

## NEPCon's Timber Legality Project in Vietnam

### Increasing capacity of CSOs and SMEs to implement FLEGT requirements

#### Background to the Project

Vietnam has a unique and critical role to play in ensuring the effectiveness of the FLEGT process due to the country's important role as processor and exporter of wood products to the EU – while, at the same, Vietnam is also widely known to import timber from countries with known risks of legal violations.

Furthermore, the EU Timber Regulation (EUTR) and U.S. Lacey Act, together with other timber legality related legislation, put an increased pressure on importers of timber and wooden products to document the legality of their products. Therefore, risk assessment and mitigation is required by all companies in a supply chain to secure the compliance of their goods with legislation.

The primary beneficiary of the project is small and medium-sized wood processing enterprises (SMEs) in Vietnam, as well as "handicraft wood processing villages." Each village often contains many very small family-owned businesses, and they combine to make up a significant percentage of wood that is exported from Vietnam into the EU and other primary consumer markets. Currently this group suffers from limited resources for considering new requirements of wood legality (most likely, a complete lack of awareness about FLEGT and the EUTR).

SMEs do not have the means to individually develop tools to adequately address requests from international clients and suppliers. This project will improve the situation of SMEs by ensuring their ability to fulfil new documentation requirements regarding timber legality through training in and implementation of a set of guidance documents and tools that will be developed

specifically for them. They will benefit from the development of a pilot-tested system for tracing and verifying legal sources of wood that will allow Vietnamese timber products companies to meet FLEGT requirements. Intermediary organisations and key suppliers/exporters will play a key role in helping SMEs to adapt to these new concepts and procedures.

As markets tighten their gates to exclude illegal timber, **there is a risk that small and medium enterprises will be excluded**, while larger companies will reap the benefit of being able to build in-house competence and customised systems in order to comply with the new demands. The project aims to address this risk of growing inequality by increasing the capacity of intermediary organisations, which will, in turn, pass this capacity on to their SME stakeholders.

Following NEPCon's "open source" policy, all tools for risk mitigation will be openly and freely available. A number of pilot field tests to be performed as part of the project with Vietnamese manufacturers and traders will help to ensure that these tools are efficient and practical.

Finally, the project tools and results will be promoted widely through training of stakeholders and company representatives, as well as more general dissemination of results among the Vietnamese timber industry.

#### Project Partners:



SFMI

This project is funded by the European Commission.

[http://eeas.europa.eu/delegations/vietnam/index\\_en.htm](http://eeas.europa.eu/delegations/vietnam/index_en.htm)

## Project Objectives

The **overall objective** of the project is to encourage the participation of civil society organisations and the private sector in the FLEGT process by strengthening the capacity of intermediary organisations (i.e., industry associations, NGOs, heads of wood processing villages, private consultants, etc.) that work with hard to reach stakeholders (SMEs) in the Vietnamese timber industry.

The **specific objectives** of the project are:

1. **Capacity development and training** of 15 intermediary organisations in how to implement risk mitigation and conduct due diligence according to FLEGT legality requirements. Intermediary organisations will, in turn, train approximately 300-500 SMEs in how to implement the system.

2. Implementation of an **awareness-raising campaign** that reaches 300-500 hard to reach stakeholders (i.e., SMEs) directly, and thousands more indirectly, to make them aware of TLAS requirements as well as the free tools developed by this project to help them implement legality risk mitigation.

## Project Timeline

1 March 2014 until 28 February 2017

## Project Partners

**NEPCon** is a Danish-registered non-profit organization established in 1994, with branch offices across Europe and Russia, and governed by an international independent board. The organization's mission is 'to build capacity and commitment for mainstreaming sustainability'. The organization specializes in forest and biodiversity conservation and related sustainability assurance and capacity building services, including certification of sustainable production systems, supply chains, legal sourcing, and carbon footprinting.

NEPCon has been implementing development projects related to the sustainability of forests and natural resources for nearly 20 years.

In August 2013, NEPCon was officially recognized by the European Commission as one of the first Monitoring Organisations (MO) under the EU Timber Regulation, and is the only MO recognized on a global basis.

**The Research Institute for Sustainable Forest Management and Forest Certification (SFMI)** has been

implementing projects that help to develop and promote the field of sustainable forest management within Vietnam since the organization was founded in 2006. SFMI has conducted research and capacity building activities funded by a number of different entities, including the European Forest Institute (EFI), the Food & Agriculture Organization of the United Nations (FAO), and the German Development Agency (GTZ). Specifically regarding FLEGT, in 2011 SFMI completed a project regarding analysis of a legality definition framework in the context on FLEGT/VPA negotiations in Vietnam.

## Project Activities

- 1) **Conduct awareness raising among SMEs** in the timber industry to let them know about their role in the FLEGT process, and about tools developed by this project that can help them implement legality risk mitigation.
- 2) **Identify legality risks** for Vietnam and top 5 importing countries where wood is sourced from and make assessment reports available to timber companies.
- 3) **Develop a toolkit for legality risk mitigation** specifically designed for SMEs in Vietnam. Toolkit contains guidance documents, checklists, and evaluation of different legality verification and timber certification systems.
- 4) **Conduct expert training** for intermediary organisations so that they learn how to use the toolkit, as well as how to teach SMEs to use it.
- 5) **Trained experts** from intermediary organisations in turn provide legality risk mitigation training to 300-500 SMEs.
- 6) **Conduct pilot test verifications** at 20-25 SME sites to see if they are implementing the toolkit to effectively mitigate risk and therefore be able to sell their products to the EU.

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