

# FOREST GOVERNANCE INTEGRITY IN ASIA PACIFIC



**FORESTS** are the key to environmental well-being. Their degradation is a pressing social, economic and environmental challenge, affecting the daily lives of millions of people. The importance of forests has long been recognised, yet even after years of advocacy from local and global pressure groups, the illegal harvesting of timber continues to thrive on the back of corrupt behaviour and opaque systems.

Transparency International's Forest Governance Integrity Programme (FGI) tackles corruption as a primary driver of illegal logging and poor forest management. The programme looks at corruption at all stages in the timber production and processing chain and examines how it facilitates the unsustainable harvesting, production, conversion, export, import and procurement of timber and wood products. The activities of a regional FGI centre in Indonesia and local FGI units in China, Indonesia, Malaysia, Papua New Guinea and the Solomon Islands will contribute to curbing corruption and improving forest governance. This will be done by using TI's proven strengths and experiences in research, analysis, monitoring, awareness-raising and advocacy, and using them to build on, and strengthen, existing forest governance institutions and initiatives, and help create new ones.

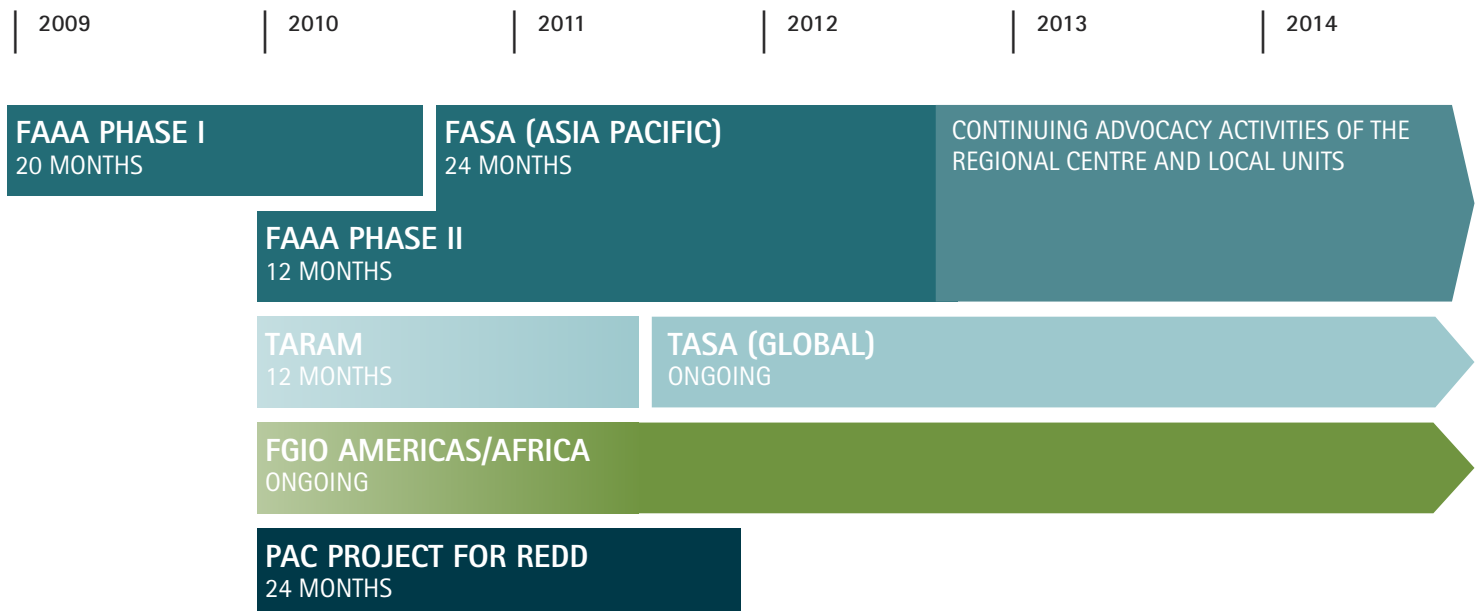
**GOAL** The Forest Governance Integrity Programme works towards a society where corruption-free forest governance and sustainable management enable increased economic development, poverty reduction and environmental protection.

## WHAT WILL THE PROGRAMME ACHIEVE?

The programme contributes to curbing corruption and strengthening forest governance systems in Asia Pacific through improved transparency and accountability. Specifically, it focuses on the following nine Prime Areas of Intervention:

- **Reducing political corruption:** Improved transparency, accountability and anti-corruption measures in public institutions and political parties in the exercise of their forest sector-related functions.
- **Reducing foreign bribery in supply countries:** Improved transparency, accountability and anti-corruption measures by forest sector companies in their overseas operations and in their transactions with foreign public officials.
- **Reducing corruption in licensing and concessions:** Improved transparency, accountability and anti-corruption measures in the issuance and ownership of forest-related licenses and concessions.
- **Reducing incidence of timber laundering:** Improved transparency, accountability and anti-corruption measures put in place for public institutions and private enterprises responsible for the trans-national movement and certification of timber.
- **Reducing judicial corruption:** Improved judicial integrity in the adjudication of forest sector-related prosecution and litigation.
- **Improving due diligence of financial institutions:** Improved practices of financial institutions which service forest sector clients; decreased incidence of money laundering and reduction in loans to companies engaged in illegal forest activities.
- **Reducing unsustainable demand for timber and wood products:** Improved customs and procurement regulations in countries with sizeable imports.
- **Strengthening national/regional forest governance initiatives:** More effective development and implementation of initiatives such as the EU Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (EU FLEGT VPAs).
- **Strengthening international governance initiatives:** Increased transparency and effective implementation of global climate change mechanisms such as the Clean Development Mechanism (CDM) and Reduced Emissions from Deforestation and Degradation (REDD).

## PROGRAMME AT A GLANCE – PROGRAMME COMPONENTS



## FAAA PHASE I (ASIA PACIFIC)

Forest Governance Analysis, Anti-Corruption Advocacy and Monitoring

Duration: 20 months (2009–2010).

Countries and Territories: Papua New Guinea, Solomon Islands, China, Malaysia, Indonesia.

Budget: €1.2m (Supported by the European Commission).

Expected Results:

- Foundation of an FGI Regional Management Centre within TI Indonesia
- TI FGI Unit established in all target countries
- Development and implementation of monitoring tool to measure effectiveness and enforcement of forest governance against international and national laws and best practices
- Systemic analysis of governance weaknesses, corruption risk and anti-corruption initiatives completed
- Working papers on national and regional forest issues disseminated
- Advocacy strategy and plans produced based on results of analysis and monitoring

## TARAM (GLOBAL)

Timber Anti-Corruption Research Advocacy and Monitoring

Duration: 12 months (2010–2011).

Countries and Territories: 5 EU countries, US, Canada, Australia, Japan and Russia.

Budget estimated: €1.8m.

Expected Results:

- Lack of due diligence in corporate purchasing is identified throughout the timber and wood products supply chain
- Needs for governance and legal reforms are identified through pinpointing weak practices in corporate purchasing and government procurement in targeted countries

## FAAA PHASE II (ASIA PACIFIC)

Forest Governance Analysis, Anti-Corruption Advocacy and Monitoring

Duration: 12 months (2010–2011).

Countries and Territories: Vietnam, Fiji and Vanuatu will have Forestry Units established. Countries without TI presence such as Cambodia and Laos will be serviced by the FGI Regional Centre in Indonesia.

Budget estimated: €1m.

Expected Results:

- Replication of research and advocacy approach from FAAA Phase I in Phase II countries
- Full structural capacity of autonomous FGI Centre developed
- Management of some FGI projects transferred from TI-S to FGI Centre in Indonesia

## TASA (GLOBAL)

Timber Anti-Corruption Solutions and Advocacy

Duration: 36 months (2011–2014).

Countries and Territories: 5 EU countries, US, Canada, Australia, Japan and Russia.

Budget estimated: €2m.

Expected Results:

- Supply chain anti-corruption solutions are developed in partnership with timber industries and governments
- Advocacy interventions undertaken to support integrity in FLEGT and other agreements, notably:
  - Country specific Voluntary Partnership Agreements
- Advocacy for legislation on the need for corporate due diligence in timber purchasing
- Improved government procurement procedures
- Timber industries are lobbied to purchase only certified timber

## FGIO AMERICAS/AFRICA

Forest Governance Integrity Outreach Americas/Africa

Duration: ongoing.

Budget estimated: Individual event/project based.

Expected Results:

- Outreach activities are conducted in Americas/Africa to encourage replication and adaptation of FGI Programme

## FASA (ASIA PACIFIC)

Forest Anti-Corruption Solutions and Advocacy

Duration: 24 months (2010–2013).

Countries and Territories: Papua New Guinea, Solomon Islands, China, Malaysia, Indonesia, Vietnam, Fiji, Vanuatu, Cambodia and Laos.

Budget estimated: €1.5m.

Based on the findings of the FAAA research the project will create:

- Long term solutions and tools for anti-corruption reduction and increased transparency, integrity and accountability are developed and implemented to suit specificities of the forest sector
- Anti corruption solutions and tools are used to pilot 'Islands of Integrity'; areas where all forest related transactions and activities are transparent and carried out with integrity
- Multiple advocacy interventions targeting governance weaknesses in the nine Prime Areas of Intervention
- Broad awareness and understanding of corruption is increased in all sectors of society and capacity to use TI anti-corruption solutions and tools developed in cooperation with government and civil society actors increased

Information and knowledge of all Prime Areas of Intervention disseminated globally by FGI Centre

## PAC PROJECT FOR REDD

Preventive Anti-Corruption measures for Reducing Emission through Deforestation and Degradation and Clean Development Mechanisms

Duration: 24 months (2010–2012).

Countries and Territories: TBD.

Budget estimated: €2m.

Expected Results:

- Government, parties involved in the REDD/CDM and donor communities are approached to ensure anti-corruption measures are considered in negotiations on payment mechanisms
- Solutions to ensure transparency and integrity in payments made under REDD/CDM are developed
- Capacity of local beneficiaries and civil society organizations to monitor REDD/CDM is developed
- Transparency and due diligence in payments made under REDD/CDM scheme are monitored by local CSO groups in target countries



## WHO WILL THE PROGRAMME BENEFIT?



### BENEFICIARY BENEFIT

Indigenous and local forest communities	Increased sustainable livelihoods and welfare; increased capacity to participate in local governance and public affairs and articulate interests.
Private sector in supply countries	Increased profits and value of products; decreased business and illegality risks; increased consumer confidence, levelling of playing field by decreased facilitation payments and bribes.
Supply country states	Increased revenue, stock, value and financial rewards from forest resources; increased capacity to deliver public services, improve economic development and reduce poverty.
Consumers in demand countries	Increased awareness about, and access to sustainable forest products from non-corrupt sources; increased influence on environmentally-friendly wood markets.
Civil society	Increased awareness, knowledge and capacity to call for and recommend changes, to participate in policy and legal developments and to monitor public and private sector behaviour regarding forest law enforcement, governance and sustainable management.
Private sector in demand states	Increased assurances of supply chain integrity; levelling of playing field; increased consumer and shareholder profits; increased value of products; increased opportunities for and leverage in avoided deforestation ventures and carbon markets; decreased business and illegality risks; decreased facilitation payments and bribes.
Demand country states	Increased contributions to global environmental protection, avoided deforestation and other climate change reductions; increased modalities for international cooperation and control of illegal trafficking in forest products; increased support of national businesses and GDP growth; improved trade relations.
Financial institutions and certification agencies	Increased due diligence, credibility, income, consumer confidence.
Donors	Increased impacts and indicators of contributions to governance, environmental protection, improved results and contributions to government priorities; increased cooperation and coordination.
International/regional organisations	Increased capacity to monitor forest law enforcement, governance, sustainable management and trade, to gauge impacts, to develop cross-policy frameworks for cooperation (good governance, trade, environment, human rights).

## HOW DOES FGI WORK?

The Forest Governance Integrity Programme promotes the local grounding of expertise and knowledge. The programme was initiated by TI Chapters located in Asia Pacific countries and directly impacted by illegal forestry; The national FGI units and the regional FGI centre – based in participating TI chapters – ensure local ownership and enhance the sustainability and overall impact of the programme. Tools and advocacy strategies are developed and verified through local multi-stakeholder consultations.

Regular procedures to evaluate and monitor progress are incorporated into operational activities and learning is captured incrementally and informs programme development.

The cornerstone of Transparency International's approach is to promote coalition-building. In this spirit, the Forest Governance Integrity Programme involves extensive cooperation with multiple partners working on forest governance. The programme builds on the ongoing work of these organisations, taking the lead in countering the corruption problem and promoting corruption-prevention solutions.

## PARTNERSHIP OPPORTUNITIES

- Expert input into research and monitoring tool development
- Consultation on development of risk mapping and systems analysis tool
- Consultation on development of forest governance monitoring tool
- Participation in FGI meetings
- Delivering training and advice to regional programme staff
- Coordination between related activities to achieve maximum impact
- Knowledge-sharing
- Sharing of regular evaluations and lessons learned with other organisations

## WHY TI?

Transparency International is the world's leading anti-corruption NGO. Its technical and operational expertise, its global network of chapters, and its proven record as a coalition-builder make TI well placed to lead civil society action to curb corruption in the forest sector. It brings to the field of forest governance much-needed corruption expertise and experience in anti-corruption tool development and advocacy. TI can build upon its experiences in risk mapping, its well-known measurement and monitoring tools, as well as successful work in the area building integrity in other natural resources management systems. The movement's extensive experience, global reach and local commitment offer great potential to improve forest governance.

## PROGRAMME SUPPORT

The first phase of the programme, the FAAA I is supported by the European Commission. Further funding for other projects components of the FGI Programme is being sought at the secretariat, regional and national levels.

## INTERNATIONAL CONTACT

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