

**Economic  
Development**

Biodiversity

Protected areas

Conservation

livelihoods

**Poverty reduction**

**Forest values**



# **Improving Law Enforcement and Governance for Better Forest Outcomes**

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## Some Examples of Losses

- ❖ **Brazil**: More than 70% of concession management plans violated the law
- ❖ **Canada**: Logging violations were detected in 55% of areas designated as protection areas
- ❖ **Malaysia**: In the early 90s, forest product exports to Japan were under-declared by 40%
- ❖ **Indonesia**: The government loses \$600 million each year due to evasion of royalties, reforestation funds, and export tax payments



## Illegal Logging in Selected Countries

Country	Estimated Percentage of Production (%)
Indonesia	60
Malaysia	5
West and Central Africa	30-70
Brazil	15-20
Russia	27 (North-West) 50 (Far East)

***Sources: Indufor 2004, SCA & WRI 2004***



**“Illegality” of Total Import Supply**

<b>Importing Country/Region</b>	<b>Logs</b>	<b>Sawnwood</b>	<b>Plywood</b>
<b>Japan</b>	<b>15-20</b>	<b>5-30</b>	<b>10-40</b>
<b>EU-15 Countries</b>	<b>15-25</b>	<b>6-7</b>	<b>9-25</b>
<b>USA</b>	<b>1- 10</b>	<b>1-25</b>	
<b>China</b>	<b>32-35</b>	<b>17-32</b>	<b>55-56</b>

*Source: SCA & WRI 2004.*



## Value-Added Chain in the Illegal Trade of Ramin

<b>Logger (Tanjung Putin Nat.Park):</b>	<b>\$2.2/m<sup>3</sup></b>
<b>Broker (buying illegally in Idn.):</b>	<b>\$20/m<sup>3</sup></b>
<b>Broker (selling in Malaysia):</b>	<b>\$160/m<sup>3</sup></b>
<b>Buyer (of ramin sawntimber):</b>	<b>\$710/m<sup>3</sup></b>
<b>Exporter (of sawn ramin in Sgp.):</b>	<b>\$800/m<sup>3</sup></b>
<b>Buyer (of moulded ramin in US):</b>	<b>\$1000/m<sup>3</sup></b>

(Source: Timber Trafficking, EIA and Telapak, Sept. 2001)



## Forests are Central to the Poverty Reduction Mission of the Bank

- 1.6 billion rural people are dependent upon forests to some extent.
- 1 billion out of 1.2 billion extreme poor depend on forest resources for part of their livelihoods
- 350 million people are highly dependent on forests.
- 60 million indigenous people are almost wholly dependent on forests.

*Source: World Bank Forests Strategy and Policy, 2002.*

### Examples of Forest-Dependent Populations

Country	Forest-Dependent Population (% of pop.)
India	275 million (27)
Indonesia	40-70 million (19-34)
Myanmar	25 million (52)
Vietnam	20 million (25)
Turkey	8 million (12)

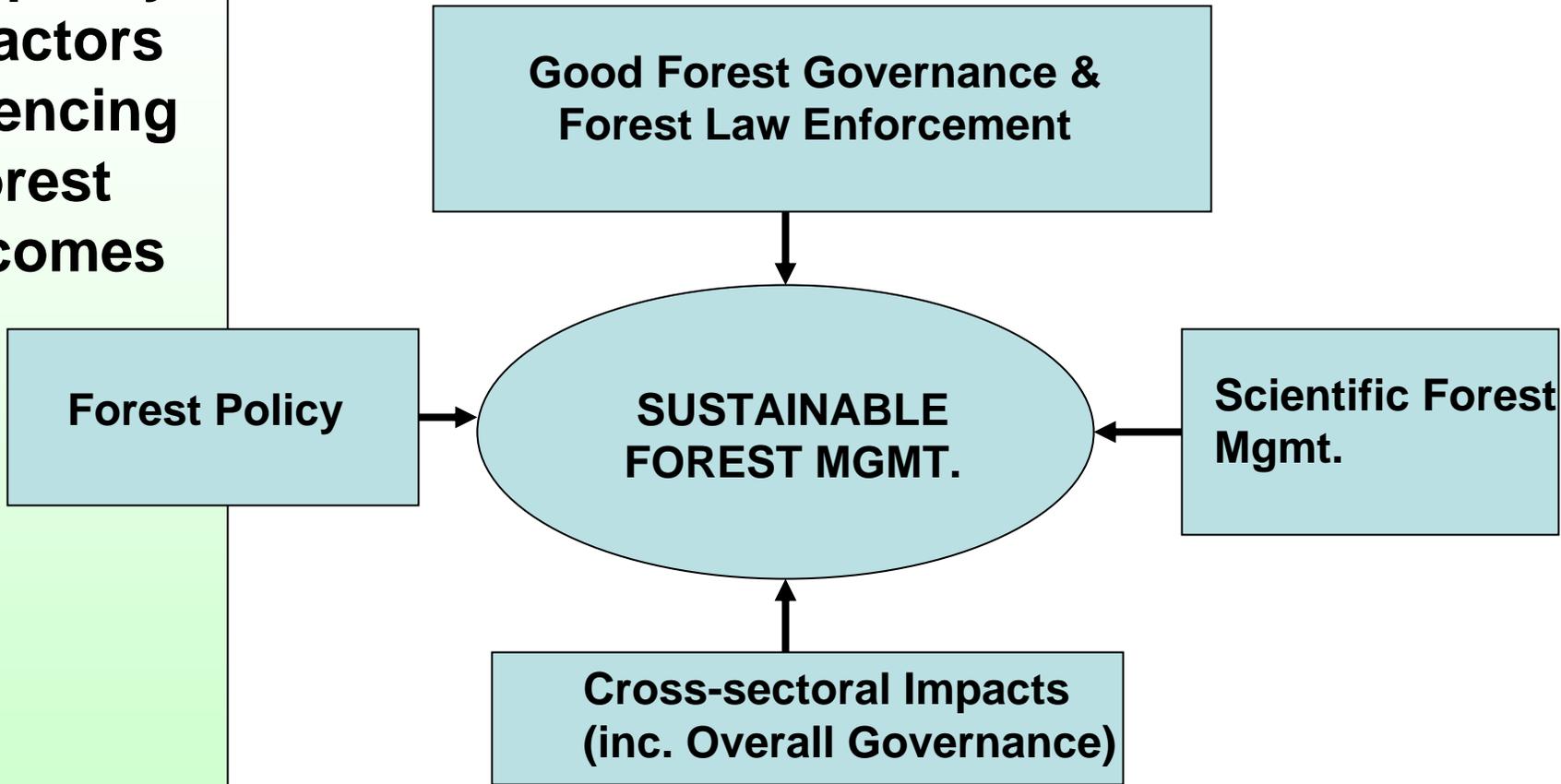


## Why Is Control of Illegal Logging Important?

- **Legal producers face unfair competition**
- **Governments lose tax income (globally USD 5-10b per annum)**
- **Trade unions concerned about violation of labor laws**
- **Livelihoods of local communities are threatened**
- **Threat to the protection of natural parks and critical habitats**



**Multiplicity  
of Factors  
Influencing  
Forest  
Outcomes**





## What is Good Governance?

Good governance is epitomized by predictable, open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law.

(World Bank 2000, fn1).



## Overall Governance and Forest Sector Governance

- ❖ Efforts to improve the overall governance environment may have positive impacts for the forest sector, via a “trickle-down effect”. They may also be important in galvanizing political will for sustaining the governance reform process.
- ❖ But specific efforts to improve governance within the forest sector are necessary, if the process is to be sustainable.



## Overall Governance and Forest Sector Governance

- ❖ **Actions to promote better overall governance in the economy**
- ❖ **Actions to promote sustainable forestry via forest policy and scientific forest management**
- ❖ **Specific anticorruption efforts in the forestry sector**



**Cross-Sectoral Impacts: Actions to Improve Overall Governance**

- ❖ **Institutional Reforms/building**
- ❖ **Political Accountability**
- ❖ **Competitive Private Sector**
- ❖ **Public Sector Reform (including judiciary and police)**
- ❖ **Civil Society Participation**



## Forest Policy Reforms to Improve Forest Outcomes

- ❖ **Establish Clear Property Rights**
- ❖ **Establish well-defined Permanent Forest Estates**
- ❖ **Reduce distortions to trade in forest products**
- ❖ **Set the “right” level of forest taxation and rent capture**
- ❖ **Simplify forestry legislation and strengthen implementation**



## **Scientific Forest Management to Improve Forest Outcomes**

- ❖ **Technical working plans for concession management should be written and enforced**
- ❖ **Yields or coupes should be confined to prescribed limits**
- ❖ **The residual stands should be adequate for reseedling**
- ❖ **Remote sensing, GIS, RIL, and certification should be promoted**



## **Actions to Reduce Corruption in the Forest Sector**

- ❖ **Develop (and enforce) codes of conduct for forest industry**
- ❖ **Create channels for reporting corruption; and develop processes to adequately deal with it**
- ❖ **Strengthen the forest law enforcement system**
- ❖ **Increase penalties for forest crimes to deterrent levels**

## Innovative Initiatives: National

- ❖ **Philippines**: Multisectoral Forest Protection Committees
- ❖ **Cambodia**: Forest Crime Monitoring Unit
- ❖ **Brazil**: Geo-referenced licensing system and identification of illegal logging from land-use monitoring via satellite imagery
- ❖ **India**: Village Forest Protection Committee (Joint Forest Management)
- ❖ **Bolivia**: Legislative reforms conferring greater responsibility to individuals and local communities
- ❖ **Ecuador**: Independent certifiers and outsourcing of supervisory functions of the forest department
- ❖ **Ghana**: Timber Utilization Contracts



## Promising Initiatives: Regional and International

- ❖ **Bilateral timber trade agreements: Indonesia and UK, China and Indonesia, etc.**
- ❖ **Certification and chain-of-custody**
- ❖ **Socially and environmentally responsible timber procurement: IKEA, Home Depot, B&Q, British government procurement, etc.**
- ❖ **International Agreements: AML, CITES, BPCB, Equator Principles, etc.**
- ❖ **Regional Co-operation: Forest Law Enforcement and Governance (FLEG); EU FLEGT Action Plan; G-8 Program on Forests; US Presidential Initiative for the Congo**



## Characteristic features of a FLEG Process

- ❖ **Explicit and frank discussion of forest crimes, illegal trade, corruption and forest law enforcement.**
- ❖ **Collaborative dialog between national and international NGOs, and other stakeholder groups.**
- ❖ **A spirit of collaboration between consumer (particularly G-8) and producer countries.**
- ❖ **Regional declaration of political commitment and call for action at the highest levels.**



## Collaboration Between Consumer and Producer Countries

**“Recognizing that all countries, exporting and importing, have a role and responsibility in combating forest crime, in particular the elimination of illegal logging and associated illegal trade”.**



## **Collaborative Dialogue Between ENGOS and Other Stakeholders**

- ❖ **Discussions among national and international NGOs, governments, private sector in a positive and non-confrontational manner.**
- ❖ **“Invite the representatives from among NGOs, industry, civil society..... to consider forming an advisory group to the regional task force.**



*“ What we are doing to the forests of the world is a mirror reflection of what we are doing to ourselves and to one another”*

Mahatma Gandhi (cit. WDR 2003)



**Rule of Law:  
Country  
Classification**

40	21	29
<p><b>Congo, DR</b>  <b>Kenya</b>  <b>Sierra Leone</b>  <b>Nicaragua</b>  <b>Russia</b>  <b>Venezuela</b>  <b>Zambia</b>  <b>Malawi</b>  <b>Cote d Ivoire</b></p>	<p><b>PNG</b>  <b>Brazil</b>  <b>Zimbabwe</b>  <b>Philippines</b>  <b>China</b>  <b>Ghana</b>  <b>India</b>  <b>Tanzania</b>  <b>Thailand</b></p>	<p><b>Botswana</b>  <b>Costa Rica</b>  <b>Malaysia</b>  <b>S. Korea</b>  <b>Chile</b>  <b>US</b>  <b>Japan</b>  <b>Germany</b>  <b>Canada</b></p>



## What Should the International Community Do?

- ❖ **Promote adherence to regulations in forestry related treaties/conventions**
- ❖ **Promote adherence to anticorruption treaties**
- ❖ **Zero tolerance for corruption and unethical practices in projects**
- ❖ **Raise awareness and initiate action**