Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie (IOB)

Evaluation of the Dutch foreign policy with respect to Latin America

Thematic study Sustainable Development

Case Study: Forest Policy and the Production and Trade of Forest Products

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Abbreviations

ABNT	Associação Brasileira de Normas Técnicas (Brazilian National Standards Organization)
ABT	Autoridad de Fiscalización y Control Social de Bosques y Tierras (Forest and Land Authority). Bolivia.
ACC	Amazon Cooperation Council (ACTO)
ACTO	Amazon Cooperation Treaty Organization
AEMP	Autoridad de fiscalización y control social de empresas. Bolivia.
AFIN	Asociación Forestal Indigena Nacional (National Indigenous Forestry Association) . Bolivia.
AFIR	Asociación Forestal Indígena Regional) Regional Indigenous Forestry Association) . Bolivia.
ALBA	Alianza Bolivariana para los Pueblos de Nuestra América (Bolivarian Alliance for the Peoples of Our America)
ALISOS	Alianzas para la Sostenibilidad. Colombia.
ANEC	National Association of Cereal Exporters
AOPEB	Asociación de Organización de Productores Ecológicos de Bolivia (Organic Producers Organization of Bolivia)
APPS	Association of Sustainable Cattle Producers. Brazil
ASL	Agrupaciones Sociales del Lugar (Local Social Groups) . Bolivia.
ASOCARS	Asociación de Corporaciones Autónomas Regionales, de Desarrollo Sostenible y Autoridades Ambientales de Grandes Centros Urbanos (CAR Association). Colombia
BBI	Beleidsprogramma Biodiversiteit Internationaal (International Policy Programme on Biodiversity
BMZ	Bundes Ministerium fur Zusammenarbeit (German Federal Ministry for Cooperation)
BNDES	Banco Nacional de Desenvolvimento (National Development Bank). Brazil.
BOLFOR	Bolivia Sustainable Forest Management Programme.
BRL	Brazilian Real.
BSOD	Business Support Organization Development.
CADEFOR	Centro Amazónico de Desarrollo Forestal (Amazonian Center of Forestry Development). Bolivia.
CADEX	Cámara de Exportadores de Santa Cruz (Chamber of Exporters of Santa Cruz). Bolivia.
CAN	Comundiad Andina (Andean Community)
CAR	Corporación Autónoma Regional (Autonomous Regional Corporation). Colombia.
CARDER	CAR Risaralda
CBI	Centrum voor Bevordering van Import uit Ontwikkelingslanden (Center for the Promotion of Imports from Developing Countries)
CBMF	Brazilian Council for Forest Management
CCAD	Central American Commission for the Environment and Development
CCOOR	Coordinating Commission of the Amazon Cooperation Council (ACTO)
CDM	Clean Development Mechanism
CECODES	Consejo Empresarial Colombiano para el Desarrollo Sostenible (Colombian Business Council for Sustainable Development)
CERES	Certification of Environmental Standards
CERFLOR	Programa Brasileiro de Certificação Florestal (Brazilian Forest Certification Programme)
CFO	Certificado Forestal de Orígen (Forest Origin Certificate). Bolivia
CI	Conservation International
CIAT	Center for International Agricultural Research
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CoC	Chain of Custody
COIAB	Coordenação das Organizações Indígenas da Amazônia Brasileira (Coordination of Indigenous Organisations of the Brazilian Amazon)
CONAFLOR	National Forest Programme Coordination Commission. Brazil
CONCAS	Centro comunitario de negocio de castañas. Bolivia
CONFOR	Centro comunitario de negocio forestal. Bolivia

CONIF	Corporación Nacional de Investigación y Fomento Forestal. Colombia
CoP	Conference of Parties
CORPOAMAZONAS	CAR Amazonas
CORPOCHOCÓ	CAR Chocó
CORPOURABÁ	CAR Urabá (Antioquia)
CPE	Constitución Política del Estado
CRC	CAR Cauca
DEKMA	Dekker Madera. Bolivia
DGIS	Directoraat Generaal voor Internationale Samenwerking (Directorate General for International Cooperation)
EBA	Empresa Boliviana de Almendras y Derivados (Bolivian Brazil Nut Company)
EFIP	Evaluacion de las Finanzas publicas (Public Finance Evaluation), Bolivia
Embrapa	Empresa Brasileira de Pesquisa Agropecuária (Brazilian Enterprise for Agricultural Research)
EU	European Union
EUTR	European Timber Regulation
FAN	Fundación Amigos de la Naturaleza. Bolivia
FAO	Food and Agricultural Organization of the United Nations
FCBC	Fundación para la Conservación del Bosque Chiquitania. Bolivia
FCMM	Forum on Competitiveness Chain of Wood Products
FCPF	Forest Carbon Partnership Facility
FEDEMADERAS	Federación Nacional de Industriales de la Madera (National Timber Industry Federation). Colombia
FES	Función Económica y Social (Social and Economical Function)
FLEGT	Forest Law Enforcement, Governance and Trade
FMU	Forest Management Unit
FNMA	Fundo Nacional de Meio-Ambiente (National Fund for the Environment). Brazil
FSAFP	Social and Environment Forum of Planted Forests
FSC	Forest Stewardship Council
FUNAI	Fundação Nacional do Índio (National Foundation of Indigenous Peoples). Brazil
FUNDESNAP	Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas (Foundation for the Development of the National System of Protected Areas) . Bolivia
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GFA	Global Forest Alliance
GFTN	Global Forest Trade Network
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
GNP	Gross National Product
GRUS	Grupo de Socios de Bolivia
GTA	Grupo de Trabalho Amazônico (Amazon Working Group). Brazil
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
Hivos	Humanistisch Instituut voor Ontwikkelings Samenwerking (Humanist Institute for Cooperation with Developing Countries)
IADB	Interamerican Development Bank
IBAMA	Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (Brazilian Institute of Environment and Renewable Natural Resources)
IBCE	Instituto Boliviano de Comercio Exterior
IBIF	Instituto Boliviano de Investigación Forestal (Bolivian Institute for Forest Research)
ICCO	Interchurch Organisation for Development Cooperation
IDEAM	Instituto de Hidrologia, Meteorologia y Estudios Ambientales. Colombia
IDH	Initiatief Duurzame Handel (Dutch Sustainable Trade Initiative)
IEB	Instituto Internacional de Educação do Brasil (Brazilian International Education Institute)
IFC	International Finance Corporation
IIRSA	Iniciativa de Infraestructura Regional para Suramérica
ILO	International Labor Organization

Imaflora	Instituto de Manejo e Certificação Florestal e Agrícola (Institute for Forest and Agricultural Managemente and Certification). Brazil
Imazon	Instituto do Homem e Meio Ambiente da Amazônia. Brazil
IMO	Instituto de Mercado Ecológico
INDERENA	Instituto de Desarrollo de los Recursos Naturales Renovables (Institute for the Development of Renewable Natural Resources). Colombia
INMETRO	National Institute of Metrology, Standardization and Industrial Quality. Brazil
INPE	Instituto Nacional de Pesquisas Espaciais (National Institute for Space Research) . Brazil
IPAM	Instituto de Pesquisa Ambiental da Amazônia (Environmental Research Institute). Brazil
IPE	Instituto de Pesquisas Ecológicas (Institute for Ecological Research). Brazil
IPHAE	Instituto Para el Hombre, Agricultura y Ecología. Brazil
IRES	Institute for responsible agriculture. Brazil
ITTO	International Tropical Timber Organisation
IUCN	International Union for the Conservation of Nature
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
LA	Latin America
LAC	Latin America and Caribbean
LNV	Landbouw, Natuur en Voedselkwaliteit (Agriculture, Nature and Food Quality
MADR	Ministerio de Agricultura y Desarrollo Rural (Ministry of Agriculture and Rural Development). Colombia
MAP	Madre de Diós, Acre, Pando
MDG	Millennium Development Goal
MFO	Mede Financierings Organisatie (Co financing organization)
MMA	Ministério do Meio Ambiente (Ministry of Environment), Brazil
MMAyA	Ministerio de Medio Ambiente y Agua. Bolivia
MODIS	Moderate Resolution Imaging Spectroradiometer
MoFA	Ministry of Foreign Affairs
NFP	National Forest Programme
NGO	Non Governmental Organization
NL	Netherlands
NRM	Natural Resource Management
NTFP	Non Timber Forest Products
ODA	Official Development Assistance
OFC	Organización Forestal Comunitaria (Community Forest Organisation). Bolivia
ONU REDD+	UN REDD+ readiness support programme
ORET	Ontwikkelings Relevante Export Transactions (Development Relevant Export Transactions)
PA	Protected Area
PASNAP	Proyecto de Apoyo al Sistema Nacional de Areas Protegidas. Bolivia
PEFA	Public Expenditure and Financial Accountability
PEFC	Council Programme for the Endorsement of Forest Certification schemes
PFE	Public Forest Estate
PGMFC	Plan General de Manejo Forestal de Castaña. Bolivia
PNC	Permanent National Commissions (ACTO)
PPG7	Programa Piloto para a Proteção das Florestas Tropicais do Brasil (Pilot Programme to Protect Brazilian Tropical Forests)
PPP	Public Private Parntership
PRA	Amazon Regional Programme (ACTO)
PROMAB	Programa Manejo de Bosques de la Amazonia Boliviana
PSI	Private Sector Initiative
PSOM	Programma Samenwerking Opkomende Markten ((Programme Cooperation Emerging Markets)
PUM	Programma Uitzending Managers (Manager Deployment Programme)
PUMA	Fondo Ambiental Bolivia
PYMES	Pequeños y Medianos Empresas (SME)
REDD+	Reducing Emissions from Deforestation and Forest Degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
RNE	Royal Netherlands Embassy

RTR	Regeringsstandpunt Tropisch Regenwoud (Government Position on Tropical Rainforests)
SAF	Sistemas Agro Forestales (Agroforestry Systems)
SAFTA	South American Free Trade Area"
SBS	Sector Budget Support
SCS	Scientific Conservation Systems
SERNAP	Servicio Nacional de Áreas Protegidas (National Parks Service), Bolivia
SFB	Servicio Florestal Brasileiro (Brazilian Forest Service)
SFM	Sustainable Forest Management
SGS	Société Générale de Surveillance
SIMCI	Sistema Integrado de Monitoreo de Cultivos Ilícitos (Integrated System for Monitoring of Illicit Cultivations), Colombia
SINA	Sistema Nacional Ambiental (the National Environmental System), Colombia
SLIMF	Small and Low Intensity Managed Forest
SME	Small and Medium Enterprises
SNUC	Sistema Nacional de Unidades de Conservação da Natureza (National System of Conservation Units)
SNV	Stichting Nederlandse Vrijwilligers (Dutch Development Corporation)
SPNN	Sistema de Parques Nacionales Naturales
SW/RA	SmartWood/Rainforest Alliance
SWAp	Sector-wide approach
TAA	The Amazon Alternative
TCO	Tierra comunitaria de origen (Indigenous communal territory)
TFT	Tropical Forest Trust
TIPNIS	Territorio Indígena y Parque Nacional Isiboro-Secure (Isiboro Sécure National Park and Indigenous Territory). Bolivia
TNC	The Nature Conservancy
TRAFFIC	Wildlife Trade Monitoring Network
TTAP	Timber Trade Action Plan
UK	United Kingdom
UN	United Nations
UNASUR	Union of South American Nations
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forest Forum
UNODC	United Nations Office on Drugs and Crime
USA	United States of America
USAID	United States Agency for International Development
VLC	Verification of Legal Compliance
VPA	Voluntary Partnership Agreement
VROM	Volkshuisvesting, Ruimtelijke Ordening en Milieu (Public Housing, Spatial Planning and Environment)
WCS	Wildlife Conservation Society
WG	Working Group
WNF	Wereld Natuur Fonds (WWF NL)
WWF	World Wide Fund for Nature, World Wildlife Fund

List of interviewed persons and institutions for this evaluation

COLOMBIA		
Bilateral agencies		
Embajada del Reino de los Paises Bajos	Maurice van Beers	Senior policy officer
	Harman Idema	Jefe de Cooperación
	Joel Brounen	Oficial de Asuntos Económicos y Desarrollo del Sector Privado
Delegación de la Unión Europea en Colombia	Johny Ariza Milanes Daniel Peña	Oficial de Cooperación
Governmental agencies		
Ministerio de Ambiente y Desarrollo Sostenible	Omar Franco	Director General de Gestión Integral de Recursos Hídricos (Ecosistemas - encargado)
	Pablo Manuel Hurtado	Profesional Especializado
	Kelly Moreno F.	Profesional Especializado
	Luis E. Quintero	Profesional Cooperación
	Mauricio Bayona	Consultor DGIRH
	Fanny Sierra B.	Asesora
Ministerio de Agricultura y Desarrollo Rural de Colombia	Nelson Enrique Lozano Miguel Angel Gomez	Profesional Especializado Dirección de Cadenas Productivas
Unidad Administrativa Especial para el Sistema de Parques Nacionales Naturales de Colombia	Paola Bueno	Grupo de Asuntos Internacionales y Cooperación
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Departamento Nacional de Planeación	Diego Rubio Paula Ricaurte	Asesor en el DNP para los temas de recurso hídrico y suelo
Asocars (representing regional authonomous corporations)	Ramon Leal Diana Pabon Liliana Ramirez	Director Contratista Proyecto Holanda
Non governmental organizations		
Alisos	Wendy Arenas	Directora Ejecutiva
Fundación Natura Colombia	Elsa Matilde Escobar	Directora Ejecutiva
GIZ	Francisco Ruiz	Programa Adaptación a Cambio Climatico - CAN (former director ACTO)
Tropenbos	Carlos Rodriguez	Director
WWF Colombia	María Elfi Chaves	Directora programa bosques y cambio climático
Private Sector		
Asociación Nacional de Empresarios de Colombia (ANDI)	Carlos Manuel Herrera	Vicepresidente Desarrollo Sostenible
FEDEMADERAS	Alejandra Ospitia	Directora Ejecutiva
Research		
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SINCHI	Nicolas Castaño	Investigador

BOLIVIA		
Bilateral agencies		
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	Ricardo Galindo	Experto Adjunto en Desarrollo Productivo Sostenible
	Janette Trujillo	Experta Adjunta en Medio Ambiente
Delegación de la Unión Europea en Bolivia	Gonzalo M. Vidaurre	Asesor Económico
USAID	Eduardo Galindo Avila	Programme Manager
Governmental agencies		
MMAyA	Mauricio León	Jefe de Unidad de Manejo y Conservación de Bosques
SERNAP	Carlos de Ugarte	Monitoreo Ambiental
SERNAP-GFA-KfW	Holger Utermohlen	Coordinador Programa BIAP
ABT	Carlos Balderrama	Director General de Desarrollo Integral de Bosques y Tierra
	Cliver Rocha	Director Ejecutivo
EBA	Luis Villarreal	Responsable Administrativo Financiero
Non governmental organizations		
Hivos	Mario Valori	Programme Officer
	Corina Straatsma	Director Regional Office South America
WWF Bolivia	Luis Pabón	Representante Nacional
SNV	Javier Bejarano	Advisor
PUMA	Juan Carlos Chávez	Gerente General
Private Sector		
Dekma	Fernando Calderón	Gerencia General
Cadex	Martín Salces López	Gerente de Proyectos
IBCE	Limberg A. Menacho	Gerente Técnico
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	Jan Willem Le Grand	
	Rob van der Boom	
	Laurent Umans	
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CBI - MoFA	Eva Smulders	
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Executive Summary

In 2012, the Inspection and Evaluation Department of the Dutch Ministry of Foreign Affairs (BuZa) conducted a policy evaluation of the effects of Dutch policy in Latin America between 2004 and 2011. This evaluation contains policy studies on economic co-operation, sustainable development, economic diplomacy, and human rights. The present case study is part of the policy evaluation on sustainable development. This report is the case study on forest management and the production of timber and non-timber forest products.

For this case study, three countries were selected, Brazil, Colombia and Bolivia. Bolivia and Colombia were selected because they have received significant development cooperation support the last decade. Brazil has been added because the country is the main trading partner on timber with the EU in Latin America. Although the trade of wood and non-wood products from Bolivia and Colombia with the Netherlands is relatively small, these countries have benefitted in some extent from Dutch support to the forest sector.

Support provided by the Netherlands related to environment

Under the Netherlands Government Policy on Tropical Rainforests (RTR), during the period of 1999 to 2005 about €15 million per year (which is 25-35% of total RTR funding) was oriented at the LA region. For the period 1999-2005 it was decided that the LA region would be an important focus of the RTR funds. Since 2003 these funds have been increasingly used to support initiatives and organisations operating at global level, such as Global Environment Facility (GEF) and FLEGT, at the expense of bilateral aid.

Through bilateral development cooperation, the countries Bolivia, Brazil and Colombia all received support related to environment and water for a long time (also before 2004). Bilateral ODA to Brazil formally closed end 2005. Bolivia and Colombia will be phased out as of 2011. In the evaluation period 2004-2011, the countries received a total of 26.7 M€ (Bolivia), 6.32 M€ (Brazil) and 195.2 M€ (Colombia). In Bolivia and Colombia, RNE has been one of the major bilateral donors (among the first five) and concentrated specifically on environmental themes (approx. half of all aid went to support the forest, water and the general environmental sector).

Status of forest production and trade

Latin America is the region with highest forest area per total area (around 49% forest cover remaining). In 2000, Latin America had an estimated 933 million hectares of forest and in 2010, 891 million hectares were left. The five countries with the largest forested areas in the region are Brazil, Peru, Colombia, Bolivia and Venezuela - all have a part of the Amazon basin – and together they represent 84% of the total forest area. In LA the main driving forces of deforestation are agricultural expansion and infrastructure construction. The total volume of produced and exported roundwood from LA more or less stabilised in the last decade. The EU-27 is still the main export destination for sawnwood, and Latin America, particularly Brazil, is the second largest supplier. The EU imports are around 45% of all timber exported from the Amazon Basin. France, the Netherlands and the UK account for the largest share of the region's imports into the EU. Recently China is emerging fast as an important trading partner.

The Dutch government defined targets related to sustainable production and trade (see next section) but not related to an enabling Sustainable Forest Management policy environment. The latter included general objectives related to:

- Sustainable forest management / production, including maintenance of biodiversity
- Reduced production from illegal sources
- Institutional strengthening in the environment and forest sector.

Bilateral policies evolved from forest protection towards sustainable forest management and later on to sustainability and certification of value chains for forest products and reduction of illegal exploitation. More specific objectives have been identified, wltough without quantitative targets, which are generally as follows:

- A stable and effective forest management institution,
- Improved forest legislation and regulation
- Collaboration and complementary action between government and CSOs
- An enabling environment for private sector to invest in SFM and forest product trade
- Effective protected area management as a complement to effective forest governance
- Increased export of certified forest products to The Netherlands and EU.

Conclusions

In general, these results were partially achieved with significant contribution by Dutch support. In both countries, there is no stable forest management institution but we cannot know how the situation would have bene without Dutch support. Bolivia did create an effective forest control institute (ABT) which has been largely supported by Dutch aid. In Colombia, the protected areas institution was strengthened and resulted in stronger PA management. In Bolivia SERNAP continued to be highly dependent on foreign aid but was nevertheless effective in PA management. There is a good collaboration between NGOs and government in Colombia and between NGOs and private sector in Bolivia, however, collaboration between NGOs and government is weak in Bolivia. The enabling environment for forest investments is not well developed, due to lack of private sector interest in natural forest exploitation in Colombia and general incetainties for private sector investments in Bolivia. Increased export of timber from Bolivia did take place initially but decreased strongly during the last few years; Brazilnuts export to Europe is steadily growing.

The following specific conclusions can be distilled, arranged as a response to the main research questions.

(1) What has been the policy framework in the Netherlands which can be used to assess whether objectives in the field of sustainable forest management has been achieved?

In the selected LA countries, no targets were mentioned for SFM. Rather, during the period of 2004 to 2011 planning documents refer to forest conservation (Colombia), sustainable value chains and private sector development (all countries) in general terms. Bilateral policies evolved from forest protection towards sustainable forest management and later on to sustainability and certification of value chains for forest products and reduction of illegal exploitation.

(2) What are supportive policies for environmental management in these countries, and what has been the contribution by the Netherlands on the development of these policies?

- In **Bolivia**, support to government agencies (particularly the ministry of Environment and SERNAP) was continuous even in the wake of political changes. It can be evaluated as effective, because, inspite of large turnover of policies and dependence of institutions on bilateral aid, positive changes have taken place. A new framework law for integrated environmental management and social development *(Ley Macro de Madre Tierra)* has been accepted in 2012 which should support the integrated conservation and sustainable use of forest resources and reduce threats to deforestation. This law is a partial result of RNE long-term support to the Ministry of Environment.
- In **Colombia**, The RNE support provided through SWAp has been evaluated as relevant and important, because the RNE was the only bilateral agency supporting the environment ministry during the years of the previous government. Dutch support has been particularly successful in strengthening the national parks system and environmental funds. The National Development Plan of Colombia includes references to biodiversity conservation, ecosystem services and wellbeing of the inhabitants of natural areas. Years of Dutch support has contributed to this new policy that included direct reference to Dutch policy priorities (e.g. strategic action lines on a principal ecological structure, continued strengthening of Parks Unit, Amazon regional approach, etc.)

(3) What has been the Dutch contribution to enhance forest policies and governance, strengthen control, enhance certification and reduce the incidence of illegal forest exploitation?

- In **Bolivia**, during the last decade, Dutch support to the forest sector has been critical for developing SFM experiences, especially with local communities. A considerable part of Dutch ODA (> €50 mln) was dedicated to environmental issues and most of this is related to SFM related themes (forest policy and control, community forest management, biocommerce, conservation). Together with USAID, the Netherlands has been the main bilateral agency supporting forest certification, forest policy development, capacity building and institutional support. It has contributed to institutional strengthening (through budget support to governmental agencies) with SFM practice (through support by Dutch and Bolivian NGOs and private sector). However, in the same period certified area dropped with two-thirds (since 2006) and deforestation continues to be historically high at 270 000 has/year.
- Since 2008 RNE has supported ABT, a new institution to increase forest and land control, which not only regulates extraction, transport and trade in timber but also in NTFPs. RNE funding has been critical for the set up and functioning of ABT as 40% of core funding was provided by RNE until present. ABT managed to reduce illegality by 80% (according to their own reports) but also created more bureaucracy in the forest value chain (according to private sector). The sustainability of this institution is now at risk.
- Private sector support in Bolivia includes Dutch investments and joint ventures, support to forest enterprises and export promotion (CBI), certification processes and international matchmaking (TAA-IDH, WWF-GFTN). The collaboration is positively evaluated. Possibly, as a result of this support, the downgoing trend in trade of certified timber has been limited.

- In **Brazil**, Dutch support to SFM policies and practices has been provided together with many other European governments and civil society organisations. The Netherland has had most significant influence in supporting some strategic forest-related initiatives (e.g.PPG7, support to CSOs). The Brazilian Forest Code was one of the best in the LA region but has recently been revised to accommodate large-scale agriculture producers and cattle ranchers.
- Dutch NGOs (WWF, ICCO, etc) have been active in the forestry sector and the agricultural sector that interferes with forest integrity (soy, cattle). These organisations have been at the forefront of stimulating SFM and timber certification in Brazil, starting in the late 1990's and early 2000's. This support has been instrumental in raising awareness on SFM in Brazil.

- In **Colombia**, the RNE did not focus directly on SFM policies or projects, but Dutch support has been crucial to improve forest governance in the Amazon region. The SWAp did consider forest governance as an important factor to create an enabling environment for legal forest-based economy, including timber extraction. Also, RNE financed activities related to peace development and control of illegal crops. Given the link between Colombia's internal conflict and forest conservation and management (including illegality) this is a coherent strategy.

- In **Bolivia and Colombia**, through Dutch support to the EU, an indirect contribution was provided to the FLEGT programme. In Colombia, this resulted in the promising Pact for Legal Timber and in Bolivia in a consultation process that took away various concerns among many stakeholders around FLEGT, VPA and EUTR. EU forest policy in Bolivia and Colombia resulted in increased coordination and capacities to increase transparency and to combat illegality. Also, the EUTR is an incentive to increase legality in timber production. However, the large and increasing share of timber destined at the domestic market threatens success of a policy to increase legality in international timber trade.

(4) What has been the importance of sustainable timber production and trade to NL and EU from Bolivia, Brazil and Colombia, and how has this been influenced by Dutch policies?

- **In general**, imports to the EU of tropical roundwood show a decline over the last decade, while sawnwood increased. Total tropical timber imports sharply decreased over the last three years, because of the global economic recession affecting particularly construction in Europe. Total tropical timber production in the LA region was 5.7 million m^3 in 2004 and 5.2 million m^3 in 2011. Bolivia and Colombian production increased, while Brazilian production decreased. Most produced tropical timber is not exported but used domestically. In 2007, 7% of total tropical timber production was exported but export plummeted to almost 3% after 2008. Bolivia showed a continued increase in production but a decrease of export since 2008, indicating an increasing domestic formal market. Althgough its relative share is decreasing, the EU-27 is still the main export destination for sawnwood from the LA region and this region, particularly Brazil, is a main provider. The EU imports over 30% of Bolivian timber exports. The Timber trade between Colombia and Europe is limited to a few thousand m^3.
- In terms of certified forests, the LA region is leading globally with FSC certified concessions (including both natural forests used for timber production as well as forest plantations with native and exotic species) representing 10% of the global area certified and 22% of the number of certificates,and it is a major provider of certified timber for Europe. The large Dutch demand for certified timber (as a result of Dutch domestic policy) provided Bolivia and Brazil with a positive incentive for certification, strengthened by NGO programmes supporting cetification.
    - In terms of certified timber, **Brazil** is leading in the LA region with 77 concessions, with a total of 6.5 million hectares in 2011, around 43% of which was in natural forests.
    - In terms of certified timber, **Bolivia** is third in the LA region with almost 1 million hectares in 2011, which also constitutes the estimate of *sustainably* managed natural forests. However, this is a decrease from the 3 million ha certified forests in 2005. The decrease of certified forest in Bolivia has been attributed to (a) the lack of a premium price for Bolivian certified timber and (b) the installation of a national codification of origin which took away the need for FSC certificate to show legality. The latter can in itself be considered as a positive development. Dutch support has contributed to open up new FSC certified areas, mainly through the IDH supported TAA programme.
    - In terms of certified timber, **Colombia** lags behind with only 4 certifications and less than 100,000 hectare but voluntary certification is gaining ground. Dutch support has partly contributed to this high proportion of FSC certification.
    - Since 2000, the share of certified timber has increased in **the Netherlands**. The overall market share in NL of certified wood early 2000 was still low. In 2007 the overall market share of sustainably produced FSC-certified timber was 13%. In 2008, 34% of all imported roundwood was certified of which 22.1% held a PEFC-certificate and 11.6% a FSC-certificate. In addition, 20% of roundwood had a legality certificate. The Dutch ambition to purchase 50% of timber from sustainable sources has probably been largely realised in 2011 (no data yet). However, of the total volume of imported *tropical* roundwood only 15.5% held a certificate. Of the certified timber imports in the Netherlands, 9% is from Bolivia. Although the majority of all tropical timber exported from Bolivia and Brazil is certified (78%), the share of Dutch imported certified timber from Brazil (42%) is much lower, suggesting a preference from Dutch importers to buy non-certified timber. So although the Dutch import targets were not reached, thanks to this policy the Netherlands became an important market for Bolivian cetified timber

(5) What has been the importance of sustainable trade of non-timber forest products (bio-trade) from Bolivia, and how has this been influenced by Dutch policies?

- Brazil nuts are an important export product for Bolivia, with a value exceeding timber exports. The EU imports over 50% of Bolivia's nuts, and the Netherlands is one of five main global destinations. Export value has doubled (from 50 to over 100 million US$) during the evaluation period.
- Most projects supported by RNE in the field of forest and nature conservation included Brazil nut extraction and transformation as an element of good practice in SFM. During this

evaluation interviewed stakeholders stated that it is probable that the RNE supported SFM projects, together with projects supported by other donors, contributed to the increase of Brazil nut production and export and improved labor conditions locally.Two major projects have bene mentioned (with FAN and Fundacı́ón Puma) but also the Trinational Programme with CARE has focussed strongly on Brazil nut. According to the mid term review of the collaboration of RNE with FAN, the programme effectively created institutional and technological capacity but it did not show figures on increasing production and export of NTFP, including Brazil nuts. A major achievement that has a high potential to increase trade of NTFP is the BIONATIVA Biocommerce Chamber, which, however, is still incipient and will need furter support to become effective. The Baba-Carapa programme recently established a community owned Brazil nut processing and distribution centre. The EU supports the formation of public enterprises, and one of these focuses specifically on Brazil nuts (EBA).

- Brazil nut production is by default environmentally friendly but there are concerns on the social sustainability, labour conditions and equity in the trade which is dominated by a few large companies. Several RNE supported CSOs have concentrated on these aspects and created better conditions for communities engaged in Brazil nuts collection and trade. According to EBA, this good practice is translated in standards for fair trade certification.

(6) What has been the incidence of illegal forest exploitation and reduced threats to forests in these countries, and how has this been influenced by Dutch policies?

- Illegal logging is estimated to have fallen by about 50% during the last decade in the **Brazilian** Amazon. The estimated imports of illegally sourced wood products into the Netherlands fell by around 20% between 2004 and 2008.
- In **Bolivia**, around 80% of deforestation in the last decade has been illegal. ABT has reduced illegality of timber production (according to its own reports up to 80%) through more strict law enforcement (control of permits, traffic and markets) and revising procedures. Through the Dutch support to ABT there has been an important contribution.
- In **Colombia**, the timber market is highly separated between plantations and natural forests. The first are used for export timber and are managed transparently, much with FSC certification, while timber from natural forests is practically all for the domestic market with a large incidence of illegality. Dutch policies have not had any direct influence on this illegality although the general support to improved environmental governance might have had a positive effect. Through EU support, the first formal process to increase legality in the timber sector (including natural forests) is underway.

(6) Which modalities / pathways have been most effective in stimulating the production and export of sustainable timber (Brazil, Colombia and Bolivia) and NTFPs (only Bolivia)?

- **Bilateral support**: Sector budget support or financing specific projects or programmes to governmental agencies in Bolivia and Colombia have had few direct effects on sustainable timber and NTFP production and trade; it was not a specific objective of the cooperation policy. Direct institutional support (ABT in Bolivia, UAESPNN in Colombia) proved to be effective to create concrete positive impact through the regulatory context, evidenced by several indicators (reduction of illegality and management effectiveness of PA). The long term effectiveness proved to be vulnerable, because of its dependence on the institutional stability of the national government, continued human capacity and financial sustainability provided by treasury funds. On the other hand, an improved enabling context for regulation/legislation of SFM can have major impacts.

- **NGO support**: In Bolivia and Colombia, NGO presence in the forest sector is strong and about half of Dutch support has been channelled through them. Supporting civil society initiatives in Bolivia proved to be a good policy by which the Netherlands have strongly contributed to the national experiences in SFM and trade of both timber and NTFPs. In Brazil, the last decade Dutch NGOs have been influential in Brazilian politics and society, although they failed in the revision of the Forest Code to the powerful agriculture lobby. In Colombia, long term support to EcoFondo and Tropenbos has provided these organizations with well evaluated, prominent positions in the environmental landscape. The few on-site experiences with SFM in natural forests are executed by NGO's working with EU funding. In all three countries, civil society actions set the agenda and have been complementary to state policies. It has been effective in creating capacity, practical experience with sustainable production, certification and providing access for indigenous communities to (inter)national value chains. Many staff of local NGOs ended up working for ministries of environment or other ministries or later become politically active. On the long-term this also creates general awareness and public support for the environment and SFM. This positive effect is currently less evident in Bolivia because of reduced interaction between government and NGOs. In Brazil and Colombia, dialogue and collaboration between NGO's and government is more established.

- **Private sector.** Private sector initiatives in the forest sector related to tropical roundwood and Brazil nuts, are promising tools to create sustainable value chains. The PSOM and PSI instruments have been effectively used by enterprises in the forest sector that to date are profitable and leading within Bolivia. IDH's TAA (as well as GFTN) created networks of forest enterprises in the Amazon and in Europe to promote trade of certified timber products. Public-private partnerships, promoted by RNE in Colombia in agricultural, food and water sectors, have received positive evaluations by its stakeholders. The Forest Stewardship Council (FSC), with companies as members, has been influential in the development of forest standards and criteria. Although there are other certification schemes such as PEFC, they all would not been existed if it was not for the market pressure by FSC. The increasing market share of certification schemes is testimony of an effective development and the increased market demand from Europe for certified timber might be the main incentive for certification in tropical countries

- **Economic diplomacy**: Diplomacy is potentially important as a support mechanism, to strengthen an enabling international environment for increased trade. Mechanisms include trade agreements, business missions, match making, negotiation of investment guarantees and promoting incentives for forest financing. These mechanisms have shown their effectiveness in other productive sectors in the studied countries (water, agro commodities, infrastructure). However, little economic diplomacy has been applied so far to the forest sector. This could have been at best useful to further reduce pressures on forest resources, e.g. through soy production with involvement of Dutch private sector.

- **EU FLEGT**: The EU channel has been effective in promoting FLEGT and has effectively created willingness of broad stakeholder groups (including government) to increase transparency and legality in the timber value chain (as proven by the broad participation in the Pact for Legal Timber in Colombia and the formal conversations in Bolivia to prepare for a future VPA). Dutch funding has been provided to support these EU programmes.

Rather than one specific modality or pathway, the integration seems most effective. Government and private sector purchasing policies have measurably led to an increase in the share of certified sustainable timber in the Netherlands but Dutch financial instruments (PSOM, PSO, IDH) and capacity building by NGOs have been important for development of SFM and production of sustainable timber. Thanks to a long term combination of direct investment and capacity building through sector budget support, NGO support, private sector mechanisms and economic and political diplomacy, the Netherlands' support to the environmental sector has effectively contributed to create positive SFM experiences, increase forest conservation area and management (in Colombia) and promote production and trade of legal, certified forest products (Bolivia).

This said, we believe there would be potential to realise greater effectiveness if there would have been a more explicitly defined integrated approach combining above channels and oriented at concrete policy outputs. This is also needed once bilateral co-operation is phased out. The case of Brazil shows that in the absence of direct Dutch influence on LA domestic policies, supply chain management will be more effective than trade-related instruments. In that case buyers should only purchase from sustainable sources and a local vocal civil society should raise more awareness in their own domestic market. Multi-stakeholder initiatives can effectively bring together the main stakeholders and facilitate a larger market share of sustainable timber and non-timber forest products. Economic diplomacy is an essential additional component as it will help to build up and maintain good relations and mutual trust, and it has an important added value by raising the profile of multi-stakeholder initiatives.

(8) What can be said about coherence of policies (within the Netherlands, within the EU, as well as within the receiving countries)?

In all countries, there is a risk of negative interaction between the economic development sectors (especially traded commodities) and forest concerns. Productive sectors are often drivers behind deforestation and environmental degradation. In the multiannual plans of both RNE's, the risk of negative interaction is considered and The Netherlands tries to reduce this risk by paying attention to the sustainability of these sectors and mainstreaming environmental principles in development projects. Whether this is sufficient is unclear, as economic growth will trigger more expansion, and then more macro planning and strategies are needed to carefully guide development.Within RNE, the supervision of the projects and the contacts with government officials is done by different persons, which makes it less obvious coherence is well maintained.

There is a lack of coherence between Dutch and EU forest policies (incl. FLEGT) and the impliciut conbtribution to deforestation through trade, by expansion of cattle ranching and crop commodities such as soy and palm oil. These are still a threat to natural forests in Latin America. The EU could enhance coherence between these commodities and SFM initiatives. The leverage of the EU is however decreasing as the domestic market and China grow in importance.

1. Introduction

1.1. Background

In 2012, the Inspection and Evaluation Department of the Dutch Ministry of Foreign Affairs (MoFA) started a policy evaluation of the effects of Dutch policy in the Latin America (LA) region between 2004 and 2011. This evaluation contains policy studies on economic co-operation, sustainable development, economic diplomacy, and human rights. The present case study is part of the policy evaluation on sustainable development. This report is the case study on forest management and the production of timber and non-timber forest products.

A substantial proportion of the attention and funds from the Netherlands Government for the LA region in the period of 2004-2011 has focused on the environmental sector. This includes specific nature conservation and forestry projects, support to national and regional institutions involved in environmental management issues, and budget support programmes in the environment sector. The Amazon formed a regional focus area because of its high biodiversity value and importance in relation to global climate change. Apart from the direct support, Dutch Government money also financed various activities in the environment sector in the LA region through three other channels, namely the Dutch contributions to EU, to multilateral agencies (UN, IUCN, banks) and through Dutch NGOs (through co-financing). In due time the focus of the activities has shifted from forest protection to sustainable management of forests and sustainable use of forest products such as (certified) timber and non-timber forest products. The main assumption is that sustainable use of forest products will contribute to sustainable forest management.

For this case study, two focal countries were selected, Bolivia and Colombia. These countries were selected because they have received significant development cooperation support the last decade. In addition, Brazil is used as a reference case (the country is the main trading partner on timber with the EU in Latin America). Although the trade of wood and non-wood products from Bolivia and Colombia with the Netherlands is relatively small, these countries have benefitted in some extent from Dutch support to the forest sector. Colombia has received long-term support through a Sector Wide Approach (SWAp) to the environment sector, with various activities oriented at enhancing sustainable forest management. Bolivia has been the main Latin-American recipient of Netherlands' support in forest management in the last decade, supporting certification processes, forest conservation and governance.

1.2 The case study and methodology

This report assesses the efforts of the Netherlands in the forestry and nature conservation sectors by focusing upon trade relations for a number of forest products (timber and non timber). This is used as an entry point to evaluate the effectiveness of past activities on sustainable forest management and conservation, and to look forward at the potentials of economic diplomacy for enhancing sustainable forest and ecosystem management through efforts to enhance sustainability of trade relations for products derived from forests.

More specifically, this study will evaluate the support the Netherlands has provided to the forestry sector in the three selected countries through assessment of its effects in the value chain of timber (roundwood and sawnwood) and Non Timber Forest Products (NTFP, e.g. Brazil nuts from Bolivia). This includes aspects of FSC certification and FLEGT. There are also various important linkages with forest governance, capacity building and an enabling policy context for sustainable forest management as well as efforts to address root causes of deforestation and forest degradation such as the advance of agro-commodities.

The evaluation study included a desk study of available literature and interviews with key experts in Bolivia and Colombia as well as the Netherlands. No interviews were conducted in Brazil because it is a reference case based upon available material.

Following are the main research questions (see also evaluation framework annex 1):

(1) What has been the policy framework in the Netherlands which can be used to assess whether objectives in the field of sustainable forest management has been achieved?
(2) What is the supportive policy framework for forest policy and governance in these countries, and what has been the contribution by the Netherlands on the development of these policies?
(3) What has been the importance of sustainable timber production and trade to NL and EU from Bolivia, Brazil and Colombia, and how has this been influenced by Dutch policies?
(4) What has been the importance of sustainable trade of non-timber forest products (bio-trade) from Bolivia, and how has this been influenced by Dutch policies?
(5) What has been the incidence of illegal forest exploitation and reduced threats to forests in these countries, and how has this been influenced by Dutch policies?
(6) Which modalities / channels have been most effective in stimulating the production and export of sustainable timber (Brazil, Colombia and Bolivia) and NTFPs (only Bolivia)?
(7) What can be said about coherence of policies (within the Netherlands, within the EU, as well as within the receiving countries)?

Based upon the evaluation framework, in order to assess effectiveness, the focus and analysis of this case study has been structured by the following two themes, in which we find the above four questions (2) to (6) reflected.

A: Enabling Politics and Policies:
1. Institutional strengthening for environmental management (government level, national and decentralised, as well as NGOs);
2. Support to enhance forest governance policies, strengthen control, enhance certification and reduce the incidence of illegal forest exploitation;

B: Sustainable Production and Trade:
3. Production and trade of certified timber and non-timber forest products (the latter particularly Brazil nuts in Bolivia);
4. Reduced incidence of illegal forest exploitation and reduced threats to forests, e.g. by trade of commodities produced at the expense of deforestation.

2. Status forest production and trade

2.1 Forests in Latin America

One fifth of the world's forests are found in Russia. Brazil has the second largest forest area followed by Canada, the United States and China. Latin America is the region with highest forest area per total area (around 49% forest cover remaining). In 2000, Latin America had an estimated 933 million hectares of forest and in 2010, an estimated 891 million hectares were left (almost 42 million ha deforested, Table 1).

Figure 1: Forest resources and forest change in Latin America and the Caribbean.

Figure 1a: Extent of forest resources.

Figure 1b: Forest change rates by country 2000-2005

Source: FAO, State of the World's Forests 2007

Table 1: Forest Area in Latin America and the Caribbean.

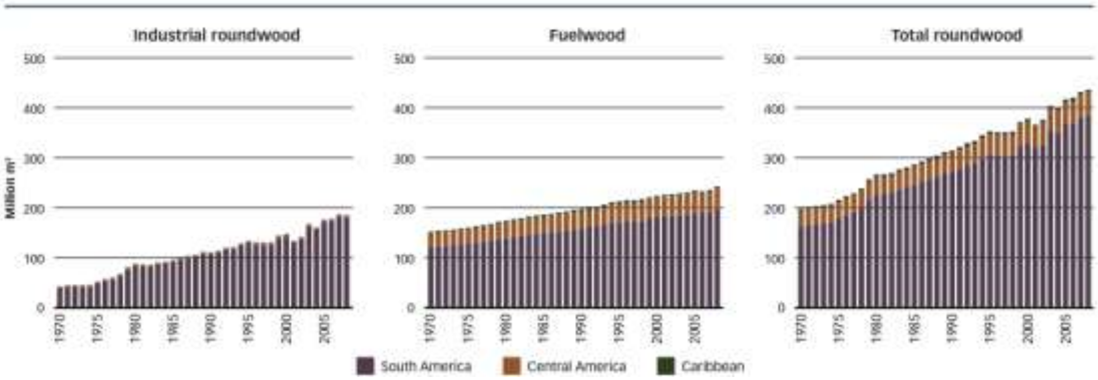
Sub-region	Area (1 000 ha)			Annual change (1 000 ha)		Annual change rate (%)	
	1990	2000	2010	1990-2000	2000-2010	1990- 2000	2000-2010
Caribbean	5 901	6 433	6 932	53	50	0.87	0.75
Central America	25 717	21 980	19 499	-374	-248	-1.56	1.19
South America	946 454	904 322	864 351	-4 213	-3 997	-0.45	-0.45
Total	978 072	932 735	890 782	-4 534	-4195	-0.47	-0.46
World	4 168 399	4 085 063	4 032 905	-8 334	-5 216	-0.20	-0.13
Conservation tot	45 637	57 243	88 610	1 161	3 137	2.29	4.47
Production areas total	73 478	78 346	83 378	487	503	0.64	0.62

Source: FAO, State of the World's Forests 2011

The total area of other wooded land in the region accounted for 187 million hectares or 10% of the total land area. The five countries with the largest forested areas in the region are Brazil, Peru, Colombia, Bolivia and Venezuela - all have a part of the Amazon basin – and together they represent 84% of the total forest area (FAO, 2011). Over the last decades the total forested areas has gone down. Since 2000, Chile, Costa Rica and Uruguay actually increased their forest area through (commercial) tree plantations. It would appear from Table 1 that between 2000 and 2010 Latin America accounted for almost 80% of total global deforestation, but this disregards the fact that especially in Asia reforestation (at non tropical latitudes) has been important as well (masking high deforestation rates).

In LAC the main driving forces of deforestation are agricultural expansion and construction. During 1999-2003, countries in South America reported an average of 26,000 wildfires per year (FAO, 2006), burning an average of 5.5 million ha annually for purposes of agricultural expansion (grazing lands and cropping) mainly. In the region, by 2000 about 14% of the forest area was designated primarily for the conservation of biological diversity and the area has increased by 4.5% per year since 2000 (around 3 million ha annually). The LAC region contains 10% of the total world forest area for productive purposes. Wood removal showed continued growth over the past two decades whereby fuelwood accounted for slightly more than half (57%) of total wood removals. In South America removals were equally distributed between industrial roundwood and fuelwood (Figure 2). Wood removal is often associated with clearing for agricultural land-use (conversion).

Figure 2: Volume of wood removals in Latin America and the Caribbean 1970-2008 (million m³).



Source FAOSTAT.

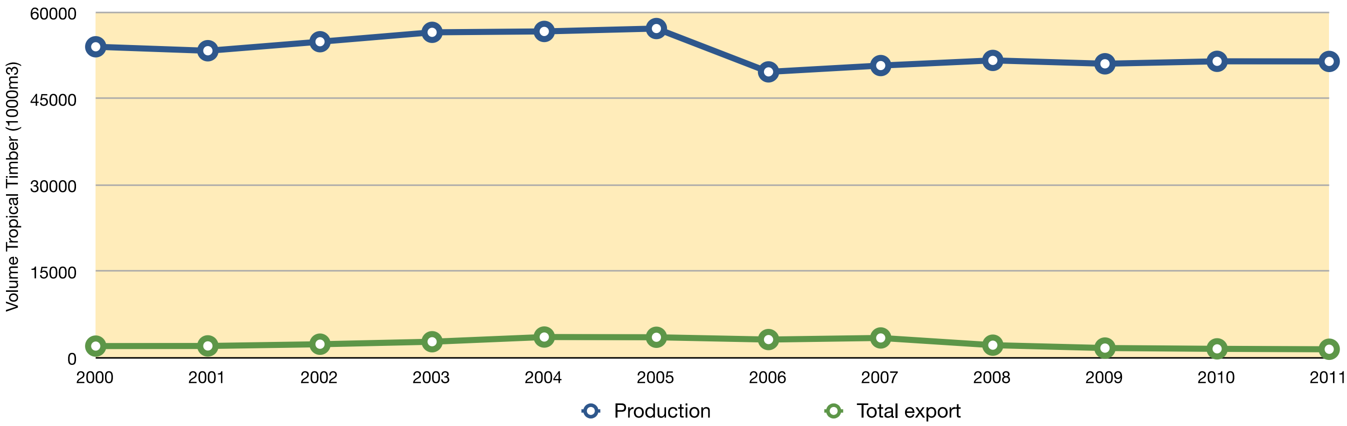
2.2 Trade in tropical timber and forest products from LAC

The International Tropical Timber Organisation (ITTO) is the main source of information for tropical timber trade. Global timber production (roundwood, sawnwood, veneer and plywood) was 1517 million m^3 in 2010, of which 207 (14%) is of tropical origin. Global roundwood production was 1,126 million m^3 in 2010, of which 141 million (13%) is of tropical origin. Four countries – Indonesia, Brazil, India and Malaysia – accounted for almost three quarters of total production in 2010 and the bulk (63%) of production was in the Asia-Pacific region. Over the last decade, China became the main export destination (on country basis) for all produced tropical roundwood.

The EU imports wood and wood products from various countries including tropical countries and United States, Canada, Brazil and Russia. The main countries exporting tropical hardwood logs to the EU are African countries like Gabon, DR Congo, Cameroon, and Congo-Brazzaville.

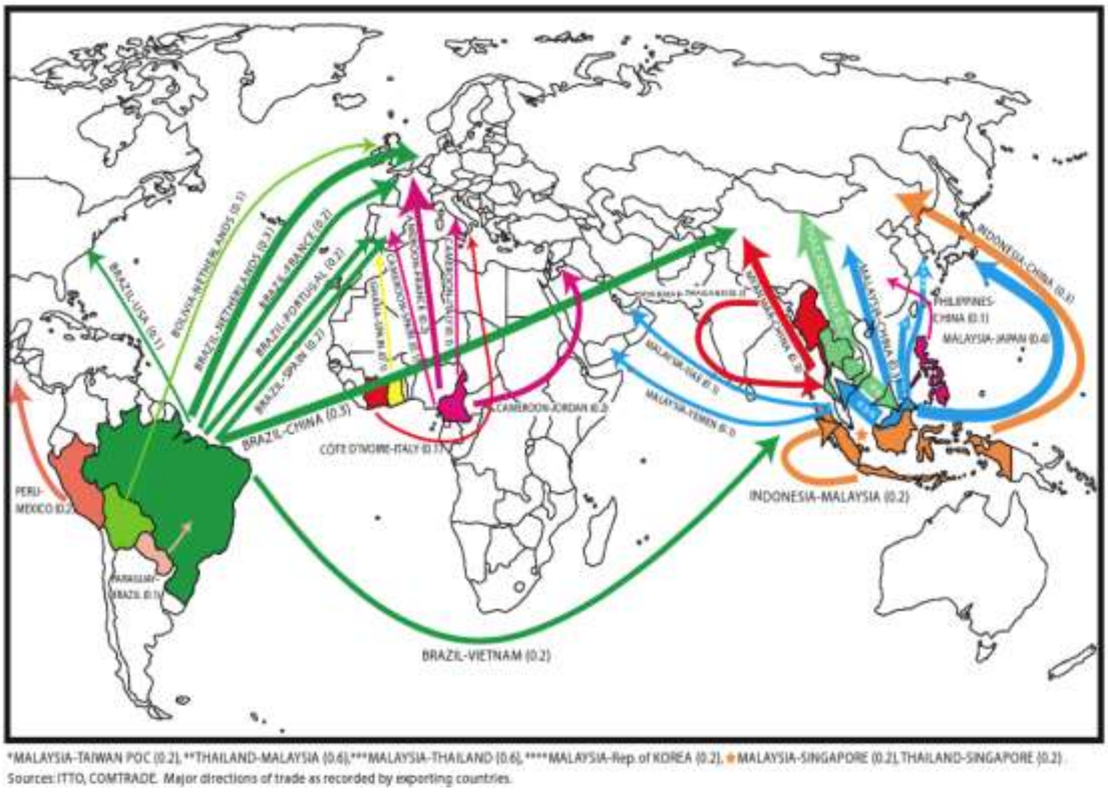
The total volume of produced and exported roundwood from LAC more or less stabilised in the last decade (Figure 3). The EU-27 is still the main export destination for sawnwood (Figure 4), and Latin America, particularly Brazil, is the second largest supplier with 366,000 m^3, after Cameroon (455,000 m^3) and before Malaysia (303,000 m^3).

Figure 3A: Production Volume and Exports of Tropical Timber by LAC, 2000-2011



Source: ITTO

Figure 4: Tropical sawnwood destinations of trade, 2007



Source: ITTO

2.3 Main forest sustainability issues

2.3.1 Bolivia

Over 54% of Bolivia is forested and there is still considerable rainforest cover in lowland areas. The Bolivian Amazon covers nearly 57 million ha, of which approximately two-thirds is forested. Half of Bolivia's forest cover is primary forest. The deforestation rate doubled during the 1990s up to over 270,000 ha per year (Blaser, Sarre, Poore, & Johnson, 2011).

The main threat to Bolivia's forests is the advance of the agricultural frontier, especially for soy and cattle in the Southern area of the Amazon. The Government of Bolivia granted 20 million ha of forest to timber companies. In addition, it allowed clearance for soybean and coca cultivation. Although the government did pass laws requiring the timber companies to replant forests, loopholes resulted in the regulations being bypassed. In addition, much timber was logged illegally and smuggled over the border into Brazil, from where it is exported as Brazilian wood.[1]

The stakeholders of the agro industrial sector are recognized opponents of the governmental plans (in the so-called "half-moon" region consisting of the departments of Pando, Beni, Santa Cruz and Tarija) and in order to mitigate the conflict, the government has not been too strict in controlling encroachment of crops and even promotes advancement under the umbrella of "food security". Bolivia allows the legal growing of coca and coca growers, are a group closely linked to the current government and use this to ensure access to natural areas.

Bolivia's natural forests in the South West of the Amazon - which is slightly more seasonal than other parts of the basin, and harboring a considerable area or less humid savannah like biomes like Chaco and Chiquitania – are vulnerable to fires. In 2010 (a relatively dry year), 1.5 million hectares were affected by forest fires.[2] Most of these fires were agricultural fires (grass land clearing) that went out of control, but part was prescribed fire to open forest land. Only a minor portion of forest fires is estimated to be of natural origin.

Being landlocked, communication infrastructure is of fundamental importance for Bolivia. Its participation in Initiative for the Integration of Regional Infrastructure in South America (IIRSA) provides Bolivia with several axis of connection with Peru, Chile and Brazil but also between the different regions of the country. This has caused worry of new colonization and changing power balance over control of land but also increases the danger of international illegal trafficking of forest products and narcotics.

2.3.2 Colombia

The main forest issues in Colombia relate to the Andean region, the Western Amazon and the Pacific rainforest (Chocó region). Much of the Eastern Amazon region is included in protected areas and indigenous reserves, most of which are effectively conserved. There are no roads or hydropower plants in this part of the Colombian Amazon.

Like Bolivia and Brazil, the main causes for deforestation and forest degradation in Colombia are the advance of the agricultural frontier, inadequate or illegal practices in the use of forest resources. In addition, Colombia has a major problem with illicit crops. In the western part of the Amazon (Caquetá, Guaviare, western Putumayo, southern Meta) most current deforestation takes place, principally (illegal) advancement of the agricultural frontier by colonizing farmers. Much of this region has been the site of armed conflict during decades and state presence (and therefore: law enforcement) has been low. After weakening of Guerrilla presence, the area was increasingly invaded by colonists and an increased area of forest was cleared, mostly for extensive cattle ranching. In the Eastern Amazon there is an increasing exploration of mineral resources (especially gold and coltan) and of fossil fuels which is an emergent threat to sustainability of the forest. Especially along the Putumayo river (the only navigable river through the Amazon and with still a considerable presence of different irregular armed groups), there is report of illegal logging to an unknown extent.

The Pacific coast region (Chocó), characterized by one of the highest annual rainfall figures worldwide, has a poor road infrastructure but is crossed by navigable rivers and has ports both at the pacific and the Caribbean coast (Urabá). The region is inhabited by afro-Colombian communities and also has been the scenery of armed conflicts during decades. The Chocó region is

[1] http://www.illegal-logging.info/approach.php?a_id=118
[2] http://www.bbc.co.uk/news/world-latin-america-11033521

the region where most tropical lowland hardwood is extracted, transported to the coast and from there mostly by road to Calí (from Buenaventura) or Medellín and Bogotá (from Turbo). Much of this wood is of illegal origin, due to the lack of control caused by difficult access and presence of irregular armed groups. Although there is agricultural development (cattle ranching and oil palm cultivation), with the exception of the southern Chocó departments (Cauca and Nariño) the advancement of the agricultural frontier is not the main problem. There also are practically no road or energy infrastructure projects. After illegal logging, the main threats are mining (particularly artisanal gold mining) and coca plantations.

Apart from the Chocó, much of Colombia's domestic timber demand has been satisfied by timber traditionally from the Andes that remained more forested than the other Andean-Amazon countries: The Andes still holds 50% or its original forest cover which represents 20% of all existing Colombian natural forests. Until recently, the Andean departments were important providers of tropical timber. Advanced deforestation and increasing area included in conservation areas has reduced extraction from natural forests and nowadays this region is where the main development of industrial tree plantations (with pine and eucalypt) takes place.

The Caribbean region used to be an important provider of hardwood from dry forest but given that this has been deforested to at least 75%, there is not much provision anymore. This is the region where now most (exotic) hardwood plantations are situated. In the densely populated Andes and Caribbean, threats to the forest are conversion to agriculture triggered by migration and colonization. Here, urban expansion, road and energy infrastructure development are important drivers. Due to better access, law enforcement is better than in Chocó and Amazon but ill planned development projects and poor practice in agriculture/animal husbandry cause deforestation and degradation. In more remote areas in the Andes and Caribbean illicit crops form a mayor cause for deforestation (Blaser, Sarre, Poore, & Johnson, 2011).

There is a direct relationship between the armed conflict, the development situation and deforestation in Colombia. The conflict traditionally is situated in the most densely forested areas because of the facilities of these areas present for illicit activities. The presence of the conflict reduced governability and limited control and surveillance of natural ecosystems and therefore increased illegal logging, mining and coca cultivation. The total area of coca cultivation reduced from 85,000 in 2005 to 64,000 has in 2011 (UNODC Colombia). However, the main problem of illicit crops in relation to deforestation is its high mobility: every year one third to a half of all coca production is abandoned and new areas are incorporated. Around 50% of all new area is in primary forest. Hence, approx 5-10% of all annual deforestation in Colombia is caused directly by coca growth. However, the indirect relationship of the armed conflict with deforestation, through forced migrations and land grabbing triggering colonization and land cover change, might be a more important driver of deforestation.

Box .. : Root causes of deforestation in Brazil.

Brazil has overall sufficient enabling polices and legislation and has major tracts of land under protective legislation of forests. Brazil showed a remarkable decrease in deforestation rates in the Amazon through improved law enforcement. Still, much forestland is under no form of protection and available for land clearing. Between 2004-2011, The main root causes that form constraints for more sustainable forest management and production and trade of forest products are (WWF, Amazon Network Initiative (ANI) Strategic Plan, 2009):

- Unclear land tenure situations and land grabbing leading to land conversion, inappropriate use and social conflicts;
- Ill-planned land conversion for cattle, mechanized agriculture and subsistence agriculture leading to deforestation and ecosystem degradation;
- Ill-planned infrastructure development such as roads and energy infrastructure projects, mining, oil and gas activities;
- Uncontrolled large forest fires; leading to overall deforestation and land degradation.
- Migration and other demographic causes leading to land grabbing, land conversion for

subsistence agriculture, inappropriate land use, inappropriate use of forest and river resources.
- Illegal timber traffic and trade; leading to inappropriate use of timber;
- Insufficient capacity, information and knowledge of forest practitioners/forest communities for sustainable forest management, sustainable production of agricultural and forest commodities, PA planning and management, social organization and enterprise development;
- The effect of climate change including the climate effects of regional deforestation; causing regional changes in precipitation regimes, and susceptibility to forest fires.

2.4 Sustainable Forest Management

Sustainable production of forest products should be based upon sustainable forest management (SFM), with broad social, economic and environmental goals. A range of forestry institutions now practice various forms of sustainable forest management and a broad range of methods and tools are available that have been tested over time. The "Forest Principles" adopted at UNCED in Rio de Janeiro in 1992 captured the general international understanding of sustainable forest management at that time.

Certification is a reliable mechanism to proof production and trade of a product is sustainable and in the case of timber, it is a proven mechanism for promoting sustainable forest management (a.o (De Koning, 2008). The two largest certification schemes are the Forest Stewardship Council (FSC, 170 million ha certified), and the Program for the Endorsement of Forest Certification (PEFC, 247 million ha certified). FSC is most widely used in the tropical timber regions.

3. Netherlands and EU policy developments

3.1 Netherlands policies relevant to forest management in the LAC region

3.1.1 Forest policy

Since 1991, a leading policy instrument for Dutch support to tropical forests has been the *Netherlands Government Policy on Tropical Rainforests (RTR)* [3], executed by 5 ministries (Environment, Foreign affairs, Agriculture, Economy and Infrastructure). It focuses on the conservation of existing forests, sustainable value chains for wood, and support for rainforest countries to develop forest policies. It expresses the policy objective that timber imports should in due time become legally sourced and even sustainable. At the time of RTR development, it was assumed that the main threats to forests was ill planned logging and the response should be to adjust forest management practices. However, since then it has become clear that threats to forests are more complex and originate from dynamics beyond the forest sector. Not surprisingly, therefore, this objective has not been achieved.

One of the policy priorities of RTR was to strengthen sustainable forest management, which reflects the Dutch ambition to play an important role in this sector at the international level. Its main objective was to actively protect tropical rainforests and other high-value forests (no specific targets were set). To this end the Dutch government committed a minimum of €70 million per year from the development cooperation budget.

Under the Netherlands Government Policy on Tropical Rainforests (RTR), during the period of 1999 to 2005 about €15 million per year (which is 25-35% of total RTR funding) was oriented at the LAC region. In 2005, 10 countries worldwide remained with RTR support with major activities aimed at tropical forests, of which there were 3 in the LAC region (Colombia, Guatemala and Surinam). Support to Bolivia, Brazil and 4 other LAC countries stopped between 1999 and 2005 due to priority changes in development cooperation. According to the HGIS accounts the expenditures in the framework of the RTR have increased from €30 mln. in 2004 to €68 mln. in 2010. For the period 1999-2005 it was decided that the LAC region would be an important focus of the RTR funds (IOB, 2008), amounting to about € 15 million annually (25-35% of total RTR funding). Since 2003 these funds have been increasingly used to support initiatives and organisations operating at global level, such as Global Environment Facility (GEF) and FLEGT, at the expense of bilateral aid (Aidenvironment, Evaluatie OS-beleid tot behoud en duurzaam beheer van het tropisch regenwoud, 2008).

The RTR policy was evaluated in 2008, resulting in several general recommendations (Aidenvironment, 2008): (i) analysis of an integrated view on the link between forests and poverty, (ii) monitoring of socio-economic indicators of forest policies, (iii) creation of linkage between RTR and other development policies, (iv) support for quantitative and qualitative assessment of the state of forests (v) integrate domestic markets for wood in international policy (vi) market research for income generating activities in the forest sector. Colombia was included as a case study in this evaluation (Mes & Van der Linden, 2008). This study observed the high relative share of Dutch ODA dedicated to forest issues in Colombia, and the concentration on three of the nine RTR policy lines (active protection of tropical rainforests; sustainable use; and institutional strengthening and participation). It concludes that policy was generally effective, particularly the field based projects, strengthening of the national parks service and support through civil society groups (Tropenbos, Ecofondo) but land tenure questions, poverty matters and institutional coordination (sectors and regions) still pose challenged on SFM.

In addition to supporting forest policies and management in partner countries, the Netherlands also defined forest production and trade chain related objectives. In 2008, the Dutch government aimed that by 2011 50% of all timber used has to be proven sustainable, 100% of purchases by the

[3] Regeringsstandpunt Tropisch Regenwoud; RTR; 1991

central government, 75% for Provinces and Water Authorities and 50% for municipalities (Beleidsprogramma Biodiversiteit 2008-2011). In addition, Dutch wood and construction companies defined end 2009 their ambition to use in 2015 100% of coniferous wood, 85% of the veneer and 50% of all tropical timber be from proven sustainable sources.

3.1.2 Sustainable development policies

The international dimension of the Dutch sustainable development policy was mainly shaped from two ministries (Foreign Affairs -MoFA- and Housing, Spatial Planning and the Environment - VROM). In 2003 the Dutch policy on sustainable development was established in the action programme *"Duurzame Daadkracht"* ("Sustainable Decisiveness"; VROM, MoFA, 2003). It has a national (responsibility of VROM) and an international strategy (responsibility of MoFA). The themes of the international strategy are based on the World Summit for Sustainable Development (WSSD) of 2002, including water, energy, health, agriculture and biodiversity. From 2007 onwards the themes of sustainable development were included in the scope of the Millennium Goals, with sustainability, climate and energy as one of the 4 priority policy areas.

There are important linkages of "Duurzame Daadkracht" with the Policy Programme on International Biodiversity. The latter programme had a first (2002-2006) and a second version (2008-2011), both involving three ministries responsible for environment (environment - VROM, Foreign affairs - MoFA and agriculture and nature - LNV). The emphasis of this programme from the first to the second version gradually shifted from protection and conservation to sustainable use of biodiversity and trade aspects, the latter including the following objectives:

- Reduce the loss of biodiversity outside the EU
- Establishing linkages between poverty reduction and sustainable use of natural resources, environmental management and sustainable economic growth
- Integrating biodiversity aspects in economic growth.

The 2nd Biodiversity Policy programme has the following three priorities:

1. Strengthening protected areas, buffer zones and ecological networks
2. Making the use of biodiversity more sustainable
3. Reduce the negative effects of Dutch trade and consumption on biodiversity.

The change in emphasis from the first to the second Biodiversity Policy Programme resulted in specific inclusion ofsustainable forest management (SFM) and value chains of timber and non timber forest products in priorities 2 and 3. In the 2nd Biodiversity Policy programme the government included the mentioned timber purchase and use targets, mentioned in 3.1.1.

3.1.3 Netherlands policy support in the LAC region

The Dutch LAC regional policy document (2004-2009) (Tweede Kamer der Staten-Generaal, 2004) indicates that the theme of environment will be addressed through international fora and bilateral programmes especially oriented at legislation with respect to land ownership and user rights. This subject leads in 2006 to a focus on Dutch support to the FLEGT action plan whereby the incidence of illegal exploitation is reduced by strengthening sustainable forest management and promotion of legal and certified timber.

There are three countries in the LAC region with important bilateral sectoral support programmes for environment and water (Bolivia, Guatemala and Colombia) oriented at capacity building of central and decentralized agencies.

In the period covered by this evaluation (2004-2011), the RNE presented several annual plans and a multi-annual strategic plan (2008). At the beginning of this century, the Netherlands decided to focus its bilateral co-operation on the poorest countries and MDGs. Brazil was not considered in this group because of its higher GDP and good prospects for future economic growth. Therefore the Netherlands decided to close its development co-operation programme with Brazil at the end of 2005. The 2004 annual plan presented the exit strategy of development co-operation for the years until 2006. In 2010, the Dutch government decided to phase out Bolivia and Colombia as of 2011.

The Dutch government did not define specific targets related to an enabling Sustainable Forest Management policy environment in LAC. The latter included more general objectives related to:

- Sustainable forest management / production, including maintenance of biodiversity
- Reduced production from illegal sources
- Institutional strengthening in the environment and forest sector.

Bilateral policies evolved from forest protection towards sustainable forest management and later on to sustainability and certification of value chains for forest products and reduction of illegal exploitation.

From the Dutch contribution during the evaluation period to institutional development and governance in Bolivia and Colombia, related to the abovementioned objetivoces, one could reasonably expect that it would ensure:

- A stable and effective forest management institution,
- Improved forest legislation and regulation
- Collaboration and complementary action between government and CSO
- An enabling environment for private sector willing to invest in SFM and forest product trade
- Effective protected area management as a complement to effective forest governance
- Increased export of certified forest products to The Netherlands and EU

3.1.4 Bilateral policy in Bolivia

The evaluation period (2004-2011) covers two Multi-annual plans of the Netherlands Embassy (RNE) in Bolivia. Since 2006 the Netherlands is implementing a sector support programme using various funding modalities including a basket funding approach. The strategic plan for the period of 2005-2008 includes the following two strategic objectives:

1. In 2007, the sustainable use of forest in the Amazon region will result in a 5 % increase in income of indigenous groups and women.
2. In 2008, 16 environmentally protected areas (mega-biodiversity) will have been defined and consolidated by the Ministry of Sustainable Development.

These policy objectives were not further specified nor worked out in terms of concrete targets. The various annual plans and reports mainly provide information on activities and results rather than outcomes or impacts related to objectives in (multi-) annual plans.

Due to changing priorities over the years, the embassy did not enter into general budget support or sectoral budget support but continued to support the sectors on project/activity basis or using a programmatic basis or basket funding. This would be done through working on an agenda for environment and sustainable economic growth, support to the improvement of the quality of education and to the emancipation agenda. The Netherlands coordinated strongly with other bilateral donors on the different themes and chose to have different positions: it was a leading partner in environment, a collaborating partner in sustainable development (with Nordic countries) and moving towards a silent partnership in education (with Spain). There was an approach of creating synergy between environment and productive development, with a clear focus on sustainable use of natural resources as land, forest, water and biodiversity. Within this context, much attention was placed on adaptation and mitigation to climate change. Included are objectives in the area of protected areas management, management of watershed areas, climate change mitigation and sustainable trade.

3.1.6 Bilateral policy in Colombia

Between 2001 and 2005 the RNE's environment programme evolved into sector support, with complementary projects including inter alia the support to: Fondo Patrimonio Natural whose mission is to channel funding to the Regional Environmental Authorities (CAR's), NGOs and the Office of National Parks; Fondo Biocomercio for promotion of green markets and bio-trade; Ecofondo, a national platform of environmental NGOs and grass-roots organisations supporting community-based projects for management and sustainable use of natural resources.

The RNE saw its Multi-Annual Strategy Plan 2005-2008 as marking the start of a transition towards the Sector Wide Approach (SWAp). The underlying principle of the SWAp concept in Dutch Development Aid policy (appearing first in 1998) was that aid should be aligned as much as possible with the policy and management frameworks of the recipient country"s government. SWAps were to contribute to poverty reduction goals, in line with national poverty reduction strategies. The overall goal was to improve the effectiveness and sustainability of aid.

The Colombian SWAp in the environment sector commenced in mid-2007. This agreement - in the form of a short memorandum of understanding (MoU), rather than a long contract document - formalised the decision by the Dutch Minister to provide budgetary support to the environment sector through the *enfoque sectorial*. The MoU committed to provide sector budget support totalling € 16 million between 2007 and 2010. It focused on the themes Biodiversity, Water and Climate Change (including CDM). Rather than specific policy goals and outcomes for the Dutch support, a general collaboration statement was issued aimed at supporting the environmental chapter of the National Development Plan for three years (2007-2010). Thirteen commitments were formulated, each with an individual note, including targets and indicators in a performance assessment framework. The 13 subject areas include themes related to biodiversity, water, climate change and several institutional themes. There are no themes specifically focused on forestry.

Apart from the SWAp programme, policy objectives (on forestry) were not further specified in terms of concrete targets. Annual plans and reports mainly provide information on activities and results rather than outcomes or impacts related to objectives in (multi-) annual plans.

The Dutch government decided in 2011 to reduce its bilateral programme for 15 partner countries worldwide. Also Colombia was to be phased out and make the transition from development cooperation to economic cooperation, based on mutual interests and promotion of the Dutch private sector. In response to this, the policy of the RNE was adjusted to a new objective, being the set up, with the Colombian government, of platforms with participation of public, private and knowledge entities of both countries to interconnect the economy of both countries in various fields. For this, a sustainability pact between The Netherlands and Colombia was drafted, which formulates a limited set of ambitions for the next 10 years in the area of trade, energy and environment, more specifically on (1) Climate Change, (2) Corporate Social Responsibility & Sustainable Trade Chains and (3) Biomass, Biofuels and Biobased Economy.

3.1.7 Policy reference framework

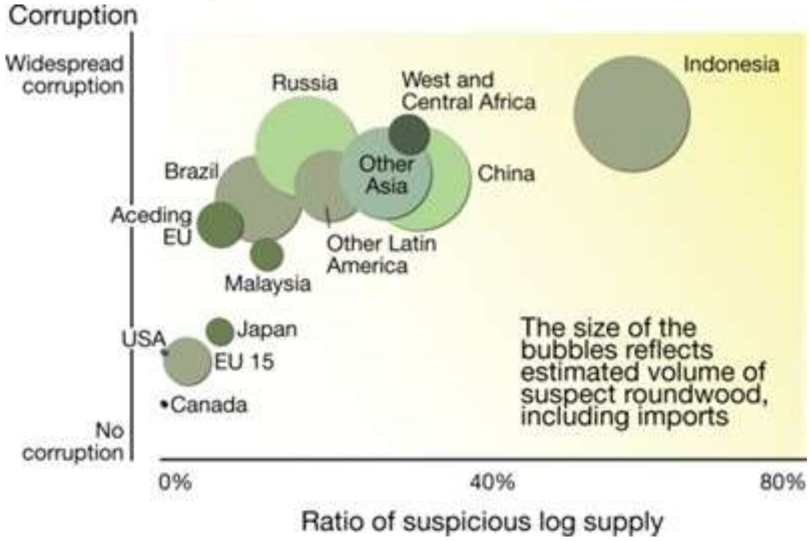
Although Dutch government and private sector have set some concrete trade and timber use targets, on partner country level, there are no concrete country policy objectives or targets with respect to the forestry sector nor specific objectives for forestry related subjects. It is however clear that in general terms the overall policy objectives have evolved from forest protection towards sustainable forest management and later on more specifically to sustainability and certification of value chains for forest products and reduction of illegal exploitation (in Bolivia and, less so, in Brazil due to the decrease of Dutch bilateral support). In Colombia, policy objectives remained focused on environmental protection and forest conservation in support of poverty reduction and peace building, but the modality changed from project support to SWAp. There are no themes specifically focused on forestry issues. While at central Dutch government level the aim was to phase out forest production from illegal sources and use certified products only (with different percentages mentioned), in the selected production countries in the LAC region no targets were mentioned. During the period of 2004 to 2011 planning documents increasingly referred to forest conservation (Colombia), sustainable value chains and private sector development (all countries) in general terms. Thus, at partner country level we do not have concrete policy objectives. Rather, the following general country policy objectives can be used as guidance:

- Sustainable forest management / production, including maintenance of biodiversity
- Increasing production of certified forest products
- Reduced production from illegal sources
- Institutional strengthening in the environment and forest sector.

3.2 EU Trade policy affecting forests: FLEGT and EUTR

The main EU trade policy that is forest-related is FLEGT: Forest Law Enforcement, Governance and Trade. Legal forest use, when based on national laws that are environmentally sound and socially just, can ensure environmental protection whilst contributing to a country's economy and providing livelihoods to some of the world's poorest peoples. In the international arena measures to combat illegal logging are grouped under the umbrella of Forest Law Enforcement and Governance. Back in 1998, the G8 countries made a commitment to combat illegal logging. Because the EU is a major importer of tropical timber and/or timber from countries with a weak record on legality (Figure 5), in 2003, the EU started the FLEGT initiative. The 2003' EU FLEGT Action Plan, with its instruments Legal Assurance System (FLEGT license) and the Voluntary Partnership Agreements (VPA) between wood producing countries and the EU, has as its main aim to stopping illegal logging and timber trade. In 2005, the FLEGT regulation was adopted. Building on the FLEGT initiative by the EU, the European Parliament decided on 7 July 2010 and the European Council in October 2010 to ban the import of any timber of illegal origin as of March 2013 (European Timber Regulation; EUTR).

Figure 5: Trade in illegal wood products and corruption.



Source: UNEP, GRID ARENDAL (2008).

VPAs are based on the national legislation and regulation of each producing country. To date, all VPAs are endorsed by the government, civil society and companies. Six countries (Cameroon, Central African Republic, Ghana, Indonesia, Liberia and Republic of Congo) have now agreed VPAs and are working on the agreed systems and six countries (DR Congo, Gabon, Guyana, Honduras, Malaysia and Vietnam) are negotiating VPAs. In the LA region, Bolivia and Colombia are still in a pre-negotiating phase (FLEGT information missions have been carried out). Brazil is not involved in FLEGT. However, Bolivia and Brazil were involved through FLEGT supported private sector related projects under the Timber Trade Action Plan for good governance in Tropical Forestry.

4. Modalities and Pathways

The Evaluation Framework of this study shows that outputs and outcomes can be achieved through the use of different modalities used by the Dutch government (bilateral support and financial instruments, diplomacy, partnerships) and there are various pathways through which the intended outcomes can be facilitated. NGOs increasingly work together with companies in partnership initiatives without direct involved by government. Clearly, there is an interaction between modalities, pathways and actors which makes it often difficult to distinguish which one predominates.

4.1 Netherlands bilateral programmes

Table 2: Overview of total ODA support to four countries in the LAC region 2004-2011 (in mln EUR)

	2004	2005	2006	2007	2008	2009	2010	2011	*total*
Bolivia	28.25	26.88	26.23	34.77	28.10	32.19	35.95	38.59	250.94
Brazil	2.82	2.10	0.14	0.16	0.31	0.29	0.40	0.28	6.51
Colombia	14.71	16.43	21.74	21.70	22.09	20.02	19.86	18.03	154.59
Guatemala	9.78	13.43	12.88	15.95	16.84	17.07	15.81	13.36	115.12
Total	55.56	58.84	60.99	72.59	67.35	69.56	72.03	70.25	527.16

Source: Ministry of Foreign Affairs.

Table 3: Overview of support to environment and water to four countries in the LAC region 2004-2011 (in mln EUR)

	2004	2005	2006	2007	2008	2009	2010	2011	*total*
Bolivia	3.03	2.85	4.77	5.91	6.06	7.77	11.10	12.82	54.32
Brazil	2.63	2.07	0.100	0.110	0.143	0.113	0.101	0.098	5.37
Colombia	9.51	8.98	12.45	9.50	11.12	9.91	10.32	7.57	79.35
Guatemala	4.99	6.55	5.80	9.41	7.52	7.32	5.90	4.97	52.45
Total	20.16	20.45	23.13	24.94	24.84	25.11	27.42	25.45	191.49

Source: Ministry of Foreign Affairs.

Table 4: Overview of support to public sector in environment and water in LAC region 2004-2011 (in mln EUR)

	2004	2005	2006	2007	2008	2009	2010	2011	*total*
Bolivia	2.65	2.35	3.86	5.05	4.10	3.80	5.62	8.08	35.52
Brazil	0.082	0.069	0.100	0.110	0.143	0.113	0.101	0.098	0.82
Colombia	4.57	3.59	4.89	2.96	5.83	5.82	5.70	3.31	36.68
Guatemala	0.00	0.59	0.39	1.61	0.85	1.08	0.44	0.77	5.72
Total	7.31	6.60	9.24	9.73	10.92	10.81	11.87	12.26	78.74

Source: Ministry of Foreign Affairs.

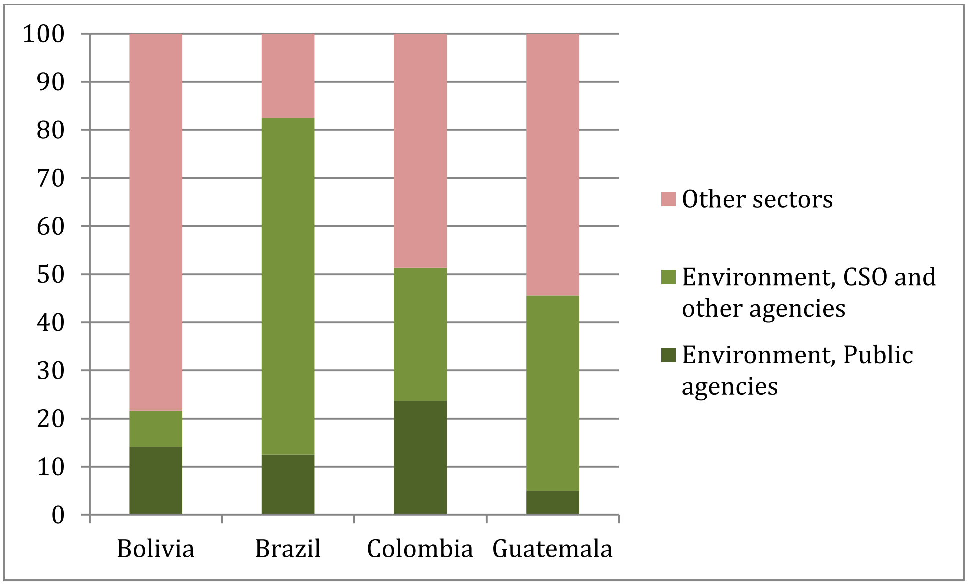


Figure 6. Distribution of ODA funds (in % of total) to four countries in the LAC region between 2004 and 2011, to environment (public entities), environment (CSO and other entities) and other sectors (non environment). *Source: Ministry of Foreign Affairs.*

4.1.1 Bolivia

Overview

Bolivia is not a major trading partner for the Netherlands (but the EU is to Bolivia). Foreign relations between the two countries are therefore dominated by their development cooperation relation.

Between 2004-2011, the Netherlands (RNE plus central funds) provided €250 million ODA to Bolivia (Table 2), with annual amounts increasing from €28 to €38 million. Approx. 20% of all ODA (€54 million) was allocated to the broad environmental sector (includes environment., climate, energy, biodiversity, forests, water) (Table 3). The amount allocated to environment increased more rapidly than the general ODA, from €3 to almost €13. Much of these activities have good potential to also contribute to poverty alleviation.

Two-thirds of ODA dedicated to environmental issues, was channelled through public agencies. Funds channelled through CSO and other agencies were mainly included in three large programmes (with FAN, fundación PUMA and CARE International) and a series of smaller grants to national and international NGO's and consultancy firms. In addition, economic development instruments (PSI, PSOM, CBI) were applied to enterprises in the timber value chain (among other sectors). The strategy behind this broad support was to strengthen the capacity of the public sector while creating practical experience and capacity in the field with forest management and trade through NGO's and private enterprises.

Public sector support focused on budget support of the Ministry of Environment to enhance human capacity, develop environmental strategies and control capacity. It also directly supported the National Parks Service (SERNAP) with budget to increase control, surveillance and monitoring and planning. Support to civil society organizations was through three large size projects: with Puma foundation (community forest enterprises); Fundación Amigos de la Naturaleza (FAN- for institutional support, including biocommerce); and CARE international (for a Trinational Programme on natural resource management in the MAP region: Madre de Dios in Peru, Acre in Brazil and Pando in Bolivia). Also OXFAM and WWF Bolivia have received (medium size) funds for forest management in the Amazon. There has been business development support in the timber sector through PSOM (Dekker Hout, INPA Parket), PSI (Southern Lumber & Veneer L.L.C.) and a relatively large CBI project[4] for export of, among others, timber with the Chamber of Export of Santa Cruz (CADEX). In addition, PSI support was provided to Ankor (India) and Tahuamanu S.A. (Bolivia) to develop a biogas plant based on Brazil nut shells in Cobija.

In 2011, the Netherlands decided to phase out its support to Bolivia and close the Embassy by end 2013 (MinBuZa, 2011). All current activities that are managed from the Embassy will finish and during the remaining period there will be an active effort to strengthen financial sustainability of supported sectors and find continuation of activities by other bilateral or multilateral donors of governmental support.

Specific outputs and effects
Before 2006, the RNE provided general, project-based support to the Ministry of Environment (then ministry of sustainable development and planning). After 2006, there was initially a careful approach towards the incoming President Evo Morales' administration. RNE decided to continue the support to the environmental authorities: the Vice Presidency was supported for the development of the legislation and institutional organization, and the Ministry of Environment (initially *Ministerio de Desarrollo Rural, Agropecuario y de Medio Ambiente*, now *Ministerio de Medio Ambiente y Agua*) was supported on the development of a National Environmental Plan and increase capacities (including staff budget). The unit of forest management and conservation was created with RNE funding (2008) and continued with Swedish funding (2009-2010). According to the interviewed representative for this evaluation, it is now completely funded by national treasury funds. The RNE support to the Ministry was redirected to develop the Forest and Lands Authority (ABT), to create better forest control.

The support during the last years to the Ministry has directly contributed to an enabling policy framework, among which the formation of ABT, the development of the framework law for Mother Earth and the alternative mechanism for adaptation and mitigation for Climate Change stand out. Most interviewed stakeholders consider the policy and institutional support as positive developments but question the capacity and efficacy of the government agencies in charge of the implementation. As indicators they mention the low priority environment/forests receives at the highest Political level, the low Treasury funding, the high turnover of staff and continuous restructuring of departments within the Ministry.

ABT has effectively reduced illegality (according to its own reports up to 80% (ATB, 2011) through more strict law enforcement (control of permits, traffic and markets) and revising procedures (including CFO's). The main indicator mentioned is the higher price of timber at the local market (no data provided) and decreasing deforestation rates since 2009 (data from ABT[5] claim deforestation in 2010 is under 200,000 has, which, however, does not coincide with ITTO data of 270,000). Private sector stakeholders applaud better control and clearer procedures at ABT but criticise the slowness of procedures creating additional bureaucratic burden and delay in the value chains. Some would consider ABT as the main cause for decreasing export figures. ABT's challenges are lack of budget for enough staff (ABT has 400 staff but in order to effectively execute its role, it should have 1500 (Carden, Weijers, & Zambon, 2012) and high dependence on bilateral funding. RNE has a major influence on these developments as it provides 40% of ABT budget. A major concern is sustainability of results as it is not yet guaranteed how ABT will be funded if RNE funding stops in 2013.

Two policy instruments that were recently created are the alternative mechanism for climate change adaptation and mitigation and the framework law for Mother Earth. These are flagship initiatives of the current government to apply a socially and environmentally integral vision on natural resource management, which respects national sovereignty, rejects merchandizing of nature and promotes socially inclusive sustainable development. Most interviewed stakeholders consider these mechanisms as innovative and applaud the text and proposed activities. However,

[4] CBI: http://www.cbi.eu/About%2520CBI/subweb/Timber-products-Bolivia/140247
[5] http://abt.gob.bo/index.php/estadistica/tasadeforestacion

they criticise the lack of concreteness in the Mother Earth law and the lack of pragmatic vision in the Climate Change mechanism. The latter is exemplified by the fact that committed funds from World Bank (Forest Carbon Partnership Facility) and UNREDD are stalled and might be lost due to the slow advancement and possible inapplicability of the proposed activities.

For a long time (since 1996), RNE has financed the Protected Areas Service (SERNAP), initially with the *Proyecto de Apoyo al Sistema Nacional de Areas Protegidas* (PASNAP). This support was crucial during the first decade of SERNAP's existence, for the creation of new Protected Areas, increase of management effectiveness over specific areas and the formation and financing of the funding mechanism to finance the system (FUNDESNAP). The Netherlands is not the only country who did so; SERNAP has received funding from Germany, UK, Denmark, GEF, IADB and several others. During the evaluation period (2004-2011) RNE designated €7.8 mln to SERNAP. According to estimates of interviewed persons at SERNAP, over 80% of its overall budget for staff and operations originate from bilateral and multilateral sources. SERNAP is considered relatively effective, particularly because of the large amount of area under protection in the National Park system (16% of the territory) as compared to the Latin-American total figure (10% (Elbers (ed), 2011), the financial mechanism (FUNDESNAP) and the relatively large number of specific projects. The latter has been supported by a number of civil society organizations (WWF, CI, FCBC, WCS, TNC, etc.,), which on their turn received funding from different bilateral and multilateral resources.

In 2006, soon after Evo Morales came to power, his political discourse called for "nationalisation" of protected areas, said to be giving land rights for indigenous peoples living in these areas, but also was interpreted as creating more access to mineral and fossil fuel resources in PA's[6]. Although there has been much misinterpretation of the word "nationalisation", there has been a tendency to provide more access to indigenous peoples, i.e. awarding land tenure and conversion rights for small landholders. Also, gas and timber exploitation in the second largest park (San Matias) increased and conflicts with coca growers (areas of TIPNIS, Carrasco, Chapare) and road construction increased. The other effect was the wish to increase state control of FUNDESAP, a fund that has managed over US$ 40 mln during 10 years, which has created uncertainty about the future of the funding.

RNE relates to the Bolivian government, by participating with other bilateral and multilateral donors in a formal dialogue on the implementation of the National Development Plan. This is the main platform where RNE diplomacy takes place, involving various sectors, as well as donor coordination through the planning of basket funding of joint programmes. This group (GRUS, *Grupo de Socios de Bolivia)* has 22 members and is relatively well organized (bimonthly meetings of chiefs of missions with high government agencies). It has twelve sector groups, of which one is on environment. According to interviewed participants in GRUS, the effectiveness of the sector groups depend on the willingness of the sectorial ministry staff to collaborate, which is affected by high turnover of this staff. The same persons commented that there is an apparent carefulness among bilateral agencies to criticise the Bolivian government, because of the existing threat (example USAID) of being considered as opposing the government. RNE had developed a semi permanent coordination mechanism with Dutch NGO’s and Bolivian NGO’s receiving Dutch funding.

The Netherlands did not have a concrete programme on timber certification and sustainable forest management before 2006. The development of formal SFM tools and mechanisms (standards, certification) was facilitated through USAID support (particularly the BOLFOR project). RNE rather concentrated on programmes that combined nature conservation with poverty reduction. Dutch organizations (particularly SNV) did develop an extensive programme on SFM with communities and others (Hivos, ICCO) had a focus on socially sustainable extraction of both timber and Brazil nuts. After 2006, when Morales administration started and USAID had to decrease its support, the Netherlands in a way stepped into this niche through (1) one project

[6] http://www.bnamericas.com/news/privatization/Govt_starts_nationalizing_protected_areas

(Fundación Puma) supporting community forest enterprises, and (2) business support to promote sustainable value chains (with CBI) including certification (The Amazon Alternative, TAA). In addition, a strong programme was established with FAN for sustainable Biotrade. The support to the MAP area was continued (through CARE International and partners), together with other donors and involving various executing organizations.

With a total budget of €6.7 mln, the project with Puma (the Baba Carapa Forestry Programme) is currently the largest RNE supported programme in SFM. It is based on previous experience of RNE supported organizations and of BOLFOR and was triggered by a direct collaboration request with IFC to strengthen community enterprises in forest management. Before its start (in 2009) several consultancies were executed (by ARD, IFC, Rainforest Alliance) to design the programme. It is co funded with the Swedish technical corporation, who already guaranteed to continue supervision and financing after RNE closes in 2013.

The Baba Carapa programme aims at creating market access for community enterprises in SFM. It creates capacities, supports the formation of stocking, processing and distribution centres (so called CONFO - *centro comunitario de negocio forestal)*, promotes associations between communities and private companies and provides access to credit. It focuses on both timber (sawn wood) and non timber products, particularly Brazil nuts, honey, latex and wild cocoa. All products will be certified before entering the market. By mid 2012, the programme created three fully operative CONFOR and three formal associations of private companies and communities. A CONCAS (*centro comunitario de negocio de castañas,* for Brazil nuts) is planned. The programme, in spite of being at its initial stages, is considered successful by partners (NGO's and private companies that have been in contact with Puma, like SNV, WWF and DEKMA) and, according to the divulgation material of the programme, by the beneficiaries, particularly because of the created capacities financial management directly controlled by the communities. Others are worried about the model in general: supporting communities during a limited period of time to set up enterprises that they are expected to continue independently afterwards, has always been vulnerable to collapse after the project finishes. Private sector representatives (DEKMA, Bolivian Forest Chamber, CADEX) consider that the programme should make more profit of the market and export experience existing in the formal private sector and exportation chambers.

During the first years of the evaluation period, RNE financed a sustainable biotrade project with Fundación Amigos de la Naturaleza (2003-2008, €3 mln). The positively evaluated collaboration during this project was the reason for a structural support of RNE to FAN 2008-2013. An agreement was signed by which RNE comits to support institution wide activities of FAN (protected areas, climate change, SIG and remote sensing, education and biocommerce) through financing its Institutional Strategic Plan rather than individual projects, with a total budget of €7.6 mln. The continuous support to FAN on biocommerce included goals related to strengthening capacities and regulations for different NTFP, including Brazil nuts.

In 2011, RNE commissioned a mid-term evaluation of FAN's Strategic Plan (Beta Gama Consultores, 2011). This evaluation did hardly report on impact indicators of the biocommerce component, but concentrated on performance of the organization and perception of its role and functioning by staff and partners. The evaluation concluded that FAN had done good work in supporting projects for research and development of individual products, showed leadership in sectorial regulation development, development of equal distribution of benefits and support the relationship of various stakeholders, including the set up of Bionativa (biocommerce chamber). Weak points were the lack of coherence in monitoring and control of certified products (which might explain the lack of report on production and trade indicators), poor development of mechanisms for market access for communities, and dispersed attention to activities, many of which are out of the expetise of FAN,. development of regulations. The recommendations for the Biocommerce component in this evaluation were directed to increase distribution of products, technology and strenghten the BIONATIVA chamber. We interpret the conclusions of the evaluation clearly point at good progress in strengthening of capacities and general enabling environment for biocommerce, but still unclear impact on production and trade.

Although FAN was considered a strong organization, with excellent technical capacities and strong field presence, the evaluation was critical on FAN's institutional development during recent years. It was considered as increasingly isolated (in its relationships with both government agencies and other NGO's), non transparent and even "arrogant and haughty" (mentioned by FAN staff as well as external stakeholders). the national government also maintained distance from NGO's in general for ideological reasons.Also, the evaluation showed a high dependence of the NGOs to Dutch funding (over 80% in 2010) which is considered threatening for long term financial sustainability.

There has not been a concrete policy or specific line of support from RNE to the Brazil nut value chain. However, Brazil nuts are included as NTFP in several programmes: in Puma through the development of a first centre on nuts (CONCAS), in the FAN programme as one of the NTFP included in Biocommerce, in the ABT support because these also certify forest management and origin of production for Brazil nuts. In addition, Dutch NGO's Hivos, ICCO, and SNV have worked on promotion of forest management with Brazil nut collection, including the social and labor aspects of the value chain.In addition, practically all programmes from all donors working on SFM in Bolivia have included Brazil Nut collection as a sustainable use practice. Threfore, although the various aspects that the RNE supported in SFM were important for increased production and, probably, better labour conditions, it is difficult to identify the direct impact of Dutch ODA to the actual situation of the Brazil Nut value chain. An exception is the establishment of ABT for increased control of Brazil nuts (which still is incipient) and the establishment of BIONATIVA (partly a product of FAN project)

In practice, the two channels of RNE support to Bolivia, one through support to governmental agencies and the other through NGO's, respond to complementary strategies (improved policy and capacities for implementation vs. practical experience and developing positive field action). Especially during the last years, there has been limited coordination between these activities because of the GoB tendency to centralize forest services and control. The collaboration between the GoB and NGO has eroded. The interviewed representatives of NGO's, supported by RNE, admit they are continuously trying to collaborate, influence and strengthen governmental actions, but with mixed results and depending much on the willingness of individual government functionaries which is vulnerable due to high turnover. One interviewed person stated that lobby should be done on an individual basis because lobby through an organized group of NGO can be counterproductive because it can be interpreted as an political opposition movement by the current government.

RNE considers that sustainability of results by NGO's is better because there is a more donor diversity and active collaboration in finding other donors to continue. The continuity of the grant to Fundación Puma is guaranteed by Sweden and probably Denmark. FAN is in the final negotiations with several international NGO to continue its work on Biocommerce but according to the mid term review, the organization has a risk of considerable reduction of its programme when Dutch support finishes. The government organisations ABT and SERNAP have no clear expectation of attracting other donor funds, RNE hopes that these funds will be replaced by the Treasury. Interviewed persons stress this sensitive situation, especially for ABT. SERNAP has a broader funding basis and has proven so far to always attract funds to continue its action (among others, a new 17 M€ EU grant for the PACSBIO programme (Programa de Apoyo a la Conservación Sostenible de la Biodiversidad). Some closely related persons admit this is also a disincentive for GoB to provide funding from the Treasury (apparently a % contribution by GoB from the Treasury was never negotiated by donors, like the Netherlands did in Colombia). However, in EU Sector Budget Support contracts for water management and for Protected Areas a higher contribution by Treasury to personnel costs was included.

Box ..: Dutch government support to Brazilian SFM.

After the abolishment of ODA to Brazil end 2005, the Dutch bilateral policy consisted of political and economic diplomacy. The Netherlands is an important business partner for Brazil: it is the second country for Foreign Direct Investments, and the second export market for Brazilian agricultural products (Netherlands as a portal to EU). Because of the public interest in the Netherlands in the Amazon, the RNE tracks Brazilian developments in deforestation control, agriculture expansion and policy reform. One way to remain involved was to provide financial support via MoFA The Hague to some regional developments. Since 2007, DGIS supports, through German GIZ-BMZ, the Amazon Regional Programme of ACTO (Amazon Cooperation Treaty Organisation), which secretariat is based in Brazil. After 2005, Dutch NGOs such as Cordaid, ICCO, Oxfam-Novib and Solidaridad remained active in Brazil or supported Brazilian organisations focusing on human/indigenous rights, poverty reduction and environment.

During the evaluation period (2004-2011) Brazil received €6.5 mln from the Netherlands (Table 2), of which almost €5 mln was spent between 2004 and 2005 and after 2005, less than €400 000/year was spent. Especially before 2006, almost all support from The Netherlands to Brazil was allocated to sustainable development and environment (Table 3; roughly 50% to PPG7, see below, and 50% through NGOs). Because of the political attention for the Amazon in the Netherlands, the bilateral programme also supported many forest-related activities. In addition, NGOs like WWF Brazil – supported by WWF Netherlands - have been involved in promoting legal protection to Amazon forests, expansion of the protected area systems and promoting FSC-certification. The latest main Dutch support went to the multi-donor programme PPG7 ('Programa Piloto para Proteção das florestas tropicais do Brasil'). PPG7 received 80% of total co-financing from EU: EC, Germany, Italy, Netherlands, Spain, and UK. The PPG7 supported research and pilot projects to protect and sustainably use tropical rainforest (especially the Amazon). The Netherlands contributed US$5.25 mln to the PPG7' Rain Forest Trust Fund and US$ 2.87 mln for sustainable business management, forest management and coordination[7]. The PPG7 programme continued till 2009 after it was closed. The PPG7 programme helped to build knowledge, capacity and influence of the federal Ministries of Environment and the Ministry of Science and Technology. The strong Brazilian civil society as well as more influence by the mentioned Ministries undoubtedly led to better deforestation monitoring and enforcement and thus to the drop in deforestation rates in the Amazon.
After 2006, approx. €100 000/year was provided for environmental issues in Brazil, all through public agencies (donor government group; Table 4).

4.1.3 Colombia

Overview
The Netherlands has been an important bilateral partner for the Colombian environment sector for over 3 decades. RNE is the second largest bilateral donor (after USA) in environmental issues. Between 2004-2011, the Netherlands (RNE plus central funds) provided €154 million ODA to Colombia (Table 2), with annual amounts ranging between €15 million in 2004 to around €20 million from 2006 onwards. Fifty-one percent of all ODA (€71 million) was allocated to the broad environmental sector (includes environment, climate, energy, biodiversity, forests, water; Table 3). This relative share of environment to total ODA was more or less constant during the evaluation period (Table 4). Half of the funds for the environment sector were channelled through public agencies; the remainder was allocated to support to NGO's (Tropenbos, Etnollano), mixed agencies (Instituto Humboldt, IIAP) and environmental fund (Ecofondo, fondo Biocomercio).

After the support to the national forest research institute CONIF *(convenio CONIF-Holanda)* in the 1980's, the bilateral programme never has been focusing directly on SFM or timber value chains. Main emphasis of the multi annual programmes that cover the evaluation period (2004-2011) has been on general environmental governance (institutional strengthening of the National Environmental System -SINA-, Environment Ministry and Parks Administration Unit), biodiversity conservation (protected areas, biocommerce stimulation, biodiversity policy), regional conservation programmes (Chocó, Amazon, Andes), Climate Change (CDM, REDD+) and the public debate on environment, land use and the cultivation of coca. Therefore, the measurable, direct impact of Dutch bilateral support to the Colombia forest sector is practically absent but indirectly, it should be notable through increased environmental governance and forest conservation.

Specific outputs and effects
The main channel for bilateral support to Colombia during the past decade has been through the SWAp programme and its predecessor (SINA support programme, from 2001-2005). During the evaluation period (2004 to 2011), almost €30 mln has been spent on this integral support to the Colombian government (through the Ministry of Environment and the Parks administration) with the goal to strengthen environmental governance. The 2010 end-evaluation of this performance under the SWAp has been mixed (Newborne, Martínez, & Rudas, 2010). Strengthened technical teams within the VMA and the Office of National Parks have generated several quality products, especially in the National Parks system, water resources policy, intersectoral agreements, environmental plan and the strategy for communication. Much less progress has been made at subnational level (strategic ecoregions and the strategy for financing of the SINA. With support from the SWAp programme, the "Policy for Integrated Management of Biodiversity and Ecosystem Services" was developed and launched in 2012. However, due to the limited time that was left to develop this policy at the end of the programme, there has been little opportunity for participation by SINA actors in its formulation (including the Office of National Parks). The evaluation defined three levels to analyse impact of SWAp. It considered SWAp having most impact at the technical/operational level and at the political/diplomatic level. There has been a relatively low to medium level of accomplishment at the management/institutional level. This reflects the role of the (then) vice ministry of environment, whose leadership of the SINA is perceived by SINA actors to have been weak.

The SWAp evaluation showed that the situation of environmental governance from the Ministry of Environment has not improved in spite of the "upgrade" of the vice ministry to a fully autonomous Ministry of Environment and Sustainable Development. At the start of the present government (2010) a presidential councillor for environment was appointed, which would be the new minister of environment. However, when the new Ministry of Environment was finally formed (2011), another person took office and the presidential councillor continued to exist without a clear division of tasks. Also, there have been three ministers in charge of environment during two years of the Santos' administration. At the moment of this evaluation, there was no formally appointed ecosystems director or a forestry director. All these aspects show that in spite of the positive signs towards environment included in the National Development Plan of the actual government, that there is still a weak leadership in environment as proven by a chaotic institutional context. On the other hand, the National Parks Administration unit, which was effectively strengthened during the SWAp programme, continues to be well administrated and positioned. Interviewed people mention the positive process to increase the area of Chiribiquete national park with 2 M has and the continued strengthened management of the PA system. Also, the honorary international positions (regional chair of IUCN World Commission on Protected Areas and chair of Redparques) and awards (IUCN Packard Award) that the Unit and its director received are a good indication of the example role the Colombian parks administration has at Latin-American level[8]

Interviewed persons agreed that the added value of the SWAp in terms of the institutional operation and political outreach of the Ministry of Environment has been limited. Nevertheless, during a period (under the previous government) when political support for "environment" in Colombia has been at a low ebb, the SWAp has served a "holding" function, both technically and institutionally.

Considering the continued weak position of the environment ministry and opportunities in other sectors (agriculture, transport) on low carbon development, climate change measures, policies for more rational land use (halting the advance of the agricultural frontier towards the Amazon), the

[8] http://cms.iucn.org/es/noticias/noticias_por_region/africa_central_y_del_oeste_news/?10869 /Winners-of-IUCN-Packard-Awards-for-inspiring-protected-area-leaders

RNE decided in 2010 to establish a programmatic approach in a wider institutional setting with several ministries seems rather than another sectoral budget support programme with the Ministry of Environment. This is considered positive, because it is yet resulting in tangible positive results in other sectors (e.g. water pact between Netherlands and Colombia, sustainable palm oil discussion). However, the Ministry of Environment being the main authority in forest management, the change in focus of bilateral aid has not positively affected the forest sector.

Apart from the SWAp and its precessors, RNE has supported a series of additional programmes either through (semi) governmental agencies for specific projects (e.g. National Parks unit for manual eradication of coca or restoration in a specific area after a fire event) and through civil society organizations. RNE supported large and long term projects of funding mechanisms (Ecofondo -with €13 mln during the evaluation period- and Fondo Patrimonio Natural - €1.9 mln; some of this together with other donors like WB/GEF) focusing on strengthening the environmental governance at decentralized levels. Main focus (next to the communitarian sector) was on how environmental governance can contribute to integral plans for consolidation of state presence in the marginal territories (with an important role for National Parks) where the illegal crops and armed groups are present. These programmes were fully complementary of the SWAp, because they have the potential to concentrate on on-the-ground activities and larger involvement of civil society organizations in environmental governance.

As far as bio-trade is concerned, RNE has supported the Biocommerce fund, which was established in 2005 by (public and private) institutional partners from the Proyecto Andes (World Bank GEF; 2002-2007). RNE, being an important co-financer of the Proyecto Andes, continued to finance the fund after the GEF project finished; it allocated €1.3 mln during the evaluation period 2004-2011.. The biocommerce fund works on aspects as certification of ecological products, improvement of quality, standardisation, market intelligence etc. Attention was also given to explore the possible economic benefits of environmental services, as eco-tourism, payment for the conservation of water and bio-diversity in general.

In addition to the environment sector, RNE dedicated a similar amount to activities related to the public safety situation of Colombia (human rights, stability, emergency activities, peace construction). There is little direct interaction between these programmes and the forest management sector and coherence or complementarity between the funds dedicated to environment and human rights is not a big issue. An additional 8 M€ of ODA has been dedicated to development of investment climate. Most of this was in the agricultural sector that potentially has a strong interaction with the forest sector. Analyzing the kind of projects in this field supported by RNE, it is evident they are coherent with the support given to environment. The agricultural projects include, among the largest ones, fair trade promotion in banana, sustainability principles in palm oil innovation and innovation in small scale agriculture.

Recently, RNE has been a major supporter of the 'Amazonas 2030' initiative. This is an innovative 4 year initiative between civil society organizations, private sector and media to promote sustainability and quality of life in the Colombian Amazon and position the region in the national and international agenda. The partners are ALISOS *(Alianzas para la Sostenibilidad),* Gaia Amazonas foundation, the Etnollano foundation, El Espectador newspaper and Semana weekly journal as well as the Colombian Business Council for Sustainable Development (CECODES). Financial support is from AVINA, El Espectador, Caracol televisión and RNE (through a 900 k€ funding fund to Etnollano). This initiative aims at developing an alternative sustainable development model for the Colombian Amazon region, working on information, communication and social participation. The environment is one of the three main axis and although SFM is not directly considered, NTFP, conservation and ecotourism are mentioned as ingredients of the development model. Given the direct link to private sector in sustainable development, there are good opportunities for future business relationships.

4.2 EU FLEGT-related programmes

The Netherlands supports the FLEGT process both by providing financial support (e.g. to the EU FLEGT Action Plan) as well as by diplomacy (i.e. being presented at FLEGT meetings, negotiating on forest related issues at international conventions). Several exchanges and information sessions between the EU and LAC countries have taken place on FLEGT issues. For example, in 2006, the Amazon Cooperation Treaty Organisations (ACTO) and the Amazonian countries organised a workshop on the application of forest legislation. So far, the general impression is that in the LAC region there has been little progress as compared to Africa and Asia. This may change now that Honduras and Guyana have started preparations for formal negotiation of a VPA.[9] In the LAC region it appears to be difficult to come to an agreement on concrete FLEGT programmes and VPAs. However, this does not mean that in the area of forest governance there is no progress.[10] We shall now review in more detail what has been achieved in Bolivia, Brazil and Colombia.

4.2.1 Bolivia

Since President Morales took office at the beginning of 2006, the EC has been the only international cooperation institution using Sector Budget Support (SBS) given that in that period the donor community was reluctant to take any steps towards a new and more effective way of aid delivery. This reluctance was probably based on the unstable political environment, fragile institutions and the lack of concrete actions and proposals. Cooperation agencies were sceptical about the new institutionalism among some other structural reforms that - under a risk-averse response - led them to circumscribe their interventions to classical projects, programmes and basket funds. Now, the situation has dramatically changed, the Government of Bolivia having given enough proof of adequate macroeconomic management and important efforts have been made in public finance management such as the 2008 Public Finance Evaluation (EFIP), its Action Plan and the recent PEFA assessment officially presented in October 2009 (prepared with assistance of the World Bank (World Bank, 2012). The National Indicative Programmes 2007-2010 and 2011-2013 are financed with in total 249 M €, dedicated to three sectors: (1) Economic development-decent work, (2) Drugs control and (3) Water management. All this support is only indirectly linked to the Forest Sector, but does aim at creating a stronger governance environment throughout from which the forest sector can profit (including private sector development under sector 1 support, encroachment and deforestation under sector 2 and watershed/land management under sector 3). A clear example is the support to the creation of the public companies under sector 1, including EBA.

Direct (project based) funding is 10% of all EU funds. Through the regional programme AL-INVEST EU finances the Timber & Timber Products Bolivia', through Dutch CBI and in close collaboration with CADEX and The Amazon Alternative (IDH, see private sector channel). This project aims at improving exports to the EU by Bolivian SMEs and will continue from 2010 to 2015. Timber & Timber Products Bolivia is one of the first CBI projects with a so-called 'integrated approach': it combines Export Coaching and Training modules that directly cater to businesses with Business Support Organisation Development (BSOD) modules, which focus on the support network around businesses. In addition, a new service of the CBI is piloted: Policy Intelligence.

Through the CBI programme, EU has financed a study to CBI on FLEGT, VPA and EUTR and the possible impacts on the Forest Sector (Carden, Weijers, & Zambon, 2012). This study resulted in a blueprint of the actual forest sector of Bolivia and triggered discussion among all key stakeholders on the policies towards FLEGT, VPA and EUTR. Main conclusions of the process were that most stakeholders are poorly informed about FLEGT and the EUTR and there are many misunderstandings in the sector. The study recommends that in the short term the timber sector must focus on other alternatives: 1. the Verification of Legal Compliance (VLC), for example according to the verification systems of SW/RA or SGS, for companies that export timber legally

[9] http://www.fern.org/sites/fern.org/files/VPA Update May 2012.pdf
[10] See e.g. 6th FLEGT coordination meeting (2011): http://ec.europa.eu/development/icenter/repository/Final_report_FLEGT6th%20meeting_EN.pdf

but which have not yet been FSC certified or legally verified or 2. the certification of sustainable forest management (SFM), like FSC or PEFC, and the related CoC, for companies that have previously been FSC certified or currently have a valid certificate. The level of VLC is lower than the level of SFM (which goes way beyond legal compliance), but it coincides with the level required by the EUTR and can be reached more easily in the short term by the majority of companies.

In the context of the EUTR, the authorities in the EU will always accept a FLEGT certificate based on a functional VPA (at the level of a partner country) or a CITES certificate. It is most probable that timber with a VLC or SFM certificate will be accepted by the due diligence systems of the operators and/or monitoring organizations in the EU partner countries. A third option, sending proof with each batch to demonstrate compliance with all relevant laws and regulations of Bolivia, appears to be rather laborious and more risky and therefore does not seem feasible. The implementation of a VLC support programme is recommended, focussing, in the short term, on medium sized timber exporting companies, in order to assure their being prepared for the introduction of the EUTR.

Based on the process and the clarification of doubts in the sector, the Ministry of Environment (MMAyA) has requested EU to formally enter in a FLEGT preparation process with strong participation of ABT. Also EU is considering a major (visible) sector budget programme on environment. In that case, the EU might be a funding source providing sustainability for ABT in the future although these developments are still incipient. The PACSBIO programme is a clear example how EU (in good coordination with, among others, RNE) continued support to a government agency, SERNAP. In general, this evaluation noted an effective coordination of RNE and the EU mission on environmental issues, especially in FLEGT (joint role with CBI) and protected areas (PACSBIO development) and in the preparation of the budget support for the environmental sector, to start in 2014.

4.2.3 Colombia

EU support to Colombia in the environment sector amounts approximately €25 mln per year (10% of total EU support). This is dedicated to individual projects and, according to the EU representation, never reached the higher levels of the SINA. Based on the, in their view, good experience of RNE ("for relatively little money, RNE has always been sitting at the table of the minister") EU might be interested in developing a SWAp programme, but this is not yet concrete.

Among the EU supported projects in the environment sector, several are directly related to forest governance and timber. There are currently five forest related projects in execution, all of them related to the FLEGT programme (1) *Bosques y territorios* with WWF Colombia, (2) illegal timber trade control with TRAFFIC, (3) FLEGT with WWF UK, (4) Certification of Small and Medium Forest Enterprises with FEDEMADERAS and Fundación Natura, and (5) Forest Governance with CARs (lead by CARDER). These projects are coherent with RNE supported projects, but since RNE did not have a clear SFM policy, there is little direct coordination between RNE and the EU mission on these matters.

The Forest Governance project, the largest environmental project with EU support, is already in a second phase. After 3.5 years of work, there are actions within and outside forested areas around legality and sustainability themes. Discussions about these themes led to the development of a strategy of controlling timber that is applied first in four departments with the idea to expand it to the entire country later on. The general idea is to work decentralized (through CARs) and not from the capital city. The general objective is to prepare the country in entering into a VPA in the future.

The Forest Governance project managed to create a multi institutional platform of national and regional environmental authorities, law enforcement agencies, private forest companies (mostly large ones, working on reforestation), all main environmental NGO's and research institutions. Together, they developed the Pact for Legal Timber *(Pacto para Madera Legal)* which was formally launched in 2011 and is currently increasing its constitution, among others with representation of all CARs with significant forest cover. The Pact, although not binding, is an important platform that managed to put the illegality in the timber sector on the institutional agenda and recognizes that different parties have to collaborate to control the illegality. The Pact evidences that the domestic market and the (small) international market are quite separated in Colombia. Over 98% of Colombian timber is for the domestic market and illegality (estimated at 42% by EU) concentrates here. The (very limited) amount of timber export (40,000 m^3/year) originates almost fully from plantation forest, developed by a few large companies which are members of the Pact. Especially these private sector members are interested to engage in a VPA with EU. Since most of their plantations are FSC certified and they process a legal and transparent chain of custody, they see VPA as a possibility to increase the export. However, to achieve a VPA the domestic and export market should be better linked to increase sector wide governance and transparency. For three reasons, a VPA might be possible in the future in spite of the current very low timber trade between Colombia and the EU: (1) the hoped for increased security situation in Colombia, currently in a peace process between government and FARC, might imply positive results for governability and possibilities for law enforcement in several important forested areas, increasing opportunities for SFM (2) the FTA between Colombia and EU, actually not including timber, does provide opportunities for an increasing trade in all commodities, including timber and (3) the EUTR demands legal wood starting 2013 and a VPA might be a good instrument to guarantee the possibility to export timber to EU.

Other EU supported work has been executed by WWF-Colombia, in a project led by OXFAM (Forest and Territory project). WWF is working with local communities in the Chocó-Darien Ecoregion (Chigorodó) to communicate about legal and illegal timber to better understand the timber supply-chain and to sensibilise communities that everybody is responsible and that everybody can work towards better legality in the timber sector. It has also been noted that it is difficult to discuss timber legality with local communities when there are other more significant issues, such as the control and access to the land for legal and illegal uses. One important point that was raised was the fact that the forest law project was rejected as unconstitutional (in 2008) because local communities had not been involved in the law formulation process. It is important therefore to ensure the participation of all actors in the elaboration of a potential future VPA. An important key to success (and linking wider human rights to forest governance) has been the establishment of the *Conversatorio de action ciudadana* (a process where communities get aware of their legal rights on a special topic). The success story of this project (Chigorodó's forest are in the process of FSC certification, the community participates in GFTN, they have a working agreement with a major company to sell their timber and they are working on a REDD+ pilot project) shows that SFM, sustainable value chains and zero deforestation in Colombia is possible, at least at local level and with intensive support from (inter)national NGO's.

Finally, another important project supported by EU in the forest sector is the project on voluntary certification of small and medium forest enterprises *(Establecimiento de sistemas de garantía de legalidad a partir de la Certificación de Sostenibilidad para la Producción Forestal y para la cadena de custodia con PYMES en Colombia*) executed by FEDEMADERAS and Fundación Natura. It aims at certifying at least 50 small and medium enterprises (including communities) in certification of forest management and chain of custody. An interesting approach is that the participating companies are linked in the value chain (communities that provide roundwood, millers that process sawn wood, processing companies that produce half fabricates like panels and others that produce end products like furniture) by which one player in the chain that is certified, will automatically demand that its provider also becomes certified. The project supports the certification process and the establishment of linkages among the 50 enterprises and between these enterprises with major companies, members of FEDEMADERAS (reforestation, processing, export). Their initial success includes 3 new certifications (within the first 18 months of project execution), presence at international timber and furniture fairs (together with PROEXPORT) and the identification of the demand of forest enterprises for technology, export developments, industrialization of the sector and increase of productivity. These imply direct opportunities for international service providers and investments.

4.3 Civil society initiatives on Sustainable Forest Management

4.3.1 Bolivia

A range of civil society organizations is active in the forestry sector, particularly international nature conservation organizations as WWF network, Conservation International (CI), The Nature Conservancy (TNC) and Wildlife Conservation Society (WCS). These have, during several decades, leveraged much international funding from bilateral and private funding. For instance, the WWF programme in Bolivia has worked for the last 15 years on nature conservation and SFM in Pantanal and Amazon, with important funding from within the WWF network, including WWF-Netherlands and other European WWF organizations. WWF has specifically promoted forest certification and included several Bolivian companies in the Global Forest Trade Network, Conservation International initiated the first 'debt for nature' swap in 1987 and TNC was one of the main promoters of the USAID funded BOLFOR project. A series of strong national NGO's can be considered offspring of the BOLFOR project, including Fundación Puma, CADEFOR and IBIF. With an increasingly difficult environment for international NGO's to function in Bolivia, the relative role of national NGO's in nature conservation increased. Puma, CADEFOR and others like Fundación Amigos de la Naturaleza (FAN) and Fundación para la Conservación del Bosque Chiquitania (FCBC) all have now programmes similar in size as the international NGO's ten years ago. With exception of WWF and CARE, RNE has not financed international NGO's during the last decade but did fund the national organizations that were initially developed with their support (CADEFOR, Puma). Also, through international collaboration with Dutch institutions (e.g. Wageningen University, Tropenbos) research capacity of institutions like IBIF was strengthened, or, as one representative eloquently stated: "the forestry sector in Bolivia was paid by USA but educated by The Netherlands".

A special effort was the RNE funding of the Development Report 2009 of the Bolivian UNDP office, called " La otra frontera" which did an excellent analysis of forms of sustainable forest exploitation. The report gained the trophee of the best UNDP National Human Development Report in 2009.

Because Bolivia is a country with extreme high biodiversity and large forest area but having the lowest human development indices of South America, several international social development NGO's are active in forest management. Dutch development NGO's SNV, HIVOS and ICCO all work in aspects of SFM.

SNV has been one of the main organizations developing community forest management tools in the past and is now promoting equitable access of indigenous communities in value chains. Their work is similar to Puma but where the Puma's Baba Carapa programme aims at covering the entire timber and non timber value chain, establishing community run distribution centres; SNV wants to insert communities in existing networks, with more attention on collaboration with private sector. Nevertheless, there is overlap and both organizations collaborate, but SNV seeks more direct contact as well with CADEX and the Forest Chamber. A frequently mentioned additional result of SNV's long term presence in the forest sector in Bolivia is the capacity built among Bolivian professionals, now working in various organizations, including worldwide.

Hivos and ICCO are intermediate organizations, providing funds and capacity to local organizations in social development and sustainable production. Both work with Dutch and EU funding, among others. Hivos' partners in sustainable production all are related to rural development (Agroforestry), SFM and particularly to labour issues related to Brazil nuts[11]. Hivos works with local partners, principally in the Amazon and Chiquitania, generally representing community based organizations (IPHAE -*Instituto Para el Hombre Agricultura y Ecologia-,* AOPEB -*Asociación de Organizaciones de Productores Ecológicos de Bolivia-,* AFIN -*Asociación Forestal Indigena Nacional* and PROMAB *Programa Manejo de Bosques de la Amazonia Boliviana).* In the Brazil nut value chain, an important programme was established with Coinacapa

[11] http://www.hivos.nl/eng/community/partner/10008953

(Cooperativa Integral Agroextractivista Campesinos de Pando Ltda), a community owned Brazil nut harvesting, processing and export company (Fair trade certified). Coinacapa has also received structural support from other Dutch supported organizations as CARE and Puma. In this way, Hivos has effectively created organization and capacities among some of the most marginalized and remote community groups to sustainably manage the forest and get access to value chains of timber, Brazil nuts and other NTFP.

CARE international was financed directly by RNE during the last decade, for work in the three-country MAP region. This region has over the years developed a trans-border collaboration vision; not only among local governments but also among conservation programmes and NGO's. Nowadays, many different initiatives, from different donors are implemented and regular coordination meetings take place. This long term programme is an example of a reasonably well working international setting of planning, coordination and joint implementation. The Dutch support (through CARE international but benefiting other NGO) focuses on SFM including Brazil Nut extraction.

In general, there is a good collaboration and coordination among NGO's working in the forest sector. There is fruitful cross-pollination between programmes, particularly in streamlining participation of different parts of timber and non-timber value chains and involving indigenous communities in SFM. Although there are different approaches to the environmental problems, there is shared vision of the need to create capacity among forest product providers (which are increasingly indigenous communities) and private sector stakeholders.

4.3.3 Colombia

There are a series of civil society organizations active in the forest sector in Colombia, particularly through nature conservation and rural development. Because of the strong and long term presence of The Netherlands as a bilateral donor to the environment sector in Colombia, many of these have received important funding during the last decade. Main environmental NGO's, working at national level, are Fundación Natura (one of the oldest environmental NGO's in the country), Patrimonio Natural and Ecofondo (civil society environmental funds, that started with important Dutch donations), Tropenbos International (its Colombia programme is the longest continuous country programme of Tropenbos), WWF Colombia (with important support from WWF Netherlands), CI and TNC.

Particularly Fundación Natura and WWF have been active in forest management and promoting certification, especially with rural communities and with Dutch and EU support. After the first decade of important fundamental (biological) research, Tropenbos has developed an innovative approach of applied, participatory research through which it created the recognition and trust to make a unique difference in the conservation of tropical forests through its work with communities. The 2011 evaluation of the Tropenbos programme stated that "its work in Colombia makes a big difference in the sustainability of the livelihoods and the quality of life of tropical forest communities" (Hofstede et al, 2011). TNC and CI do not have concrete forest management proposals but in their general conservation programmes they are important players in policy development, support to regional and national agencies (particularly Parks Unit) and regional programmes (Amazon, Andes, Coast). CI manages the national adaptation project (GEF-WB, together with IDEAM) and TNC is executing the base line study of deforestation (with CIAT). With exception of the environmental funds, all mentioned organizations are signatories of the Legal Timber Pact and the Memory of Understanding for the implementation of the plan of action for the National Parks System, between the national Parks Administration Unit, CARs and civil society organizations.

The generally positive collaboration between the SINA, including the associated research organizations, and the civil society organizations is in part a result of the long term and important support of The Netherlands to Colombia. Apart from the direct and complementary funding to all levels (budget support to the ministry of Environment and the Parks Unit, programme funding to the research institutions and CARs, project funding to most environmental NGO's working at national level), the characteristic of the SWAp and other programmes was to create discussion platforms including civil society in policy development and action.

4.4 Partnerships between CSOs and the private sector

The Forest Stewardship Council (FSC) can be regarded as a partnership initiative between Civil Society Organizations (CSOs) and the private sector. Initially, FSC was established by environmental organisations from 25 countries in 1993. Today, members – who also participate in the General Assembly - include representatives of environmental and social non-governmental organizations, the timber trade, forestry organizations, indigenous people's organizations, community forestry groups, retailers and manufacturers, and forest certification organizations, as well as individual forest owners and interested parties. Earlier this decade this was the main mechanism through which CSOs tried to promote sustainable forest use by European companies.

The main partnership between CSOs and companies in the Netherlands is the Sustainable Trade Initiative (IDH), which receives significant funding from the Dutch government. Since 2010, IDH has launched the tropical forest programme "The Amazon Alternative" (TAA, see next chapter).

4.5 Supported private sector initiatives

The principal contribution Dutch companies can make to sustainable forest management is by purchasing certified timber. The main use (74%) in the Netherland of timber is in construction (housing, road and water infrastructure) and the remaining is used for floor boards and other uses. End 2009, Dutch timber and construction companies defined their ambition to use in 2015 100% of coniferous wood, 85% of the veneer and 50% of all tropical timber only from proven sustainable sources. Other ways in which Dutch companies can support sustainable forest management include direct investments in forest companies, trade of timber and non-timber forest products, tourism to natural areas, training and responsible business in areas that potentially affect forest integrity (commodities, infrastructure, etc.).

4.5.1 Bolivia

Bolivia has a relatively well developed private sector in the timber value chain, as well as in the Brazil nut value chain. There are 1300 forest companies registered with the Bolivian Forest Authority and 6000 forest production units. The large majority are small enterprises with inefficient and outdated installations. There are important international investments in the Timber industry, including Dutch companies providing timber to the European (not exclusively) market. Bolivia has created a niche at the European market which has space to grow, especially in outdoor processed products (furniture, fencing)

Two major Dutch-lead initiatives target the timber value chain: CBI (with CADEX) and the Amazon Alternative (IDH). Both have started in recent years and have attained positive results in relatively short period.

The objective of The Amazon Alternative (TAA, initiated by IDH and administrated by ICCO in South America) is to FSC certify 2.5 million ha of tropical forest in Brazil, Peru and Bolivia (the Amazon region) and to increase the volume of Amazon FSC timber on domestic, Dutch and European timber markets. Furthermore, TAA works on a number of additional supporting strategies, such as efficiency increase and improving value chain finance. The core objective however is to significantly increase the amount of Amazon forest, that is sustainably managed. TAA has agreements with 44 forest companies and 7 forest communities organizations in the Amazon, as well as alliances with partners such as WWF Global Forest Trade Network, ICCO, FCS and CBI. In Bolivia, a dozen of these partners are situated, and it has managed to certify through FSC an area of approx 75 000 hectares from 2010 to 2012, a period in which there was a general decrease of certified forests in the country.

CBI supports CADEX in strengthening Bolivian private sector partners (SME's) to access the export market. The EU financed project includes garments, natural ingredients for food and cosmetics and wood. They concentrate on capacity building and creating of contacts between businesses. In the timber value chain, there is active collaboration with NGO programmes that support communities to create enterprises for SFM.

A few large enterprises exist, two of them (DEKMA and INPA Parket) from Dutch origin. Both have receiving PSOM subsidies to establish their enterprises in Bolivia in joint venture with Bolivian companies. The fact that both companies are to date major players in the Bolivian forest sector is an indication of the good effect of the incentive. Both are FSC certified and are mostly focusing on exports. Interviews with representatives from these enterprises and with representation organizations (Bolivian Forest Chamber, CADEX, IBCE) learned that this practice used to be common at the beginning of the 2000's but that recently, after the increased burden of managing a concession and increased area under TCO; companies are actively searching for joint ventures with indigenous communities to convert them into providers of primary material. Dutch ODA (through Puma creating community enterprises and through CBI and CADEX establishing business relationships) is considered a welcome strategy to create these community-private sector relationships.

Our interviews with representatives from private sector show that Bolivia continues to be a highly interesting country for investment in SFM: it has a large forest estate, experience in forest management and a series of enterprises that are acting fully along legal and transparent lines in the value chain. Most consider the investment in Bolivian forestry as profitable, especially if enough flexibility can be applied (change from private suppliers to communities, change markets from the Europe/US to the Far East and neighbouring countries in Latin America). However, there are several issues that cause precaution among private sector and export chambers, these include particularly the capacity of ABT to comply with its mission, fluency of processes to act through the legal value chain and guarantee of investments.

The Brazil nut value chain is dominated by six Bolivian companies. There are no Dutch investors in the Brazil nut value chain. The projects that RNE supports (particularly FAN and Fundación Puma's Baba Carapa programme) hope to provide alternative export opportunities for small enterprises and community enterprises for export of Brazil nuts, avoiding intermediates. The EBA (developed with, among others, EU funding) has the mission to create a good example of a Brazil nut company that complies with internationally accepted (and nationally ratified) standards of ILO and organic production.

4.5.3 Colombia

There has been a long history of private sector investments from The Netherlands in Colombia. The Netherlands is one of the main investors in Latin America in general and in Colombia in particular, and has proved itself to be a reliable partner The largest Dutch companies like Philips, Shell, Unilever, Akzo-Nobel en KLM-Air France all have branches in Colombia. By words of the Dutch State Secretary of Finance, the Netherlands likes doing business in Colombia, because of its stable economy, well-developed financial system and first-rate prospects for growth.[12]. In return, more than a billion and a half dollars' worth of Colombian products is shipped into the Port of Rotterdam every year. They include coal, fuels of various kinds, raw materials, coffee, banana and other fruits, flowers and vegetables.

Under ODA, the RNE has worked strongly on improving investment climate, implementing several PPP projects and other Netherlands private sector instruments (i.e. PSOM, PUM, CBI and evt. ORET) aiming at sustainable economic and social impact, especially in rural areas affected by the conflict. Additionally, the objective is to improve the business climate by assisting Colombia in its

[12] Speech State sectretary of Finance Frans Weekers, 29 march 2012, to Colombian Private Sector representatives at RNE

pursuit to improve its competitive position in the international market, through a better business and investment climate, reducing barriers for local and international trade.

In this sense, the growing attention for climate change offers possibilities to develop another model in the area of i.e. biofuels, taking into account social (no negative implications for food prices) and environmental aspects. Certification of biofuels to sustainability standards is an unknown issue in Colombia, but is an option for poverty alleviation, job generation in rural / conflict areas and an alternative in fighting illegal crop production. The efforts of RNE will be aimed at further involving private sector in sustainable productive chains guaranteeing sustainable income, with an emphasis in conflict areas. Therefore, PPP have been particularly stimulated in agriculture: banana, coffee and palm oil.

In addition to ODA funding, RNE in coordination with agencies as Agentschap NL and NHC, has been active in the field of economic diplomacy, particularly through assisting several business missions from The Netherlands to Colombia, both general missions as well as sector missions (water, flowers). These have been well attended in terms of participating private sector, well received in terms of participation of high functionaries of relevant sectoral ministries and effective in terms of new business relationships formed[13].[14] During the current transition stage of RNE, private sector promotion and sutainable trade will be a key goal. The draft sustainability pact and the strategic studies executed in 2011 focus on opportunities for CSR and Sustainable Trade Chains.

The relatively high volume of Dutch-Colombian private sector collaboration, concentrates on coal, agriculture (banana, coffee, flowers), food, infrastructure (water, electricity) and services. There is little to no private sector involvement in the forestry sector. PSI and PSOM instruments are mostly in the flower growing sector and in energy, food industry and transport. However, the experience created in private sector support can be directly applied to other value chains, for instance if in the future there is a larger trade relation on timber and non timber forest products.

4.6 National financial instruments

Dutch policy to promote SFM and sustainable trade included the support to instruments to finance forest conservation and SFM. A study was carried of existing forest financing mechanisms in Latin America by FAO/IUCN/ACTO/Tropenbos. It led to a better understanding of the range of existing resources and mechanisms available for the financing of SFM, the possibilities of finding alternative forms of financing and the steps to be taken in order to maximize the effectiveness of existing ones (Van Dijk & Savenije, 2009). The study concluded that (i) most forest financing instruments focus on sustainable harvesting rather than conservation, (ii) private money is the main source of future forest financing, (iii) lack of money is not always the main problem, (iv) countries need to develop a forest financing strategy and (v) the role of international cooperation should be to support, scaling up and facilitation.

4.6.1 Bolivia

In Bolivia forest control and administration is financed through forest revenues. In the period 1997–2005 the State collected a total of approximately US$50 million. This revenue mechanism has been effective in financing the Forest Supervisory Authority's supervisory tasks, but that it has not been enough to contribute to efficient and effective protection and monitoring of natural forests (Van Dijk & Savenije, 2009). ODA funding (incl Dutch) covered the gaps. Therefore, increasing forest revenues by improving the fees system has received attention in Dutch policy of support to the MMAyA. The Forest Law lays down the official fees to be paid for permits to carry out various forest activities. Due to widespread defaulting in the payment of fees based on area, the system was modified by bringing in a flat fee. In addition, payment mechanisms were set up for logging licences for smaller quantities and special licences for such NTFP as Brazil nuts.

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[13] http://transfer-lbc.com/nl/965/omvangrijke-nederlandse-groep-bedrijven-slaat-slag-in-peru-en-colombia.html
[14] http://www.partnersvoorwater.nl/wp-content/uploads/2012/09/Mission_report_colombia_2012_CIWK_sep2012__final21.pdf

Bolivia established a forest management fund (FONABOSQUE) but until 2012, is had limited funding and few activities financed, only for reforestation and rehabilitation. The Netherlands has not been involved in but currently supports ABT to build its capacity to support the fund.

In general, the environmental Fund FUNDESNAP (administrating US$50 million, initiated among others with Dutch funding) has been positively evaluated during the first ten years of its existence but is now considered, by interviewed persons for this evaluation, as too much government controlled and having an uncertain future.

In the early 2000's, several forest related Clean Development Mechanisms (CDM) were designed but none became effective, among other due to the total rejection of Bolivia towards PES schemes and the international Carbon market. There has not been any Dutch involvement in CDM projects in Bolivia.

For a country like Bolivia, with a large area of natural forests and high deforestation figures, the REDD+ mechanism could be an interesting source of sustainable finance. In Bolivia early experience has been created (Noel Kempff-Mercado National Park) and Bolivia was selected for both UN funds dedicated to REDD+ (UN REDD and FCMC). However, since Bolivia has opposed against the REDD+ mechanism as it is being discussed under UNFCCC, these funds are stalled but awaiting for Bolivia's alternative mechanism. The latter has been launched in the UNFCCC COP in 2011 and several organizations (incl. RNE) have supported development and are awaiting diplomacy between UN and Bolivia to mobilize available UN funds.

4.6.2 Colombia

Much of Dutch ODA during the evaluation period has been designated to establish and finance two environmental funds: Ecofondo (aiming at support to conservation projects of NGO) and Patrimonio Natural (aiming at financing the management of the System of Protected Areas). These funds have shown considerable sustainability, both institutionally (they are now established as independent non-for-profit organizations) and financially (both have increased their patrimony and operative budget with other funds, multiplying the Dutch initial investments). Interviewed persons from government and civil society both recognize the important position of these mechanisms but confirm they are conservation focused and not dedicated to SFM or timber trade.

A potential future funding mechanisms for SFM is REDD+ funding. Colombia is developing a REDD+ readiness programme with support of the Forest Carbon Partnership Facility. Patrimonio Natural (among others, with Netherlands ODA support) has developed some REDD pilots.

Although the REDD+ readiness process in Colombia lags behind other countries in the region (particularly Perú, Guyana and Brazil), interviewed persons consider REDD+ as a promising instrument because of the large forested area, evident but localized frontiers of deforestation, a well defined institutional framework, good national capacity for monitoring and control and a positive attitude towards the international carbon market (evidences by existing CDM projects). Challenges for REDD+ implementation are the vulnerable public safety situation (armed conflict, coca cultivation), uncontrollable colonization, weak governability due to low state presence in many areas and weak capacity of key elements of the institutional framework (particularly some CARs) and the difficult access to many forest areas.

(Van Dijk & Savenije, 2009) concluded for Colombia that the situation of forest finance is relatively positive, because of the existence of incentives (Certificados de Incentivo Forestal, payment for ecosystem services promoting reforestation), tax exemptions and the possibility to include use of forest land and standing stock as a guarantee. However, financing mechanisms in Colombia focus on reforestation and there is little financing structure for SFM in natural forests.

4.7 Support to regional organisations (ACTO)

The Netherlands wanted - in line with its own forest and development policies - to remain involved in developments in the Amazon region. Therefore, a regional cooperation programme was developed with the Amazon Cooperation Treaty Organisation (ACTO), through a silent partnership with German GIZ. This programme (the Sustainable Use and Conservation of Forests and Biodiversity in the Amazon Region programme, or the Amazon Regional Programme (PRA) in short) is now one of the main programmes of ACTO. Its actions include five thematic areas: forests, bio-commerce, sustainable tourism, indigenous affairs and institutional strengthening. In 2011, a joint evaluation mission of DGIS and BMZ (Baumgarten, Laats, & Uncovsky, 2011) concluded that the programme is well underway and has effectively achieved the set results on coordination and information. It has helped to increase the visibility of ACTO in regional and global fora related to forests and biodiversity and promoted collaboration between the countries. Given the mandate of ACTO, the programme did not result in direct impact on value chains or forest conservation, although some positive results were achieved at field level. The main impact has been on the tools and coordination mechanisms among the countries that indirectly promote forest governance. The establishment of the recently launched Amazon Observatory on biodiversity and deforestation is a direct result of ACTO's activities supported by PRA.

5. Enabling politics, policies and structures

5.1 Forest policy developments in Bolivia

5.1.1. History of SFM

Bolivia has benefited from a number of initiatives aimed at protecting its forests in the last decades. Its high poverty and high levels of debt in combination with vast forest resources and high biodiversity has presented opportunities. It has traditionally been an important recipient of bilateral funding for nature conservation and forest management, from many countries (besides the Netherlands and USA it has received large collaboration programmes from, Switzerland, Germany and Denmark) (Blaser, Sarre, Poore, & Johnson, 2011).

Bolivia was one of the first countries to initiate efforts promoting the conservation of its forests through sustainable management and FSC forest certification, a trend that began early in the 1990s and grew stronger following the passing of the country's forest law in 1996. Certification has been encouraged under BOLFOR, a joint Bolivian–US government initiative that began almost 20 years ago to develop sustainable forest management in Bolivia. The initial achievements of the programme were the establishment of a national set of rules for the forest sector, public and private sector capacity-building to execute sustainable forest management programmes, and improved protection of biodiversity by reducing the degradation of soils, forests and water resources in the Bolivian lowlands. In addition, BOLFOR worked with different agents and organizations within the U.S. to create new commercial channels in niche markets..

There have been complementarities over the last decades between USAID, RNE and EU in supporting SFM through various organizations. As a result of BOLFOR support to SFM in the country, several national and international organizations have been developed and strengthened. CADEFOR developed several Community forestry initiatives, helping indigenous communities to organize and improve timber production through the use of forest management plans. Puma was established as an environmental fund based on a debt swap with USA. CADEFOR also provides technical assistance to manufacturing companies who buy raw timber from these communities. IBIF is a forestry research institution (now linked to the Universidad Autónoma Gabriel René Moreno in Santa Cruz de la Sierra). After BOLFOR, Puma has received considerable funding from RNE to develop work with community forest enterprises. CADEFOR is a partner of this project. IBIF has been supported by various projects as well (among others through Tropenbos International). Further down the supply chain, the Tropical Forest Trust (EU funding) developed new trade leads to link Bolivia's FSC production to markets in Europe. WWF coordinated the participation of 16 Bolivian companies (more than in any other Latin-American country) in the Global Forest Trade Network.

Bolivia's Protected Areas (PAs) system is extensive and covers large forested areas, especially in the Amazon region. In some protected areas, timber extraction is allowed either because they overlap with forest concessions (e.g. National Park San Matías) or because there are forest owners with less than 200 hectares within the area. Brazil nuts can be legally extracted from protected areas. A legal hiatus exists because where SERNAP is responsible for management of all protected areas but ABT regulates extraction of timber and NTFP from PA's.

5.1.2 Institutional structures, legislation and policies

The Law of Popular Participation (Law 1702, 1996) conferred more autonomy on local governments and urban and rural municipalities and gave them responsibility for, among other things, the use and management of forests. Territorial grassroots organizations such as 'peasant communities' and 'neighbours' councils' were recognized and given tasks in the new structure for the use of public resources. Bolivia has 311 municipalities and nine departments, governed by Prefectures. These develop and implement forest development plans, including for watershed management, forest plantations, conservation, and extension and research. They support municipalities in forest management. Municipalities propose to the ministry the delimitation of the PFE as Municipal Reserves and support ASLs (*Agrupaciones Sociales del Lugar* or 'local social groups') in the management of their delimited forests. They also have local control of forest management planning and planned deforestation activities, regulate and control forest use, and detect illegal forestry activities. However, even though the regulations are clear between these decentralized levels, widespread poverty limits the prioritization of forest management on the local development agenda; a lack of resources is reflected in the weak capacity of local agencies to apply the regulations. At the municipal level, Forest Management Units (FMUs) are weak due to a lack of funds and because the institutional framework under construction is generating uncertainty among local actors (Blaser, Sarre, Poore, & Johnson, 2011).

The General Directorate of Forest Management and Development, under the Vice Ministry of Environment and Climate Change, under the Ministry of Environment and Water *(*MMAyA), has overall responsibility for the implementation, monitoring and evaluation of forest management and conservation. This is done in close coordination with departments, prefectures and municipalities. In 2006 the Morales Administration came to power and as a result the situation of forest tenure changed drastically. Based upon its political principles, the new government promoted indigenous rights over private sector concerns. They promoted indigenous community lands (*tierras comunitarias de origen* – TCOs) and increased the licence costs of existing forest concessions. Many concession holders handed back their forest concessions to the State. Hence, the forest estate is increasingly in hands of indigenous communities. Both private sector and NGO´s interviewed for this evaluation consider that the creation of TCOs has a potentially positive effect in bringing together indigenous communities with private commercial actors in the forest sector. Nowadays, a portion of forest estate is publicly owned for Permanent Forest Production (PFE) and others are lands that have been granted under both private individual landholdings and collective rights for Indigenous people and agro-extractive communities.

Under the Morales administration, the relationship of the government and several bilateral agencies (but particularly USAID) worsened, especially because they were accused of financing opponents of the government. This has resulted in strong reduction of the USAID projects to Bolivia, and likewise, less activity of the NGO's that depended on those funds. At the moment, the only large project in execution in the environment sector is the Integrated project for the Bolivian Amazon (Proyecto Integrado de la Amazonía Boliviana) which can be seen as a continuation (though a smaller scale) of the BOLFOR projects. Bolivia is one of 14 countries, which will receive funds under the Forest Carbon Partnership Facility (FCPF), which will reward countries for preserving their forest cover. They also receive funding from UN-REDD+. The countries will receive grants to build their capacity for REDD (Reducing Emissions from Deforestation and Degradation), including establishing emissions reference levels, adopting strategies to reduce deforestation, and designing monitoring systems.

Other governmental agencies promoting SFM are Sustentar and FONABOSQUE. Sustenar, a decentralized unit created in 2007, is responsible for the implementation of two programmes (Sustentar and Conservar), the aim of which is to support sustainable production forestry and forest conservation at the local level. In 2008 FONABOSQUE was established with the aim to address the identified problem of lack of financial incentives for SFM. FONABOSQUE is financed through forest taxes and aims at providing incentives for SFM and forest conservation. Only recently is has been capitalized with treasury funds, destined at reforestation and providing labour to mostly women.

Recently (2009), the Bolivian Constitution (*Constitución Política del Estado – CPE*), confirmed the provisions for Sustainable Forest Management (SFM) and forest conservation made in the Forest Law 1700 (1996; CPE articles 38 and 299). The current forest policy is driven by the national development plan for 2006–2011 entitled *Bolivia Digna, Soberana, Productiva y Democratica para Vivir Bien*. This plan recognizes that natural resources play an important role in the country's development. Hydrocarbons, minerals, hydropower and renewable biological resources (i.e. biodiversity and forests) are considered to be the four pillars of economic development. A more specific forest development plan (*Plan para la Revolución Rural, Agraria y Forestal*) was produced in 2007. On the basis of the CPE and the rural, agrarian and forest reform plan, and the results of a recently conducted national assessment of forest policy and law implementation, Bolivia is reviewing the current Forest Law 1700 with the aim of expanding the scope beyond timber to integrated forest management.

Several policies related to SFM were emitted during Morales administration. Supreme Decree 29643 (2008) established norms and incentives to support forest management for both timber and NTFPs by rural and Indigenous communities through community forestry organizations. A national policy for the integrated management of forests (Política Nacional para la Gestión Integral de los Bosques) was announced in 2008, along with a national plan for integrated forest management. In March 2010, the National Forest and Reforestation Programme (Programa Nacional de Forestación y Reforestación) was installed through Presidential decree (BO-DSN443) with the aim of contributing to biodiversity protection, forest restoration, SFM, the reduction of deforestation and the creation of new forests. Also in 2010, the National Strategy on Forest and Climate Change was produced with the aim of promoting integrated forest management as a framework for forest-related initiatives to address climate-change adaptation and mitigation. Here, it should be mentioned that Bolivia at the COP's of UNFCCC in Copenhagen (2009) and, particularly, Cancun (2010) opposed REDD+ and developed an alternative mechanism for mitigation and adaptation (Mecanismo Conjunto de Mitigación y Adaptación para el Manejo Integral y Sustentable de los Bosques) which is based integrated forest management rather than on merchandizing quantified Carbon credits. It is one of the three proposed mechanisms for Climate Justice[15], approved by the ALBA countries at UNFCCC.

Recently (in October 2012), the Bolivian parliament accepted Law 300 Framework Law of Mother Earth and integral development to live well *(Ley Marco de la Madre Tierra y Desarrollo Integral para Vivir Bien)* which creates a framework for integrated forest management. During this evaluation, there was no consensus whether this Law implies a new forest Law or if it is possible to adjust the existing Law 1700 but most consider a new Law (and probably a restructuring of institutions) is necessary.

Law 3525 of November 2006 regulates the production and use of NTFPs (including Brazil Nuts). *The mentioned Laws on integrated forest management and SFM by* rural and Indigenous communities affect the applicability of older regulations on Brazil nut extraction (from 2001 and 2002) and it is likely that new regulations will be developed. Supreme decree 0225 from July 2009 creates the Public Company for Brazil Nuts and Derivates *(Empresa Boliviana de Almendra y Derivados EBA)*. For legal extraction of Brazil nuts, a Forest Management Plan for Nut Extaction *(Plan General de Manejo Forestal de Castaña,* PGMFC) is required, controlled by ABT (including the requirement of a Certificate of Origen, *CFO-B)*. Its application is however still incipient[16], only 200 000 hectares were under plan in 2011.

Apart from extensive developments in environmental legislation during the evaluated period, the Morales government has included much emphasis on food security in the National Development Plans. According to several interviewed people, this has lead to a situation of conflict with environmental policies because in name of food security, additional deforestation by land conversion is ongoing and even included in formal discourse of the highest authorities[17]. In addition, the improved land tenure administration has not yet included an ecological vision on the main tool to applied by INRA for this land reform (*Función Económica y Social;* being the productive activities on a specific area of land according to its major use capacity and for the benefit of society). Although Law 3545 on Community rights included formally SFM as part of FES

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[15] http://unfccc.int/files/bodies/awg-lca/application/pdf/mecanismo_conjunto_final.pdf
[16] ABT annual report, 2011
[17] http://www.paginasiete.bo/2012-09-23/Economia/Destacados/67Eco00301-03.aspx.

(in the land reform law 1715) the main institute (INRA) does not yet include the management plans approved by ABT in the FES evaluations (ONU REDD National Joint Programme document). Hence, conversion of forest to agricultural land is for a smallholder still the ideal way to ensure land ownership [18]

Another Bolivian policy that is frequently mentioned as in conflict with SFM is the (legal) coca production. Coca is a traditional crop in Bolivia, it leaves used by a relatively large portion of the population. However, during the last decades Bolivia also became an important provider (together with Colombia and Perú) to the illegal trafficking of cocaine. Coca production was regulated through Law 1008 from 1988, limiting legal coca growing to 12,000 hectares of "traditional coca growing areas" in the Yungas region of Cochabamba. Evo Morales, a coca grower and representative of the *cocaleros* movement, increased the legal production area to 20,000; covering the whole country but in practice, expansion in Cochabamba (Chapare and Carrasco regions). The policy of legal coca production and use is backed by the new constitution that states "the State shall protect native and ancestral coca as cultural patrimony, a renewable natural resource of Bolivia's biodiversity, and as a factor of social cohesion; in its natural state it is not a narcotic." There is a vice ministry for coca and integrated developments, a national plan for integrated development of coca and incentives to implement this. The situation of legality and formal expansion of coca has resulted that coca growers feel backed up by the government and encroached beyond the traditional areas. There is illegal coca encroachment in the PN Carrasco (Cochabamba) and in Santa Cruz department. Conflicts between indigenous groups in the national park and (illegal) coca growers requiring an access road were the major reason behind the recent conflicts over the TIPNIS area.

Despite of a policy of strict separation of traditional use and use as narcotics, there is an evident overproduction of coca leaves and deviation of coca to the illegal cocaine market. The UN Office of Drug Control estimated that 30,900 hectares of coca were planted in Bolivia in 2009, making Bolivia the third largest producer of coca after Colombia (68,000 hectares) and Peru (59,900).Estimates are that 35,000 out of 54,000 metric tons produced in Bolivia is sold in unauthorized markets dominated by the cocaine trade, most of it from coca production in the Chapare. Sales of coca leaf amounted to approximately US$265 million in 2009, representing 14% of all agricultural sales and 2% of Bolivia's GDP (UNODC, 2010).

Box ..: Forest policy developments in Brazil.

Brazil is one of the largest countries in the world with a territory of 8.5 million km^2 and Brazil's Amazon forest basin covers around 40% of the country's territory. Natural forested areas not only include the Amazon rainforest but also the remnants of the Atlantic Forests and the woodland savannah called Cerrado. The last decades the main aim of environmental support to Brazil by the EU (EC plus member countries) was to establish rule of law, well-functioning institutions and the implementation of sound policies with respect for the environment and social dialogue.

The Government of Brazil's view on the Amazon, and also that of the first (2003-2007) and second (2007-2011) President Lula administration, is to develop it further for its inhabitants and therefore supports expansion of infrastructure and regional integration. Within Brazil large agricultural farmers have much political power and they want to expand the agricultural frontier. On the other hand, strong and vocal civil society groups and international attention pressured the Government of Brazil to do something. They did both. Before 2004, the Government allowed further expansion showing no enthusiasm for law enforcement but also improved nature conservation. Stimulated by the PPG7 programme (80% of support from EU sources including the Netherlands), Brazil development policies. In 2000, Brazil defined the National System for Protected Areas SNUC (Sistema Nacional de Unidades de Conservação da Natureza). The system identifies (1) protected areas, (2) sustainable use areas (including extractive reserves) and (3) indigenous reserves. Forests can be found in all three types of areas. The sustainable use areas are public lands that can be used

[18] http://www.generaccion.com/noticia/169155/bolivia-carta-libre-deforestacion-al-incumplimiento-fes

for timber and NTFP production. WWF Brazil (supported by WWF USA and WWF Netherlands) works together with the Brazilian government initiative Amazon Region Protected Areas (ARPA) programme. Until 2008, ARPA led to 32 million newly protected areas in the Amazon. As a result of these combined efforts, although deforestation was high,prior to 2004, Brazil has declared large tracts of land (44%) as protected.

The main Brazilian forest-related law is the 1965 Forest Code plus amendments. This Brazilian Forest Code sets limits on the amount of forest that can be cleared within any plot of land. Originally the forest code required that 80% of each parcel within the Amazon biome must remain forested (Legal Reserves), which means that soy farming will be much less profitable here than in the Cerrado, where only 35% of native vegetation cover has to be retained. In addition, Areas of Permanent Preservation (APP) are designated in vulnerable areas, such as along rivers, hilltops, and steep slopes. Enforcement of the Forest Code improved considerably the last decade, partly as a result of improvements in the ability to monitor forest cover through remote sensing. However, the policy is not popular with large producers and cattle ranchers who are exercising political pressure to get it changed. Because they control several large states with their senators, a recent motion passed in the Senate regarding "reform" of the Forest Code, primarily to reduce the APP requirements along rivers from 30 to 15 meters and to allow these areas to count as part of the Legal Reserves, which is not the case at the moment (Metzger et al. 2010).This would have a serious impact on environmental connectivity and water catchment (Michalsk, Norris, & Peres, 2010) ; a decision on the matter has yet to be taken by the Federal Assembly. The main problem voiced with the "reform" is that it gives amnesty to those who deforested illegally before July 2008. This date is perceived as many as too close to today, as the illegality of the clearing was obvious before that date. In June 2012, current president Dilma Rousseff vetoed some parts of the Bill and provided some alterations. One proposed alteration is that large land owners are required to reforest land they have illegally cleared. Congress has 30 days to override the changes by a majority vote but this is considered unlikely. NGOs are not satisfied as they hoped the complete bill would be vetoed. In general, the government seems to guide agricultural expansion towards the Cerrado (soy, sugar cane) instead of the Amazon although it has not defined laws to this end. Cattle ranching expansion in the Amazon has not been tackled yet. The deforestation rate in the Cerrado is now higher than in the Amazon.

5.3 Forest policy developments in Colombia

5.3.1 Forest management

The existing Forest Law dates back to January 1959 and has been amended by a number of decrees.[19] Regulations that restrict the export of logs from natural forests have been in place for more than 15 years; only roundwood harvested in planted forests may be exported. In early 2006 the Colombian Congress passed and the President signed a new General Forest Law (*Ley General Forestal*, *Ley* 1021), replacing the 1959 forest law. This law was challenged, declared unconstitutional by the Constitutional Court on the basis that it did not sufficiently take into account the requirements of the International Labour Organization's Convention 169 (Indigenous and Tribal Peoples Convention, 1989), and was not accepted. After this failure of a new forest lay, the Congress approved (2010) the Law 1377 that focuses only on plantation forests. It permits the use of planted forests for production purposes, even if they have been declared as protection forests (some older forest plantations were planted for protection or restoration purposes). In order to improve efficiency and competitiveness it also eliminates the requirement that the owners of planted forests receive government permission to harvest their commercial plantations. The law

[19] The Forest Law is Ley 2 sobre Economía Forestal de la Nación y Conservación de Recursos Naturales Renovables amended with Decreto 2811, which adopted the National Code of Renewable Natural Resources (*Código Nacional de Recursos Naturales Renovables y de Protección al Medio Ambiente*), the 1993 General Environment Law (*Ley General Ambiental*, *Ley* 99), which adopted the National Environmental System, and a 1996 decree Decreto 1791 *Régimen de Aprovechamiento Forestal)*, which adopted a forest harvesting regime.

is considered by the environmental movement as a plantation law, providing more flexibility to commercial exploitation, especially "restoration" areas.

Colombia's principal forest management and use policy is defined in the National Forestry Development Plan (*Plan Nacional de Desarollo Forestal*) published in 2000, which is designed to span 25 years and comprises 16 sub-programmes to promote planted forests and natural forest management. Given its low effectiveness, is currently being updated by the National Roundtable of national and regional environmental government organisations (*Mesa Nacional Forestal*). The National Biodiversity Policy (*Política Nacional de Biodiversidad*), issued in 1995, and its associated action plan, has three components – conserve, understand and utilize (*conservar, conocer y utilizar*) – and 92 actions. This biodiversity policy is generally considered as positive and effective, providing Colombia with world recognized formal research institutions (e.g. the Alexander von Humboldt institute), new protected areas and conservation in indigenous territories.

In 2011, an ambitious reforestation policy was launched, through inclusion of article 66 in law 1450 of the National Development Plan. This special reforestation plan *(Plan Especial de Reforestación)* aims at attaining 1 million hectares of planted forest in 2014, of which 600.000 will be commercial plantations and 400 000 hectares of restauration and protection forest. According to Law 1377 (2010), the Ministry of Agriculture and Rural Development (*Ministerio de Agricultura y Desarrollo Rural* – MADR) is the main agency for commercial plantation forestry, the formulation of policies for commercial forest activities, and the implementation of an incentive programme (*Certificado de Incentivo Forestal*) to support commercial forest development.

5.3.2. Institutional setting and land tenure

In 2001, the Ministry of Environment became part of the Ministry of Environment, Housing and Territorial Development *(Ministerio de Ambiente, Vivienda y Desarrollo Territorial)* but was separated again in 2011 as Ministry of Environment and Sustainable Development *(Ministerio de Ambiente y Desarrollo Sostenible)*. This ministry formulates policy on the environment and renewable natural resources and establishes the broad guidelines, rules and criteria for the environmental regulation of land use, including forestry (in close collaboration with MADR with regard to commercial forest plantations). According to Law 1377 (2010), the MADR is the main agency for commercial plantation forestry, the formulation of policies for commercial forest activities, and the implementation of an incentive programme (*Certificado de Incentivo Forestal*) to support commercial forest development.

Law 99 (1993) created the National Environmental System (*Sistema Nacional Ambiental; SINA*), which is the inter-sectorial body of environment authority of several sectoral ministries, the CARs and the five research entities.created five entities to promote research on the conservation and sustainable use of biodiversity in Colombia: IDEAM; *Instituto de Investigaciones Marinas y Costeras 'José Benito Vives de Andreis'*; *Instituto de Investigación de Recursos Biológicos 'Alexander Von Humboldt'*; *Instituto Amazónico de Investigaciones Científicas SINCHI*; and *Instituto de Investigaciones Ambientales del Pacífico 'John Von Neumann' - IIAP*. These five institutes have no specific functions in forestry, but they do influence forest management and conservation. The National Corporation for Forestry Research and Development (*Corporación Nacional de Investigación y Fomento Forestal* – CONIF), created in 1974, supports the forest administration through capacity building and research, and performs knowledge management functions in natural resource management.

The government decentralised forest management. The management of forests is responsibility of 33 autonomous regional corporations (*corporaciones autónomas regionales*, CAR). The regional CAR of the most forest rich regions (Chocó, Amazon) are the corporations with most territory but by far lowest budget. This is caused by the financing structure of the corporations: their major sources of financing are property taxes and revenues from, e.g. hydropower plants. This creates a situation that the 5 corporations that include the major cities and most infrastructure have 65% of the budget of all CARs. Only one of these (CVC, including a significant portion of the Chocó forest) has large extensions of natural forest. The remainder is distributed among the other 28 corporations. Some of these have received technical support to increase capacities for forest inventories and control. Nevertheless, according to the interviews with ASOCARS and other stakeholders during this evaluation, the limited budget, human capacity (number of functionaries in the field), fast turnover and vulnerability to corruption weakens the authority of most of the CARs controlling the most forest rich areas.

Colombia is an interesting country concerning the rights of local people. Colombia formally recognises the rights of indigenous peoples and Afrocolombian groups. The 1991 Constitution recognizes the ancestral rights to land of Indigenous and Afro-Colombian traditional communities and their right to control and use their communal forest territories according to their social and cultural values. About half the country's forests (29.8 million hectares) are titled to Indigenous peoples (in what are known as resguardos Indígenas) in the wider Amazon region and Afro-Colombian communities in the Pacific region (in *consejos comunitarios)*. About half a million hectares are designated as peasant reserves (reservas campesinas), which are set aside as special development areas for rural communities. Most of the remainder is state-owned.

The EU financed Forest Governance project and the resulting Pact for Legal Timber is a promising development towards the control of illegality in the timebr sector. The President of Colombia, Juan Manuel Santos said the government considered that the fight against the traffic of illegal timber was a high-value objective, and that its goal would be to ensure that in the future all exploited, traded and utilized timber products in Colombia should come exclusively from legal sources.[20]. However, the high incidence of illegality in the domestic timber market is, however, the main issue in the Legal Timber Pact, especially because this is where most CARs have authority and challenges. Illegality in the domestic timber market is linked to other illegal activities (mining, drug smuggling) and has an incidence of armed groups.

[20] http://wsp.presidencia.gov.co/Prensa/2011/Agosto/Paginas/20110831_07.aspx

6. Outcomes 2004 - 2011

In this chapter the main outcomes related to the research topics for this case study are presented according to the evaluation framework (annex), considering the following themes:

A: Enabling Politics and Policies:
1. Institutional strengthening for sustainable forest management (government level, national and decentralised, as well as NGOs);
2. Support to enhance forest governance policies, strengthen control, enhance certification and reduce the incidence of illegal forest exploitation;

B: Sustainable Production and Trade:
3. Production and trade of certified timber and non-timber forest products (the latter particularly Brazil nuts in Bolivia);
4. Reduced incidence of illegal forest exploitation and reduced threats to forests, e.g. by trade of commodities produced at the expense of deforestation.

6.1 Forest policy and management outcomes

6.1.1 Forest management outcomes Bolivia

Before 2006 there were 28 million ha of forests in permanent production, 18 million ha were held in concessions by private companies. Using official sources, (Pacheco, 2008) estimated the publicly owned PFE at 16 million hectares, comprising forest classified as protected areas (9 million hectares), forests granted as concessions to either timber companies (4.8 million hectares) or ASLs (0.7 million hectares), and forest reserves to be granted as non-timber forest concessions (mostly for Brazil nuts; 1.3 million hectares). These numbers are indicative only, because of the recent decrease of forest concessions. It is estimated that in 2008 at least 4 million hectares of forests are in the hands of medium- and large-scale landholders, although this could be much higher if informally encroached public forests are taken into account.

The area classified as production PFE comprises several tenure regimes: Indigenous lands, individual landholdings, public forests under concessions (including concessions assigned to local social groups – *agrupaciones sociales del lugar* – ASLs), and public forestlands without classification. Of the 41.2 million hectares of the nominal PFE, 28.1 million hectares are classified for sustainable forest production without restrictions, 2.4 million hectares are classified as potentially productive but reserved for recreational or other non-timber use, and the remaining 10.7 million hectares are classified as legally protected areas (Blaser, Sarre, Poore, & Johnson, 2011). The area of forest in the hands of communities, mainly indigenous groups, has grown over time due to the formalization the TCOs). Indigenous groups claim about 20 million hectares, but the titling of these lands is conditional on a process of verification of needs and the rights of other landholders. The titling process has been relatively slow and bureaucratic, although it has accelerated under the current administration. Currently, about 11.4 million hectares of land have formally been granted to Indigenous people (National Institute for Agrarian Reform 2010). The National Law 3760 (2007) adopted the United Nations Declaration on the Rights of Indigenous Peoples, which will likely strengthen local forest ownership..

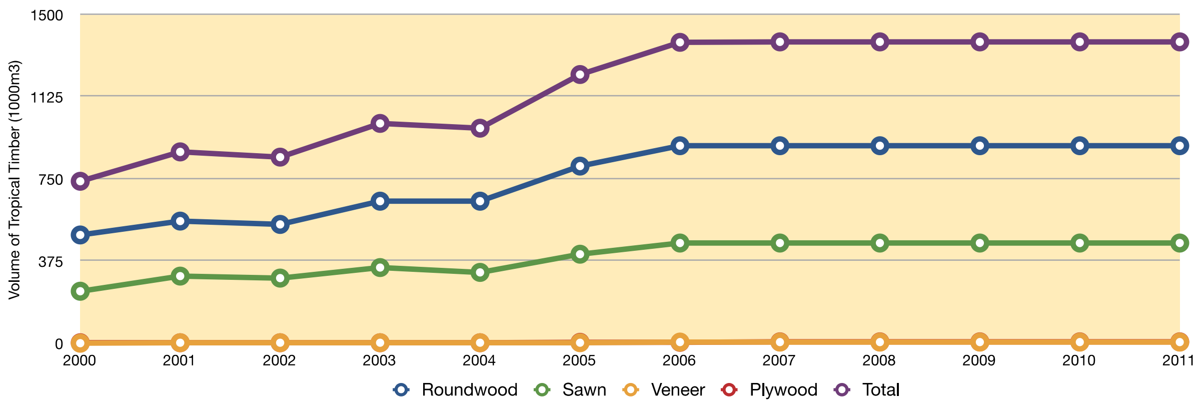
Illegal logging continues to be one of the main causes of forest degradation in lowland forests. Fuelwood extraction has degraded forest fringes, especially in mountainous areas and dry forests. Accumulated deforestation in Bolivia is about 6 million hectares, of which about 3 million occurred in the last decade, about 80% of it illegally (Government of Bolivia 2008)[21]. Approximately 82% of deforestation occurs in the north and east of Santa Cruz as a result of agro-industry development (biofuels, sugarcane and soy), while deforestation around Cobija in Pando and Riberalta in Beni and in northern La Paz tends to be a result of small-scale shifting cultivation.

[21] REDD readiness plan idea note; www.forestcarbonpartnership.org

Until 2009, the Forestry Superintendency was responsible for oversight and monitoring but considered very ineffective in controlling illegal logging and deforestation. In 2009, the Authority for the Social Monitoring and Control of Forests and Lands (ABT) was established, with RNE support. ABT develops programmes for the control, monitoring and supervision of the use of forest and land resources; issues permits for forest exploitation; and guarantees the sustainable management of forests according to the law. 40% of its budget is paid for by RNE and 20% by IADB (until 2011, now in part supplied by Treasury). ABT started with more strict control of concessions and extraction permits. However, the institutional transition to ABT also caused delays in administrative, financial and control processes. ABT also facilitated the process of legal access to timber for smaller forest owners (<200 ha) to comply with a reduced set of planning and management standards. In coming years the recently approved National Plan for the Integrated Management of Forests is expected to introduce a series of modifications to forest management systems deployed in FMUs. It will broaden the focus of forest management plans to improve control over resources, including timber and NTFPs, increase community-based production forestry, and include the management and conservation of forest services.

According to the official figures submitted to ITTO, total tropical timber production in Bolivia in 2004 was 983,000 m^3, which increased to 1.37 million in 2006 (of which 903,000 m^3 in logs and 459,000 m^3 in sawnwood). The increase in production in 2006 correlates with the 2006 policy changes. However, at that time actually less concessions were held by the private sector. This sudden increase cannot be explained.

Figure 7: Total Tropical Timber Production and products in Bolivia (1000 m^3).



Source: ITTO. Since 2006, the officially submitted figures remained the same.

Nearly 100% of log production and 70-80% of sawnwood are used domestically. The wood-products industry consists primarily of small and medium-sized enterprises with mostly obsolete technology producing solid wood products. In 2008, 428 sawmills were registered by the ABT and there were an estimated 2100 enterprises in secondary wood-processing.

According to interviewed private sector agencies, the forestry business in Bolivia as such is profitable but the main financial challenges are: (a) the higher fees for concessions, leading to many concession holders to return their rights, and (b) the lack of guarantee for investments. During the last years, the Bolivian government has given several indications towards nationalization of different sectors, particularly related with natural resources (oil, gas, water). There is concern among forest enterprises, especially those with foreign investments, that this might affect the forestry sector as well. There is not yet a working agreement between EU and Bolivia on investment guarantees. The current insecurity of tenure for industrial enterprises has resulted in insufficient investment in forest industry and there is a risk that the relatively high standard of wood processing will disappear. A major handicap for Bolivia's wood industry is the high cost of production per unit volume due to factors such as a low rate of extraction per hectare; the high cost of forest management; and the cost of essential inputs such as machinery, fuel and transportation. Wood prices are more than twice as high as in Brazil, Bolivia's principal competitor (USAID 2008).

Brazil nut (also called Amazon nut, *almendra* or *castaña*) is by far the most important NTFP of Bolivia, with annual production exceeding 45,000 tonnes and an export value surpassing that of Tropical Timber. Apart from Brazil nut, there are several other products, not nearly as important in terms of export volume or profit, but locally important. Wild cacao, tropical fruits (Majó, Acaí) and latex are locally important products and several initiatives exist to continue its promotion (including a RNE supported multi year programme lead by FAN). Apart from Brazil nuts, all NTFP products have little share in total export market, but provide labor and income to many forest dwellers. There are incentives and programmes underway to stimulate larger production, transformation and export.

Brazil nuts are produced organically and ecologically sustainable by default (i.e. the tree grows only in a mixed natural forest). Therefore much of the production complies with international standards for organic production and as such it enters the EU market. However, the problems with the Brazil nut value chain are of socio-economic rather than environmental origin. Brazil nut harvesting is a seasonal job and the six companies that dominate the market (75% of total export volume; Almendras Urkupiña, Tahuamanu S.A., Manutata S.A., Corporación Agroindustrial Amazonas, Beneficiadora de Almendras Harold Claure Lens, Sociedad Agrícola Industrial Blacutt Hermanos S.R.L.) tend to contract local people for harvesting only during 3 months of harvest and do not provide for any livelihoods options during the rest of the period. Given that much of the harvest is done by "habilitación" (pre-paid harvest) there is no control of primary or secondary labour conditions. Therefore, Brazil nut extraction is associated with child labour, forced labour and internal migration. Although the affectation of the forest through Brazil nut extraction is minimal, the intense harvest campaigns and uncontrolled groups of harvesters cause damage to native flora and fauna used for shelter and food (SERNAP, pers. com.).

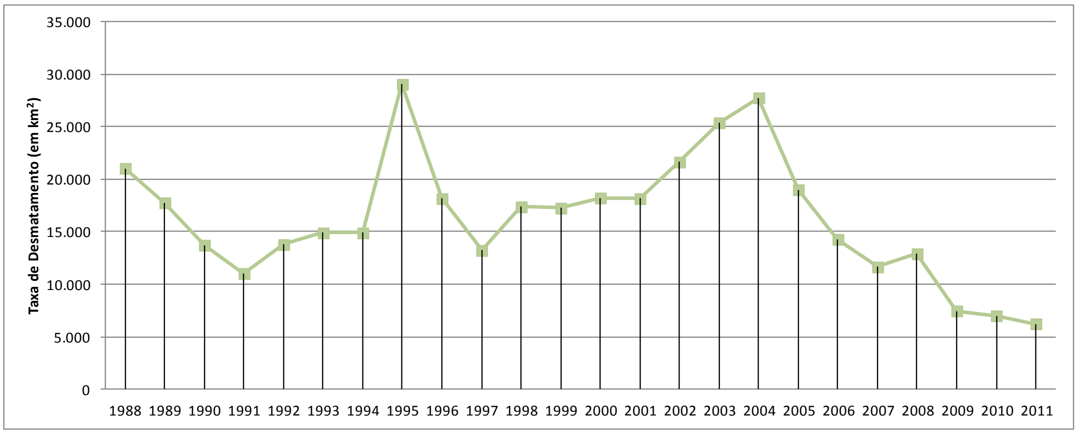
Dutch supported initiatives (by RNE through ABT, INRA and CARE, but also by Dutch NGO's like Hivos, ICCO and SNV) have positively affected Brazil nut harvesting practices and control. E.g. Hivos influences human rights standards in export companies (particularly the community lead organization Coinacapa -Cooperativa Integral Agroextractivista Campesinos de Pando Ltda), ABT includes regulation of Brazil nut concessions and the land tenure clearing by INRA in Pando reduced the habilitation practice in this department.

The state run Empresa Pública de Almendras (EBA, established in 2009) aims at producing Brazil nuts in a sustainable way, certified organically by CERES, and complying with ILO regulations. This implies they ensure year round labour for Brazil nut harvesters and avoid child labour and forced labour. EBA pays a minimum price to suppliers and aims at attaining 10% of the Brazil nut market, a figure they already achieved in 3 years of functioning. Since EBA is subsidized by the government, they could function during their first years with a net loss, but according to the plans, 2012 will be their first year of break even. EBA justifies its way of functioning as "showing that we can create an equitable and fully transparent value chain" but private sector complains that the public companies provide unfair competition because they work with state subsidy. EBA confirms that they profit from good practice promoted by (among others) Netherlands supported initiatives.

Box ...: Deforestation control in Brazilian Amazon.

The last decade, deforestation is still mostly associated with agricultural expansion (cattle ranching mainly) and logging (legal and illegal: according to Greenpeace early 2003 72% was illegal with many social/indigenous conflicts). Eight out of ten trees cut down in the Amazon is still related to agricultural expansion. The federal government estimates that currently 31 million ha in Para is illegally obtained (or 25% of the total area).

The first Lula administration appointed Marina Silva as Minister of Environment. Coming from the environment movement, hopes rose that she would implement stronger measures. Probably thanks to her support, since 2004 the federal government is tackling deforestation by strong law enforcement and monitoring using the federal police. In 2005, she opposed further development around the BR-163 that cut through the Amazon forest. However, not being able to reach her objectives, she stepped down as a Minister in 2006. Although, the relation is not direct, since 2005 deforestation has gone down dramatically. The most recent policy plan is the 2008' Sustainable Amazon Plan (Plano Amazonia Sustentavel) without any clear policy targets. The plan does include the 'Green Action' plan, which promises to invest 1 billion Reais in reforestation of the degraded areas in the Amazon.



Source: PRODES- IMPE[22].

The highest deforestation level in the Amazon was recorded in 1995 with 29,059 km²/yr, followed by 2004 (27,772 km²/yr)[23]. Since 2005 deforestation has been declining to a record low of 6,418 km² /year in 2011 (measured since 1988). In direct relation with the decreasing deforestation also between 2004-2009 timber production in the Amazon natural forests declined with almost 50% from 24.4 million m³ to 14 million m³. Log-processing capacity in the Legal Amazon declined from 10.4 million m³ per year in 2004 to 5.8 million m³ per year in 2009 (ibid). Stricter governmental control, monitoring and combating illegal deforestation were the main reasons. According to ITTO this is also due to a greater consumer awareness regarding the environmental value of natural forests and large manufacturers in the furniture and construction sectors shifted to less risky options in wood supply from eucalypt plantations. Though law enforcement has improved considerably over the years, encroachment, illegal logging and illegal gold mining continues.

6.1.3 Forest policy and management outcomes Colombia

The area of natural forest in Colombia is estimated at 61.5 million hectares (IDEAM et al, 2010). The area of planted forest is estimated at 405 000 hectares. In 1959, seven national forest reserves covering 51.3 million hectares were defined, of which almost 44 million hectares were still forested in 2002. Today there are also 55 protected areas, which cover nearly 12.6 million hectares (9.3 million hectares of which are forested). An estimated 8.7 million hectares of national parks has been established on land originally designated as national forest reserves; thus, the forest area actually managed as national forest reserves is 35 million hectares (44 minus 9 million hectares).

Colombian regulations related to the harvesting of timber resources differentiate between public and private lands. For public land, access is obtained through permits and concession contracts. No forest concession has been allocated in natural forests in the last 25 years. However, cutting permits, which include legal requirements for management procedures, are used widely in natural forests. There is considerable legislation governing forest management, with detailed instructions

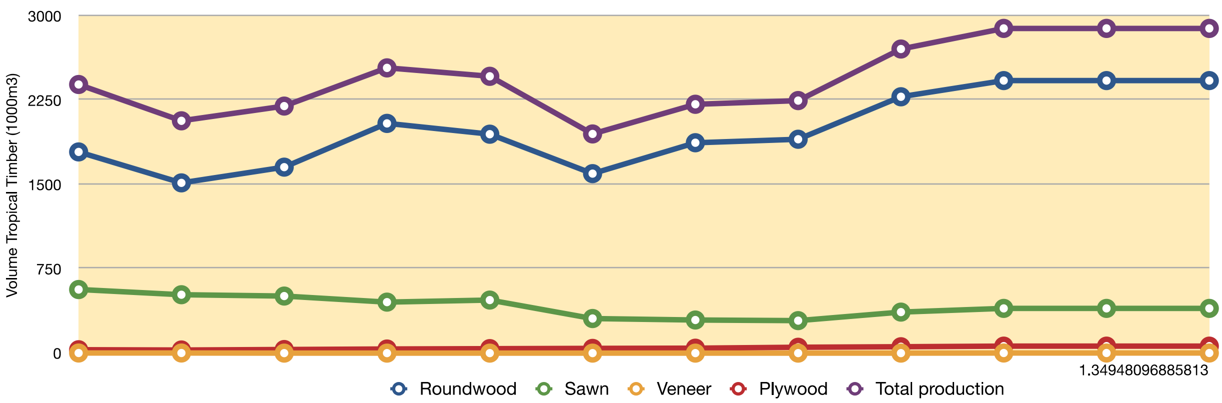
[22] http://www.obt.inpe.br/prodes/prodes_1988_2011.htm
[23] INPE Brazil

on the preparation of management plans. However, the degree of control is not clear and there may be large differences in the way in which management standards are applied in different parts of the country (ITTO, 2006). A specific study by IDEAM (IDEAM et al, 2010) using high-resolution MODIS imagery indicated that about two million hectares of forests were lost between 2000 and 2007 – a deforestation rate of nearly 300,000 hectares per year. Deforestation was equally high in all regions (Amazon, Pacific, Andes, Caribbean). The main cause of deforestation is colonization, including through small-scale and medium-scale agriculture, which contributes to about 73% of deforestation. In certain areas, illegal crops are another significant cause. Small-scale logging is the most important cause of forest degradation: (Romero, Cabrera, & Ortiz, 2008) estimated that 42% of all logging carried out in Colombia is illegal.

The estimated planted forest area in 2010, both for production and for protection purposes, was 405,000 hectares. The main plantation species are pine species (55% of the total planted forest area), eucalypts (20%) and broadleaf, both exotic (teak) and native species (ITTO, 2006). Most plantations are in the Andean and Caribbean regions. An estimated 200,000 hectares of protective plantations were established in the period 2002–2010, increasingly in the Orinoquía region (llanos).

According to the official figures submitted to ITTO, total tropical timber production in Colombia in 2004 was 2,5 million m^3, which increased to 2,9 million in 2011 (of which 2.4 million m^3 in logs and 399,000 m^3 in sawnwood). Nearly all this timber served the domestic market. Industrial wood is used in Colombia for sawnwood, plywood, particleboard and pulp. An estimated 399 000 m3 of sawnwood was produced in 2011, compared with 473,000 m^3 in 2004 (-16%). Overall, total domestic production is relatively low compared with the economic potential of the country.

Figure 8: Total Tropical Timber Production and products in Colombia (1000 m^3).



Source: ITTO

More than 300 NTFPs are known in Colombia. A wide range of medicinal herbs are gathered and used locally and sometimes sold in local markets or even packaged for more distant markets. Few data are available on the variety, value and production systems of NTFPs, however. *Guadua angustifolia* (guadua), a native bamboo, is used mainly for local housing construction but also by modern architectural designers and in handicrafts. In the departments of Caldas, Quindío, Risaralda, Tolima and Valle del Cauca the natural area of guadua is about 21 000 hectares, supplemented by 5100 hectares of plantations; total annual production exceeds 250 000 m^3 (CONIF, 2004).

The principal NTFPs harvested in natural forests are rubber, palm fruits (particularly *Mauritia flexuosa* – canangucha – and *Euterpe precatoria* – asahí), fruits from *Theobroma grandiflorum* (copoazu), *Euterpe oleracea* (palm hearts), *Chamaedorea* spp (xate leaves) for ornamental use, and wildlife, especially fish and reptiles. A national programme of sustainable biocommerce (Programa Nacional de Biocomercio Sustentable en Colombia) is developed, lead within SINA by the Humboldt institute, to promote value chains of, among others, NTFP.

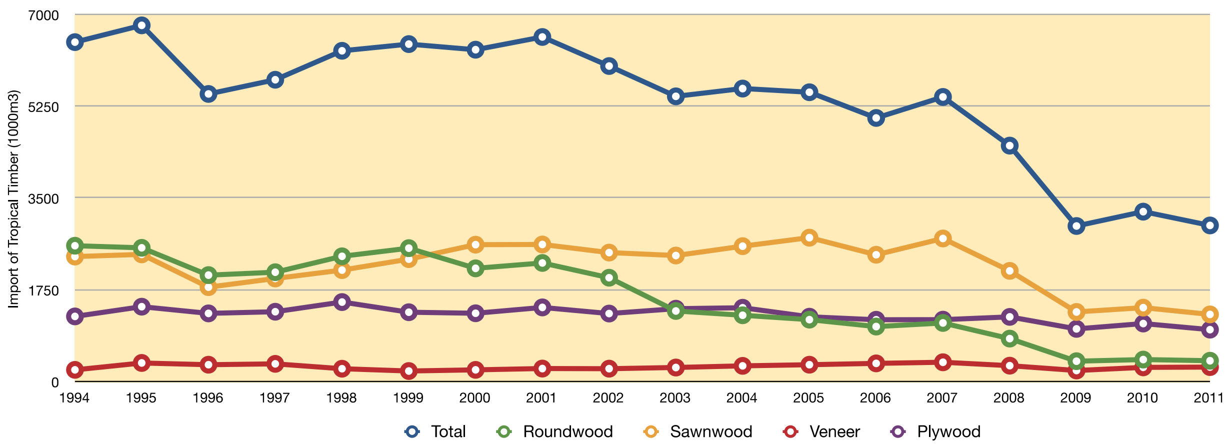
6.2 Sustainable production and trade with the EU

6.2.1 Sustainable trade in tropical timber with the EU

In the period 2004-2011, the EU-16 imported in total 35.3 million m^3 of tropical timber (see annex II and Figure 9). Within the EU, France, Germany, the Netherlands, Italy and Spain are major importers of tropical timber (Figure 10). Because of the economic crises since 2008 the import figures show general decreasing trend. The sharp decline is related to the strong decrease in the building of houses and offices in the EU. In the Netherlands, the volume in 2010 was 38% below the 2007-level.Import of tropical timber peaked in 1995 at 6.8 million m^3 and in 2002 the EU still imported 6 million m^3. In 2004, total import was 5.6 million m^3, which dropped to 3 million m^3 in 2009 and 2011. The decrease was in all products but much stronger in roundwood (-85% decrease) and sawnwood (-40%) than in plywood and veneer.

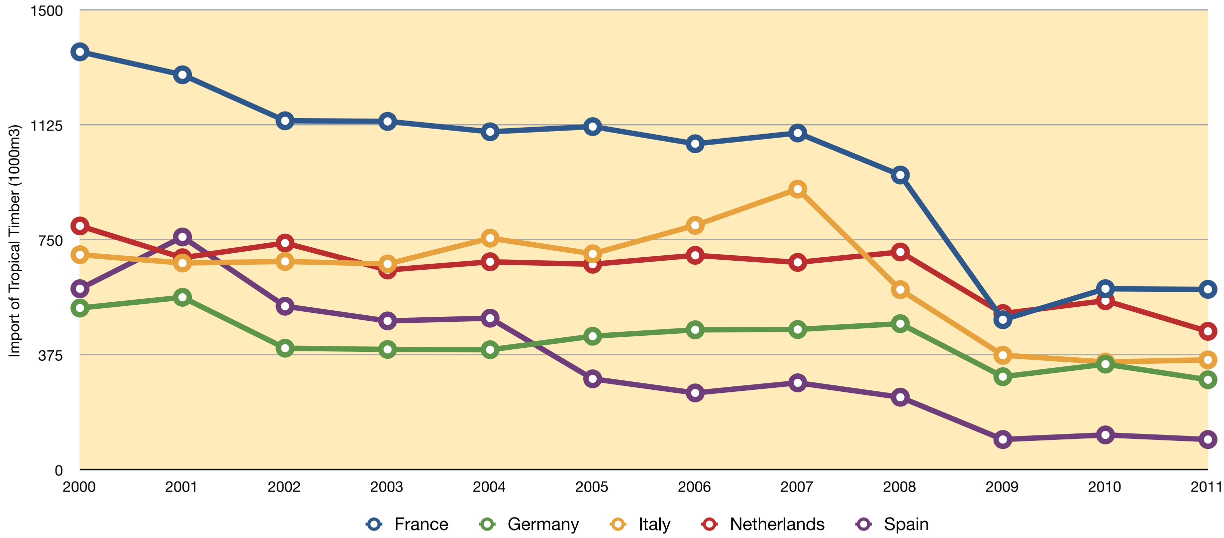
On a per capita basis, the Netherlands is one of the largest world-wide consumers of tropical roundwood and sawnwood. Tropical hardwoods are used in houses as floorboards and for outdoor construction requiring water-resistant woods. Meranti (Asian), Azobe and Okoume (both West African) are most commonly used. Brazil and Surinam are the main sources for Latin American tropical wood. In absolute volume France is the main importer followed by the Netherlands. Of the Dutch imported volume between 10-20% is again exported to other European countries.

Figure 9: Total tropical timber imports in EU-16 between 1994 – 2011 (1000 m^3).



Source: ITTO

Figure 10: Total Import of Tropical Timber in major EU countries 2001-2011 (1000 m3)



Source: ITTO

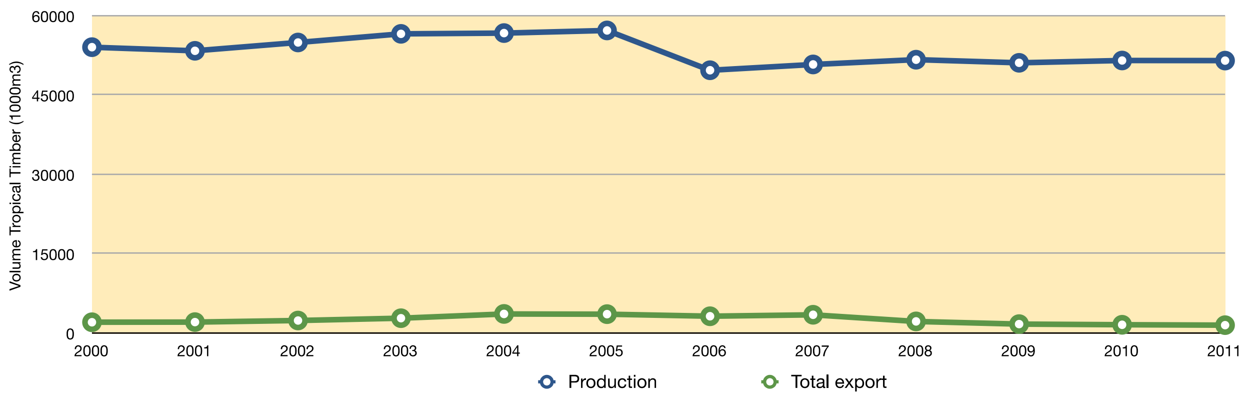
Total tropical timber production in the LAC region was 5.7 million m^3 in 2004 and 5.2 million m^3 in 2011. However, most produced tropical timber is not exported but used domestically (Figure 11). In 2004, 6.6% of total tropical timber production was exported, which increased to 7% in 2007. However, in 2008 export plummeted to 4.5% and further decreased to 3.2% in 2011. Of all tropical timber exported from the LAC region, Brazil is the largest exporter of sawnwood and plywood but in 2011 it only exported 1.8% (down from 6.3% in 2004). In 2004, Brazil's share was 79% of all timber exports from the region. This decreased to 58% in 2008 and 45% in 2011. Bolivia exported in 2011 around 9.3% in of its much smaller 2011 production volume and Colombia around 1.4%. In Colombia most of the exported wood originates from plantations of tropical trees (mainly teak) and practically all tropical roundwood from natural forest is for the domestic market.

Table 5: Total Export volumes of Tropical Timber from Bolivia, Brazil and Colombia (1000 m3)

Volume (1 000 m³)	2004	2005	2006	2007	2008	2009	2010	2011
LAC region								
Roundwood	323	341	348	420	352	239	348	370
Sawn	2187	2098	2020	2400	1527	1332	1081	992
Veneer	108	180	187	169	52	26	28	28
Ply	1127	1085	754	596	400	232	239	239
Total	3745	3704	3309	3585	2331	1829	1696	1629
Bolivia								
Roundwood	7	6	9	9	17	14	13	11
Sawn	56	59	82	146	139	192	112	112
Veneer	1	1	1	2	3	2	2	2
Ply	3	3	4	7	4	3	4	4
Total	67	69	96	164	163	211	131	129
Brazil								
Roundwood	6	3	1	6	13	2	6	24
Sawn	1881	1891	1662	1699	1031	571	668	578
Veneer	105	196	176	162	41	19	20	20
Ply	1002	795	572	445	281	134	115	115
Total	2994	2885	2411	2312	1366	726	809	737
Colombia								
Roundwood	65	17	9	18	20	21	17	17
Sawn	2	3	4	9	14	19	20	20
Veneer	0	0	0	0	0	0	0	0
Ply	9	6	8	7	4	4	2	2
Total	76	26	21	34	38	44	39	39

Source: ITTO.

Figure 11: Total Production and Export Volume of Tropical Timber from LAC region (1000 m3)



Source: ITTO

The EU has been the largest trading partner for tropical timber from the LAC region, although recently China is emerging fast as a major trading partner. Brazil is by far Latin America's biggest supplier to the EU. The EU imports around 45% of all timber exported from the Amazon Basin (WWF, 2005). France, the Netherlands and the UK account for the largest share of the region's imports into the EU.

The EU has been the main export market for Bolivian timber products and the Netherlands has been continuously among the first five of the list major export destinations at individual country level (well behind Brazil USA and China). Total export has increased from US$50 million in 2001 to US$87 million in 2011 (data IBCE). However, exports showed a peak between 2007 and 2010 with figures over US$ 100 million.[24] According to IBCE and the Bolivian Forestry Chamber, the decrease in export volume has two main reasons: the economic recession in Europe and USA and the burden of bureaucracy imposed by ABT to allow for legal forest management. Only 3% of Colombian timber export has the EU as a destintation (Servimarketing 2008).

The large share of domestic use, as well as the declining influence of the EU by reduced import of tropical timber from the LAC, limits the EU's potential to use trade to reduce illegal production in this region or to promote sustainable production. In addition, the value of secondary wood products from Latin America has increased significantly, indicating a shift from raw materials. For example, the EU imports of pulp and waste paper from Brazil increased with app. 143% between 1999 and 2009. In this case then, an emphasis on providing markets and technical support to improve supply chain management would probably prove to be more effective than trade-related instruments.

6.2.2 Production and export of NTFP' Brazil nuts from Bolivia

Bolivia is the largest nut exporter in the world its participation in global trade is 52% (followed by Brazil and Peru). The export value of Brazil nuts in 2010 was considerably higher than the export volume of timber (about US$ 75 Million data ITTO). In 2011, the forestry sector contributed by about 8.8% to the total export value of Bolivia, with Brazil nuts contributing by 5.6% and timber products by 3.2%. Timber products are marginally important for the EU market, representing less than 1% of timber products being imported (AEMP, 2012).

In Bolivia, Brazil nuts are growing naturally and are being managed in an area of approximately 100,000 km^2 in the Northern part of the Bolivian Amazon. It is estimated to provide labour to about 15,000 people (AEMP, 2012). In 2010, Bolivia exported 21,120 metric tons of nuts worth US$ 104 million (98% of all Brazil nut production is exported). The volume of export was relatively constant since 2005 but the higher export value reflects a higher price per kilo.

Table 6: Brazil nut export from Bolivia (2004-2010).

	Export volume (kg)	Export value (US$)	Price/kilo (US$
2004	15,422,065	53,363,420	3.46
2005	17,256,595	75,049,446	4.35
2006	19,421,107	70,186,750	3.61
2007	20,858,176	76,949,564	3.69
2008	20,784,978	88,022,210	4.23
2009	22,339,263	72,788,119	3.26
2010	21,120,469	103,712,741	4.91

Data IBCE 2010

The main import countries of Brazil nuts from Bolivia are Great Britain and USA (each over 5,000 metric tons) followed by Germany, the Netherlands and Australia (over 1,000 tons in 2010). In general, the price per kilo is higher in Europe and Australia than in the USA. The main eight countries represent 77% of all global Brazil nut imports. Main consumer of Brazil nuts is the food industry (breakfast cereals, chocolate, sweets) and cosmetics (Brazil nut oil). Contrary to Brazil that has a strong development of processing of Brazil nuts for oil extraction, Bolivia almost has no processing industry.

[24] An issue that worries the private sector is the rapidly increasing timber imports into Bolivia; from under US$8 million in 2004 to US$44 million in 2011; mostly furniture, sheets and agglomerates, principally from Brazil and China. This figure is used as a sign of a larger demand than (domestic) offer but also interpreter (by ABT) as part of the success of controlling the illegality in domestic market.

Table 7: Main export destinations of Bolivian Brazil Nuts (peeled, fresh and dry)

	Export volume (kg)	Export value (US$)	Price/kilo (US$
Great Britain	6,349,059	30,590,263	4.82
USA	5,339,222	26,582,935	4.98
Germany	1,373,780	7,399,112	5.39
The Netherlands	1,335,220	6,846,471	5.13
Australia	1,022,684	5,554,436	5.43
Colombia	575,470	1,837,517	3.19
Italy	502,844	2,820,861	5.61
Spain	454,236	2,165,486	4.77

Data IBCE 2010

6.2.3 Legal and sustainable forests and sustainable production

Legal compliance

The minimum requirement regarding legal traded timber is that it comes from a legal source. As presented in previous paragraphs, the majority of timber is used domestically in the producing countries (as fuel wood or construction). The majority of this wood (especially fuel wood) originates from forests without a legal production status. Of the international traded timber the FLEGT initiative and EUTR are addressing the legal status. The volume of illegal produced timber is going down since 2000 in three countries including Brazil (Figure 12). Illegal logging is estimated to have fallen by between 50 and 75% during the last decade in Cameroon, the Brazilian Amazon and Indonesia, while imports of illegally sourced wood to the consumer and processing countries studied are down 30%from their peak in 2004 (Lawson, 2010) (Lawson, 2012). The estimated imports of illegally sourced wood products into the Netherlands fell by around 20% between 2004 and 2008. The Netherlands has the lowest proportion of illegal wood in imports of the five consumer countries mentioned (Figure 13), but the volumes are still quite large because the Netherlands is an important trade center for other EU countries

Figure 12: Wood-balance estimates of illegal logging in Brazil, Cameroon and Indonesia 2000-2008 (Lawson, 2010).

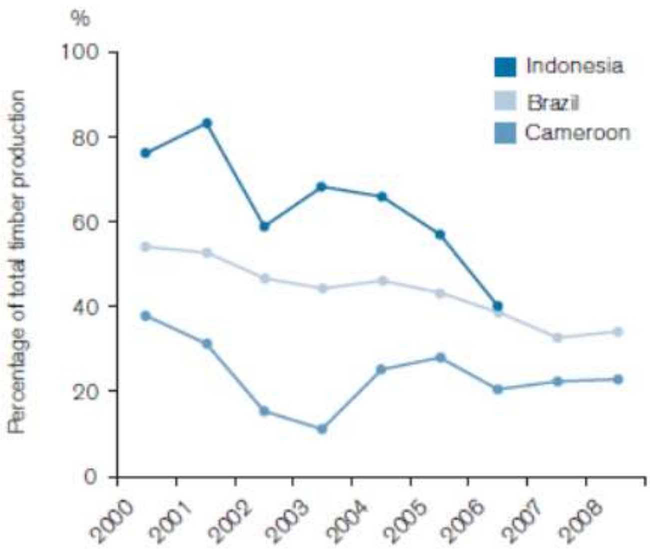
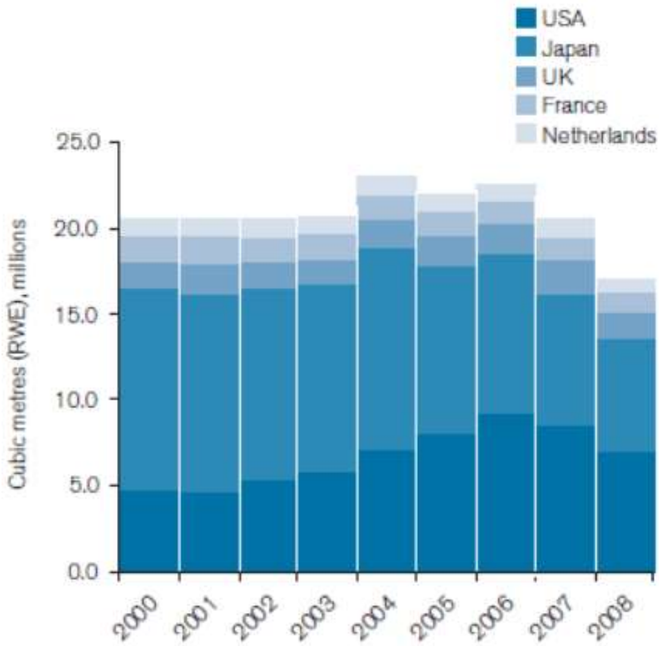


Figure 13: Import-source estimates of illegally sourced wood-product imports by consumer countries 2000-2008 (Lawson, 2010).



Certified timber
Certification of forests is the most widely accepted indication for sustainable forest management and products derived from these forests. FSC and PEFC are the main certification schemes for forest products. During the last decade, much attention was provided by both the FSC organization and NGOs to expand the area under certification in the main tropical timber producing countries in Asia, Africa and Latin America. This expansion was part of the Dutch tropical rainforest and biodiversity policies (RTR and BBI). During the period of evaluation, the Dutch government supported various initiatives in the LAC region (particularly in Bolivia and Peru) to increase certified area and volumes.

In 2011, among tropical regions, the LAC region led with a total of 221 FSC certified concessions (which includes both natural forests used for timber production as well as forest plantations with native and exotic species) totalling 12.8 million ha[25]. This represents almost 10% of the global area certified and 22% of the number of certificates. Brazil is leading with 77 concessions totalling almost 6.5 million hectares. Bolivia is third with almost 1 million hectares, after Uruguay (which has only pulp wood plantations). Colombia lags behind with only 4 certifications and less than 100,000 has (all plantations) in the same range as much smaller countries like Costa Rica and Belize.

Table 8: FSC certified forest areas and concessions (2011).

LAC region	Total area certified (ha)	Certified concessions	Share of total forest area
Brazil	6,479,479	77	1.4%
Uruguay	2,645,460	29	
Bolivia	883,459	12	28%
Peru	578,831	8	
Chile	497,358	18	
Guatemala	495,301	10	
Argentina	284,594	19	
Venezuela	139,634	1	

[25] http://ic.fsc.org/facts-figures.19.htm

Belize	104,888	1	
Colombia	96,125	4	0.2%
Costa Rica	56,511	15	
Ecuador	25,066	4	
Surinam	23,858	1	
Paraguay	15,831	2	
Panama	9,782	9	
TOTAL	12,850,513	221	

Source: FSC 2011

Following are some details about FSC timber production in the three countries that were studied.

Bolivia

In 2009, there were 3,331 forest management plans covering an area of 9.68 million hectares. In 2011, there are 12 natural-forests with FSC certificates, ranging in size from 15,000 to 220,000 hectares and covering a total area of almost 1 million hectares; which also constitutes the estimate of *sustainably* managed natural forests. However, as a result of the major policy changes described earlier this is a decrease from the 3 million ha certified forests earlier. The forests under control of Indigenous communities (TCO) have increased to about 12 million ha. The sharp decrease of certified forest in Bolivia has been attributed by forest industry representatives interviewed for this study to two major reasons (a) the lack of enough higher price for Bolivian certified timber and (b) the installation of a national codification of origin (CFO), which took away the need for FSC certificate to show legality (timber producers were comfortable enough with a CFO and do not pursue full certification anymore).

The FSC-certified forest products sector in Bolivia generated in 2005 about US $16 million annually of exports representing 25% of total wood products. This includes certified products such as doors, furniture, floorboards, parquet, chairs, veneers, handicrafts, and sawn timber. Many of these products are exported to the USA and United Kingdom, as well as Chile, Indonesia, Paraguay, France, Peru, Spain, Germany, Hong Kong, Singapore, Brazil, and Italy. Because of the significant decrease in FSC certified area the value of FSC exports in 2011 must be much lower (no exact figures available).

The private sector in Bolivia´s forest management is well organized, as far as legal companies and export oriented enterprises are concerned. There are regional and national chambers of forest companies *(Cámera Forestal Boliviana)* and the export chambers *(CADEX)* and its market research institutes (IBCE) are well established and functioning mostly with own funding. The Netherlands, through CBI, established a medium term relationship with CADEX (the regional chamber of exporters for Santa Cruz, but including all timber product exports from Bolivia) to promote legal timber export, support the linkage between supply (from individual concessions and communities), processing and export chains and supports preparation for FLEGT and an eventual VPA.

One of the main networks CADEX has triggered is Bolivia's participation in The Amazon Alternative (TAA). In Bolivia, more than ten companies (and increasing) are member of TAA and several new FSC certifications to a certain degree counteract the general decreasing trend in certification in this country. Another private sector trade initiative, the Timber Trade Action Plan (TTAP) (of TFT, financed by EU) [26] will also be rolled out into Bolivia shortly.

Box ...: Certified Timber in Brazil.

In Brazil, a FSC Working Group (WG) was established in 1997 with the main task to adapt FSC standards to the Brazilian situation. The ambition of FSC Brazil is to increase the share of natural

[26] http://www.tft-forests.org/ttap/

forests and small forest owners (SLIMF). The focal region is the Amazon. At first, FSC certification of forest plantations grew much faster than natural forests. The main reason is that forest plantation promotors already had a higher level of organisation, more financial resources, better access to information and qualified staff.[27] Many plantations also have clearer land tenure rights (although sometimes disputed) than natural forests.

In 2004/2005, FSC certified areas totalled 1.3 million ha. Almost 66% of the surface area was composed of forest plantations 860,000 ha and the remainder were natural forests, mainly in the Amazon. There were 31 certified sites, of which 21 are plantations and 10 natural forests. The certified area increased to a total of 6.5 million hectares in 2011, around 43% of which was in natural forests (FSC 2010 and 2011)[28]

Colombia
Although Colombia has yet only a small amount of forest certification, voluntary certification is gaining some ground. In 2005 two planted forest areas covering 58,444 hectares were certified (ITTO, 2006). In December 2010, three forest plantations covering an area of 96,167 hectares were certified by the FSC; in addition, a group community certification in natural forests has been issued in Chocó (comprising the Darién community dos Bocas Rio Sucio), covering a total area of 9,742 hectares. Thirty-five chain-of-custody certificates were valid in December 2010.

Overall, when looking at the larger economic and infrastructure developments, FSC does not seem to have an impact on larger scale developments, especially on illegal deforestation (which needs enforcement and anti-corruption measures by the government as shown by Brazil). FSC seems to hamper a negative development: where a FSC-certificate has been issued the forest is yet still standing (De Koning, 2008). The most important outcome of a FSC certification process for natural forests with smallholder communities is that access and tenure rights are formalised. The Brazilian organisation Imaflora has conducted one of the few impact studies on FSC certification in Brazil, showing a positive effect of the NTFP production (higher diversity and number of sources, although no higher price from certified forests).

The impact of these certification schemes should not be overestimated. In the three selected countries domestic demand for tropical timber is higher than export and most timber used in 2004 came from illegal sources. However, in all countries (notably in Brazil) illegal logging has a downgoing trend. In all three countries certification was/is irrelevant on the domestic market.

6.2.4 Import and use of certified timber in the Netherlands 2004 -2011

The overall market share of certified wood early 2000 was still low. In 2007 the overall market share of sustainably produced FSC-certified timber was 13%. PROBOS reported that in 2008, almost 34% of all imported roundwood had a certification of which 22.1% held a PEFC-certificate and 11.6% a FSC-certificate (Oldenburger, Winterink, & Leek, 2010). In addition, 20% of roundwood had a legal certificate. The ambition of the Dutch government to purchase 50% of timber from sustainable sources can thus be considered to be within reach.

However, of the total volume of imported *tropical* roundwood 15.5% held a certificate. This means that the majority of imported tropical timber still has no certificate (mainly from Africa). In 1999, the Netherlands imported 92,000 m^3 roundwood from Brazil of which 14% came from certified forests (Aidenvironment, 2000). Nowadays, in the Netherlands 42% of all certified tropical roundwood comes from Brazil and 9% of all certified tropical roundwood comes from Bolivia (Oldenburger, Winterink, & Leek, 2010). In contrast, the majority of all tropical timber exported from Bolivia and Brazil is certified (78%). The share of bought certified timber from Brazil (42%) is

[27] Based upon interviews and literature.
[28] http://ic.fsc.org/facts-figures.19.htm

much lower than the percentage of available certified timber (78%) suggesting a preference from Dutch importers to buy non-certified timber.

In 2012, FSC Netherlands started to organise meetings with local government representatives (63 so far) to train them on using certified wood in construction projects. The FLEGT-EUTR will further provide a strong incentive to import more certified wood. Although FSC certification will not assure a "green lane" for timber to enter into Europe under EUTR, it is likely that FSC timber will have no problem to be categorized as "legal". According to the Dutch Union of Wood Importers (VVNH) in 2011 already 71% of all VVNH imports (70% of the total market import) could be proven to be from sustainable sources (VVNH, 2011). This is an increase from 58% in 2008 and 63% in 2009.

7. Analysis of the effects of Dutch policy actions on sustainability

In the analysis of the effects of Dutch policy actions on sustainability in the forestry sector, the main subject of this case study, we will use the evaluation questions for this case study as a guidance.

7.1 Dutch policy framework

(1) What has been the policy framework in the Netherlands which can be used to assess whether objectives in the field of sustainable forest management have been achieved?

In 2008, the Dutch government aimed that by 2011 50% of all timber used would be proven sustainable, 100% of purchases by the central government, 75% for Provinces and Water Authorities and 50% for municipalities (Beleidsprogramma Biodiversiteit 2008-2011). In addition, Dutch wood and construction companies defined end 2009 their ambition to use in 2015 100% of coniferous wood, 85% of the veneer and 50% of all tropical timber be from proven sustainable sources.

While at central Dutch government level the aim was to phase out forest production from illegal sources and use certified products only (with different percentages mentioned), in the selected production countries in the LAC region no such targets were mentioned at any time. Rather, during the period of 2004 to 2011 planning documents referred to forest conservation (Colombia), sustainable value chains and private sector development (all countries) in general terms.

Bilateral policies evolved from forest protection towards sustainable forest management and later on more specifically to sustainability and certification of value chains for forest products and reduction of illegal exploitation. Thus, at country level, for this evaluation we do not have a policy reference framework with concrete objectives or targets. Rather, the following general country policy objectives can be used as guidance:

- Sustainable forest management / production, including maintenance of biodiversity
- Increasing production of certified forest products
- Reduced production from illegal sources
- Institutional strengthening in the environment and forest sector.

7.2 Contribution to enabling politics and policies

This relates to the following evaluation questions:

(2) What is the supportive policy framework for forest policy and governance in these countries, and what has been the contribution by the Netherlands on the development of these policies?

7.2.1 Bolivia

Bolivia is a country with many opportunities for SFM. It has, after Peru and Brazil, the largest forest reserves of the region, it has designated much area as permanent productive forest, many areas have a reasonable accessibility by navigable rivers, and there is much practical experience with SFM (both in private sector as environmental NGO's). There is considerable foreign investment in the Bolivian timber sector, including two major Dutch firms (DEKMA and INPA parket). Dutch private sector support tools (CBI, IDH, PSI, PSOM) have been used in the timber value chain and, according to export chambers, are promising to ensure a profitable timber provision to the European market under EUTR.

During the last decade, Bolivia underwent strong political shifts. The Morales' administration has promoted various policies that increase government control over land, productive sectors and natural resources. It particularly promoted participation and development of the poorest groups, especially indigenous groups. This has resulted in considerable changes in forest governance: first, through the development of Indigenous Territories (TCO's) now covering almost half of all forest area, and; second, the increased licensing costs of timber concessions, leading to many concession holders to hand back their concession to the state. Also, the development of a national certification of origin for timber (CFO) and the lack of added price for certified timber decreased the added value of FSC certification and several SFM certifications were cancelled. On the other hand, the strict control executed by ABT has led to a decline of the amount of illegal timber (evidenced by a higher price of timber on domestic market) and reduced the competition of illegal timber to the formal timber market. However, formal timber enterprises, production and export chambers consider that this strict control forms a barrier to efficient trade and has been a reason for decreasing export volumes in 2011 and 2012. More efficient control mechanisms, guarantee of investments and transparent regulations on taxes and licensing are required to increase investment climate in timber value chain.

Promotion of SFM, including elements of sustainable value chains of timber and non-timber (Brazil nuts) products have had a prominent position in the RNE bilateral programme, although it has not been translated in concrete indicators for the value chains. The support has been based on a long standing relationship (budget support) with government agencies. In parallel, much support has been given to CSOs that promote SFM (capacity building for forest management, certification processes, and community forest enterprises), forest research institutes that work on forest inventories and development of good practice and to private sector to create positive environment for value chains of timber and non timber products.

This evaluation concludes that during the last decade, Dutch support to the Bolivian' forest sector has been key to further develop SFM experiences, especially with local communities. Together with USAID (BOLFOR programme), the Netherlands has been the main bilateral agency supporting forest certification, forest policy development, capacity building and institutional support. It has combined institutional strengthening (through budget support to governmental agencies) with SFM practice (through support by Dutch and Bolivian NGOs and private sector). Support to government agencies has not been evaluated as highly effective, due to poor sustainability due to large turnover of policies and high dependence of institutions on bilateral aid. Support to NGOs has been more effective but less directed towards a fully efficient value chain (communities-companies-government control-export).

7.2.3 Colombia

The country slowly emerges from the internal armed conflict (weaker position of irregular groups, peace talks initiated), which also means more governmental control over remote areas. Still many areas (especially forested areas) suffer from presence of left-winged guerrilla and irregular "criminal gangs" involved in coca cultivation and trafficking as well as illegal mining and logging and causing large internal migration as well as uncontrolled colonization and deforestation.

During the last decade, Dutch support to Colombia's environmental sector included forest conservation, water and climate change and not directly SFM or timber trade policies. Some support has been given to bio-commerce (NTFP, REDD+ and ecotourism) but these sectors are not yet well developed. The RNE support provided through SWAp has been evaluated as highly relevant and important, because it was the only bilateral agency that continued to support the environment ministry during the years of the previous government, when most agencies decided to discontinue their cooperation. Dutch support has been particularly successful in strengthening the national parks system and environmental funds. The National Parks Unit has created several protected areas during the evaluation period, most of these in high diversity forest areas. Its budget almost doubled and the funding needed for the increased number of staff for parks control was satisfied by national (government) funding. It has successfully promoted a regional development and conservation programme in a highly conflictive area (Macarena region), established a regional vision and supported increased government control. It was responded by the government through the creation of a *Reserva campesina* and a *Special management region* with its own specific institution.

The result of the support to the Ministry of Environment was mixed. Its budget increased but less than expected and the institution continued its instability. The external evaluation of SWAp considered the constant government budget to the Ministry as a weak point but could be considered strong as well, because it was not affected by the planned reductions in budget. As part of the process of strengthening supported by the SWAp since 2007, the Ministry and the Unit of National Parks began a process to channel funds from the National Royalties Fund to environment projects jointly with the CARs and the territorial entities. This has greatly increased budget to the regions, which strengthened the authorities in charge of forest control. SWAp was positively evaluated in its approach to strengthen inter-sectoral coordination within SINA. Specifically the role of the National Planning Department as accompanying the Ministry of Environment was improved as well as the implementing role of the CARs. Both RNE and EU have provided support to the CARs and its representation organization (ASOCARS). This has increased the technical capacity of some of the weaker corporations, coordination among them and with other institutions of SINA and standardisation of information management tools. However, the National Environmental System is still considered the main barrier for effective forest governance, because of remaining lack of coordination between sectors (principally infrastructure and mining vs environment), lack of resources (after retreat of many bilateral cooperation funds), lack of technical and human capacity among many CARs to apply effective forest control, disparity among CARs and rapid turnover of key staff in corporations.

RNE also supported the alternative sustainable development vision of the Amazon (through Amazonas 2030 and work with Tropenbos). Its support to the environment ministry has been less effective but due to changes at governmental level rather than the RNE strategy. Although it did not focus on SFM and timber value chain, the Dutch support has been crucial to improve forest governance in the Amazon region. Apart from SWAp, it has financed activities related to peace development and control of illegal crops. Given the evident link between Colombia's internal conflict and forest conservation and management (including illegality in the timber sector) this is a coherent strategy and recognized as such within the government representatives interviewed for this evaluation.

The new government (Santos administration) developed the National Development Plan as its main governmental policy. It includes a particular chapter on environmental sustainability, which focuses on biodiversity conservation, ecosystem services and wellbeing of the inhabitants of natural areas. Given that this NDP was developed during the end of the SWAp, it is evident that the years of Dutch ODA support has influenced the new state policy (e.g. strategic action lines on a principal ecological structure, continued strengthening of Parks Unit, Amazon regional approach, etc.). Since at the moment of the launch there was a major environmental crisis related to inundations after extreme rainfall, the environmental chapter puts much emphasis on disasters and risk reduction rather than ecosystem management and, much less so, forest management. RNE, having created a long term and well appreciated relationship with the government, was approached directly to support this line of work and it reacted opportunely with the Water Pact. The long term relationship and projects supported both to the government and civil society, directly in the field of environment as well as in other related sectors, provided the Dutch Embassy with an important position in Colombian environmental policy development. So much so that a leading Colombian opinion magazine referred to the former Dutch ambassador in Colombia as "the real power behind the environment in Colombia"[29]

From governmental side, there has not been any promotion of timber export. The only mention of forest and reforestation in the National Development Plan are the enacting of the Pact for Legal Timber and the Reforestation and Restoration plan. With the latter, the Colombian government plans to increase reforestation (both for production as for protection) and has included a goal of

[29] http://www.semana.com/nacion/marion-kappeyne-embajadora-orquesta/181640-3.aspx

reaching 1 million hectares by 2014. They have enabled several financial instruments including incentives and tax exemption, but the actual rhythm of reforestation is not likely to reach the 1 million hectare goal. Reforestation is actually not supported by bilateral support from The Netherlands or EU.

RNE did not focus directly on SFM policies or projects. The EU did, mostly under the FLEGT. As a result of the process with CARs to promote forest governance, many environmental authorities, control agencies, private sector, research institutions and NGO's working in the forest sector signed the Pact for Legal Timber, with presidential endorsement. Although this is merely a declaration of good intentions, it is an important step to widely recognize the problem of illegality in the timber sector, to initiate coordinated action and promote law enforcement and control mechanisms. It also provides opportunities to link the domestic and international market, creating larger transparency and legality in the entire value chain. Other EU supported projects in forest governance and trade created positive examples of certification and community forest management. This, however, still remains on private sector initiatives and has not yet been translated in enabling policies to promote a timber value chain other than the good intentions of the mentioned Pact.

7.3 Contribution to sustainable production and trade

This relates to the three following evaluation questions:

(3) What has been the importance of sustainable timber production and trade to NL and EU from Bolivia, Brazil and Colombia, and how has this been influenced by Dutch policies?
(4) What has been the importance of sustainable trade of non-timber forest products (bio-trade) from Bolivia, and how has this been influenced by Dutch policies?
(5) What has been the incidence of illegal forest exploitation and reduced threats to forests in these countries, and how has this been influenced by Dutch policies?

7.3.1 Overview

Total tropical timber production in the LAC region was 5.7 million m^3 in 2004 and 5.2 million m^3 in 2011. However, most produced tropical timber is not exported but used domestically. In 2007, 7% of total tropical timber production was exported but export plummeted to almost 3% after 2008. The EU has been the largest trading partner for tropical timber for the LAC region. Dutch international policy towards LAC mostly had an indirect effect on sustainable production and trade, through the support of good practices and field examples. These have resulted in several areas with FSC certification, better practices in Brazil nut harvesting and more sustainable income for forest dwellers. In addition, Dutch ODA strongly focused on forest conservation and environmental governance in the three countries studied, which indirectly improved sustainable production (less illegality). Sustainable trade was promoted through several concrete initiatives (most notably The Amazon Alternative) and although promising. Both the volumes of certified timber have increased and the volumes of illegal timber have declined. The EUTR and associated FLEGT process seem to constitute a positive incentive to better control of illegality in these LAC countries.

7.3.2 Bolivia

The EU buys 30% of the export of Bolivian timber and over 50% of Brazil nuts. Of the certified timber in the Netherlands, 9% comes from Bolivia. For the EU, Bolivia is the main provider of Brazil nuts but only a marginal provider (less than 1%) of timber products. After USA, Great Britain and Germany, The Netherlands is the fourth most important export market for Brazil nuts from Bolivia.

Brazil nuts have a strong export market and are supplied by many forest dweller communities. Many sustainable development projects (also several supported by Dutch ODA) have supported communities to engage in Brazil nut value chain because of the by default, environmentally sustainable character of Brazil nut harvest and the added value it provides to SFM. Much of the market used to be dominated by a few large companies and there have been challenges related to labour issues (particularly continuity off-season, forced labour, child labour). The establishment of the public company for Brazil nuts (EBA) has been one of the measures the government has taken to better regulate this sector by giving a positive example. There are opportunities to enhance the Brazil nut market, particularly because most of the nuts are now exported as fresh or dried nuts but there is yet no processing industry (oil extraction) like in Brazil.

There are many examples of sustainable timber production in the entire value chain. These have been established with contribution by two decades of bilateral support (among which Dutch and USA support was most constant and effective) and NGO activities (with SNV and Hivos having an important role). In addtion, there has been presence of a series larger forest enterprises (including two with Dutch investment basis and supported by Dutch private sector incentives) that were willing to engage in FSC certification. Therefore, a few years ago Bolivia was the country with most FSC certified forest in the LAC region (now overtaken by Brazil). Continuing illegality and lack of control in the forest value chain has driven the government to action in forest administration and control agencies. Also, the current government policy to bring more equity in access to land and natural resources, particularly benefiting indigenous groups, has led to fewer concessions by private companies and more by indigenous groups.

Less private concessions and more access rights for indigenous communities changed the basis of the timber production supply chain. Dutch supported programmes (notably PUMA and CBI/CADEX but also SNV and Hivos programmes) promote sustainable supply of timber from indigenous communities and associations to (existing) private companies. Fewer concessions by private sector, less added value for certified timber from Bolivia and the establishment of CFO has lead to a decrease in FSC certified surface and production. Thanks to The Amazon Alternative, there have been new certifications as well, reversing somewhat the negative trend. Work of CBI and EU increased interest of Bolivia to further increase legality in the forest sector and engage in VLC processes. The EUTR appears to be stimulating more legality and certifications in Bolivia.

The establishment (with RNE funding) of the control agency (ABT) has reduced illegality in the timber sector but also but more bureaucratic burden on the legal sector. Lack of staff and inefficient procedures of ABT are mentioned as a major reason for decreasing timber export, along with the global economic crisis.

The Brazil nut production is environmentally sustainable, almost by default. During the last decade, it has seen a constant increase in export volume, quality and price, attaining higher figures than timber export. Sustainability challenges exist in relation to labour conditions and inequity in the export market (dominance of six companies). In general, most RNE supported programmes have promoted Brazil nut collection as a good practice in SFM and alternative income source; others have particularly focused on better labour conditions and equity in market access. Although it is impossible to measure the direct effect of these initiatives, it is probably that the general increase in production of Brazil nuts and the consistent increase in income from this export is an effect of two decades support to projects in SFM (among others by RNE) including Brazil nut extraction. The mid-term evaluation of FAN (Beta Gama consultants, 2011) showed Dutch support directly influenced capacities and institutional environment (biocommerce chamber) for NTFP, including Brazil Nuts.

The support of the EU to Bolivia led to the establishment of the public company EBA. This company, now controlling 10% the market, aims to be a positive example of sustainable practice, applying, according to the interviewed representative, best practices from several decades of SFM based on Brazil nuts done by NGOs. EBA pays a guaranteed minimum price for Brazil nuts (Fair Trade), has organic certification, provides year round work for collectors and strongly avoids child labour. This practice might influence the entire sector and positively affect both social sustainability as well as export value. EBA is not a profitable enterprise yet and existing private enterprises claim unfair competition by public enterprises. EBA recognizes that the good practice they want to mainstream in the sector is based on good practices of (among others) Dutch supported field projects.

Box ..: Production and trade of tropical timber from Brazil.

The EU imports around 45% of all timber exported from the Amazon Basin. France, the Netherlands and the UK account for the largest share of the region's imports into the EU. Export is only a fraction of total timber production (3.2% in 2011). Brazil is by far Latin America's biggest supplier to the EU although timber export has been decreasing).

Due to the accelerated economic development, many opportunities for investment and trade exist with Brazil, including the timber value chain. Currently, most investment and trade interest in Brazil is focusing on other sectors, but the forest sector can relatively easily profit from this situation. Brazil is one of the main providers of sawn wood for Europe and The Netherlands and has an increasing amount of certified products. Thanks to the relative large offer of legal and certified timber products, Brazil's share to the European timber market is likely to increase if the EUTR comes in place.

FSC, together with European buyers, has played a key role in promoting forest certification in Brazil. Today, Brazil is an important supplier for the Netherlands but the other way around the domestic market is now more important for Brazilian suppliers. This limits the potential to use trade as an instrument to enhance sustainability. Direct supply chain management through certification will be more effective. FSC Netherlands thus plays an important role in convincing Dutch public and private sector in purchasing only certified timber from the Amazon region. Brazil is capable of supplying.

7.3.4 Colombia

Colombia does not have a well-developed value chain of tropical timber originating from natural forests. There is thus little international trade of timber products from Colombia (4 times less than Bolivia, 75 times less than Brazil) and most originates from tree plantations. In 2011, Colombia exported only 1.4% its production and trade of tropical timber with the EU was very limited (3% of all export).

All tropical timber from natural forests in Colombia is destined for the domestic market. The formal Colombian timber sector is mostly dedicated to plantation forest in the Andes (pine and eucalypt) and Caribbean coast and Llanos (teak and some natives). The plantation wood sector is only marginally linked to SFM in natural forests through the use of specific timber, needed for certain products (plywood, panels) that is not available in plantations. There is little international investment (Ireland, Chile, Sweden) in forestry, and none from the Netherlands. Sustainable production is mostly based on private sector policies (particularly some large companies that dominate the timber market for export), many of which are certified and promote sustainable value chains. Only 0.2% of all forest area in Colombia is FSC certified. The timber sector chamber (Fedemaderas) supports, among others with an EU financed project, certification and sustainability in the value chain as well as linkage of small and medium size enterprises with large enterprises and community SFM initiatives.

There is a high incidence of illegality in the Colombian timber sector related to the lack of enforcement capacity of the control agencies and the incidence of irregular armed groups in the forest. The major forest reserves are the Amazon and the Chocó. For the Amazon, both the government as well as the international cooperation successfully promote a focus of forest conservation and support to indigenous communities, formally managing most of the Amazon forest rather than commercial SFM. In the Chocó region, there are several programmes (including with Dutch and EU support) to promote SFM in afrocolombian territories, providing access to formal value chains. These provide positive, but small scale and local examples.

Recently, the focus of RNE shifted from SWAp and NGO support to promotion of an investment climate for sustainable development. This approach has already resulted in successful trade missions and business contacts in water and agricultural sectors. This economic diplomacy, although not focusing on the forest or timber sector, might be applied to that sector as well.

7.4 Effectiveness of modalities and pathways to address sustainability

(6) Which modalities / channels have been most effective in stimulating the production and export of sustainable timber (Brazil, Colombia and Bolivia) and NTFPs (only Bolivia)?

7.4.1 Bilateral support

Dutch ODA has supported both the Colombian and the Bolivian national environmental sector through sector based support (SBS) to strengthen institutions and policies. In Colombia a fully developed SWAp was implemented, while in Bolivia it remained as programme support to specific agencies. In both countries, the impact of this support at policy level is mixed. The Dutch support did not focus on the forestry sector but on general public policies in the environmental sector. These will constitute an enabling context for SFM and forest products trade, especially when supported by capacity building, communication of good practices (from civil society experiences) and coordination with other sectors. However, the positive impact of SBS on a public policy context is highly dependent on the overall policy context, especially the importance given to the environment/forest sector versus economic development objectives.

In Colombia, the SBS policy resulted in an effective improvement at technical and operational level, especially through the National Parks administration and positive developments in plans and policies related to specific issues (water, Amazon). Also, support to the countries' regional environmental authorities has triggered a positive policy on legal timber. Moreover, there has been much progress at political and diplomatic level: Colombia's position strengthened at the level of inter-sectoral coordination and international collaboration (both in environmental issues and trade). There was less effect on managerial and institutional level, because of the weak position of environment in overall state policies and instability at the Ministry of Environment.

In Bolivia, the Dutch and EU policy to support governmental agencies has created positive state policies and actions related to protected areas and, recently, Brazil nut value chain and forest and lands control. However, the general instability of environment ministries, changing state policies related to forests, land and natural resources and low state investment in the institutions related to this sector have caused that implementation of these policies are not very effective nor sustainable.

The need of full coherence and coordination between different sectors have always been identified and planned in the Multi Annual Plans of the RNE's. In both countries that were visited in this evaluation (Colombia and Bolivia) the environmental and forest programmes of both the Netherlands and EU have been an important part of the general bilateral cooperation. In Colombia, support has also been given to human rights, peace building and human security in addition to environmental sustainability (nature conservation and sustainable development in agriculture and water sectors).

Brazil can be used in this respect as a reference case as bilateral cooperation stopped end 2005. Before 2006, the EU - including the Netherlands - influenced Brazilian forest policies through the PPG7 programme which influenced a sound enabling environment for forest policies and enforcement culminating in a reduced deforestation the last decade. Since 2006, this influence has to come more and more from through trade relations and certification of timber instead of SFM policy development. The Netherlands nor the EU has had any influence on the latest forest policy reform. The fast increase in certified forest concessions had everything to do with international demand for such products. However, overall impact on forest management and deforestation is limited also probably related to the large share of domestic use. Consumer demand of certified timber in Brazil is yet low. The decreasing export of tropical timber from Brazil to the EU (i.e. NL) means that the influence of trade as an instrument will also decrease.

7.4.2 NGO initiatives

In Bolivia and Colombia, NGO presence in the forest sector is strong and about half of Dutch support has been channelled through them. Supporting civil society initiatives in Bolivia proved to be a good policy by which the Netherlands have strongly contributed to the national experiences in SFM and trade of both timber and NTFPs, particularly through SNV, CARE international and WWF and lately, Puma and FAN. HIVOS and ICCO have entered this sector from a humanitarian point of view and added their experience in multi stakeholder involvement. All together, this has been a positive and complementary field of actions to address sustainability in the forest sector.

The situation in Colombia was different. Support for NGOs aimed at nature conservation rather than SFM. The mechanisms have been mostly indirect, through environmental funds. This has given the opportunity for civil society organizations to carry out local activities on an individual basis. A long term and continuous support has been provided to Tropenbos International, which resulted in an innovative process of NRM by indigenous communities now applied far beyond the original research areas.

Since the 1990s some European States and NGOs (including Dutch) have worked in the Brazilian climate and forest agenda, helping to raise awareness on the importance of deforestation control, especially in the Amazon, and curbing uncontrolled burning. Although the Brazilian government always held support at arm’s length, this kind of work has influenced the standing of several national actors, which have been engaged in cooperation programs with European actors for many years. It also influenced the development of Brazilian law, the Ministry of Environment and general awareness in Brazilian society. The last decade there was no more influence by EU or Dutch bilateral aid. However, Dutch CSO’s such as WWF Netherlands, IUCN-NL, BothENDS, Hivos etc. continued their support to Brazilian CSOs. These CSOs are influential in Brazilian politics and society, although they lost in the revision of the Forest Code to the powerful agriculture lobby.

In all three countries, civil society actions set the agenda and have been complementary to state policies and have thus enhanced effectiveness and sustainability. This positive effect is vulnerable in Bolivia because of the limited interaction between government and civil society organizations. RNE has done concrete efforts to stimulate government-civil society dialogue but this is only at its initial stages. NGO-private sector enterprises dialogue are more and sustainable. In Brazil and Colombia, dialogue and collaboration between NGO's and government have become quite good (although differs over time with the political direction of the administration). Although civil society organizations in Colombia are less developed than in other Andean countries like Bolivia, Peru or Ecuador (less NGOs and less amount of bilateral cooperation support dedicated to NGO's), they collaborate continuously and actively with the governmental agencies and therefore, with the Dutch supported SWAp (e.g. through the Memory of Understanding of collaboration for PA policies and the Pacto para la Madera Legal).

7.4.3 Private sector initiatives and partnership initiatives

Private sector initiatives in the forest sector related to tropical roundwood and Brazil nuts, are promising tools to create sustainable value chains. In Bolivia, Dutch private sector instruments have focused on stakeholders in the value chain and interaction between these stakeholders was created. The PSOM and PSI instruments have been effectively used by enterprises in the forest sector that to date are profitable and leading within Bolivia. CBI works with CADEX to strengthen capacities to Bolivian SME to increase access to the export markets. IDH's TAA (as well as GFTN) have created networks of forest enterprises in the Amazon and in Europe to promote trade of certified timber products. Although TAA is too recent to have an influence on production and trade in the evaluation period, the initiative is a good result of the actions that have been conducted by the government, NGOs and companies. Finally, programmes that create community enterprises and integration with the private sector initiatives show mutual benefits.

The few experiences in the private forest sector in Colombia (EU financed) also confirms that effective collaboration between NGO activities with communities and private sector initiatives for efficient value chain access is a positive development to create impact in terms of produced volume and quality (certification). Public-private partnerships, promoted by RNE in Colombia in agricultural, food and water sectors, have received positive evaluations by its stakeholders. In both countries, private sector climate depends on the enabling environment for investments and trade (positively, like the FTA between Colombia and EU or negatively, like the lack of guarantees for investment in Bolivia). Economic diplomacy continues to be an important task that complements private sector initiatives.

The Forest Stewardship Council (FSC) is an important NGO initiative but cannot be regarded as a Partnership initiative (between NGOs and companies) in its origin but nowadays many companies are FSC members and can influence developments. FSC itself has been influential in the development of forest standards and criteria. Although there are other certification schemes such as PEFC, they all would not been existed if it was not for the market pressure by FSC. The increasing market share of certification schemes is testimony of an effective development. An additional incentive however comes from the sustainable purchase policy of the Dutch government and the goals set by the Dutch Union of Wood Importers VVNH, which controls 70% of all imports (in 2011 71% of all VVNH imports were certified).

7.4.4 Economic diplomacy

Little international and economic diplomacy has focused specifically on forest management or timber trade (e.g. in trade mission). Economic diplomacy focused on international (environmental) conventions and found its way indirectly to national policies of Bolivia, Brazil and Colombia. For instance, there has been diplomacy oriented at respect of human rights, which is also indirectly related to SFM. The influence of the Netherlands or EU at that level cannot be assessed. Although in the selected countries in general positive supportive policies were formulated, actual implementation and law enforcement can still be improved.

The basic and principal task of the Dutch embassies is to maintain good diplomatic relations with the host country. The history of the Dutch diplomacy in the analysed countries has been strongly related to ODA through long-term support to both government and civil society. Interviewed stakeholders consider the Dutch bilateral support as demand driven, constant and creating national capacity (over the long term). Therefore, the Dutch are considered by both NGO and government agencies a "friendly" bilateral agency, with high accessibility and flexibility. Some indicators for this are the direct requests from Colombia to RNE in times of emergency and the lead role of RNE in the sector group on environment in the dialogues with Bolivian government. Also, there are many national professionals that have been trained by Dutch academy or built their professional experience in Dutch programmes (e.g. Tropenbos). In addition, many Dutch (and other European) nationals came to these countries and ended up integrating professionally and socially in the environmental sector. This has created the situation that a critical mass of environmental decision makers, opinion leaders and private sector managers has been strongly influenced by European visions, which provides the Netherlands with a privileged position in diplomacy for public and private policies in environmental issues.

Interviewed stakeholders consider that diplomacy is a tool specifically required for intersectoral coordination (and programmatic support concentrating in once sector only). The effect of this diplomacy is difficult to assess because there are only indirect relations and indicators (presence in coordination bodies, opinions of directly involved people, and publications of systematization studies) which do not allow measuring how much policy is influenced by diplomacy.

Through continuous support to the Ministry of Environment of Colombia, even in a period when all bilateral agencies closed their support, the Netherlands had an influence where government decided on environmental issues. In Bolivia, during the last few years there has been a tense relationship between the Bolivian government and specific bilateral agencies and NGO's. This has caused that general diplomacy has become careful and the influence of agencies and civil society organizations on national policies is limited. However, the relatively good diplomatic relation between the Netherlands and Bolivia allows RNE to take the lead in donor coordination and are trying to coordinate dialogue between NGO and government in forest/environmental issues.

7.5 Coherence of policy actions to address sustainability issues

(7) What can be said about coherence of policies (within the Netherlands, within the EU, as well as within the receiving countries)?

In all countries, there is a risk of negative interaction between the economic development sectors (especially traded commodities) and forest concerns. Since 2000, awareness about these issues has been growing at the Dutch embassies and nowadays ‘sustainability’ is an integral part of embassy planning. Dutch agricultural attachés have sustainable commodity trade as a goal.

In Colombia the palm oil and banana sectors are supported, as well as biofuels development. In Bolivia, business development support focuses, among others, on industrial crops for export. These sectors are generally considered as the main drivers behind deforestation and environmental degradation. In the multiannual plans of both RNE's, the risk of negative interaction is considered and generally sustainability is one focus area of support to these sectors. Particularly in Colombia, support to the banana and palm oil sectors focuses on certification, improved standards and labour rights. Support to innovations in coffee-based agriculture (PBA project) directly focused on sustainable alternatives for rural communities and forest dwellers. However, especially in the interaction with private sector, the tools and communication lines RNE uses, and the target group and governmental focal points were different. Within RNE, the supervision of the projects and the contacts with government officials is done by different persons, with different portfolios and backgrounds. Because of this, the coherence should be guaranteed through good interaction between different areas within the RNE and is a challenge for the Chief of Mission or head OS.

Dutch and EU forest policies (incl. FLEGT) are coherent. Coherence between agriculture, commodity trade and environment policies has been subject of research and discussions during the last decade and the EU is striving for more coherence. FLEGT has been the most influential trade initiative as well as certification schemes. However, expansion of cattle ranching, and crop commodities are still a threat to natural forests in Latin America. The EU could still create more coherence between these commodities and cattle production and trade, timber production and certification as displacement continues and indirect land use change is difficult to quantify. The leverage of the EU is however decreasing as the domestic market and China grow in importance.

8. Conclusions

Table 9. Overview of forest status and NL relationships with Bolivia, Brazil and Colombia

Situation	**Bolivia**	**Brazil**	**Colombia**
Total surface area	110 million ha	851 million ha	114 million ha
Land cover % forested	53.7%	55.7%	54.7%
Land forest cover	59.4 million ha	471 million ha	60.6 million ha
Primary forests	29.7 million ha	477 million ha	61.5 million ha
Protected forests	16%	44%	34%
Amazon forests (550m ha)	7%	60%	10%
Forest Policy framework	yes	yes	yes
Main threat(s)	Illegal logging, agriculture expansion	Cattle ranching, agriculture expansion, infrastructure, mining and logging	Colonisation and agriculture, logging, illegal activities, mining
Deforestation rate	270,000 ha/yr, (2010)	6,418 km^2 /yr (2011)	300,000 ha/yr (2007)
Deforestation trend	Increasing	Decreasing	Stable
NL main bilateral instruments	Support to sector prg, >2008 cap. build prj, >2011 phase out	Prg. and prj. till 2005, > 2006 none	SWAp environment, >2011 phase out
NL support 2004-2011 on "Environment"	€54.3 million	€5.4 million	€79.4 million
Active Dutch NGOs in forest sector	SNV, HIVOS, ICCO Tropenbos, IDH	WNF, ICCO, IDH,FSC, Solidaridad, BothEnds, Greenpeace	Tropenbos, WNF
Dutch private sector forest investments	DEKMA, INPA Parket	None on SFM	None on SFM

From the Dutch contribution during the evaluation period to institutional development and governance in Bolivia and Colombia one could reasonably expect that it would ensure:

- A stable and effective forest management institution,
- Improved forest legislation and regulation
- Collaboration and complementary action between government and CSO
- An enabling environment for private sector willing to invest in SFM and forest product trade
- Effective protected area management as a complement to effective forest governance
- Increased export of certified forest products to The Netherlands and EU

These results were only partially achieved. In both countries, there is no stable forest management institution although Bolivia did create a reasonly effective forest control institute (ABT). Colombia, the protected areas institution was strengthened and resulted in stronger PA management; in Bolivia SERNAP continued to be highly dependent on foreign aid but was nevertheless effective in PA management. There is a good collaboration between NGO and government in Colombia and between NGO and private sector in Bolivia, however, collaboration between NGO and government is weak in Bolivia due to the actual political climate. The enabling environment for forest investments is poorly developed, due to lack of private sector interest in natural forest exploitation in Colombia and general incetainties for private sector investments in Bolivia. Increased export of timber from Bolivia did take place initially but decreased strongly during the last few years; Brazilnuts export to Europe is steadily growing.

The following conclusions can be distilled, arranged as a response to the main research questions.

(1) What has been the policy framework in the Netherlands which can be used to assess whether objectives in the field of sustainable forest management has been achieved?

In the selected LAC countries, no targets were mentioned for SFM. Rather, during the period of 2004 to 2011 planning documents referred to forest conservation (Colombia), sustainable value chains and private sector development (all countries) in general terms. Bilateral policies evolved from forest protection towards sustainable forest management and later on to sustainability and certification of value chains for forest products and reduction of illegal exploitation.

(2) What are supportive policies for environmental management in these countries, and what has been the contribution by the Netherlands on the development of these policies?

- In **Bolivia**, support to government agencies (particularly the ministry of Environment and SERNAP) was not highly effective, due to poor sustainability due to large turnover of policies and high dependence of institutions on bilateral aid. A new framework law for integrated environmental management and social development *(Ley Macro de Madre Tierra)* has been accepted in 2012 which should support the integrated conservation and sustainable use of forest resources and reduce threats to deforestation. This law is a partial result of RNE long-term support to the Ministry of Environment.
- In **Colombia**, The RNE support provided through SWAp has been evaluated as relevant and important, because the RNE was the only bilateral agency supporting the environment ministry during the years of the previous government. Dutch support has been particularly successful in strengthening the national parks system and environmental funds. The National Development Plan of Colombia includes references to biodiversity conservation, ecosystem services and wellbeing of the inhabitants of natural areas. Years of Dutch support has contributed to this new policy that included direct reference to Dutch policy priorities (e.g. strategic action lines on a principal ecological structure, continued strengthening of Parks Unit, Amazon regional approach, etc.)

(3) What has been the Dutch contribution to enhance forest policies and governance, strengthen control, enhance certification and reduce the incidence of illegal forest exploitation?

- In **Bolivia**, during the last decade, Dutch support to the forest sector has been key to develop SFM experiences, especially with local communities. A considerable part of Dutch ODA (> €50 mln) was dedicated to environmental issues and most of this is related to SFM related themes (forest policy and control, community forest management, biocommerce, conservation). Together with USAID, the Netherlands has been the main bilateral agency supporting forest certification, forest policy development, capacity building and institutional support. It has contributed to institutional strengthening (through budget support to governmental agencies) with SFM practice (through support by Dutch and Bolivian NGOs and private sector). This, however, has not been translated in more forest certification (certified area dropped with two-thirds since 2006) or reduced deforestation (which continues to be historically high at 270 000 has/year).
- Since 2008 RNE has supported ABT, a new institution to increase forest and land control, which not only regulates extraction, transport and trade in timber but also in NTFPs. RNE funding has been critical for the set up and functioning of ABT as 40% of core funding was provided by RNE until present. ABT managed to reduce illegality by 80% (according to their own reports) but also created more bureaucracy in the forest value chain (according to private sector). The sustainability of this institution is now at risk.
- Private sector support in Bolivia includes Dutch investments and joint ventures, support to forest enterprises and export promotion (CBI), certification processes and international matchmaking (TAA-IDH, WWF-GFTN). The collaboration is positively evaluated. Possibly, thanks to Dutch support the downgoing trend in trade of certified timber has been limited.

- In **Brazil**, Dutch support to SFM policies and practices has been provided together with many other European governments and civil society organisations. The Netherland has had most significant influence in supporting some strategic forest-related initiatives (e.g.PPG7, support to CSOs). The Brazilian Forest Code was one of the best in the LAC region but has recently been revised to accommodate large-scale agriculture producers and cattle ranchers.

- Dutch NGOs (WWF, ICCO, etc) have been active in the forestry sector and the agricultural sector that interferes with forest integrity (soy, cattle). These organisations have been at the forefront of stimulating SFM and timber certification in Brazil, starting in the late 1990's and early 2000's. This support has been instrumental in raising awareness on SFM in Brazil.

- In **Colombia**, the RNE did not focus directly on SFM policies or projects, but Dutch support has been crucial to improve forest governance in the Amazon region. The SWAp did consider forest governance as an important factor to create an enabling environment for legal forest-based economy, including timber extraction. Also, RNE financed activities related to peace development and control of illegal crops. Given the link between Colombia's internal conflict and forest conservation and management (including illegality) this is a coherent strategy.

- In **Bolivia and Colombia**, through Dutch support to the EU, an indirect contribution was provided to the FLEGT programme. In Colombia, this resulted in the promising Pact for Legal Timber and in Bolivia, it resulted in a consultation process that took away various concerns among many stakeholders around FLEGT, VPA and EUTR. EU forest policy in Bolivia and Colombia resulted in increased coordination and capacities to increase transparency and to combat illegality. Also, the EUTR is an incentive to increase legality in timber production. However, the large and increasing share of timber destined at the domestic market threatens success of a policy to increase legality in international timber trade.

Table 10. Summary table on timber and Brazil nut production and trade figures overview for Bolivia, Brazil and Colombia

	Bolivia	Brazil	Colombia
Production and Trade			
Timber production 2004	983,000 m^3	47.3 million m^3	2,5 million m^3
Timber production 2011	1.37 million m^3[30]	40.6 million m^3	2,9 million m^3
Trend	+39%	-15%	+16%
Domestic use	80-100%	78%	99%
Timber export 2004	67,000 m^3	2,994,000 m^3	76,000 m^3
Timber export 2011	129,000 m^3	737,000 m^3	39,000 m^3
Trend	+92%	-75%	-49%
Export to EU (m^3)	23,200	366,000 (2nd)	1,100 (2008 data)
Share LAC-EU export	9.3%	45%	1.4%
Brazil nuts total export	21,120 tonnes		?
Brazil nut export to NL	1,335 tonnes		
Total area FSC certified	883,459 ha	6,479,479 ha	96,125 ha
Certified concessions	12	77	4
Certification trend	decreasing	increasing	stable
EU and NL			
EU-FLEGT instrument	pre-negotiating	Not	pre-negotiating
EU support on timber and NTFP trade (#)	1 via Dutch CBI and 1 via IDH Amazon Alt.	1 via TFT and 1 to GoB for Pará	5 FLEGT prj
NL bilat. support related to timber and NTFP trade (#)	1 on NTFP	None	1 on NTFP

(4) What has been the importance of sustainable timber production and trade to NL and EU from Bolivia, Brazil and Colombia, and how has this been influenced by Dutch policies?

- **In general**, imports to the EU of tropical roundwood show a decline over the last decade, while sawnwood increased. Total tropical timber imports sharply decreased over the last three

30 Bolivia reported constant figures since 2006 to ITTO

years, because of the global economic recession affecting particularly construction in Europe. Total tropical timber production in the LAC region was 5.7 million m^3 in 2004 and 5.2 million m^3 in 2011. Bolivia and Colombian production increased, while Brazilian production decreased. Most produced tropical timber is not exported but used domestically. In 2007, 7% of total tropical timber production was exported but export plummeted to almost 3% after 2008. Bolivia showed a continued increase in production but a decrease of export since 2008, indicating an increasing domestic formal market. Althgough its relative share is decreasing, the EU-27 is still the main export destination for sawnwood from the LAC region and this region, particularly Brazil, is a main provider. The EU imports over 30% of Bolivian timber exports. The Timber trade between Colombia and Europe is limited to a few thousand m^3.

- In terms of certified forests, the LAC region is leading globally with FSC certified concessions (including both natural forests used for timber production as well as forest plantations with native and exotic species) representing 10% of the global area certified and 22% of the number of certificates,and it is a major provider of certified timber Europe. The large Dutch demand for certified timber (as a result of Dutch domestic policy) provided Bolivia and Brazil with a positive incentive for certification, strengthened by NGO programmes supporting cetification.
    - In terms of certified timber, **Brazil** is leading in the LAC region with 77 concessions, with a total of 6.5 million hectares in 2011, around 43% of which was in natural forests.
    - In terms of certified timber, **Bolivia** is third in the LAC region with almost 1 million hectares in 2011, which also constitutes the estimate of *sustainably* managed natural forests. However, this is a decrease from the 3 million ha certified forests in 2005. The decrease of certified forest in Bolivia has been attributed to (a) the lack of a premium price for Bolivian certified timber and (b) the installation of a national codification of origin which took away the need for FSC certificate to show legality. Dutch support has contributed to limit the downward trend to some extent, mainly through the IDH supported TAA programme.
    - In terms of certified timber, **Colombia** lags behind with only 4 certifications and less than 100,000 hectare but voluntary certification is gaining ground. Dutch support has partly contributed to this high proportion of FSC certification.
    - Since 2000, the share of certified timber has increased in **the Netherlands**. The overall market share in NL of certified wood early 2000 was still low. In 2007 the overall market share of sustainably produced FSC-certified timber was 13%. In 2008, 34% of all imported roundwood was certified of which 22.1% held a PEFC-certificate and 11.6% a FSC-certificate. In addition, 20% of roundwood had a legality certificate. The Dutch ambition to purchase 50% of timber from sustainable sources has probably been largely realised in 2011 (no data yet). However, of the total volume of imported *tropical* roundwood only 15.5% held a certificate. Of the certified timber imports in the Netherlands, 9% is from Bolivia. Although the majority of all tropical timber exported from Bolivia and Brazil is certified (78%), the share of Dutch imported certified timber from Brazil (42%) is much lower, suggesting a preference from Dutch importers to buy non-certified timber. So although the Dutch import targets were not reached, thanks to this policy the Netherlands became an important market for Bolivian cetified timber

(5) What has been the importance of sustainable trade of non-timber forest products (bio-trade) from Bolivia, and how has this been influenced by Dutch policies?

- Brazil nuts are an important export product for Bolivia, with a value exceeding timber exports. The EU imports over 50% of Bolivia's nuts, and the Netherlands is one of five main global destinations. Export value has doubled (from 50 to over 100 million US$) during the evaluation period.
- Most projects supported by RNE in the field of forest and nature conservation included Brazil nut extraction and transformation as an element of good practice in SFM. During this evaluation interviewed stakeholders coincide that it is highly probable that the RNE supported SFM projects, together with projects supported by other donors, contributed to the increase of Brazil nut production and export and improved labor conditions locally.Two major projects (with FAN and Fundación Puma) had a concrete component related to Brazil nut

commercialization. According to the mid term review of the collaboration of RNE with FAN, the programme effectively created institutional and technological capacity but it did not show figures on increasing production and export of NTFP, including Brazil Nuts. A major achievement that has a high potential to increase trade of NTFP is the BIONATIVA Biocommerce Chamber, which, however, is still incipient and will need furter support to become effective. The Baba-Carapa programme recently established a community owned Brazil Nut processing and distribution centre. The EU supports the formation of public enterprises, and one of these focuses specifically on Brazil nuts (EBA).

- Brazil nut production is by default environmentally friendly but there are concerns on the social sustainability, labour conditions and equity in the trade which is dominated by a few large companies. Several RNE supported CSO have concentrated on these aspects and created better conditions for communities engaged in Brazil Nuts collection and trade. According to EBA, this good practice is translated in standards for fair trade certification.

(6) What has been the incidence of illegal forest exploitation and reduced threats to forests in these countries, and how has this been influenced by Dutch policies?

- Illegal logging is estimated to have fallen by about 50% during the last decade in the **Brazilian** Amazon. The estimated imports of illegally sourced wood products into the Netherlands fell by around 20% between 2004 and 2008.
- In **Bolivia**, around 80% of deforestation in the last decade has been illegal. ABT has reduced illegality of timber production (according to its own reports up to 80%) through more strict law enforcement (control of permits, traffic and markets) and revising procedures. Through the Dutch support to ABT there has been an important contribution.
- In **Colombia**, the timber market is highly separated between plantations and natural forests. The first are used for export timber and are managed transparently, much with FSC certification, while timber from natural forests is practically all for the domestic market with a large incidence of illegality. Dutch policies have not had any direct influence on this illegality although the general support to improved environmental governance might have had a positive effect. Through EU support, the first formal process to increase legality in the timber sector (including natural forests) is underway.

(6) Which modalities / pathways have been most effective in stimulating the production and export of sustainable timber (Brazil, Colombia and Bolivia) and NTFPs (only Bolivia)?

- **Bilateral support**: Sector budget support (SBS) or financing specific projects or programmes to governmental agencies in Bolivia and Colombia have had few direct effects on sustainable timber and NTFP production and trade, because was not included as a concrete target of the cooperation policy. Direct institutional support (ABT in Bolivia, UAESPNN in Colombia) proved to be effective to create concrete positive impact on short term, proven by several indicators (reduction of illegality and management effectiveness of PA). The long term effectiveness proved to be vulnerable, because of its dependence on the institutional stability of the national government, continued human capacity and financial sustainability provided by treasury funds. However, strengthening institutions through government support, though relatively inefficient in nature, is required to ensure long term enabling environment and regulation/legislation for SFM.

- **NGO support**: In Bolivia and Colombia, NGO presence in the forest sector is strong and about half of Dutch support has been channelled through them. Supporting civil society initiatives in Bolivia proved to be a good policy by which the Netherlands have strongly contributed to the national experiences in SFM and trade of both timber and NTFPs. In Brazil, the last decade Dutch NGOs have been influential in Brazilian politics and society, although they failed in the revision of the Forest Code to the powerful agriculture lobby. In Colombia, long term support to EcoFondo and Tropenbos has provided these organizations with well evaluated, prominent positions in the environmental landscape. The few on-site experiencies with SFM in natural forests are executed by NGO's working with EU funding. In all three countries, civil society actions set the agenda and have been complementary to state policies. It has been effective in creating capacity, practical experience with sustainable production, certification and providing access for indigenous communities to (inter)national value chains. Many staff of local NGOs ended up working for ministries of environment or other ministries or later become politically active. On the long-term this also creates general awareness and public support for the environment and SFM. This positive effect is currently less evident in Bolivia because of reduced interaction between government and NGOs. In Brazil and Colombia, dialogue and collaboration between NGO's and government is more established.

- **Private sector.** Private sector initiatives in the forest sector related to tropical roundwood and Brazil nuts, are promising tools to create sustainable value chains. The PSOM and PSI instruments have been effectively used by enterprises in the forest sector that to date are profitable and leading within Bolivia. IDH's TAA (as well as GFTN) created networks of forest enterprises in the Amazon and in Europe to promote trade of certified timber products. Public-private partnerships, promoted by RNE in Colombia in agricultural, food and water sectors, have received positive evaluations by its stakeholders. The Forest Stewardship Council (FSC), with companies as members, has been influential in the development of forest standards and criteria. Although there are other certification schemes such as PEFC, they all would not been existed if it was not for the market pressure by FSC. The increasing market share of certification schemes is testimony of an effective development and the increased market demand from Europe for certified timber might be the main incentive for certification in tropical countries

- **Economic diplomacy**: Diplomacy is potentially important as a support mechanism, to strengthen an enabling international environment for increased trade. Mechanisms include trade agreements, business missions, match making, negotiation of investment guarantees and promoting incentives for forest financing. These mechanisms have shown their effectiveness in other productive sectors in the studied countries (water, agro commodities, infrastructure). However, little economic diplomacy has been applied so far to the forest sector. This could have been at best useful to further reduce pressures on forest resources, e.g. through soy production with involvement of Dutch private sector.

- **EU FLEGT**: The EU channel has been effective in promoting FLEGT and has effectively created willingness of broad stakeholder groups (including government) to increase transparency and legality in the timber value chain (as proven by the broad participation in the Pact for Legal Timber in Colombia and the formal conversations in Bolivia to prepare for a future VPA). Dutch funding has been provided to support these EU programmes.

Rather than one specific modality or pathway, the integration seems most effective. Government and private sector purchasing policies have measurably led to an increase in the share of certified sustainable timber in the Netherlands but Dutch financial instruments (PSOM, PSO, IDH) and capacity building by NGOs have been important for development of SFM and production of sustainable timber. Thanks to a long term combination of direct investment and capacity building through sector budget support, NGO support, private sector mechanisms and economic and political diplomacy, the Netherlands' support to the environmental sector has effectively contributed to create positive SFM experiences, increase forest conservation area and management (in Colombia) and promote production and trade of legal, certified forest products (Bolivia).

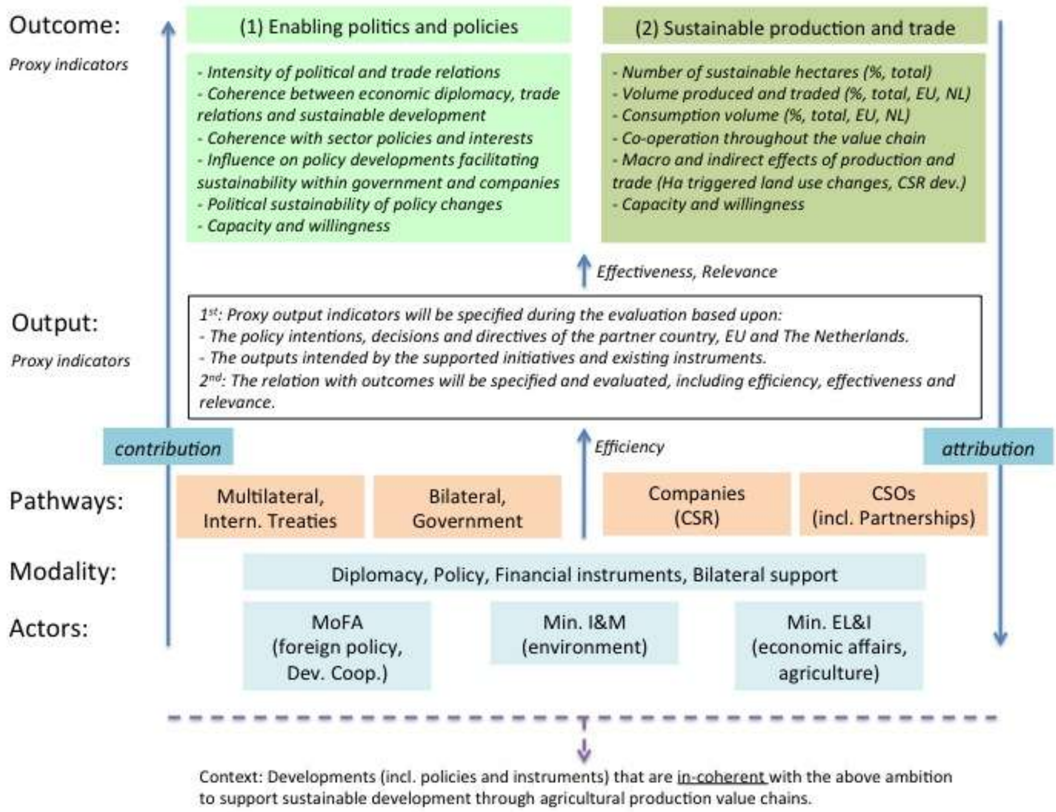
This said, we believe there would be potential to realise greater effectiveness if there would have been a more explicitly defined integrated approach combining above channels and oriented at concrete policy outputs. This is also needed once bilateral co-operation is phased out. The case of Brazil shows that in the absence of direct Dutch influence on LAC domestic policies, supply chain management will be more effective than trade-related instruments. In that case buyers should only purchase from sustainable sources and a local vocal civil society should raise more awareness in their own domestic market. Multi-stakeholder initiatives can effectively bring together the main stakeholders and facilitate a larger market share of sustainable timber and non-timber forest products. Economic diplomacy is an essential additional component as it will help to build up and maintain good relations and mutual trust, and it has an important added value by raising the profile of multi-stakeholder initiatives. The general perception of stakeholders interviewed for this (and for other) case studies.

(8) What can be said about coherence of policies (within the Netherlands, within the EU, as well as within the receiving countries)?

In all countries, there is a risk of negative interaction between the economic development sectors (especially traded commodities) and forest concerns. Productive sectors are often drivers behind deforestation and environmental degradation. In the multiannual plans of both RNE's, the risk of negative interaction is considered and The Netherlands tries to reduce this risk by paying attention to the sustainability of these sectors and mainstreaming environmental principles in development projects. Whether this is sufficient is unclear, as economic growth will trigger more expansion, and then more macro planning and strategies are needed to carefully guide development.Within RNE, the supervision of the projects and the contacts with government officials is done by different persons, which makes it less obvious coherence is well maintained.

Dutch and EU forest policies (incl. FLEGT) are coherent. However, expansion of cattle ranching and crop commodities such as soy and palm oil are still a threat to natural forests in Latin America. The EU could enhance coherence between these commodities and SFM initiatives. The leverage of the EU is however decreasing as the domestic market and China grow in importance.

Annex I: Evaluation Framework



Definitions used

The definitions to be used are based upon the definitions used by OECD/DAC and are in line with the guidelines of IOB:

Output = The products, capital goods, knowledge and services, which result from a development intervention.

Outcome =A result of the organisation's activities (outputs) that represents a potential contribution to the achievement of changes (e.g. in policies and practices). Usually, outcomes coincide with a counterpart's one, two or three year objectives.

Efficiency = Doelmatigheid = from input to outputs: measure of how economically resources and the way they are applied are converted to direct results (p.17, IOB Evaluation Guidelines)

Effectiveness = Efficacy = Doeltreffendheid = from outputs to outcomes: relates to the extent to which the direct results of the intervention contribute to the sustainable achievement of policy objectives (p.18, IOB Evaluation Guidelines).

Annex II: Production and trade figures

Table II.1. Import of tropical timber in the EU 16 (in 1000 m³).

Year	Roundwood	Sawnwood	Veneer	Plywood	Total	Annual change
1994	2602	2394	234	1254	6484	
1995	2562	2436	366	1439	6803	+4.7%
1996	2041	1811	332	1311	5495	-23.8%
1997	2097	1977	349	1343	5766	+4.7%
1998	2400	2136	256	1527	6318	+8.7%
1999	2555	2345	212	1334	6446	+2.0%
2000	2170	2621	234	1314	6339	-1.7%
2001	2273	2625	259	1425	6582	+3.7%
2002	1991	2471	257	1308	6027	-9.2%
2003	1357	2414	279	1400	5450	-10.6%
2004	1275	2593	311	1419	5598	+2.6%
2005	1192	2755	333	1247	5528	-1.3%
2006	1060	2429	358	1190	5037	-9.7%
2007	1129	2739	379	1191	5438	+7.4%
2008	830	2122	314	1245	4510	-20.6%
2009	400	1338	222	1016	2977	-51.5%
2010	431	1421	282	1117	3251	+8.4%
2011	408	1292	287	1001	2988	-8.8%

Source: ITTO

Table II.2: Import of tropical timber (1 000 m³) by European Union countries.

Country	2004	2005	2006	2007	2008	2009	2010	2011
France								
Roundwood	506	483	439	443	370	161	183	180
Sawn	412	444	412	426	302	145	238	230
Veneer	93	95	104	100	82	56	79	80
Ply	93	99	110	131	209	129	92	100
Germany								
Roundwood		97	107	105	69	37	41	30
Sawn		174	181	171	171	131	115	112
Veneer		44	37	34	36	25	31	23
Ply		122	133	149	202	112	159	130
Italy								
Roundwood		191	286	156	91	47	36	70
Sawn		335	312	489	341	221	158	130
Veneer		77	96	132	83	62	82	90
Ply		103	105	140	74	45	77	70
Netherlands								
Roundwood		22	8	7	7	7	5	5
Sawn		443	465	459	428	298	326	295
Veneer		13	16	17	14	11	8	10
Ply		194	212	195	263	195	214	143
Spain								
Roundwood		107	170	170	61	31	26	23
Sawn		541	379	437	278	109	91	80
Veneer		43	41	35	40	21	33	31
Ply		3	4	59	6	2	12	17

Source: ITTO reports 2007, 2011.

Table II.2: Export volumes of timber from LAC region (1000 m3) from 1997 to 2010

Year	Ind. roundwood	Sawnwood	Veneer	Plywood	Total
1997	1064	1878	172	814	3928
1998	1088	1601	156	609	3454
1999	678	2434	121	1315	4548
2000	952	2538	94	1480	5065
2001	693	2926	72	1590	5281
2002	1197	3559	107	2027	6890
2003	398	3928	125	2710	7159
2004	475	4557	143	3490	8665
2005	271	4399	249	3924	8843
2006	356	3974	219	3089	7638
2007	440	4356	246	2698	7739
2008	373	3300	132	2293	6097
2009	256	2569	40	1624	4488
2010	370	2310	50	1603	4333

Table II.3. Export volumes of timber from selected countries in LAC region (1000 m3)

	Bolivia	Brazil	Colombia	others	total
Ind. roundwood	12.6	24.0	17.8	315.6	370.0
Sawnwood	145.1	1455.5	20.5	689.0	2310.1
Veneer	2.4	42.0	0.0	5.3	49.8
Plywood	7.9	1447.0	2.6	145.8	1603.2
Total	168.0	2968.5	40.8	1155.7	4333.0

Table II-4. Timber production in Bolivia 2004-2011 (x 1000 m3)

Year	Roundwood	Sawnwood	Veneer	Plywood	Total
2004	737	402.65	8.7	6.1	1154.45
2005	820	409	4	13	1246
2006	912.8	461.4	8	13	1395.2
2007	912.8	461	8.1	15	1396.9
2008	912.8	461	8.1	15	1396.9
2009	912.8	462	8.1	15	1397.9
2010	912.8	462	8.1	15	1397.9
2011	912.8	462	8.1	15	1397.9

Source: ITTO 2011

Table XX. Timber production (non coniferous, tropical) in Colombia (1000 m3)

Production	Roundwood	Sawnwood	Veneer	plywood	Total
1995	1080	593	5	25	1703
1996	1208	568	5	35	1816
1997	1167	520	1	28	1716
1998	2193	872	1	25	3091
1999	1842	699	1	29	2571
2000	1791	567	2	31	2391
2001	1516	521	2	29	2067
2002	1656	509	1	33	2199
2003	2045	455	1	38	2539
2004	1949	473	1	41	2465
2005	1598	309	1	43	1952
2006	1873	296	1	45	2214
2007	1904	290	1	53	2248
2008	2282	366	1	58	2707
2009	2426	399	2	63	2890

Source: ITTO 2011

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