



The Role of the European Union in Shaping Environmental Governance in Developing Countries

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[The European Union (EU) has established itself as a leader in the field of promoting democracy, good governance and development. The motivation has its roots in history and has been dynamic through times. Trade power and development aid have been instruments toward achieving these strategic external policy goals.]



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Aims and Objectives:

1. Aim: To determine the strategies of the EU in promoting and shaping environmental governance in developing countries

2. Objectives:

A) Agenda:

- To determine the motivation of the European Union in the field of environmental policy transfer

B) Implementation:

- To identify major types of activities, such as capacity building, policy guidance, financial mechanisms and others.

C) Select a case study to illustrate all of the above.

Introduction

Since the Rio Summit in 1992 the European Union has been among the most important proponents of international environmental action and cooperation. The strategy on Environmental integration in external relations is one example of this transition towards incorporating the environment into the political dialogue, trade policy and international governance. The congregation of the DG Development and DG EuropAid of the European Commission into Directorate-General Development and Cooperation – EuropAid is a symbolic (as well as practical) act that further demonstrates EU's attempt to promote (sustainable) development through cooperation. The EU is also a party to a number of Multilateral Environmental Agreements which usually include a commitment to help developing countries in implementation of these agreements. These, coupled with the strong position of the EU in international Fora such as the Commission for Sustainable Development and its numerous projects in partnership with the United Nations Environmental Programme reveal the aim of the EU to establish a leadership position in setting the global environmental agenda.

Methods

1. Literature review

2. Interviews

- With EU officials: Personal interviews of an approximate duration of one hour each, with 13 representatives of different EU institutions:
 - European Council – Directorate General (DG) Environment
 - European Council – DG Agriculture
 - European Commission – DG Environment
 - European Commission – DG Development and Cooperation
- With a representative of LTS International
- With a representative of FERN (an NGO “tracking EU policies, focusing on forests” (FERN [website](#)))
- Limitations:
 - Officials taking part in this research are not chosen on a random basis, their number is not high enough to be able to produce quantitative results.
 - EU representatives taking part in this research are expressing their own views and those cannot be confused with official EU positions.
 - No representatives of the European External Action Service (EEAS) agreed to a meeting, leading to a diminished breadth of the research.

- EU communication policy is rather strict and as general rule civil servants' names cannot be communicated to any publication that weren't certified by the DG COMM. Therefore, I respected the condition of anonymity.
- African NGOs dealing with forest governance and forestry issues are difficult to contact. Most of them do not have appropriate websites and communication is problematic
- Due to the limited amount of time, the perceptions of the NGOs and of International Consultants are only based on single interviews.

3. Case-study

- **Rationale:** The reason for choosing the FLEGT initiative to portray the influence that the EU has on environmental governance in developing countries is that this is one of the most recent and generally viewed as one of the most successful so far examples of effective and unconventional EU measures. Furthermore this case provides a good opportunity to see the interaction of a range of different factors that combined offer a methodology that can be used in other trade-environment related issues.
- **Limitations:** this research focuses on the perceptions of the EU, International Consultants and NGOs of the FLEGT initiative. It does not provide information on the way VPA countries perceive the different stages of the process. This is partly because those partnerships are voluntary - this means that countries enter into them willingly, but also because of the limited time and budget to conduct a deeper investigation. A third reason for not including VPA countries perception is the fact that NGOs perspectives are representative of one part of the opinion in developing

countries. This is not to negate the fact that the information on signatory countries' administration and private sector operators' thoughts and attitude are crucial in order to obtain a full image of the situation.

Literature Review

The European Union (EU) has established itself as a leader in the field of promoting democracy, good governance and development. In order to understand the European Union's approach to those processes it is important to go back in time and see how European States used to interact with third-world countries, and how these relationships evolved through times to reach their current format. During the 19th century, the era of colonialism, it was widely agreed that the European States had the right and a mission to spread civilization to barbaric peoples and territories and establish a world founded on European values (Jouannet n.d.). This understanding is present in most research on colonialism (see Hornung 1904; Bowden 2012; Forji 2013) and shows the historical justification of European's involvement in the development of the South. In the 19th century this aim was pursued with resort to force and military power, as according to international law only civilized states were "considered to have legal personality" (Jouannet n.d.). This reading of international law gave the freedom to European colonizers to impose various types of reforms ranging from those that were beneficial to the local populations to those which were discriminatory, marginalizing and even sometimes immoral from today's point of view.

Colonial peoples were perceived to be "backward" savages, inferior to Europeans and consequently all actions were permitted in order to lead these peoples toward the right path. This path meant restructuring the socio-political, cultural, religious and economic reality in the new world without understanding "the others" and without any attempt at contextualization and adaptation. This resulted in the imposition of the European models of

legal, political and economic structure (Forji 2013). From this perspective it is interesting to look at the present way of European interaction with the developing world. Despite the fact that today the European Union does not use military power to “civilize” the others, it is visible that the whole development agenda of the union is still focused on the same goals – spreading the European values and restructuring the South the way the North believes it is right. Many authors have asked the question: Is European development policy a form of neo-colonialism? (Jouannet n.d.; Schmidt 2012).

If we set aside the motivation of the EU for participating proactively in the development of the underdeveloped world which will be discussed in the next section, we are left with the questions what has changed in the past nearly 3 centuries and what has remained the same? First of all we do not speak about “helping the savages become more civilized” (*i.e* more European-like), but about “helping the underdeveloped become more developed” (*i.e* more European-like). With this regard, phrasing might have changed, but the underlying assumptions are still the same – Europeans are engaging in activities that will bring about a change in local populations that will diminish the bipolarity of the two sides. In the past Europeans invaded territories and forcefully established new rules, preaching European values, giving western education and copy-pasting home institutions and administrations. Today Europeans do not use military power, they do not invade and do not force. At least formally they do not. But if we look closer, things have not really changed – yes they do not use military weapons, but they use a more feared contemporary weapon – trade. They do not impose changes; they enter into negotiations where the end result is *supposed* to be based on compromise and mutual agreement. But in order to determine if this constitutes a real change or it is just a façade behind which the same processes continue to happen as they use to 250

years ago, we need to answer the question – are developing countries equal players in today's international system? When it comes to trade negotiations and the WTO it has been recognized that the role of developing countries has become more significant (Page 2002). Traditional super-powers can no longer neglect the voice of the South in international negotiations, so they resort to alternative approaches. The different approaches the European Union in particular uses in its attempt to influence [environmental] governance in developing countries is the subject of the current work and can be found in the following sections.

According to Bretherton and Vogler (2006) the root of the cooperation between the EU and the South as we know it today can be found in the French external relation policies. Within this cooperation there are two major features that needed to be considered carefully – how to share the costs and benefits of the decolonization process and its consequences. One of the tools that were created as ‘a financial leverage of cooperation with former colonies’ (Popa 2012) was the European Development Fund (EDF). Within this policy of cooperation with the South lays a fundamental feature of the European approach – the realization of the inseparable link between trade and development (Popa 2012).

If trade and development are related, than it is interesting to look at the knowledge regarding the relationship between trade and ‘good governance’.

There are different definitions of what good governance is. The most often used is the one provided by the World Bank (1992): “[T]he manner in which power is exercised in the management of a country's economic and social resources for development”. It comprises 4 main principles: Public-sector management; Accountability; Legal framework for development and Transparency and information.

While the EU definition is not the one that we usually find cited in academic literature, I believe it is important to use precisely this one, because the paper analyzes the EU approach. According to the White Paper on European Governance published by the European Commission in 2001 (COM 2001) there are 5 core principles of good governance: openness, participation, accountability, effectiveness and coherence. These principles are valid for all levels of government – from global to local.

- Openness – this principle is equivalent to “transparency and information” in the definition of the World Bank. This means that there should be an appropriate level of dissemination of information, the language should be understandable to the broader public and decisions should be made in an open and transparent way.
- Participation of stakeholders in the decision-making process from the conception to the implementation stage.
- Accountability – a clear definition of the roles and responsibilities of the different actors. This principle ensures that the population can hold accountable any given actor for their actions or lack thereof.
- Effectiveness – delivering timely results based on previously set objectives.
- Coherence and consistency between policy fields and regions.

As stated above, the European Union tries to popularize and spread the European values through its external policy. This is why these principles will be a significant part of the following discussion. Despite the fact that principles such as the rule of law and anti-corruption are not stated in the EU definition *per se* they are inherently part of any definition of good governance.

While it is generally understood that good governance and sound policies provide the needed conditions in order for investment and trade to thrive, in “Trade and Governance: Does governance matter for trade?” Weller (2008) argues that the relationship is not strict and that sometimes applying the normative understanding of “good governance” can have unpredictable and even unfavorable results. The normative understanding of good governance implies implementing and enforcing some formal rules and institutional arrangements that do not always take into account local specifics. Applying the one size fits all approach to trade and governance is not appropriate due to the diverse development needs in developing countries (Nath 2007). Furthermore there is a risk that extensive focus on trade reforms for improved general governance could distract the attention from other critical issues (Weller 2008). Nevertheless it is widely agreed that new trade agreements can affect governments in a positive way too – from reducing corruption to institutional arrangements. Weller (2008) demonstrates such possible effects with a country’s affiliation to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which triggers the creation of new administrative bodies and requires extensive capacity building.

Finally, if we discriminate between ‘good governance’ and democracy we can find the following understanding in the academic sphere. It is universally acknowledged that the European Union has been a leader in the promotion of democracy in developing countries. Furthermore this goal has been integrated as a primary end of the EU trade negotiations (Nottebaum 2012). The justification for using trade as a means to influence democracy in developing countries lays in the fact that the Union is one of the top commercial players and trade powers (Bretherton and Vogler 2006). The integration of the internal markets and the accession of new countries to the Union as well as trade liberalization in the past decades

have certainly been key components in the attainment of this status. Figure 1 shows the ranking of the global trade players based on the import and export statistics for 2011.

Figure 1 Trade power ranking in 2011; Source: Eurostat

Ranking of top global commercial players 2011

Country	Imports	Exports
EU27^[1]	1 714	1 554
China^[2]	1 252	1 364
United States	1 625	1 063
Japan	522	581
South Korea^[3]	321	352
Russia	205	343
Canada	324	324
Singapore	263	294
Mexico	252	251
Switzerland^[4]	150	169
India	203	166
Brazil	136	149
Norway	70	124

Source: Eurostat

Given this leading position it is not surprising that the Union “uses access to its vast internal markets as a bargaining chip to induce changes in its trading partners’ internal affairs” (Nottebaum 2012). This strategy is what Meunier and Nicolaidis (2005) refer to as ‘power through trade’ – a mean to achieve different objectives through trade affiliations. Thus European trade policy secures two very important outcomes in today’s complicated world order - on the one hand it guarantees economic prosperity through conquering new markets and on the other it is a tool to push forward social and political reforms in developing countries. To take this statement one step further Meunier and Nicolaidis (2005, 2006) claim

that the EU trade power can be ultimately used to exert geopolitical pressure. In ‘The European Union as a conflicted trade power’ (2006) the former two authors create the basis for understanding the different forms of power that arise from the EU’s trading relations. On the one hand they discriminate between ‘power in trade’ and ‘power through trade’. The first concept refers to the export of material units (such as products and cash-flows), while the second is related to the export of abstract units (such as standards and values). On the other hand they differentiate the two types of power based on the scale of the export – from bilateral, through regional to global. This classification can be seen on Figure 2.

Forms of EU trade power (Source: Meunier and Nicolaidis (2006: 910))		
Nature of trading relations	Power <i>in</i> trade: exporting goods, services and capital	Power <i>through</i> trade: exporting standards and norms
Bilateral	Symmetric and asymmetric bargaining power over market access	Democratization, development, governance and adoption of standards
Regional	Reciprocal market access	Exporting EU single market rules and broader governance tools to other regions
Global	Multilateral bargaining, specific and diffuse reciprocity	Shaping the multilateral system through deep trade agenda

Figure 2 Forms of EU trade power; Source: Meunier and Nicolaidis (2006)

This paper will try to look further at the relationship between governance and trade in the format: “how can trade influence governance?” in the context of the EU external relations.

In its external relations the European Union, as a regional organization has been known to encourage the establishment of other regional organizations and has been eager to cooperate with such (Lenz 2006). Once again an explanation to that can be found in the fact that the EU believes in the regional model and actively promotes its internal organization and

structure. To that end it has been a partner to several other regional organizations, namely the African Union and Mercosur (the Latin American Union).

The association between the members of these groups and the European Union has been established through three channels according to Diallo (2007) and Delcour (2003). At first these associations were bilateral – between European countries and ex-colonies; those were superseded by the ACP agreement (African-Caribbean-Pacific countries; also known as The Cotonou Agreement) and finally in the recent years the cooperation became on a regional and subregional levels through economic agreements.

The overarching agreement that guides the relationship between The European Union and the African Union is The Joint Africa-EU Strategic Partnership which was established in 2007. In line with the principles of The Paris Declaration on Aid Effectiveness (2005) the main drivers of this relationship are stated to be partnership and ownership. The definition for ownership provided by this declaration is that “[p]artner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions”. Despite this principle and the meaning of partnership which suggest an equal relationship between the parties, “a historically unfair relationship, in which one side has taken advantage of its superior position and exploited the weaker, does not change overnight” (Olund 2012). According to Olund there is still a high level of interference of the EU with the internal African matters, and that this interference is usually connected to coercion to implement different agreements, rather than a political dialogue and negotiations which are based on mutual compromise (2012). This point of view is not agreed upon universally. Most of the representatives of the European institutions who took part in this

research were convinced that developing countries have become much more reluctant to compromise and today stand their ground much more efficiently.

In her “Critical Reflections on the Joint Africa-EU Strategy” Olund suggest that if such change is indeed happening it could be explained by the appearance of new actors in Africa external relations, namely China and India (2012). By creating competition for influence and providing alternative sources of finance and government income, these new actors can become a trigger for a change in EU’s approach towards Africa. This change might result in a more equal relationship. This is already visible in the texts of the EU official documents where the words ‘equal partners’ start to appear much more often. The official website for the Joint Africa-EU Strategy sets forward the primary principle of the partnership: it is “both sides' intention to move beyond a donor/recipient relationship towards long-term cooperation on jointly identified, mutual and complementary interests” (for more information click [here](#)). It is still to be seen to what extent this change will be lived in reality or will remain just on paper.

The relationship between the EU and the MERCOSUR (*Mercado Común del Sur*) or the Southern Common Market region (Argentina, Brazil, Paraguay, Uruguay, Venezuela and recently Bolivia) is defined as the first inherently bi-regional relationship. In ‘Governance through Policy Transfer in the External Relations of the European Union – The Case of MERCOSUR’ Tobias Lenz (2006) analyzes the nature of this relationship. Although the paper focuses on the relationship between the EU and the MERCOSUR region it is certainly not devoid of relevance as an illustration of the general tendencies in European external relations and policy transfer strategies to other regional organizations. It is based on the Dolowitz and Marsh’s conceptual framework on policy transfer described below.

Policy transfer has been growing in popularity in the past decades. Dolowitz and Marsh (2000) have tried to systematize the academic knowledge regarding policy transfer in a coherent theoretical framework. They define the different aspects of policy transfer that can be of relevance when using it as such. The main categories are as follows:

❖ Type of policy transfer –

- The different levels of policy transfer can vary from local (between two municipalities) to international (between countries; regions or IGOs). For the purpose of the following discussion we will focus on the intergovernmental types of policy transfer.
- Depending on the degree of coerciveness there are: voluntary (lesson-drawing), mixtures (international pressure, obligations or “desire for international acceptance”) or coercive forms of policy transfer (direct imposition, conditionalities). According to the authors it is important to use a continuum, rather than strict categories in order to obtain a better understanding of the evolution of the processes in time and across levels.
- There are different objects that can be transferred: goals, policies, programs, institutions, ideologies, negative lessons, etc. Dolowitz and Marsh stress on the importance of distinguishing between policies and programs, something that was previously missing in the conceptualization of policy transfer. They establish that policies are “broader statements of intention, which denote the direction policy makers wish to take”, while programs are “the specific course of action used to implement policies” (Dolowitz and Marsh 2000).

- Depending on the degree of transfer there could be: copying, emulation, mixtures or inspiration.
- ❖ Actors – the actors have usually a preset and rarely changing role of either ‘lenders’ or ‘borrowers’
- In the different cases there might be different actors involved in the policy transfer: elected officials, bureaucrats/civil servants, institutions, consultants, think tanks, transnational corporations, supranational institutions, etc. According to the authors, there is a need for further research on the actual benefit of international consultants, as there is a risk for their advice to be solely based on ‘best practice’ and not properly contextualized. Furthermore they stress on the fact that involvement of international consultants contributes to a diminished clarity on whether a certain event of policy transfer is voluntary or coercive (Dolowitz and Marsh 2000), Finally they argue that the involvement of IGOs and NGOs additionally hampers the distinction between the different degrees of coerciveness.

Going back to the bi-regional relationship between the EU and MERCOSUR, Lenz (2006) argues that “Policy transfer is one of the instruments used by the EU to externalize its governance models in order to ‘Europeanize’ third countries or regions”. He then continues this argument with the statement that the Union does “not directly intervene into the social sphere [...] of third countries“, but aims at “activating [and propelling networking among] decentralized governance agents and the use of their action resources in order to realize European policy goals”.

The following discussion aims at contributing to the knowledge regarding the motivation of the EU to proactively participate in these processes as well as tries to provide an example of a specific recent approach that has the potential to make a difference on a global scale.

Discussion

Motivation for EU engagement in Development and Cooperation and Environment

The motivation of the European Union for trying to influence governance in developing countries is very complex to define. It has its roots in history and has been dynamic through times because of the constant changes in the world. The process of globalization and the economic development of the world have certainly been important factors in the process of shaping the European Union's external relations and policies. Understanding this motivation is important for different reasons. On the one hand it is indicative of the nature of the engagement towards the South, on the other it is relevant for the level of commitment to achieving tangible results. Last but not least, the lack of understanding of this motivation can lead to confusion and result in deficiency of trust and a weakened cooperation between the stakeholders.

"I don't think we would have such a positive approach to Development and Cooperation if we knew there would be nothing in return" (Interview Council of the EU 2013)

MDGs and ethical reasons:

- ✓ Millennium Development Goals:

The Millennium Development Goals have been developed by the United Nations in 2000 and their primary intention is to address the issues in the spheres with the highest importance for human survival and prosperity. Issues in these are also the sources of these peoples' most significant vulnerability. The 8 goals that have been formulated in the United Nations Millennium Declaration (2002) are the following:

- Eradicating extreme poverty and hunger
- Achieving universal primary education
- Promoting gender equality and empowering women
- Reducing child mortality rates
- Improving maternal health
- Combating HIV/AIDS, malaria, and other diseases
- Ensuring environmental sustainability
- Developing a global partnership for development

Environmental sustainability and development might only be 2 of these 8 goals, but their implementation undoubtedly determines the success of the other 6. In the report 'EU contribution to the millennium development goals Jose Manuel Barroso (President of the European Commission) affirms that "The European Union is firmly committed to the Millennium Development Goals (MDGs) and is working hard to eradicate poverty and improve living conditions by 2015".

✓ Claiming leadership in trade and environmental issues:

The European Union has been claiming leadership in trade and environmental issues since 1990;s (Elgstrom 2010) which are “quintessential examples of issues of global interdependence, [...] typifying the emerging new world order”. Independent on whether a negotiation process is on trade or environmental topics leadership is of primary importance (Gupta & Ringius 2001).

Elgstrom (2010) and Grubb & Gupta (2000) define three types of leadership:

- Structural leadership – refers to a state material and political resources. The EU certainly possesses both these features; given that some of the world’s traditional great powers are members and leaders within the Union itself.
- Instrumental leadership – political skill in negotiation and ability to form coalitions. This feature is tightly related to the previous and the following type of leadership. On the one hand in order to have political skill in negotiations one first needs to have the political resources to that end and the experience in international negotiations. On the other hand the ability to form coalitions is connected to the image that an actor projects.
- Directional leadership – ‘leading by example’. This type of leadership is related to the perceptions of the others. Elgstrom (2010) argues that this type of leadership is with the highest importance for the European Union’s external relations. This is not surprising given that the EU flag is a symbol of benevolence and neutrality (Interview Council of the EU 2013). This statement is somewhat ambiguous having in mind that the same countries that now form the core of the European Union have once been the colonizers of the South. The explanation to the fact that instead of being rejected because of historical reasons the Union is

seen as a benevolent actor is that in international negotiations it is never clearly visible which Member State is pushing forward a given idea – the Union acts as a single body and thus it projects its new ‘personality’, which is unattached to the images of the individual countries that form the Union.

With regard to acting as a leader there is the issue of being a righteous one, because ‘behaviour judged to be incongruent or cynical can result in a loss of credibility’ (Bretherton & Vogler 2006). Nevertheless, as one interviewee claims: "it is hard to preach the good will and not look arrogant. But if *we* don't do it - who is going to?" (Interview Council of the EU 2013). This statement clearly shows the conviction of the interviewee that the EU has a moral obligation to lead the world towards a brighter future, thus showing the importance of the ethical motivation for the participation in the issues of the South.

On the opposite side of the purely ethical and moral explanation of the involvement of the Union in the quest of the developing countries toward development and democracy are the opportunistic grounds for that. These are discussed in the following sections.

Green Protectionism?

When we ask whether EU external environmental policies are a form of green protectionism it is usually with regard to agricultural products, biofuels and environmental standards. Trade agreements with different countries have resulted in high levels of import of cheap agricultural products from poor countries, causing European farmers’ discontent and search for ways to mitigate the economic impacts. One way they have tried to deal with this competition is by greening the economy. On the one hand this is positive for both the environment and the consumers’ health, but on the other, with the importance of lobbying it

has led to changes in internal European regulations. These changes are usually directed towards strengthening of the requirements for the quality of the products and the production methods, which is a way to restrict cheap imports from developing countries. This is why developing countries regard environmental policies in Europe as a form of green protectionism. And even if this is never explicitly admitted, one representative of the Council says: “if we allow everyone to import their product on the EU market, then we are damaging our own economy, our own interest. This becomes a problem, because you don't get the votes of the citizens and you don't get elected... And politicians like to get elected” (Interview Council of the EU 2013).

The case of biofuel protectionism is very similar. As tariffs and subsidies have become less effective, the importance of green measures and sustainability criteria have allowed local producers to remain competitive and have rendered more difficult the import of cheap production from developing countries (Erixon 2012). This trend was legally materialized in the 2003/ 30/EC Directive on the promotion of the use of biofuels or other renewable fuels for transport setting a goal to attain 5.75% of renewable fuels in the fuel mix of the Member States’ transport petroleum and diesel by 2010 (EC 2003). In 2009 the Directive was amended with the introduction of the new goal to attain 10% of biofuel in the fuels for transport purposes (EC 2009).

These two examples show a clear trend - WTO rules had made it impossible for the EU to set barriers for import, so alternative approaches have been sought. To level local producers’ inability to remain competitive to cheap production entering the Union from developing countries, the EU has introduced internal regulations that set a high level of requirements blocking the entrance of products that do not comply and ultimately protecting the local

economy.

Despite those being indirect ways of influencing trade in developing countries, these measures inevitably affect their environmental governance, too. By using the following case study I aim to demonstrate the relationship between EU external and internal policies and legal and judicial developments in the countries of the South.

Anti-Migration

"Migration is a major issue in the EU. If we create the foundations for a better life in their countries, people are not going to move. " (Interview 2013) As stated earlier the EU external policy and the Development and Cooperation policy more specifically focuss proprietarily on neighboring Africa (and the other countries of the ACP region) . From Figure 3 we can see that almost 30% of immigrants in Europe come from African countries. Even without further justification it is not difficult to make the connection between the risk of migration and the extent of EU commitment to aid and support.

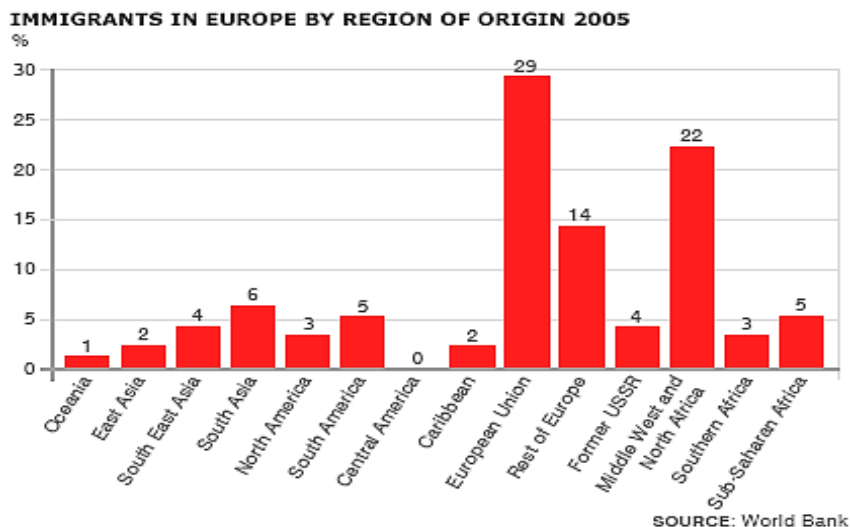


Figure 3 Immigrants in Europe by Region of Origin; Source: World Bank

New markets for

European Products and Services

An interesting perspective on the motivation of the EU for supporting governance reforms

and development in developing countries is that the improved standard in these countries will provide a possibility for the EU to enlarge its markets and its options as an exporter. The EU is one of the largest exporters in the world (see Figure 2**Error! Reference source not found.**) and increasing wealth in developing countries (and more importantly neighboring regions such as Africa) has the potential to boost the European economy in times when it is very much needed. As one interviewee suggests: “The EU is a producer of high-quality products and services. We want to be able to sell more Mercedes in Africa. How do we do that – by helping African countries achieve a higher level of development” (Interview DGDEVCO 2013).

There is yet another interpretation of the dedication that the EU shows towards [African] development and it is that the former is nothing but a sign of guilty conscience and an attempt to “right the wrongs” of the past (Interview Council of the EU 2013). This position can also be found in academic literature: Schmidt (2012) argues that “the general willingness to provide development aid can be interpreted as a kind of compensation”.

Building strategic relationships

In the present world international negotiations have become one of the most important representations of diplomacy and foreign affairs. While a few decades ago there were a few super-powers defining the rules of the game, the gradual shifting in the world power dynamics has made the game evermore complex. The level of interdependence between the different actors in the international arena has also risen significantly. As stated earlier the EU has made it one of its primary goals to lead and spread the European model. To that end it has become crucial for the Union to build strategic relationships. The process of building these relationships with developing countries and the actual act of influencing their governance are very closely connected. Following is a an overview of the different paths the EU utilizes to provide guidance to developing the different approaches to build networks and influence the actors in those networks.

Different levels of guidance aiming at influencing environmental governance in developing countries

- **Political guidance:** Political guidance is achieved through various means. On a global level the most important means are the international instruments at UN level. Subsequently with the raise in importance of environmental and sustainable development agenda for a such as the Commission for Sustainable Development (CSD) and other similar organizations and fora where discussions take place between members of the developed and the developing countries contribute to knowledge exchange, definition of common targets, indicators and timeframes. With regard to

environmental issues it is universally acknowledged that there is a significant discrepancy between the views of the economically advanced nations and those in the developing world. The “ tactics now are to try to convince *them* (developing countries) that it is in their own interest to comply with environmental regulations” (Interview Council of the EU 2013). ‘Convincing’ is very often something that happens on a personal basis as it turns out. And the meetings and conferences of the different conventions and fora are important in terms of building such personal relationships. One interviewee admits that the actual meetings start several days before the official beginning of the conferences and that a lot of the decisions are made prior to the official negotiations which are open to public (Interview Council of the EU 2013).

- Regional agreements: Regional agreements were already discussed in the literature review. This form of guidance, similarly to the previous is based on knowledge exchange and mutual benefits. Within the context of regional agreements there are usually obligations for both parties. The obligations usually state that the EU is responsible for providing financial and/or technological aid and support during the preparation and implementation of the agreement, while the developing country can face different types of obligations ranging from institutional creation/reformation to capacity building initiatives and various types of information dissemination actions. One major problem with regard to regional agreements is the lack of contextualized measures for the different countries in the region which very often have very heterogeneous conditions and needs. Another problem defined by one interviewee with regard to the relationship between the EU and Africa is the overlapping jurisdictions and areas of the scopes of the ACP-agreement, the Joint Africa-EU

strategy, and the European-Mediterranean Partnership (Interview Council of the EU 2013). This overlap results in increased number of for a, red tape, people involved in the meetings and the related costs to those. According to this representative of the Council it would be more beneficial if large tranches of money were allocated to single recipients (i.e regional agreements) than the way it is done presently – relatively smaller tranches to various (sometimes overlapping) projects.

- Bilateral projects: when the word ‘project’ is used in the context of EU external relations what is usually meant are small-scale, short-term projects aiming at the delivery of tangible results for the local population and creating the right conditions for more extensive cooperation.
- Capacity building: Capacity building can come in many different forms. These could range from exchanges (both on a political and academic levels), to seminars, workshops, training programs and political advisors. Political exchanges are very common, but their efficiency is often doubted upon by the representatives of the EU institutions (Interview DGDEVCO 2013; Interview Council of the EU 2013). One reason for that is that these exchanges are often turned into high-level tourism for the representatives of the sending countries, “who stay in expensive European hotels and travel first class” (Interview Council of the EU 2013). On the other hand academic exchanges seem to be much more cherished as African students and academics get preferential conditions to participate in programs such as the Erasmus Mundus Programme (Interview Council of the EU 2013). This strategy, as well as seminars, workshops and training programs aimed at the local populations of developing countries are a crucial step towards changing the status quo in these countries. Better

educated people could create the basis for stronger civil societies requesting governance reforms and respect of their human rights. Programmes aiming at training the future trainers are the ones that have the highest impact rate. This is so because the future trainers would have European training, thus spreading the European values and methods, all meanwhile being locals and being trusted a lot more by their compatriots. This specific fear of locals towards foreign advisors and knowledge poses a problem with political advisors. One interviewee claims, that the former are usually not well perceived by the locals, because they don't trust their objectivity and they fear these people are there to manipulate or usurp their power (Interview Council of the EU 2013).

Using aid as a way to influence environmental governance in developing countries

The European Union and its Member States provide more than half of the Official Development Assistance (ODA) on a global level (COM 2012). This aid is provided according to the principles laid out in the “European Consensus on Development” (2005), namely:

- Poverty reduction
- Promotion of democracy
- Support for national goals and projects.

The ultimate goal of this policy is to help developing countries advance economically, while addressing the issues outlined in the Millennium Development Goals (see sections MDGs and ethical reasons).

EU aid comes in different forms depending on the political and economic situation in the recipient country. One common thing for all types of support is the principle of democracy and the commitment of all parties to pursue the goals of good governance, human rights and sustainable development. Officially the EU does not pose conditions for aid. Even more, conditions *per se* are taboo according to the EU officials taking part in this research (Interview Council of the EU 2003; Interview DGDEVCO 2013; Interview DGENV 2013). Nevertheless, the term ‘conditions’ can be viewed from different angles. In the international law sphere ‘conditionality’ is portrayed by the way the IMF for example establishes its relationship with fund recipients – if a recipient is not compliant with the conditions, they

will not receive the next tranche of the money. The EU does not proceed this way. One of the main reasons is EU's participation to the Paris declaration on Aid Effectiveness which introduces the principle of ownership, according to which developing countries should be responsible for their own development and those countries should decide how best to use the resources/the aid they receive (OECD 2005). This is a leading principle in EU external aid, but it is one easily circumvented, as I could conclude from my conversations in Brussels. First paradox - the policy of no conditionality has some conditions. In order to explain this paradox I will briefly mention in the next section the different types of aid that the EU provides to its partners.

The 'good players' (such as Ghana, Tanzania and Botswana for example) are eligible to receive what used to be called 'budget support', but as of 2011 is now known as 'Good Governance and Development Contracts'. This type of support is subject to conditions, which are masked behind the term 'eligibility criteria'. These criteria are encompassing issues ranging from macro-economic stability, to public financial management and national policies (EC 2011). Furthermore, the text of the Commission's Communication on the Future Approach to EU Budget Support to Third Countries explicitly states that as a performance incentive there will be tranches of the aid strictly dependent on progress, measured by indicators. In addition to that, policy dialogue is mandatory in order to "ensure that major reforms are discussed" and strategies are jointly agreed upon (EC 2011). This is the first example where we can see this specific wording (i.e: 'jointly agreeing' and 'discussed'), but a deeper investigation shows that the majority (if not all) contracts and official texts, independent of the type of aid, mention these words at some point in the articles. As stated earlier there is a significant doubt in the academic community on the

extent to which these agreements are actually jointly prepared and not the result of pressure, be that political, financial or other.

The second type of support is called institutional support. Institutional support is a form of aid which is subject to a decision from the part of the donor on which institutions are a priority according to their (the donor's) strategic interests. For example if the EU believes that Ethiopia is not eligible to receive budget support, but it is of significant European interest to protect the forests in Ethiopia, which act as a barrier that prevents southern hot winds to reach continental Europe, the decision would be to give institutional support to ministry of environment/forests. With this type of support the principle of ownership is somewhat preserved, to the extent that the institution in question should in theory be responsible for improving its functioning with regard to achieving previously set jointly approved goals. These goals, be those jointly agreed upon are those mentioned previously as the donor's strategic interests. This means that if a certain funding activity does not contain the goals which will potentially lead to achieving this strategic interest, then the funding will probably not go through.

This raises the question on the donor-recipient relationship as well as the power of influence of the donor and the possibility for the recipients to sustain full ownership of their development. When I asked this question I received different answers. Some said that the EU cannot afford to leave developing countries fully responsible for their development, because of their lack of capacity and good governance; other claimed that EU politicians are accountable to EU citizens and have to show them tangible results in order to justify the money that they spent; others even admitted unwillingly that the power is always in the

beholder of the funds and that “when you tangle money in front of people, they tend to say ‘yes’” (Interview DGENV 2013).

Related to that is another question – are there many countries in the developing world which have the possibility to really negotiate the outcomes of those agreements? And the most probable answer is ‘no’. On the one hand there are cases where institutional support to a given ministry is more than half of the available funds (Interview DGDEVCO 2013) and this makes it very difficult for countries to “have teeth”. On the other hand another interviewee suggests that there has been already half a century of interaction between the developing countries and the EDF and the former have established mechanisms for resistance against pressure (Interview DGDEVCO 2013).

Two important features of the present global political economy could provide insights for the future progression of these seemingly incompatible aspects. These are: the interaction between the former super-powers and the appearance of new actors mentioned earlier. The growing economic power of China and India are already contributing to changes in the trade dynamics in Africa. Figure 4 and Figure 5 show the development of EU, US and China trade with Africa in the past decade. It is clearly visible that the European Union’s share in trade is gradually decreasing in comparison the US and China’s. This creates the basis for competition over influence, but also over political outcomes and alliances in international negotiations where decisions are taken on a one country one vote basis. Therefore building and keeping strategic relationships strong could become an important motivation for the EU to be evermore committed to the problems of the South. Since it is not very likely that a country would turn its back to their most significant donor, continuing its policy of extensive financial flows to developing countries is a very strategic objective on its own.

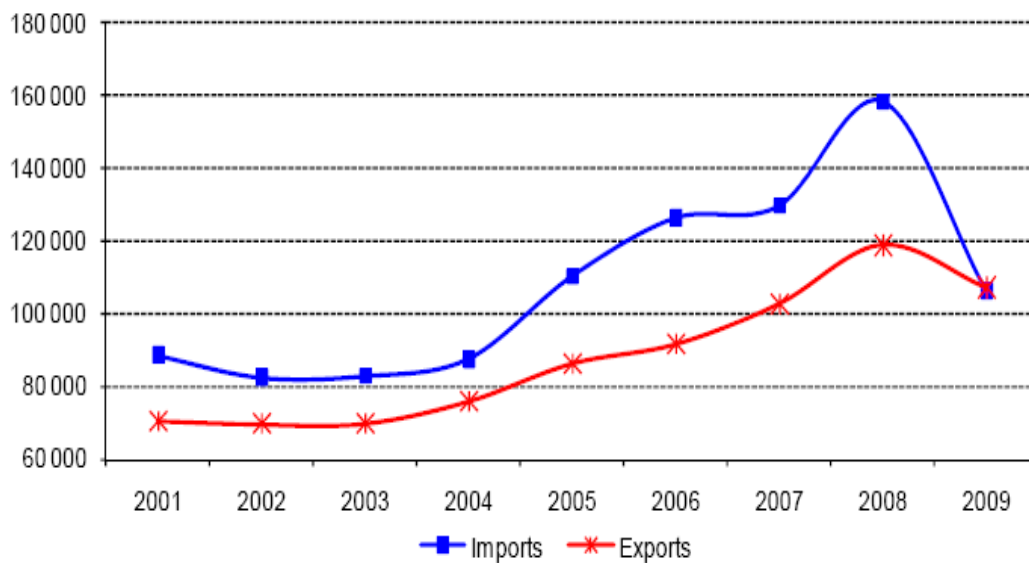


Figure 4 Development of EU trade with Africa; Source: Eurostat

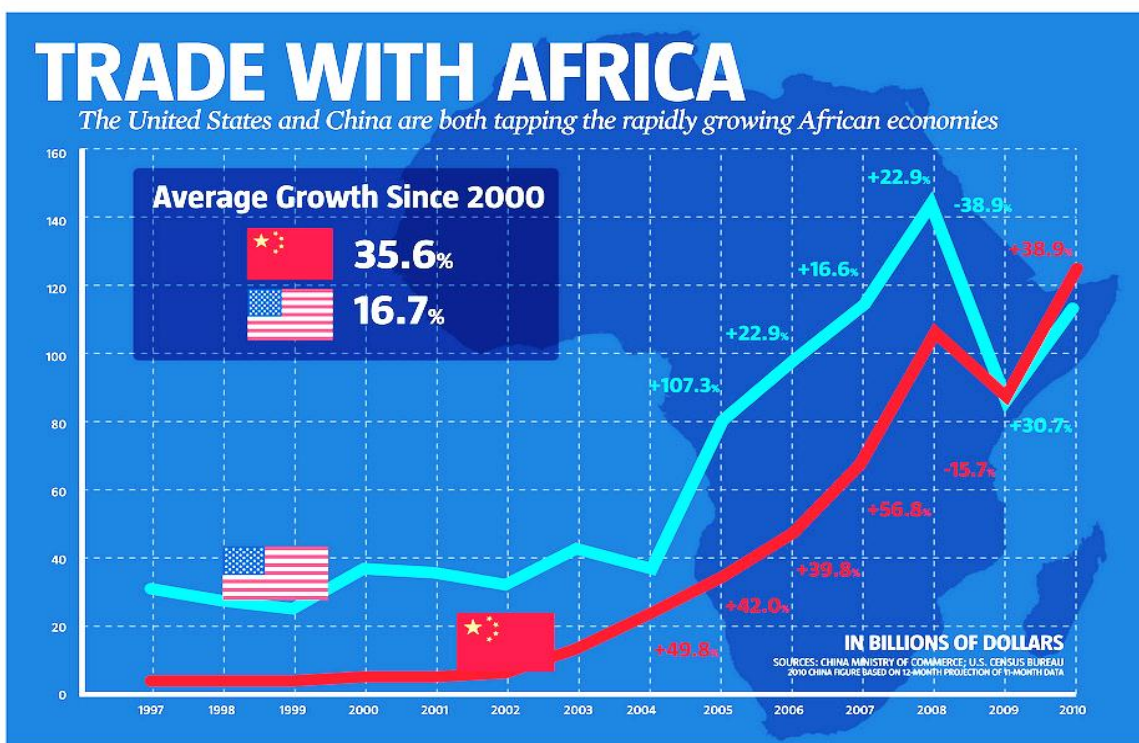


Figure 5 Development of US and China trade with Africa; Source: US Senator of Delaware

The last way to provide aid is only directed at fragile and post-conflict states. It is a type of support based on programmes and projects that focus on short-term, small-scale initiatives that aim to achieve tangible results in critical areas and subjects. The main purpose is to set in motion a trend towards reformation and stable cooperation. In this case the EU plays a much more prominent role in terms of organizing activities, commissioning relevant contractors and monitoring the progress of the activities.

Thus environmental strategic objectives could be set forward by organizing them in a network of mutually reinforcing projects, gradually increasing the scope and involvement of different actors.

Besides these features, using aid as a way to influence governance in developing countries has a few more implications:

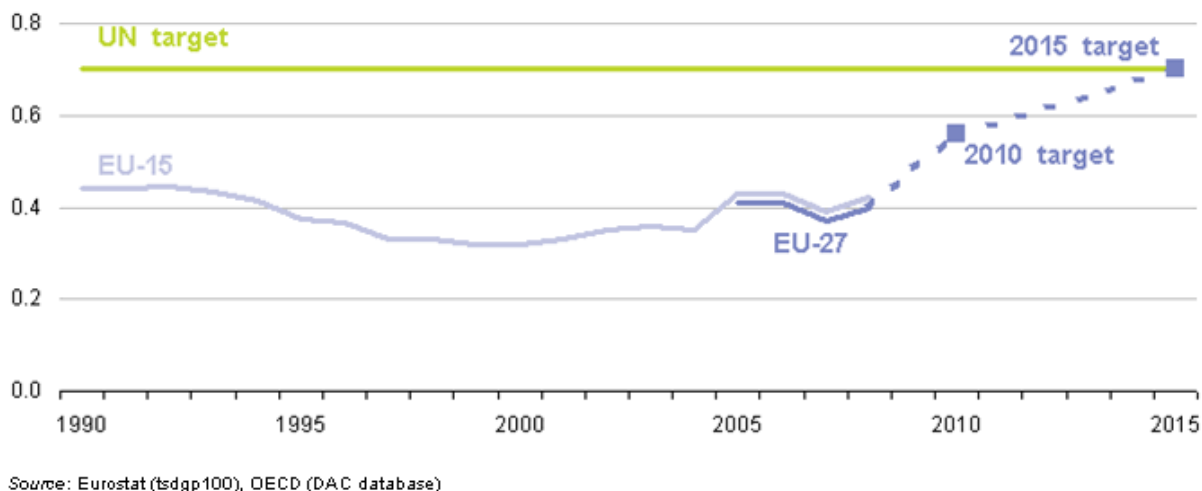
- The current economic and financial situation in the EU:

While not even a decade ago the EU had a plan to increase aid from member states to the amount of 0.7% of GNI by 2015 (Council of the European Union 2006), with the advent of the financial crisis of 2008 and the difficulties that the Union has been facing since, the amount allocated for aid has been stagnating at a little above 0.4% (See).

The implications of this fact are that, meanwhile more and more entities request access to money in order to implement global goals, the available money is not increasing. This has led to the need to either significantly improve the efficiency of

aid or search for new approaches to deliver the results agreed upon in international fora.

Figure 6 EU aid in % of GDI; Source: Eurostat



Having in mind the decreasing importance of the EU as a trading power in Africa and the diminished availability of funds, one can start wondering about the prospects of the future place of the EU on the African continent. The case study below describes an alternative that seems to be dealing effectively with both trade and influence issues in developing countries, securing long-term trade relations (and the benefits from those) as well as enhancing strategic relationships.

➤ **The construct of the North-South relations:**

One of the major problems with aid on a global North-South dimension is the fact that developing countries usually believe that it is their right to receive aid and it is the obligation of developed countries to provide the funds (Interview 2013). This perception is somewhat understandable and the explanation lays in the history of

development. For example: China claims its actions are no different than Europe's in the 1950's - Europeans didn't care much about the environment, and this is how they accumulated wealth and developed. This position is shared by most developing countries, which believe that the environment is a luxury for the rich (Potter 2013; Dunlap 1994). The same goes for social sustainability - human rights, social justice, gender equality, child labor. Child labor for example was absolutely normal in UK factories in the 19th century (Cunningham and Viazzo 1996). Developing countries use these facts from the past to vindicate their actions (or lack thereof) today. But there is something very important that they do not wish to acknowledge - the advancement of the science and the accumulation of knowledge that has taken place in the past century. What we know today forces us to make better decisions and be more responsible. This is one of the main stands of the EU in both international negotiations and bilateral relationships and is one of the explanations for the leading role that it has taken in issues related to environment.

- With regard to environmental governance there are three major challenges - climate change and environmental protection actions have medium to long-term benefits and are rarely a priority in underdeveloped countries with other pressing issues. On the one hand it is this question of priorities. In places where poverty is at very high levels the number one priority is development at any cost in order to reduce the number of poor people. In these cases it is rarely taken into account that environmental protection and poverty alleviation are two inseparable processes. This is so because a very large portion of the population in developing countries is dependent on subsistence farming or fishing, thus environmental conditions are crucial for the

survival of those people (The World Bank 2008). On the other hand it is also a question of political will. The long-term benefits are not an interest to politicians, because they need to deliver results in order to be elected. This is where projects come in very appropriate – they can focus on something that can deliver results in the short-term. This in turn can create trust for longer-term cooperation and the needed momentum for change. Last but not least there is the problem of private interests and corruption. This is a problem of general governance, but in resource rich developing countries it is a very important issue for environmental governance, too. An example for that is the Nigerian petro-reality. In the past it was expected that the large availability of oil in the country would generate “petro-modernization” but the actual outcome was “economic underdevelopment and ecological catastrophe” (Watts 2001). Michael Watts (2001) tells the story of the Shell monopoly and the infiltration of Shell shareholders in the highest levels of the government and the army. The company managed to gain billions of dollars during several decades, reinvesting only a fraction of its profit in development. The outcomes for the local population were severe, ranging from discrimination and marginalization, to threatened livelihoods and health impacts, to heightened violence and civil war. From an environmental perspective the operation of the oil industry in Nigeria has become the source of green-house gas emissions exceeding the values for the rest of the world altogether and irreversible environmental degradation in the Niger Delta (Watts 2001).

In Figure 3

Figure 7 we can see that corruption is present consistently throughout the tropical belt. These areas are of interest for the present work, as they comprise all the countries producers of tropical timber, subject to the following case study. This

situation makes it clear that any attempt to influence environmental governance in those countries should include significant anti-corruption efforts.

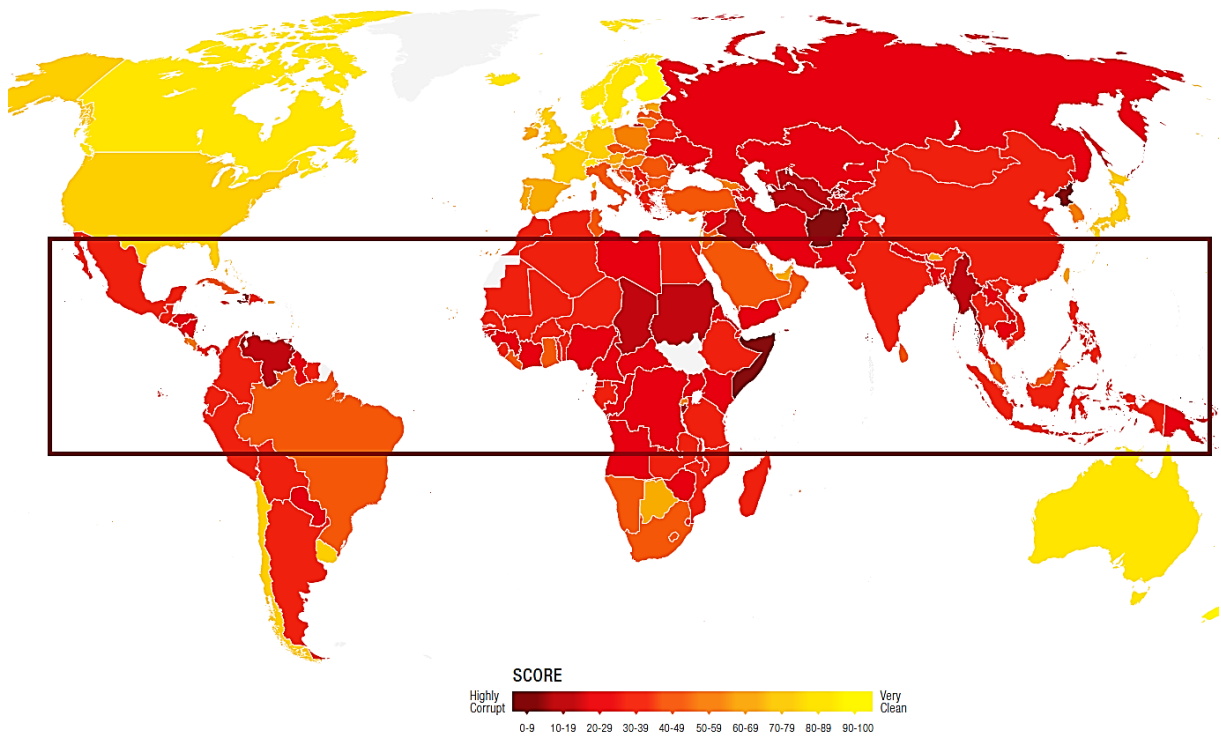


Figure 7 Corruption Perception Index 2012; Source: Transparency International

Using trade as a way to influence environmental governance

The Case of FLEGT

(Forest Law Enforcement, Governance and Trade)

Introduction

Forests can be looked at from different angles (biodiversity, timber, indigenous populations, watershed etc.), so can the support from the European Union to forest governance in developing countries. First there is the protective management of forests - the national parks and protected areas. This is an area dealt with by DG Development and Cooperation (DEVCO) mainly through relatively small-scale projects. One of the major problems in developing countries with regard to national parks is that "many of them are what we call paper parks" (Interview DGENV 2013). This means that on paper they are protected, but the government does not have the resources to actually protect them. This usually results in substantial illegal logging and wildlife hunting. One way in which the EU tries to help developing countries address these issues is to help national parks establish systems that allow them to pay for themselves through tourism. According to a representative of the Council Kenya is an example for a country in which this approach has had positive results. (Interview Council of the EU 2013). Further research shows that there were other circumstances that affected the current independence that Kenyan national parks have achieved (Dane 2013).

For countries not popular for tourism such as Gabon or Congo, this approach is not very

practical. In these cases the EU tries to engage in small-scale projects that will enhance the situation, but more importantly build trust and pave the road for longer-term projects. An example of a larger-scale project related to protective forest management is the African Union Great Green Wall for the Sahara and Sahel Initiative supported by the EU (for more information on this project click [here](#)).

The second angle on forest management is on the production forests. In the 90's it became a question of interest in the European Union how to improve the situation in tropical timber producing countries in terms of how forest are managed. The entry points were the private sector and the demand for timber products with tropical origin on the European market. At the beginning the idea was to work with the private sector and establish some kind of timber certification scheme that will reassure the European consumer that the timber comes from sustainably managed forests, and that NGOs and the FSC will play the role of a broker. This way there would be a neutral assessor on how the forestry unit is managed, and that will lead to added value for the timber on the European or the international market. This was successful in raising awareness in Europe about the different kinds of timber, and that “when timber is cheap there may be a reason for it – that it is generally unsustainable or illegal “ (Interview Council of the EU 013). “This is good and this is positive, but it has its limits. It is that we are working in an ocean of bad management” (Interview Council of the EU2013). Of course, there are places of good management, but the problem is that they are very limited. And when an approach is only focussed on individual units the problem of displacement appears very soon. By displacement here I refer to the same concept as the carbon displacement where a project it is not considered successful when the decrease in carbon emission from one site leads to an increase in a neighbouring one. This is why the EU

decided to change the approach and instead of working on the forest management unit level, work on the country level, at the level of all the forests of the country, to avoid this problem of displacement.

The EU was looking for a way to change forest governance in the developing countries - not to focus only on plots of forest, but to think generally on the role of the forests within the national boundaries, and this is where the idea of the voluntary partnerships came in. This process is aimed only at countries that are interested to secure their reforms, to change their governance of the system of the forest sector. This partnership offers them the possibility to block the entry in Europe of any timber that is not accompanied by a FLEGT license. This license is emitted by the partner country. The partner country is responsible to set up a system that verifies the legality of the timber – not only of the harvesting process (laws regarding harvesting), but also the social and environmental aspects of timber production and trade (social and environmental laws, tax laws, fiscal laws, etc.). This system should guarantee that companies which want to export their timber have paid their taxes, have harvested the timber in a legal way, that they have consulted with indigenous people and local populations, are paying their employees according to the national system, that these employees have social securities, etc. If these requirements have been met the partner country issues a FLEGT license, without which no timber coming from partner countries will be allowed on the EU market.

There was another very important issue to consider during the FLEGT creation. It has been very difficult to get an internationally approved definition of sustainable forest management, this is a discussion that has been going on for 40 years (Interview DGENV 2013). There was no convention in Rio for Forests (Meakin 1992). “This is one of the major conventions that

are missing. This was something that was foreseen, But for reasons related to Amazonia and to Brazil and for plenty of other reasons, this was not translated into a convention” (Interview Council of the EU 2013). Thus there is no internationally accepted definition of what is sustainable timber.

This is why there was a shift in the discussion – not to talk about sustainable managed forests but about illegal logging. The analysis that was made showed that illegal logging costs a lot of money, so it’s not a question only of environment, but it is also a question of economic incentives for the partner countries. All that money could be invested in development. It is estimated that the cost of illegal logging in developing countries is between 30 and 50 billion US dollars (Stewart 2013). This is quite significant compared to the volumes of aid. This means that if all this money was collected by the partner countries and reinvested in development, only the forest sector could contribute as much as the total amount of aid by the EU.

The European Union has been one of the biggest players on the global timber market. In 2011 35% of the world’s timber production was traded within the EU (EC 2012a). Figure 8 shows the major flows of sandwood in 2011. According to data from the European Commission over a third of the trade in primary forest products consists of sandwood, thus making it extremely important when trying to understand the circumstances surrounding trade in timber. We can see that a significant part of this sandwood goes directly to Europe but this is not to say that the tremendous amounts going to China and India do not ultimately end on the European market. This position of the European Union as a major consumer of timber products has made it inevitable for it to look for ways to improve the parameters of timber trade throughout the supply chain, from the primary producers, to the suppliers, the

manufacturers and the end consumers.

Major trade flows: tropical sawnwood 2010

Size of the arrow is proportional to the volume traded. Only trade flows larger than 0.1 million m³ are represented.

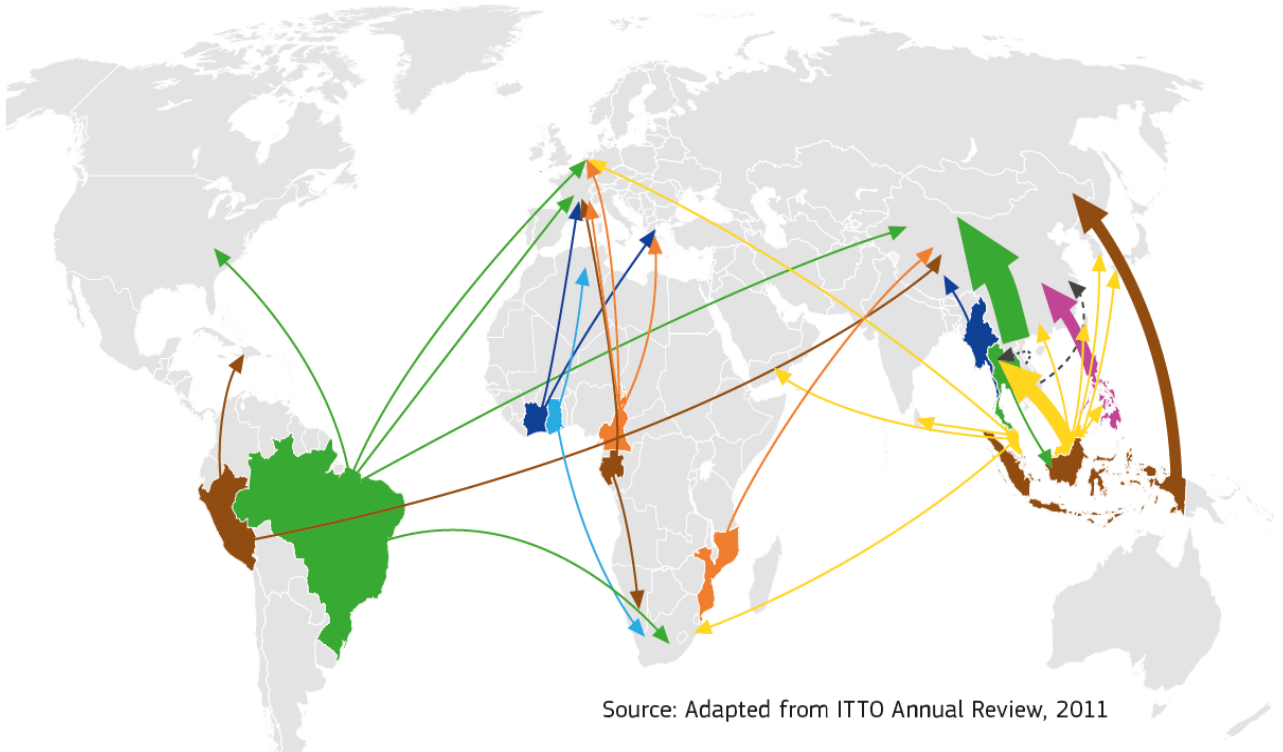


Figure 8 Major flows of tropical sandwood; Source: ITTO

The Forest Law Enforcement, Governance and Trade (FLEGT) initiative was conceived as a result of this need to find solutions to the global problems related to illegal timber trade. It is an “innovative tool for improving forest governance” in developing countries (Bollen and Ozinga 2013). Its primary manifestation is the Voluntary Partnership Agreements (VPAs). These are trade partnerships on an absolute voluntary basis. In order for the negotiations process to begin the partner country needs to express its explicit will to be part of the initiative. The EU approach is to make sure that partner countries establish appropriate national legislation and that the future trade in timber and timber products is compliant to

this national legislation. With this regard there are several major implications:

- ✓ A lot of countries lack adequate legal frameworks for forest management
- ✓ In some cases there might be appropriate laws, but there are no suitable enforcement mechanisms
- ✓ In countries with high levels of violence and war, or in post-conflict countries there is a lack of general governance and high levels of corruption that prevent an adequate approach on forests and timber.

In order to achieve this first goal to create and enforce an appropriate national legislation the negotiations for the VPA stimulate a process of consultation with national stakeholders. This is a first step to improve governance - gather an understanding of what the priorities are and adjust the legal system, then make it transparent and inclusive to civil society and national stakeholders. The main problem is that usually different ministries look at forestry from their perspective (Forestry, Natural Resources, Water, Environment) and civil society is often not aware of what is the legal framework and who is responsible for what. The role of the EU is to facilitate the transition. “It is a delicate situation because we need to be cautious not to impose, not to supplant the ministries” (Interview DGENV 2013).

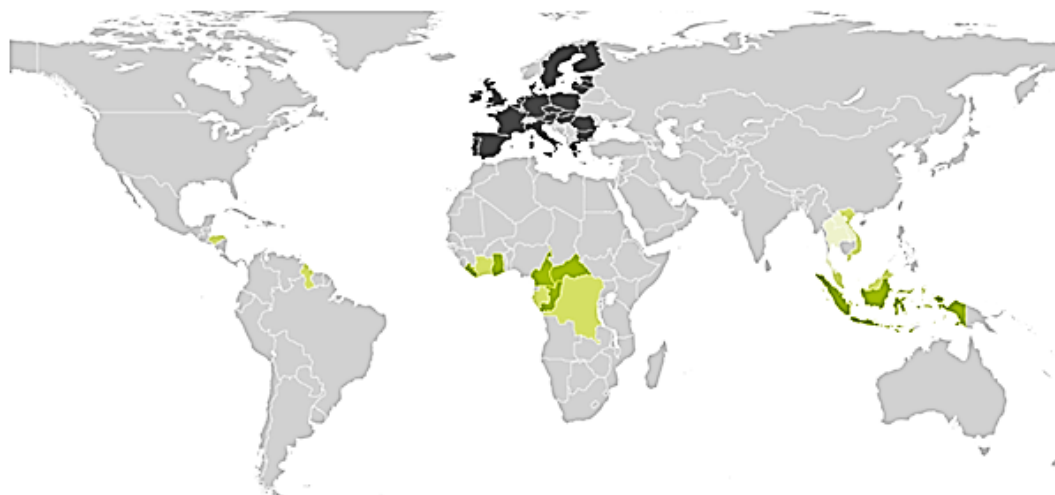
Example: “From the end of the 90s until 2003 the EU spent around 200 million euros in development aid for the forestry sector in Indonesia. There were large projects for park management, biodiversity, etc. Those projects were implemented in a context where the Indonesian counterpart did not have the same vision on sustainability and forest management. So these projects did not really lead to much results” (Interview Council of the

EU 2013). Within the FLEGT initiative there are also some development projects, but the focus has shifted. The incentive for reforming the forest governance is not because it is generally a good thing to do, or because it is required by the EU in order to obtain the next tranche of aid, but because the internal EU policy will put some obligation on the importers to apply due diligence systems to minimize the risk of trading illegal products. It makes it very difficult for importers to buy timber from a country where there is a lot of corruption, a poor governance system, where it is impossible to track the provenance of the timber. “We were working with Indonesia before, but it is only when the timber regulation became in the pipeline that Indonesian counterparts decided that the market risk was worth reforming the forest governance sector” (Interview Council of the EU 2013).

“What the hundreds of millions dollars from EU donors didn't do in two decades was accomplished by a few trade policies and NGO campaigns. That cost a lot less as well”
(Interview DGDEVCO 2013)

To date there are 6 countries implementing VPAs and 7 more in the negotiation stage. Figure 9 shows a map of the countries that have begun, completed or are planning to enter the negotiations for a VPA.

Map of countries in different stages of the VPA negotiation process



Implementing: Cameroon, Central African Republic, Ghana, Indonesia, Liberia, Republic of the Congo



Negotiating: Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guyana, Honduras, Malaysia, Vietnam



Preparing to negotiate: Laos, Thailand

VPA countries in the information phase

Central and South America: Bolivia, Colombia, Ecuador, Guatemala, Peru

Asia Pacific: Cambodia, Myanmar/Burma, Papua New Guinea, Solomon Islands

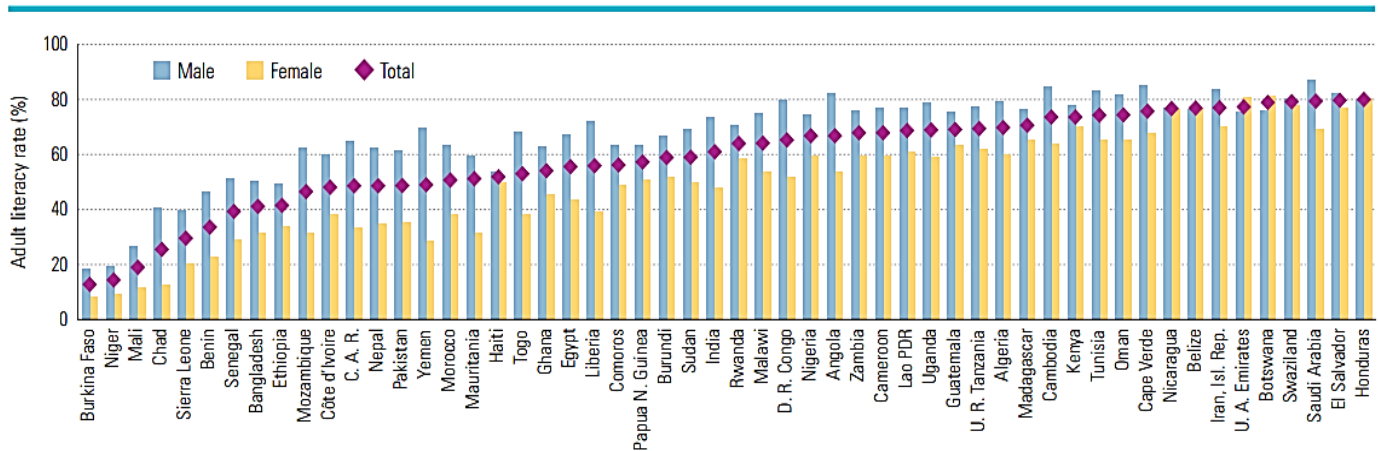
Africa: Sierra Leone

Figure 9 FLEGT partners; Source: DGDEVCO

FLEGT strengths and weaknesses:

One of the most important strengths of the VPAs is the fact that they are stimulating a process of consultation with national stakeholders to agree on what legislation is appropriate. This process is mandatory and is part of the common set of rules included in VPAs. Meanwhile, in many countries there is a very low percentage of literate people and an absolute lack of involvement in government decision-making.

Adult literacy rates by gender in fifty-five low-literacy developing countries, 2000–2004



Source: Statistical annex, Table 2A.

Figure 10 Literacy in the low-literacy countries; Source: UNESCO

Figure 10 shows the percentage of literate women and men in 55 low-literacy developing countries for the period 2000-2004. These range from under 20% to around 80% in certain cases. Even in cases where literacy is higher awareness of the legal system and the decision-making process is impeded. As one representative suggests: “civil society is often not aware of what is the legal framework and who is responsible for what“ (Interview Council of the EU 2013)”. One way to deal with this is by raising awareness. This could be achieved through projects with NGOs. According to another EU official there is “better success with local NGOs rather than big international ones such as WWF”, mainly because people tend to thrust their compatriots more than they do westerners (Interview Council of the EU 2013). Raising awareness is also an inherent part of the process of the VPA preparation. These two characteristics of the FLEGT process are very important because they promote one of the basic principles of good governance – namely 'participation'. Dissemination of information is crucial in order to attain a level of understanding among the population that would enable people to act upon their right to participate and thus gradually improve the whole governance system. Besides the work of NGOs the EU engages in some advocacy work. This includes among others: financing studies, trying to build evidence; workshops; support progressive corporate groups, etc. Within these processes of engagement of stakeholders lays an important feature – the inclusion of indigenous peoples and thus the attempt to provide these peoples with the opportunity to protect their cultural traditions and traditional livelihoods. All these stated above aim at ultimately increasing the inclusiveness of the consultation process.

The good governance principle of participation is tightly related to the principle of transparency. When the knowledge base is built and the needed level of participation is achieved comes the next step towards improvement of the governance process. It is ensuring transparency of the decision-making process. One of the main provisions in the FLEGT negotiations is ensuring civil society monitoring and transparency. Only society that has the capacity to understand the state processes can engage in requesting transparency.

A significant problem in Africa and other developing regions of the world is the absence of systems that define property rights and land tenure. The VPAs provision that this aspect of governance is dealt with appropriately.

The strengths of the FLEGT initiative are acknowledged by representatives of both international consultancies and NGOs as is discussed in the next sections.

One of the problems of the FLEGT action plan is that is not internationally recognized, it is only valid for the EU, which might diminish its success. This can be partly explained by the absence of a Convention on Forests at the UN level, but also by the strength of private interests in the forestry sector. It is important to note that other countries which play an important role on the global market for timber products have taken measures to limit the trade in illegal timber products within their national borders:

- The Australian Illegal Logging Prohibition Bill of 2012. This document introduces a definition for illegal products with timber origin and sets the obligations of the importers of such products as well as the penalties for the violation of the provisions of the Act.

- The US Lacey Act. This law was first introduced as a conservation law in 1900, but was amended and expanded to introduce the fight against illegal logging in 2008. Similarly to the Australian Bill. The pats dealing with illegal logging introduce definitions, obligations as well as consequences for violating the law. Having said this, those measures are national and do not constitute a global measure to combat illegal logging.

The second problem is that this approach cannot be applied the usual way the EU proceeds – by regional agreements. The only way for VPAs to be successful is to ensure that a tailor-made approach is applied to every country. This is so because, as stated above, there is no internationally accepted definition of what legal timber is. This means that each partner country has to define for itself what legal timber means within its national context. “Because legal timber in Ghana is different than legal timber in Cameroon” (Interview Council of the EU 2013). What is common between the agreements with different countries is a common set of principles on how the VPAs work, and the way of dealing with the FLEGT system in Europe. This means that European customs and other administration will treat FLEGT licensed timber from Ghana the same as the FLEGT licensed timber from Indonesia, but this does not mean that laws in those two countries will have to be synchronized. This characteristic of the FLEGT is both a weak point because this approach means a more significant investment in terms of finances, time, human resources, etc. than a 'one size fits all approach'. On the other hand it is a strength too, because tailor-made approaches have the potential to be more effective. When a solution is tailored for a specific country or case, it is expected that there is an appropriate level of contextualization and that all cultural,

environmental and social aspects have been taken into account. In regional arrangements there is usually a need to find the lowest common denominator in order to fit the wide range of specifics into a mutually acceptable solution. Thus it is still to be seen in the years to come how the FLEGT initiative will manage to deal with the advantages and disadvantages of the agreements being bilateral.

One other problem is related to circumvention. This circumvention is usually at the national level of the partner country. There is a risk that a VPA country decides to export to Europe only the timber that is legal, but continue to export what is not legal to China or other countries where due diligence is not performed. This is an issue that has come up during in the process of negotiations, and “the partner countries have decided that timber legality verification system will apply across the board (for the whole country)” (Interview Council of the EU 2013). This means that all the timber, not only the portion going to the EU, but also to US and China, will require a legal verification. “This was a decision taken by the partner countries because they did not want to introduce a double standard system where good timber goes to Europe, and bad timber goes somewhere else” (Interview Council of the EU 2013). The explanation for this voluntary anti-circumvention measure is that these countries are genuinely trying to reform their governance. Allowing double standards and leaving the possibility for back doors to be used might potentially have a more damaging impact on the governance system than it could create revenues.

There is another significant problem and it is that the timber coming from non-VPA countries (such as Brazil or Kenya) will continue to be business as usual. This means that in

a way the partner countries (with VPAs) are setting systems that are giving them competitive disadvantage, compared to other countries. In order to deal with this issue and provide certitude to its partners the EU has decided to upgrade its internal regulations. The expression of this upgrade was the Timber Regulation (EU No 995/2010) which was adopted in 2010, and came into force in March 2013. The basic idea of the Timber Regulation is the following – the private sector operators in Europe have to ensure that the timber they trade in Europe is legal (EC 2010). Whether the timber comes from European forests, or from China, Ghana, etc the same requirement stands for all participants on the EU market. This is not a border type of measure like the denial of entry on EU territory of goods that are suspected of infringing EU legislation, but a private sector measure. The focus is set on the private sector, so companies have to implement measures to ensure the timber is legal. In other words this Regulation makes due diligence mandatory for timber and timber products entering the European market. One of the measures that European companies can implement is to operate only with timber that comes with a FLEGT license. This would facilitate the process for the company as the FLEGT license is proof of legality and the due diligence is considered accomplished. This is a strong incentive for countries to consider becoming VPA signatories. To import timber from countries without VPAs the timber operators will have to go to their suppliers and request them to ensure the timber they are selling is legal. “This is the link with China. Because when China tries to export tables in Europe, China will have to explain that the production process was fine in China and the timber that comes for example from Papua New Guinea, was legal” (Interview Council of the EU 2013). This is how with this Timber Regulation that applies to a wide variety of products, the EU is influencing all the supply chain in order to ensure that European suppliers are dealing with their suppliers accordingly.

The combination of the FLEGT initiative and the Timber regulation, in addition to similar measures taken by other countries with significant market power are ultimately expected to change the way timber is traded on a global scale and with that to improve governance in the forest sector on a large geographical scale.

A Consultancy Firm's perspective on the FLEGT initiative

The following section is based on an interview with a representative of LTS International. A consultancy firm with 40 years of experience in climate change, forestry and environment projects (for more information on LTS visit <http://www.ltsi.co.uk/>)

One of the first questions that comes to mind when there is a third party involved in such large-scale projects is the one regarding their objectivity and their impartiality. In order to evaluate this it is interesting to know to whom is a consultancy firm accountable during the process of preparing and implementing a VPA. Depending on which institution is funding the FLEGT work the consultancy firm can be contracted by and accountable to different parties. Currently the EU and EU Delegations contract the external consultants in the VPA signatory countries, while the Food and Agriculture Organization (FAO) ACP FLEGT program, European Forest Institute and UK Department for International Development fund FLEGT activities using competitive bidding processes. „In the most recent case LTS was contracted by the European Forest Institute (EFI) and had a Memorandum of Understanding with the Government in the host country, ultimately accountable to EFI but with reporting lines to the host country forestry authority“ (Interview LTS 2013). This information is

important in order to understand the role that the consultancy plays in the process. In the case when the firm is accountable to both the national government of the VPA country and the contracting institution it is more probable that the advice will be unbiased and that suggestions will be implemented more easily, since there will be a higher level of thrust. Trust is an inseparable notion with perception. This is why the leadership and the role of civilian power that the EU sustains in the international arena is of high significance.

Speaking about the perception, VPA countries' administration attitude towards the consultants may vary significantly. Each country is different in its experience and perception of foreign expertise. „Some countries have low capacity and understand the need for help from the outside, others, proud of their internal capacities are resentful of expensive experts whose salaries could be going to local experts“ (Interview LTS 2013). External experts are sometimes valued for their unbiased approach, international perspective and for bringing in new ideas. If they are sometimes not trusted by local administration they are often appreciated by civil society and NGO's. According to T.B from LTS “There are pro's and con's to international expertise but where possible it should always be associated with local experts to get the best results and so that a balanced attitude can be maintained from all parties” (Interview LTS 2013).

The major challenges that are identified by the consultants fall in the following categories:

- ✓ The lack of capacity of VPA signatory countries to implement their side of the agreement
- ✓ Apathy/lack of understanding from the private sector,
- ✓ Relative complexity of the processes and technical requirements to put in place a VPA from start to end because much of it is new.

Suggestions to deal with these challenges include:

- ✓ Promotion of activities that will ensure that VPA's embody the notion of sustainability.
- ✓ Continue and enlarge capacity building and information dissemination strategies.
- ✓ Create the needed conditions to accelerate the acceptance and participation of the private sector in producing countries.
- ✓ Find alternatives that can reduce the cost of VPA implementation to the governments of partner countries..

Finally, when asked to evaluate the importance of the FLEGT initiative the response is straightforward: "High." According to T.B currently there is no other program in place that simultaneously targets all the issues surrounding poor forest governance over such a wide geographic area (producer and supply side countries)(Interview LTS 2013). It has the potential to improve forest governance dramatically and push improvements in other areas such as land tenure, community rights, institutional reform, *Free prior and informed consent (FPIC)*, agricultural concession agreements and possibly more.

The NGO perspective on the FLEGT initiative

The general attitude of NGOs towards the FLEGT initiative is very positive. This is clearly visible from the fact that over 25 NGOs from around the world, including Forest Watch Ghana, Greenpeace International and Friends of the Earth, wrote a joint letter to the Malaysian government stating that the FLEGT negotiations and implementation are very beneficial to each partner country as long as it has the will to engage in it properly (a link to the open letter from the NGOs can be found [here](#)).

Depending on the different contexts in different countries the importance that NGOs play in the VPA negotiation process and the loudness of their voice is different. In some countries civil society organizations have been able to put in a lot of their priorities in VPA because they had been well prepared, which has not been the case in other countries (Interview A.B. 2013). Without EU pressure on governments and officials, civil society groups would not have been able to participate (Bollen and Ozinga 2013).

A.B. believes that there are still a lot of capacity issues that need to be dealt with for VPAs to be fully effective both in the negotiation and the implementation phases. At the same time she points out that one should not forget that several VPA countries are not really known to embrace democratic values, so the fact they actually have civil society platforms created and operational there is a major achievement.

Conclusion

The leading conclusion of this work is that the first step is to get to a place where peace is no longer an issue. Because you cannot do development without peace, and peace does not come without development. We need a comprehensive approach. In order to promote environmental governance in developing countries we need to first promote good governance and democracy. You need to address general governance to make sure that the right economic, political, social and environmental decisions are made. These most definitely come hand in hand with the respect to human rights and the willingness of local governments to engage in reforms that will bring about a visible and tangible change in peoples' lives.

It looks like the FLEGT initiative in combination with the surrounding legal and administrative reforms will provide a new tool in the hands of the powerful trading nations to influence the direction of the development of the South. Whether this tool will be used to its maximum potential remains to be seen, but it will be important to use the opportunity wisely as there is not enough political momentum to adopt plenty of green procurement policies.

Respecting the principle of ownership in development will ultimately help developing countries achieve a level of responsibility for their own development that would level some of the imbalances that today's world faces. With this regard I believe that despite the European Union believes in promoting the regional model, it is not appropriate for the least developed countries (LDCs), and even for the ACP countries. Conditions there differ too much to be put in broad categories. In this case tailor-made approaches and bilateral partnerships have a higher potential to achieve results.

Finally to answer the question: ‘are developing countries equal players in today’s international system?’ I believe that unfortunately the answer is ‘no’ and it will remain so for the foreseeable future. Next to that pessimistic note, there is room for hope that despite the fact that the super powers will doubtfully relinquish their leading positions, there will be more and more countries that will enter the group of the big players and will contribute to the dynamics on the higher levels. Furthermore, despite the impossibility to efface the gap between the economically advanced and the underdeveloped nations, this gap will decrease with time and the efforts of all.

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