

Illegal Logging and Corruption: Challenges to REDD+¹

Ajit Joy
Country Manager,
United Nations Office on Drugs and Crime,
Indonesia

Dear Friends, I would like to make three points.

Firstly, we need to understand the nature and complexity of the challenge of illegal logging and corruption that we are talking about.

Secondly, law enforcers, i.e. the forest rangers, police, prosecutors and anti-corruption agencies are stake holders. They need to be consulted and involved in REDD strategies and plans. REDD has the opportunity to bring in the much needed reforms in this area.

Thirdly, in order to succeed we need to get our basics right. You can get to the bad people, bad systems or abuse of power, only by these well known means. improving forest law enforcement and governance, reform of the criminal justice system, better access to justice, human rights and gender justice.

I. Let me start by describing the nature and complexity of the problem

In illegal logging there are small players. Small groups of youth with a chain saw chopping and sawing 3-4 trees a day. Hundreds and thousands of such groups operate on a daily basis in the forests of the world. There are the medium players who use boats and tugs to tow rafts of illegally cut wood through rivers headed for saw mills that process illegal wood. There the big players, the big companies, including multi-nationals that own logging concession hauling tons of wood. The extent of illegal wood mixed in what they cut and process can only be a guess. These big companies are also converting land into oil palm plantation by thousands of hectares.

In Guyana, South America, the biggest companies involved in logging are from South Korea and Malaysia. South Korean, Chinese and Malaysian companies are active in the remote areas of Papua province in Indonesia and across the border in Papua New Guinea as well.

But the above is only half of the problem. The other half comes from the demand for wood. EU and Asia are two of the world's biggest markets for timber and wood products. WWF in a 2008 report estimates that 40% of wood-based products imported into the EU from South-East Asia are said to have originated from illegal logging. China is the biggest consumer within Asia apart from being a major re-exporter. China's timber demand is projected to rise to 350 million cubic

¹ Presentation at Forest Day 4, Learning Event, Cancun, 5 Dec 2010.

meters in 2010, with a downfall of 150 million cubic meters from official imports.² Wood illegally flows into China from Lao PDR, Indonesia, Myanmar, Cambodia and Thailand. The second major importer in the region is Vietnam with its outdoor furniture industry booming and exports expected to reach US\$ 3 billion by 2010. A lot of wood supply comes to Viet Nam from Lao PDR. It is estimated that 48% of the timber imports by Viet Nam is illegal.³

All the above shows the close interconnectedness globally of criminal operatives big business as well as a world wide market for forest products. The distant operators and distant markets signify global dimensions.

Government is also the consumer of illegal wood. Pontianak is the capital of Indonesia's West Kalimantan Province. The 30 km road from airport to the city is bolstered by logs of wood. The wood for this government work has come from illegal sources. Similarly when the province of Aceh was being reconstructed there was serious pressure on the tropical forests of Aceh for the much needed wood.

Corruption adds further complexity to illegal logging.

Countries with the best forests are those with high corruption. Out of 178 countries surveyed in 2010 by Transparency International for their corruption Perception Index, Brazil was ranked 69, Ecuador 127, Indonesia 110, Tanzania 116, P&G 154, Guyana 116, Mexico 98, Congo 164.

The wood, massive, visible passes through roads and waterways and through ports and customs, across forest boundaries and police check posts. How? How do they get the documents?

Corruption all along the way through which the wood passes and crosses international boundaries is a key ingredient to the problem. Corruption facilitates and protects the illegal trade at every stage. There is the involvement of law enforcers the police, military, prosecutors, judges. There are the accountants and lawyers and off shore companies, banks and governments that connive and collude or protect the ill-gotten wealth from illegal logging and forest crimes. There is a very clear unholy nexus between forest crimes and corruption.

As far as REDD (Reduced Emissions from Deforestation and Forest Degradation) is concerned, there is serious threat of corruption and fraud when payments start under it. Corruption should be anticipated when under REDD programmes, start projects of alternative livelihood, when small loans are dispersed, when public works are implemented, and when procurements take place.

The seeds of corruption have already been sowed by the “carbon cowboys” with their REDD pilot projects across the globe. The companies and banks and consultants who have joined some NGOs and local governments and made proposals for REDD pilot projects secretly and quickly, even before countries have been able to think through national REDD strategies doesn't behoove good for the state of things.

² Global Report on Crime, UNODC 2010.

³ *Id.*

II. Secondly, law enforcers (LE), i.e. the forest rangers, police, prosecutors are key stakeholders. They need to be involved in REDD strategies and plans.

REDD+ National strategies are being developed. However, in this consultation with LE has been lacking and also the inclusion of law enforcement and governance as part of the strategy has been very limited. In the Philippines National REDD+ Strategy a small paragraph number 6.2 titled “enforce forest laws and regulations is there” is the only reference to LE under a chapter on governance. In another place in a table, corruption has been mentioned as a driver of deforestation, but nothing has been mentioned on what to do about it. The same is the case with the draft REDD+ strategy of Indonesia.

REDD must be seen as an entry point and an opportunity to bring in the much needed reform in forest law enforcement and governance. This is a chance to shape an effective governance mechanism. Do not miss it. If you do not do it, it means that you will work with the same old regime that has failed you in proper governance of the forests.

As REDD is all about incentives, a point I would like to flag for your consideration is whether incentivising LE help. If so we should think about plans to incentives LE under REDD programmes based on results.

III. That brings me to the last point. So how do you deal with the bad people, the bad systems and abuse of power?

Civil society can play a very important role. The investigative work done by the NGOs Environmental Investigation Agency (EIA) and Telapak, a local NGO in the Papua province of Indonesia was responsible for saving the forests there in a big way. They filmed and exposed on national TV illegal logging operations carried out with connivance of local officers. Civil Society can play the role of watch dog. They can educate people, help women and indigenous people participate in the REDD programmes.

We need to work with law enforcement. I was in a forest office. The ranger showed me all the seized wood. It was a big quantity. I asked where are the trucks? The trucks they say were released to the owner in 10 days. What is the disincentive then? Something is wrong here. This needs to be worked. Training is required. A strict internal regulation on seizure and confiscation is required.

Similarly, we need to examine the prosecutions. Engage with prosecutors and judges and discuss the low convictions. Prosecution currently is very weak. In Indonesia, the maximum punishment for illegal logging is imprisonment upto 15 years. The maximum that is given is about 2 years. And that too in the rare cases. Over 50% of the cases end up in acquittal. Not bad because the

people prosecuted are the small fry. The drivers, the boat operator or the chain saw operator. The kingpins are never targeted.

There is a need to properly equip the LE as well as developing their capabilities in collecting intelligence and working in coordination with each other. Training on evidence collection and proper investigation including working in cooperation with LE agencies of other countries is very important.

To prevent corruption in the forest sector, training of anti-corruption agencies and audit agencies to deal with corruption in the forest sector is very important.

REDD is not to be a one off activity. You need the forests to stand. Then what you are looking at is a long term governance reforms and impact. Long after projects have ended you still want the forests to be preserved. Human rights, gender justice, access to justice and criminal justice reforms, the universal bedrock of good governance, therefore needs to be the basis of the planned reforms.