promote exchange and uptake of solutions to address forest crime at regional level Assess the timber and wood products trade and investment flow from LMR to China. Identify key opportunities to increase supply of sustainable wood products and key entry points along supply chains. Provide support (in coordination with ITTO) on the Global Green Supply Chain initiative targeting Chinese companies seeking to source sustainable supplies of wood products form the region. Promote south-south dialogue with other wood processing countries.
1.5 Bilateral, joint monitoring and regional data-sharing strengthened, for enhanced transboundary cooperation	Identification of proxy indicators and data sets for monitoring progress on legal forest activities and trade Agree on preferred mechanisms for regional joint-monitoring and data sharing among countries on prioritised topics/activities. Develop and implement preferred data-sharing mechanisms.
1.6 Communications campaigns developed, to raise public awareness and incite social and behaviour change on forest crime	Implement an initial baseline quantitative survey that leads to a population segmentation model (knowledge, attitudes and practices) in each of the LMR countries + China. Launch participatory processes to develop National Communications Strategies on Combatting Forest Crime in each of the 5 LMR countries + China. Develop surveys and longitudinal databases to track how attitudes, behaviours and social norms change over time Establish a regional community of communications experts to facilitate the sharing of key lessons and encourage the uptake of best practices across the region. Engage celebrity spokespersons to raise awareness on the issue of forest crime.
2.1 National level activities fully established, to support implementation of transboundary cooperation commitments	Based on Output 1.1 identify national level activities to implement transboundary cooperation instruments. Provide support at the national level for enhanced monitoring and implementation of transboundary cooperation agreements (e.g. MoUs, joint declarations and action plans). Provide targeted support for implementation of actions identified in the roadmap (see Output 1.1).
2.2 National certification standards strengthened across	Review of existing standards (and gaps) and recommendation in LMR countries (building on current knowledge).

LMR countries (through a consultative processes).	(Further) development of national certification standards for sustainable and responsible forest value chains (e.g. FSC and/or PEFC forest management (FM) and Chain-of-Custody (CoC) certification standards)
	Based on consultations and review establish/support national institutional arrangements for the development of sustainable forest management (FM) and CoC certification standards
	Stakeholder consultation process for FM and CoC standards according to FSC and/or PEFC.
	Enhance access to, and effectiveness of, public complaint and monitoring mechanisms related to certification.
2.3 Systems and instruments strengthened, to verify, track and license the legality and sustainability of timber.	Based on the assessment the following systems will be strengthened in the LMS countries:
	Private sector association level Due Diligence systems for responsible sourcing/supply chains.
	Voluntary certification (Forest Management, Chain-of Custody and Controlled Wood/Sourcing).
	Independent forest monitoring to support the implementation of voluntary systems.
	Reinforcement of CITES licensing system through e-licensing and non-detriment findings.
	Support to National Single Windows systems for Forest Trade which aligns with regional Single Window.
	Build synergies and recognition among systems.
2.4 Capacities of national institutions built, so to allow them to operationalise improved forest governance, sustainable forest management and forest product trade.	Capacity needs assessment for different institutions and stakeholders responsible for system implementation, including forest administration, law enforcement, auditors and civil society organisations.
	Curriculum development and training based on specific roles and responsibilities of different stakeholders.
	Design, development and testing of training, communication and awareness materials to support compliance with requirements of systems.
	Pre-feasibility of public and private forest management units for compliance with FM and CoC standards.
2.5 Viable forest production models identified, for supply of sustainable timber	Cost-benefit analysis of sustainable timber production models, including certification and/or collaborative business models, to demonstrate business case.
	Engage relevant financial institutions at country level to understand contextual barriers to financing for forest groups, smallholders and/or SMEs.
	In collaboration with financial institutions, develop financial products for forest groups, smallholders and/or SMEs to support sustainable timber production.
2.6 Community-based groups and smallholders enabled to access legal and sustainable forest product value chains	Regional assessment of barriers, relating to land tenure systems, affecting access to legal and sustainable forest product value chains
	Capacity needs assessment for community-based groups and smallholders to meet national standards for legal and sustainable timber production

| | Development of nationally-specific training packages to meet gaps in capacity |
	Incorporation of training packages into national extension services
2.7 Key recommendations and actions agreed by key stakeholders, to scale up actions to tackle illegal and extra-legal conversion of forestland to other land uses.	Carry out deep dive assessment into the nature of illegality on direct and indirect drivers of illegal forest conversion.
	Enhance knowledge and attention of key stakeholder on the findings of the studies through national workshops on illegal conversion of forest land to other uses.
	Based on the outcome of the workshops agree on a set of recommendations to scale up actions to tackle illegal conversion of forest-land to other uses to feed into Phase 2.
3.1 Near real-time monitoring system for deforestation and degradation developed and tested	Country status profiling for a regionally relevant proto-type system for near real-time monitoring of deforestation and forest degradation to track illegal activities.
	Regional technical discussions (one per year) for near real-time data needs and options.
	Development of regional proto-type system for data collection, analysis and reporting (e.g. as functionality in SEPAL).
	Testing of proto-type system and making it adjustable to data needs and regional conditions.
	South-south study tour between Latin American countries (particularly Ecuador) and LMR regarding implementation of near-real time monitoring system of deforestation and degradation.
3.2 Proxy indicators and data for a system for monitoring regional progress on legal forest activities and trade developed	Country status profiling on existing data protocol for monitoring forest land use change, customs data, and other proxy data for monitoring legal forest activities and trade.
	Develop country capacity to analyse data sets for improving responses.
	Develop information products and data sharing mechanisms as needed.
	Generation of data for regional sharing.
3.3 Systems strengthened, for tracking environmental and social impacts in the forest sector	Identify and prioritise information systems for tracking environmental and social impacts (building on current SIS systems where possible).
	Develop action plans to improve collection, management, analysis and sharing of priority data (which may include national/regional/global data as needed).
	Support countries to implement action plans and improve content/operation of priority systems.
	Identify and promote opportunities for sharing data across systems at national and regional level, including those developed by this initiative.