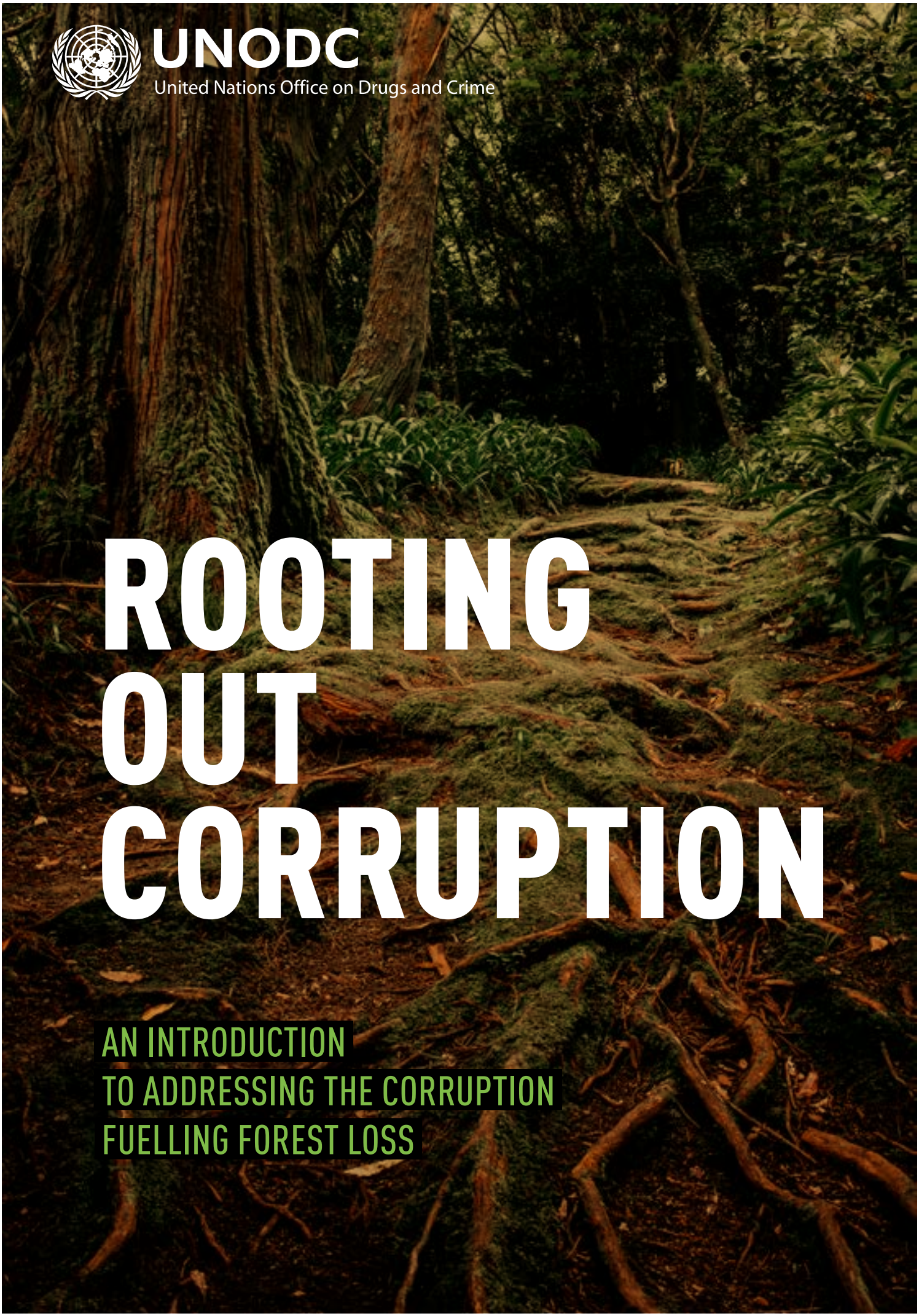
UNODC
United Nations Office on Drugs and Crime
ROOTING OUT CORRUPTION
AN INTRODUCTION TO ADDRESSING THE CORRUPTION FUELLING FOREST LOSS

UNITED NATIONS OFFICE ON DRUGS AND CRIME

ROOTING OUT CORRUPTION

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CONTENTS

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TERMINOLOGY

Afforestation: The establishment of forest through planting and/or deliberate seeding on land that, until then, was under a different type of land use. The term implies a transformation of land use from non-forest to forest.[1]

Deforestation: The conversion of forest into other land uses occurs independently of whether it is human-induced or not. The term includes permanent reduction of the tree canopy cover below the minimum 10 per cent threshold; areas of forest converted to agriculture, pasture, water reservoirs, mining and urban areas. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging and where the forest is expected to regenerate naturally or with the aid of silvicultural measures (the process of tending, harvesting and regenerating a forest) and also areas where, for example, the impact of disturbance, over-utilization or changing environmental conditions affects the forest to an extent that it cannot sustain a canopy cover above the 10 per cent threshold.[2]

Deforestation displacement: The process by which increased protections or restrictions on forest land use in one location result in increased deforestation in neighbouring locations with relatively fewer restrictions.[3]

Forest: Land spanning more than 0.5 hectares with trees higher than five metres and a canopy cover of more than 10 per cent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use.[4]

Forest degradation: The reduction of the capacity of a forest to provide goods and services to people and nature.[5]

Forest licences: Licences are widely used by governments to grant resource utilization rights to public forest resources. These licences may be issued not only for timber products but can also grant utilization rights to non-timber forest products such as rattan, bamboo and a variety of other resources and activities. Licences are highly flexible and may be used to accommodate a wide range of users, from individual fuelwood or charcoal producers and gatherers of non-timber forest products to large forest enterprises requiring access to substantial and long-term supplies of timber. Licences may have short or long terms.[6]

Forest loss: For the purpose of this paper, forest loss will refer to deforestation (forest destruction) and forest degradation.

Forest management: The process of planning and implementing practices for the stewardship and use of forests to meet specific environmental, economic, social and cultural objectives. It deals with the administrative, economic, legal, social, technical and scientific aspects of managing natural and planted forests.[7]

[1] Food and Agriculture Organization of the United Nations (FAO), "Terms and Definitions", *Global Forest Resources Assessment 2020 Working Paper, No. 188* (Rome, 2020).

[2] Ibid.

[3] Micah L. Ingallsa and others, "The transboundary displacement of deforestation under REDD+: Problematic intersections between the trade of forest-risk commodities and land grabbing in the Mekong region", *Global Environmental Change*, vol. 50, (May 2018).

[4] Food and Agriculture Organization of the United Nations (FAO), "Terms and Definitions", *Global Forest Resources Assessment 2020 Working Paper, No. 188* (Rome, 2020).

[5] FAO, "Terms and Definitions", *Forest Resources Assessment 2010 Working Paper, No. 144/E* (Rome, 2010).

[6] FAO, "Governance principles for concessions and contracts in public forests", *FAO Forestry Paper, No. 139* (Rome 2001) sect. 6.3.3.

[7] FAO, "Natural Forest Management", https://www.fao.org/forestry/sfm/85084/en/.

Forest permits: Permits that grant their holder narrowly specified rights to forest resources and are usually valid only for short durations. Permits are often simple documents permitting the holder to extract or utilize specified resources such as specific species of timber, fuelwood, specific non-timber forest products such as rattan, fruits and nuts, etc., or to carry out specific activities such as seasonal hunting or charcoal production. There is no formal distinction between a licence and a permit, but permits are usually for shorter periods, involve less formal administrative procedures and are often non-exclusive.[8]

Forest-Risk Commodity (FRC): Globally traded goods and raw materials that originate from tropical forest ecosystems, either directly from within forest areas, or from areas previously under forest cover, whose extraction or production contributes significantly to global tropical deforestation and degradation.[9]

Greenwashing: Definitions of greenwashing can differ depending on the context and perspective;[10] however, for the purposes of this paper, greenwashing is defined as any action by an entity intended to give the impression to customers, investors, stakeholders or observers that the entity is concerned about, or taking action to protect the environment, despite their actual activities causing environmental harm.

Insecure land tenure: Describes circumstances in which the rights of individuals or communities to land they occupy or use may not be secure, recognized or protected by relevant laws. People with insecure tenure face the risk that their land rights will be threatened by competing claims and even lost as a result of eviction.[11]

Intact Forest Landscape (IFL): An unbroken expanse of natural ecosystems that shows no signs of significant human activity and is large enough to maintain all native biodiversity, including viable populations of wide-ranging species.[12]

Planted forest: A forest that at maturity is predominantly composed of trees established through planting and/or deliberate seeding. Planted forest includes, but is not limited to, plantation forest (see below).[13]

Plantation forest: Intensively managed planted forest that at maturity is composed of one or two species, has one age class, and has regular tree spacing.[14]

Primary forest: Naturally regenerated forests of native species where there are no visible indications of human activities, and the ecological processes are not significantly disturbed.[15]

Production forest: A forest where the management objective is the production of wood, fibre, bioenergy and/or non-wood forest products.[16]

Public official: Any person holding a legislative, executive, administrative or judicial office, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority or any other person who performs a public function, including for a public agency or public enterprise, or provides a public service.[17]

Reforestation: Re-establishment of forest through planting and/or deliberate seeding on land classified as forest.[18]

[8] FAO, "Governance principles for concessions and contracts in public forests", *FAO Forestry Paper, No. 139* (Rome 2001) sect. 6.3.4.

[9] Mario Rautner, Matt Leggett and Frances Davis, *The Little Book of Big Deforestation Drivers* (Global Canopy Programme, 2013) p. 17.

[10] Sebastião Vieira de Freitas Netto and others, "Concepts and forms of greenwashing: a systematic review", *Environmental Sciences Europe*, vol. 32, No. 19 (February 2020).

[11] FAO, "Land Tenure and Rural Development", *FAO Land Tenure Studies 3* (Rome, 2002).

[12] Lars Laestadius and others, "Global forest alteration, from space", *Unasylva*, vol. 62, No. 238 (2011).

[13] FAO, "Terms and Definitions", *Global Forest Resources Assessment 2020 Working Paper*, No. 188 (Rome, 2020).

[14] Ibid.

[15] Ibid.

[16] Ibid.

[17] UNODC, *United Nations Convention against Corruption*, article 2 (2004).

[18] Ibid.

Rent: For the purpose of this paper, the term rent represents the cumulative value and benefits that can be derived from forest land. Rent can be either legal or illegal.

Secondary forest: Any forest which has regenerated largely through natural processes after significant human or natural disturbance of the original forest vegetation at a single point in time or over an extended period, and which displays a major difference in forest structure and/or canopy species composition from the nearby primary forests on similar sites.[19]

Silviculture: The practice of controlling the establishment, growth, composition, health and quality of forests to meet the diverse needs and values of landowners.[20]

[19] FAO, "Workshop on Tropical Secondary Forest Management in Africa: Reality and Perspectives", 9–13 December 2002, chap. 2.6, sect. 1.1.

[20] Forest Restoration Research Unit, *Research for Restoring Tropical Forest Ecosystems: A Practical Guide* (Thailand, Chiang Mai University, 2008).

EXECUTIVE SUMMARY

Forests are a vital component of the Earth's ecosystem; therefore, the health of our forests has a direct impact on the health of humanity. When deforestation occurs, much of the carbon stored by trees is released back into the atmosphere as carbon dioxide, which contributes to climate change. Forest degradation (changes that negatively affect a forest's structure or function but that do not decrease its area), and the destruction of tropical peatlands, also contribute to these emissions. As a result of deforestation and degradation, some tropical forests now emit more carbon than they capture, turning them from a carbon 'sink' into a carbon source.[21] International efforts to halt climate change led to the launch, in 2021, at the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26), of the Declaration on Forests and Land Use which has been endorsed by 145 countries.[22] In the Declaration, the Parties commit to working collectively to halt and reverse forest loss and land degradation by 2030. The commitment, among others, included the conservation of forests, the facilitation of trade that promotes sustainable commodity production and consumption, and the promotion of sustainable agriculture. Yet in 2021 alone, Global Forest Watch estimated that 25.3 million hectares of tree cover were lost.[23]

CORRUPTION AND FOREST LOSS

Some land use and forest cover changes are normal, predictable, and often desirable economic and social development features. A significant concern, however, is distinguishing between broadly beneficial changes that sustainably contribute to development, and counterproductive changes that leave lasting damage to vulnerable groups, to society and to the environment. While corruption can result in the adoption of counterproductive decisions and the implementation of harmful legislation, there is limited information and data on the role of corruption as a factor driving forest loss.

An analysis of adjudicated and reported cases, expert opinions, and the limited existing literature allow for the following conclusions related to the linkages between forest loss and corruption:

1. Inherent characteristics of forests render them susceptible to corruption: including the many economically valuable natural resources found within their borders, the land on which they exist which day by day becomes a scarcer resource, and that they are geographically vast (leading to difficulties in oversight and enforcement).

2. The impact of corruption depends on the forest type affected: Primary forests are more ecologically diverse than, for example, plantation forests. If corruption enables the destruction or degradation of primary forests, even if the corrupt actors are punished or the illegally produced forest-risk commodities are confiscated, the damage will most likely be irreversible and outweigh any punitive or financial measures levied on the perpetrators, the same is not true for plantation forests.

3. Public officers are the key decision makers on forest management: Approximately 73 per cent of the world's forests are owned and managed by governments, where public officials are responsible

[21] Grantham Research Institute on climate change and the environment. What is the role of deforestation in climate change and how can "Reducing Emissions from Deforestation and Degradation" (REDD+) help? https://www.lse.ac.uk/granthaminstitute/explainers/whats-redd-and-will-it-help-tackle-climate-change/ (2023, February 10).

[22] 26th United Nations Climate Change Conference of the Parties, *Glasgow Leaders' Declaration on Forests and Land Use* (2021).

[23] Global Forest Watch, "Global Dashboard".

for making critical decisions regarding forest classification, allocation and management. Corrupt actors seeking to exploit forests are therefore likely to engage in interactions with and exert influence over public officials.

4. Corruption linked to forest loss is not limited to the illegal timber trade: All economic activities driving forest loss worldwide can be fuelled by corruption, therefore it is important that rather than focusing predominantly on the illegal timber trade, the world broadens its conversation on forest loss to include all stakeholders involved in the production, administration, trade, financing, and consumption of commodities that contribute to driving the degradation and destruction of forests.

5. Corruption can give illegal activity the appearance of legality: Corruption, when left unchecked, not only enables actors to profit from illegal economic activities, but it can also provide unscrupulous actors with the façade of legitimacy by allowing them to mask illegal economic activities so that they appear legal (for instance the bribery of a public official to award a genuine permit for industrial agriculture to an ineligible private entity).

6. Corruption flourishes where controls are weakest: The interconnected nature of global forest management can result in the conservation efforts in one country inadvertently increasing pressure on primary forests in another country, where institutions may be weaker and therefore corruption more prevalent.

No matter what form corruption takes, the result is invariably a faster and greater depletion of forest cover. Corruption undermines efforts to safeguard, protect and sustainably manage forest lands, fosters organized crime, and weakens environmental protection initiatives, law enforcement efforts, legal trade, the rule of law, good governance, security and stability, land management and development initiatives, climate change mitigation efforts, and countless other areas of concern.

WHY FORESTS ARE VULNERABLE TO CORRUPTION

Corruption linked to forest loss is not only related to trees and land but is more fundamentally related to how people interact with each other with respect to trees, forest resources, and the land upon which these resources exist. It is related to the conflicting interests which compete for opportunities to utilize forest land (and how these conflicts are handled), and to the social constructs, such as laws and rights, which govern the actions of individuals and entities in relation to forests. Simply put, the vulnerability of forests to corruption stems from their value, the strong opposing forces of public and private interests seeking to realize this value, and the opportunities to profit from exploiting forest management processes.

In most cases, public officials are mandated by law to allocate the use of forest lands or to lease the usage and control rights related to these lands to particular entities. However, there is the potential risk that decisions made by these officials may be compromised due to their own personal, economic, or political interests. Such corruption poses an internal threat to the government body, which can undermine the sustainable management and conservation of forests at all government levels.

Conversely, external threats (such as private entities or individuals) may view corruption as a means to achieve their own goals. For example, companies may reduce operational costs, expand their business or remove competition through corrupt means, while vulnerable members of society may see corruption as a tool to access valuable forest resources on which they depend for their survival. Corruption may also allow for communities' rights to be violated, for example by large corporations bribing officials to illegally grant them ownership of community lands.

Forest management and regulatory systems are set in place to, among others, control these internal and external threats. However, when management and regulatory systems are weak (for example, when they are not transparent) or non-existent, corruption can easily influence decision-making. Moreover, when corrupt

actors find ways to circumvent controls, it can trigger a cycle in which institutions are continuously weakened, corruption becomes more entrenched, and valuable natural resources and their benefits are irretrievably lost.

MANIFESTATIONS OF CORRUPTION LINKED TO FOREST LOSS

Corruption fuelling forest loss can take various forms in each country, region and locality, but each corrupt act will have its own particular motivation and unique impact; no two will be the same. Nonetheless, there is a range of cross-cutting vulnerabilities within policy frameworks and institutions which can work as catalysts for corrupt practices, and which can potentially weaken the effectiveness of forest management.

A cross-cutting corruption risk creates an opportunity for corruption to occur in more than one policy area (for instance a risk that opens up a corruption vulnerability in the administrative and oversight operations of an agency) or across two or more planning levels. These risks are not necessarily specific to forest management. For example, geographically large countries with dispersed populations have more difficulties in accessing remote territories and monitoring public officials working in these territories. Conversely, there are also corruption risks specific to forest management, such as the use of outdated land registries. When corruption risks are not mitigated, there is a higher likelihood that acts of corruption will occur, and these acts can materialize at all levels of forest management. This paper uses the Forest Planning Cycle, which divides planning levels into strategic, tactical, and operational, as a foundation upon which to build an understanding of the various ways corruption can affect forest loss. To provide a high-level overview of the role of corruption in relation to forests, this theory has been summarized and simplified.

Corruption at the strategic planning level is characterized by the influencing and manipulation of longer-term policy decisions, which then impact forests and forest land use for decades to come. At this level, the actors involved will be policymakers and other high-level public officials. Corruption at this level will impact larger areas than corruption at the tactical or operational planning levels, its consequences will be felt for a longer period, and the value loss from environmental, social, and financial perspectives will be far more pronounced. An example of corruption at the strategic planning level includes the influencing of policy decision makers to adopt legislation that serves only the interests of specific private actors.

Corruption at the tactical level is characterized by the corrupt implementation of sound policy decisions. At this level, the actors involved will most likely be senior or middle-level public officials, coordinating with counterparts to manipulate official decisions, processes and procedures. Examples of corruption at the tactical level include the issuance of authorizations or permits in obviously inappropriate circumstances.

Corruption at the operational level will generally constitute corruption at the point of service and will usually involve activities taking place within forests, such as inspections or enforcement. For example, corruption at the operational level may take the form of officers from different law enforcement organizations colluding to overlook the transportation of illegally obtained wood in exchange for bribes.

TOOLS FOR REDUCING CORRUPTION LINKED TO FOREST LOSS

The prevalence and persistence of reports of corruption related to forests strongly suggest that no single policy intervention or practice can address all manifestations of corruption or combat all the challenges they represent. Rather, a suite of tools and approaches is needed from which stakeholders can select and design a package befitting the specific needs of a particular country or region. Further, it should be noted that land uses and drivers of deforestation are constantly evolving in line with the prevailing circumstances and pressures on specific locations, and as such the tools and programmes implemented to fight corruption related to forest loss will also need to be dynamic and adaptable.

Effective anti-corruption programmes should be strategically deployed in ways that can best contribute to the sustainable long-term management of forests. This requires forest management agencies to identify the long-term consequences, the social and equity dimensions, and any potential local or global impacts of that

programme's implementation before deciding on a particular approach. Anti-corruption programmes seeking to halt forest loss should consist of a blend of measures that will prevent, detect and suppress corruption.

When adopting any new tools and approaches, it is of utmost importance to prioritize the prevention of corruption linked to forest loss. Implementing preventive measures makes it more likely that governments can secure the conservation of forests and the benefits they provide to society before they are irreversibly destroyed by corrupt acts. Once the environmental damage is done, no amount of time served in prison by the perpetrators of corruption, or economic sanctions levied on the individuals or entities responsible for corrupt acts, can reverse it.

The implementation of corruption risk management processes, nurturing of ethical institutions, enhancing transparency, strengthening due diligence requirements, safeguarding public participation and education, and engaging financial institutions are among the many preventive tools and measures that could be adopted to protect forests. Similarly, tools that can assist agencies in the detection of corruption include the adoption of red flag checklists, the use of technology to verify land use or track the origins of forest resources, the monitoring of forest contracts and compliance, improving transparency of beneficial ownership, following the money, and strengthening public reporting. Finally, suppression measures include instituting internal disciplinary policies and practices, adopting proportionate sanctions, fostering intra- and inter-agency coordination, developing tailored investigative techniques, addressing foreign bribery and fostering international cooperation.

INTRODUCTION

Although forest loss[24] has been a topic of discussion for decades, the global rate of forest loss has not substantially decreased during this time, in fact, the rate of primary forest loss has risen.[25] The role of corruption as a driver of this loss, and as a barrier to safeguarding and sustainably managing forests, is often overlooked.

This paper is aimed to provide insight into the role and impact of corruption as it relates to forest loss and to highlight the interconnected nature of global forest management and how conservation efforts in one country may inadvertently result in increased pressure on primary forests in other countries, where institutions may be weaker and corruption more prevalent.

The ultimate goal of this document is to stimulate discussion among government and other stakeholders on strengthening the implementation of their commitments to reversing forest loss by suggesting measures that can be used to mitigate associated corruption risks. This includes, anti-corruption authorities, land management authorities, legislators, senior forestry policymakers and decision makers, agriculture and forestry authorities, law enforcement authorities, private entities, local communities, non-governmental organizations (NGOs) and civil society organizations (CSOs).

The paper discusses some of the ways in which corruption can enable the destruction and degradation of forests, and to this end, the following questions are explored:

- Why are forests vulnerable to corruption?
- What does corruption linked to forest loss look like?
- Can corruption linked to forest loss be classified and categorized in ways that are useful for the creation of effective public policy?
- What controls are available to prevent, detect and suppress corruption linked to forest loss?

To answer these questions, an overview of the following topics is also provided:

- The current state of the world's forests
- The role of corruption as it links to forest loss
- The benefits of addressing corruption linked to forest loss

Frequent observations such as the co-occurrence of widespread corruption and forest loss in forest-rich countries, the identification of corruption risks, vulnerabilities and threats in many forest-rich countries, and the reports of successful corruption investigations, prosecutions and convictions in forest-rich countries overwhelmingly suggest that corruption plays a significant role in enabling global forest loss. It is important to note that while it can be difficult to identify and measure the causal role that corruption plays in enabling global forest loss, compelling observations point to its significance. For example, the illicit economic gains that can be captured through the evasion and avoidance of forest controls is an important and undeniable driver of corruption linked to forest loss.

[24] Please refer to terminology for the definition of forest loss.

[25] FAO, *The State of the World's Forests 2022: Forest pathways for green recovery and building inclusive, resilient and sustainable economies* (Rome, FAO, 2022) p. 6.

Following this overview, an analysis of the factors that make the forestry sector particularly vulnerable to corruption is carried out, including how various economic interests within the forestry industry can create the conditions in which cycles of corruption may occur. Through an examination of the forest management processes that oversee the utilization of forest resources, the paper analyses how, without adequate attention and suitable safeguards, various internal and external threats can exploit weaknesses at each planning and operational level. These processes are prerequisites for sustainable development but, if weaknesses exist, can instead provide fertile breeding grounds for corrupt interference.

Specific corruption risks and common forms of corruption that can occur at different decision-making levels are highlighted.

The final chapter of this paper provides a high-level overview of existing anti-corruption tools and approaches which can assist in the prevention, detection and suppression of corruption (or corruption risks) fuelling forest loss. Parties seeking to combat forest loss will need to assess which tools are most relevant to the needs of their organization.

Information contained in this paper is derived from a variety of sources, including but not limited to consultation with experts, the ongoing work of the United Nations Office on Drugs and Crime (UNODC) and interactions with government organizations, NGOs, academic research and reviews of materials published in the media. To ensure that this paper is both accessible and useful, complex information related to forest management is often summarized and simplified. The findings and recommendations contained in this paper have been validated by experts.

Through case studies the different forms corruption might take in relation to forest loss are presented. The fact that the paper includes more cases from certain countries does not imply that there is more corruption in those countries. Rather, it reflects the law enforcement efforts made in identifying and prosecuting corruption and the extent to which such information is shared with the public.

The scope of this paper is limited and focuses on the management of forests under the public domain. It does not look in depth at challenges around forests managed by Indigenous Peoples or the private sector. The exclusion of these topics is not meant to diminish their importance or to suggest that they are not worthy of consideration. The authors acknowledge that Indigenous Peoples have unique relationships with the forest and that corruption can deeply harm this relationship. They also recognize the need for further research and discussion on additional issues linked to forest management and corruption.

Chapter 1.

CORRUPTION AND FOREST LOSS

Forests are a vital component of the Earth's ecosystem, and the health of forests has a direct impact on human health. Forests provide protection for freshwater supplies, protection from natural disasters and contribute substantially to the mitigation of climate change. Forests are a stabilizing force for the climate and one of the most important solutions to addressing the effects of climate change. They regulate ecosystems, protect biodiversity, play an integral part in the carbon cycle, support livelihoods, and supply goods and services that can drive sustainable growth.[26] They are also home to most of the world's terrestrial species, provide billions of people with food, energy and livelihoods, and are home to many Indigenous communities, the rights of whom must be protected. It is estimated that roughly one-third of humanity has a close dependence on forests and forest products,[27] and as such, the destruction of this resource has the potential to cause wide-reaching socioeconomic, cultural and individual suffering.

And yet, the destruction and degradation of the world's forests continue at an alarming rate and show little sign of abating. For instance, in 2021 tropical forests alone lost an estimated 11.1 million hectares of tree cover.[28] There is no question that these forest resources, so fundamental to the lives of all humans, are under immense threat.

Corruption, a key enabler of forest loss,[29] fuels the illegal exploitation of forests and undermines efforts to safeguard, protect and sustainably manage forest lands. Importantly, the effect of this corruption is not limited only to the present day; the catastrophic consequences of not addressing corruption as it relates to current forest loss will be felt long into the future, and are, in many cases, irreversible.

This chapter first establishes the context of the current state of forests by providing a summary of key topics related to forest loss. It then explores the main drivers of forest loss, using the Forest Transition Model to highlight significant international commonalities and patterns.

[26] IUCN, "Forests and Climate Change", IUCN issues briefs (2021).

[27] FAO and United Nations Environment Programme (UNEP), *The State of the World's Forests 2020: Forests, biodiversity and people* (Rome, FAO, 2020) p. 59.

[28] Mikaela Weisse and Liz Goldman "Forest loss remained stubbornly high in 2021", (Global Forest Watch, 2022).

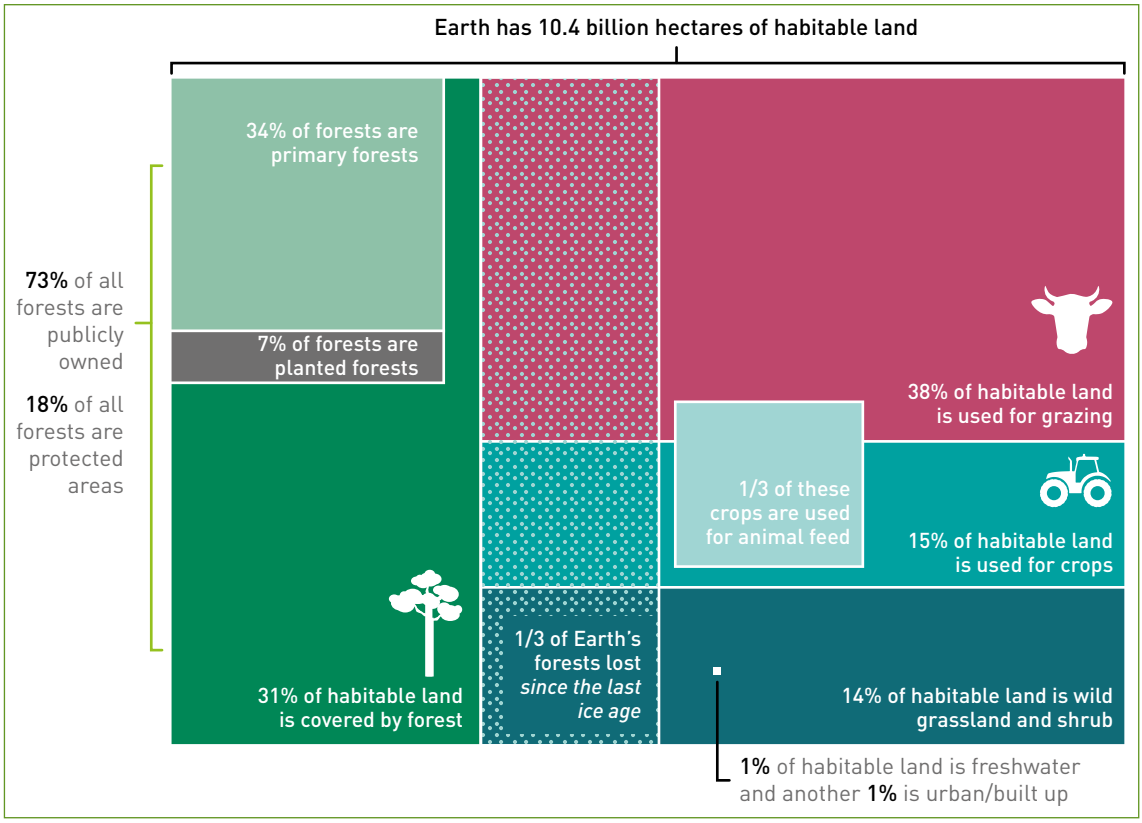
[29] Koyuncu, C. & Yilmaz, R. "The Impact of Corruption on Deforestation: A Cross-Country Evidence", *The Journal of Developing Areas*, vol. 42, No. 2 (2009).

1.1 WHAT IS THE CURRENT STATE OF FORESTS?

Nearly a third of the land on Earth (31 per cent) is covered by forest.[30] Of this, the largest proportion (45 per cent) of the world's forests are located in tropical regions, while the remainder is found in boreal, temperate and subtropical domains.[31] Currently, the majority of this forest area is naturally regenerating forest (93 per cent) while the remaining 7 per cent consists of planted forests.[32] However, these ratios are not fixed; as more natural forest is destroyed, the proportion of planted forests increases. Additionally, given that just under half of all planted forests comprise one or two species of trees for commercial production,[33] these forests, while economically valuable, are of significantly inferior ecological value in comparison to naturally regenerating forests.

In 2020, approximately 18 per cent of the world's forests were located within protected areas, equating to more than 700 million hectares of forest.[34] This represents an increase from 2000 when approximately 12.4 per cent of forests were located in protected areas.[35] South America has the greatest area of total protected areas in the world (31 per cent), while Europe has the least with 5 per cent.[36] Figure I depicts how our planet's land is distributed, with global use of habitable land shown alongside data on the state of forests.

Figure I. The state of forests and use of Earth's habitable land

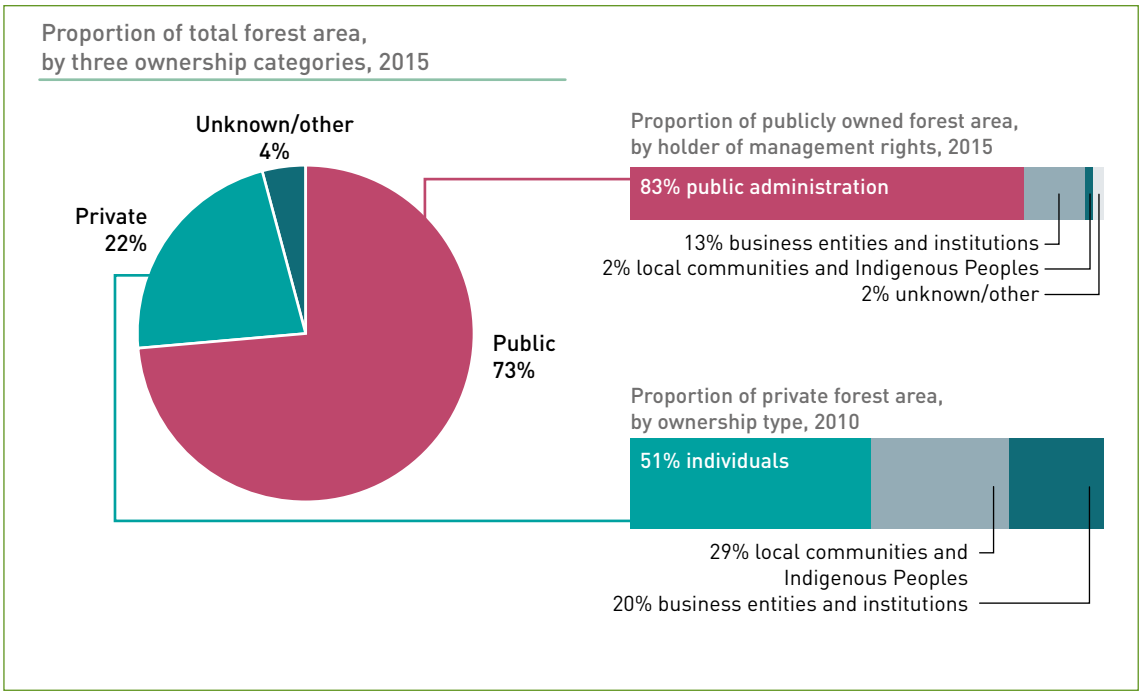


Sources: Data taken from FAO, Global Forest Resources Assessment 2020: Main report (2020); and FAO, "Land, Inputs and Sustainability". FAOSTAT database, available at www.fao.org/faostat/en/#data, (accessed on 21 December 2020).

[30] FAO and UNEP, *The State of the World's Forests 2020*, p. 9.
[31] Ibid., p. 18.
[32] Ibid., p. 15.
[33] Ibid., p. 16.
[34] FAO and UNEP, *The State of the World's Forests 2020*, p. 110.
[35] FAO, *Global Forest Resources Assessment 2000: Main report* (Rome, FAO, 2000).
[36] FAO and UNEP, *The State of the World's Forests 2020*, p. 110.

Globally, 73 per cent of forests are publicly owned and managed.[37] That this vast public resource is managed by forest management agencies who may lack the financial and human resources to effectively carry out their mandates means that opportunities for high-level government corruption and capture of public interests by private entities are plentiful.[38] Figure II illustrates the levels of both public and private forest ownership worldwide.

Figure II. Forest ownership and management rights by holder



Notes: 1) "Unknown/other" applies mainly to forest areas with disputed ownership or with ownership in transition, and to forest areas in which there are discrepancies between national, forest inventory datasets and public registers. 2) The analysis presented here provides only a partial picture of this parameter at the global and regional levels.

Source: FAO, Global Forest Resources Assessment 2020; Main Report, Rome (2020).

Loss of forests

Since the last ice age ended approximately 10,000 years ago, the world has lost a third of its forest cover; today, only four billion hectares of the Earth's surface are covered by forests. Of the 1.8 billion hectares of forest cover that has been lost in the last 5,000 years, 1.4 billion of those hectares have been lost in the last 300 years alone.[39] According to the Food and Agriculture Organization of the United Nations (FAO), close to 420 million hectares of forest, equivalent to an area the size of India and Egypt combined or approximately 10 per cent of the world's total remaining forests, have been lost between 1990 and 2020 alone. Put another way, the world has lost the equivalent in area of 37 football pitches of forest for each minute that has passed since 1990.[40]

[37] FAO, *Global Forest Resources Assessment 2020: Main report* (Rome, FAO, 2020) p. 80.

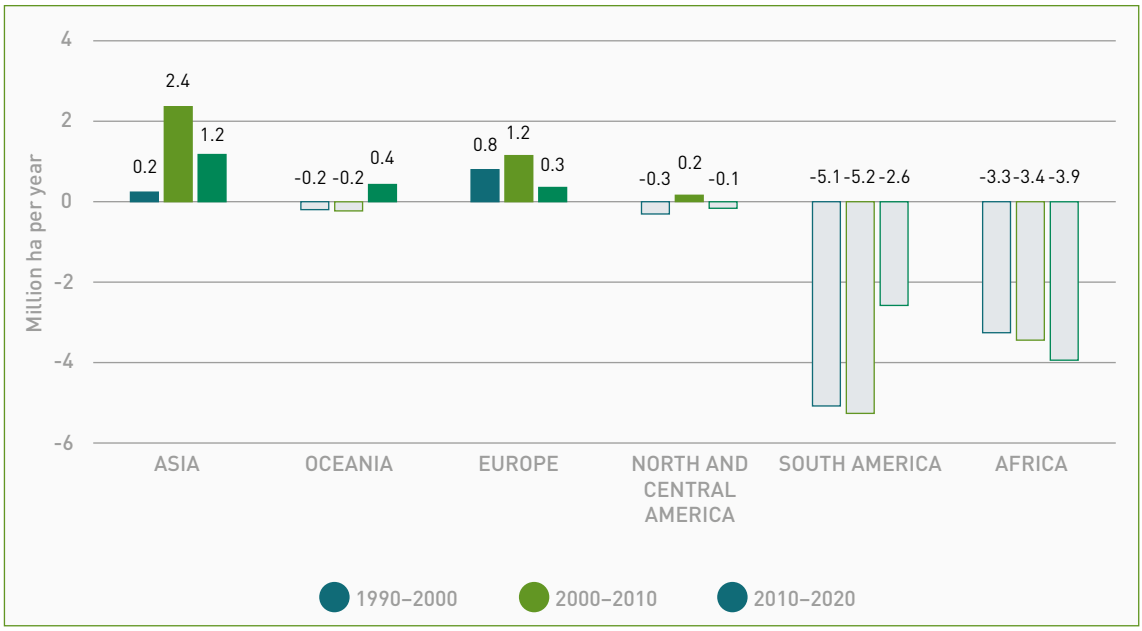
[38] International Police Organization (INTERPOL), *Uncovering the Risks of Corruption in the Forestry Sector* (2016).

[39] United Nations Department of Economic and Social Affairs, "Safeguarding the world's forests – our best bet for sustainable societies", 20 March 2018.

[40] FAO and UNEP, *The State of the World's Forests 2020*, p. 13.

At an annual rate of 3.9 million hectares, Africa is the continent with the highest current rate of deforestation. South America has the next highest rate of deforestation, losing approximately 2.6 million hectares of forest each year.[41] Rates of annual forest area change by region are shown in figure III. In addition to deforestation, forest degradation is also a key factor leading to forest loss. Historically, the lack of available tools, methods, or even a standardized definition of the term meant that assessing the extent of forest degradation was a difficult task; due to this, a relatively low number of countries collect data on forest degradation in a useful way. However, in recent years, many countries have started monitoring forest degradation systematically, using more reliable tools.[42]

Figure III. Annual forest area net change, by decade and region, 1990–2020



Source: Figure taken from FAO, Global Forest Resources Assessment 2020: Main report (2020) p. xii.

Loss of primary forests

Today, primary forest accounts for approximately 34 per cent of the world's total forested area, or around 1.11 billion hectares (see figure I).[43] Since 1990, however, 81 million hectares of primary forest have been lost,[44] equivalent to an area the size of Namibia or seven football pitches a minute for 30 years. However, given that the measurement, monitoring and reporting of primary forests present significant challenges it should be noted that the FAO has generated these numbers based only on the body of data that is available, which may be incomplete.

While primary forests can be found in a variety of locations, tropical primary forests are recognized as the forest type which provides the most benefit to the environment. These forests sustain vast and complex ecosystems that not only contain at least half of the world's terrestrial plant and animal species but also store around 35 per cent more carbon than plantation forests. Therefore, their impact on mitigating climate change is

[41] FAO and UNEP, *The State of the World's Forests 2020*, p. 11.

[42] FAO and UNEP, *The State of the World's Forests 2020*, p. 110.

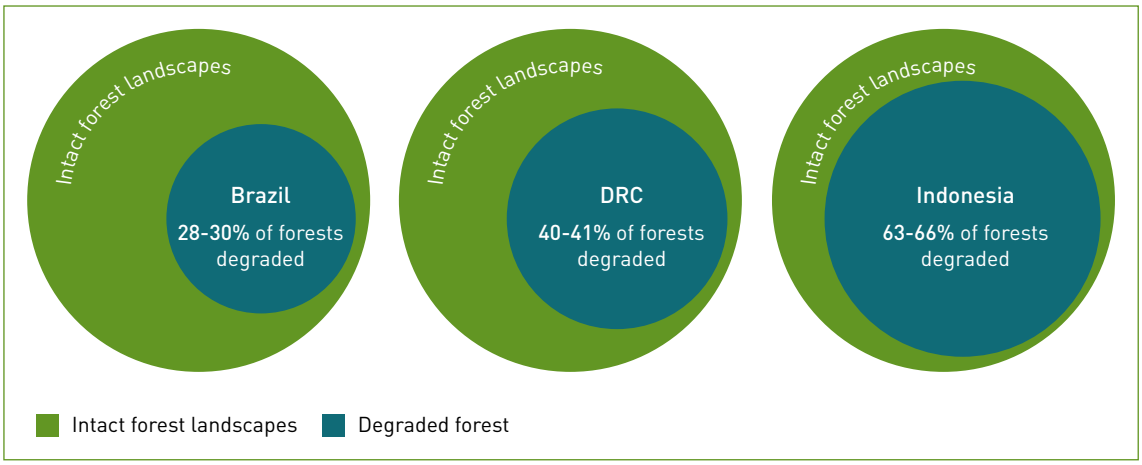
[43] The United Nations Economic Commission for Europe, "Forest area in UNECE region continues to increase, says FAO report, but greater efforts needed to protect these fragile ecosystems", 23 July 2020.

[44] FAO and UNEP, *The State of the World's Forests 2020*, p. 16.

significant.[45] Additionally, these forests prevent disease transmission and protect freshwater supplies. However, despite their invaluable benefits a large portion of the world's primary forests have no formal protection and are therefore at significant risk of destruction or degradation.[46]

A forest landscape that is unfragmented or untouched by human activities is referred to as an Intact Forest Landscape (IFL), and how intact a forest landscape is, is considered a measure of how preserved a forest is. Through the use of satellite imagery the boundaries of large IFLs can be established, and the changes in these boundaries can be used as a baseline to monitor forest degradation.[47] In the countries with the largest tropical primary forests, the area of degraded primary forest (i.e. forest not categorized as an IFL) demonstrates the pressure that these forests face; the primary forests of Brazil are estimated to contain 28-30 per cent degraded primary forest, while the level of degraded primary forest is estimated at 40-41 per cent in the DRC and 63-66 per cent in Indonesia.[48] This is shown in figure IV.

Figure IV. Percentage of degraded primary forest vs intact forest landscapes



Source: Svetlana Turubanova and others, "Ongoing primary forest loss in Brazil, Democratic Republic of Congo, and Indonesia", *Environmental Research Letters*, vol 13, No. 7 (July 2018).

From an ecological perspective, once corruption has enabled the destruction or degradation of primary forest, even if the corrupt actors are punished or the illegally produced forest-risk commodities are confiscated, the damage is often irreversible. Penalties for corrupt actors, while useful as deterrents for future potential corruption, do not necessarily restore the primary forest to its previous condition, and without concerted efforts, the benefits provided by primary forests may be lost forever.

[45] Brendan Mackey and others, "Understanding the importance of primary tropical forest protection as a mitigation strategy", *Mitigation and Adaptation Strategies for Global Change*, vol. 25 (2020).

[46] United Nations Development Programme (UNDP), "'Best of the last' tropical forests urgently need protection - joint study by UNDP, NASA and WCS", 26 August 2020.

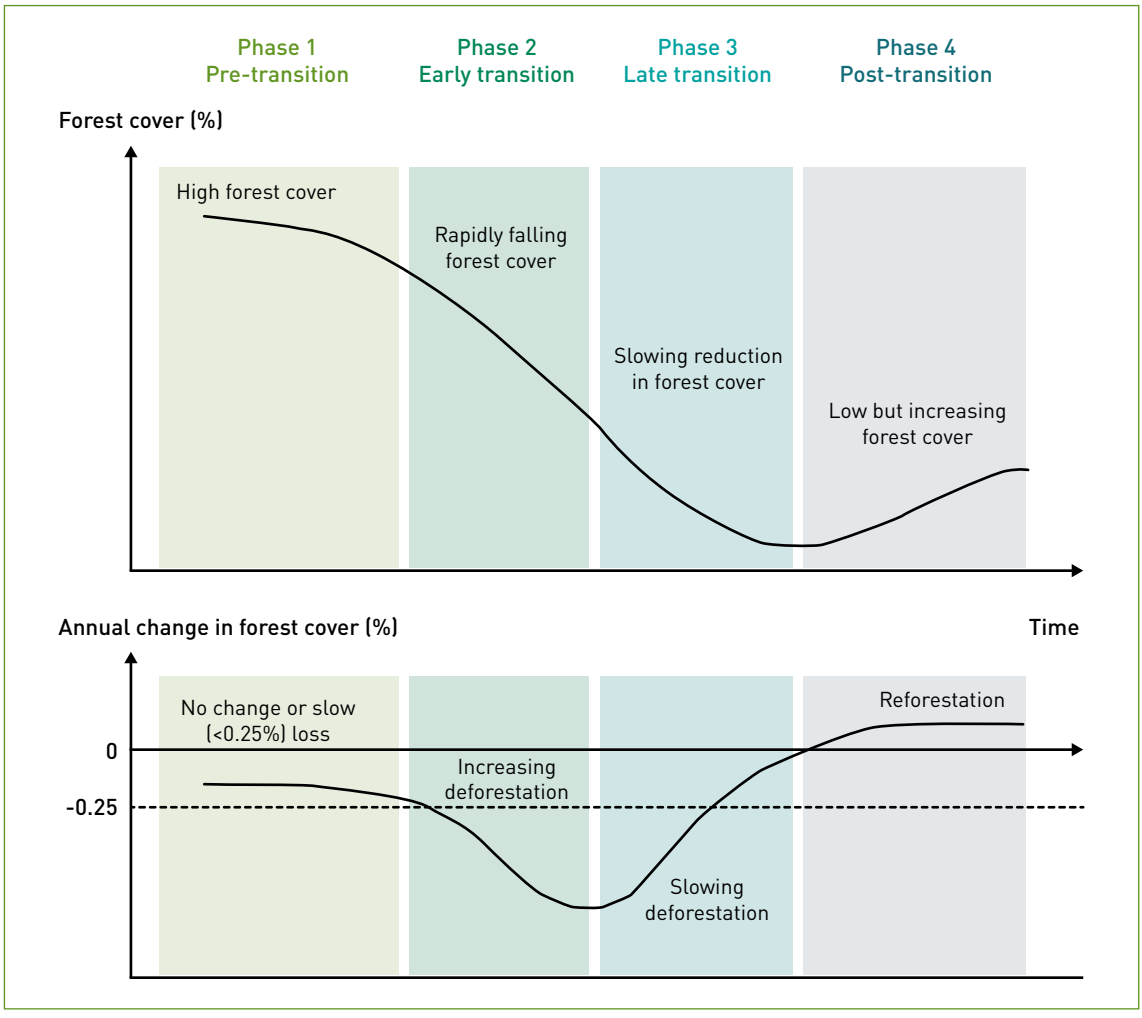
[47] See definition of intact forest landscapes in the terminology section of this paper, and also www.intactforests.org.

[48] Svetlana Turubanova and others, "Ongoing primary forest loss in Brazil, Democratic Republic of the Congo and Indonesia", *Environmental Research Letters*, vol. 13, No. 7 (2018).

1.2 WHAT IS DRIVING FOREST LOSS?

Some changes in land use and forest cover are normal, predictable and often desirable features of economic and social development. Figure V illustrates the observed pattern of forest cover change when plotted alongside economic development. This pattern is consistently observed in a range of countries with vastly different environments, forest types and economic structures. Referred to as the Forest Transition Model, it demonstrates the aggregate consequence on forest cover levels of the various pressures associated with economic development,[49] and serves as a useful tool for understanding how forest cover changes can be related to development.

Figure V. Forest Transition Model: How forests change over time



Source: Adapted from Noriko Hosonuma and others, "An assessment of deforestation and forest degradation drivers in developing countries", *Environmental Research Letters*, vol 7. No.4 (October 2012).

[49] Florence Pendrill and others, "Deforestation displaced: trade in forest-risk commodities and the prospects for a global forest transition", *Environmental Research Letters*, vol. 14, No. 5 (2019). See also Noriko Hosonuma and others, "An assessment of deforestation and forest degradation drivers in developing countries", *Environmental Research Letters*, vol. 7, No. 4 (2012).

According to this model:

- Pre-Transition (Phase 1): At early stages of economic development, referred to as Phase 1 or Pre-transition, land use changes tend to be minimal, driven largely by the slowly growing demand for agricultural land associated with population growth.
- Early Transition (Phase 2): As economic growth begins to accelerate, demand for land for agriculture increases to support a growing urban population and an expanding industrial labour force. In some countries, demand for wood increases due to its role as an industrial raw material and as a source of energy. These combined pressures give rise to an increasingly rapid decrease in forest area as a share of total land use.
- Late-Transition (Phase 3): As economies grow, they become more productive and diversify further. As a result, the aggregate pressures on forest land begin to ease. As forest frontiers recede and the most useful or accessible lands are converted to other uses, only decreasingly productive or inaccessible land remains under forest cover. At this point, economic activity begins to shift away from land-based activities and natural resource extraction; the economics of wood transportation versus silvicultural treatment begin to shift in favour of retaining high-quality forests and encouraging investment in forest management.
- Post-Transition (Phase 4): Finally, as agricultural productivity increases due to further technological advances and structural improvements, and as demand for forest land increases for recreation, protection of watersheds, urban water supplies, flood protection and other non-consumptive uses, forests as a share of total land use rebounds.[50]

Various factors can attenuate or exaggerate a particular country's forest transition. For instance, an individual country's land resources may be especially suited or unsuited for agricultural development. Alternately, topographic considerations may make land conversion unattractive or not feasible, or certain policy choices within that country may accelerate or hinder change. International market conditions can also affect a country's transition; at any given point they may be particularly favourable to either depletion of forests, accelerated conversion to specific industrial crops or pasture, or both.

The Forest Transition Model illustrates how the specific activities driving forest loss can vary between geographical regions and even within countries.[51] These activities will determine the speed of forest cover loss, as well as how long it might take to move from one transition phase to the next. However, a general rule applicable to forest loss worldwide is that the higher the immediate economic benefits that can be obtained from the land without trees compared to the benefits of land with trees, the faster the rate of forest loss.

According to the document *The State of the World's Forests 2020*,[52] the expansion of large-scale commercial agriculture is the main driver of forest loss worldwide. Such land is primarily converted to either cattle ranching, cultivation of soya beans, or palm oil production. The global market for beef, soy, and palm oil, the three most common agricultural commodities grown on deforested land, is estimated in 2021 to be worth a cumulative United States dollar (USD) 490 billion per annum, with beef alone accounting for over two-thirds of this total at around USD 395 billion.[53] Other drivers of forest loss include local subsistence agriculture, urban expansion, infrastructure and mining. Figure VI illustrates the proportional impact of each of these drivers.

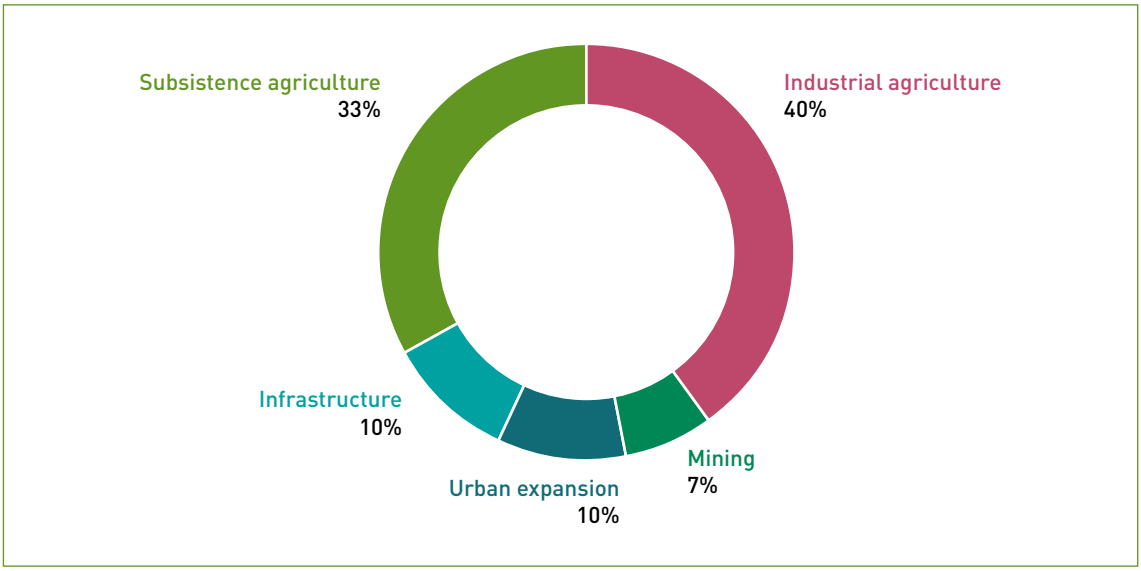
[50] Patrick Meyfroidt and Eric F. Lambin, "*Global Forest Transition: Prospects for an End to Deforestation*" in Annual Review of Environment and Resources, 36:1 (2011) pp. 343–371.

[51] See for example, Florence Pendrill et al , "*Deforestation displaced: trade in forest-risk commodities and the prospects for a global forest transition*", Environ. Res. Lett. 14 055003 (2019).

[52] FAO and UNEP, *The State of the World's Forests 2020*, p. 82.

[53] Calculations based on the following estimates: Soy: USD 44.7 billion (2021), see Imarc group, "Soy Food Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027". Palm oil: USD 50.6 billion (2021), see WHO, "The palm oil industry and noncommunicable diseases", *Bulletin of the World Health Organization*, vol. 97, No. 2 (2019). Beef: USD 395.22 billion (2021), see Fortune Business Insights, "Beef Market Size, Growth and Trends" (2022).

Figure VI. Drivers of forest destruction



Note: Based on data from 45 tropical and subtropical countries, representing 78 percent of the forest area in those domains. Adapted from FAO and UNEP, *The State of the World's Forests, 2020*. Forests, biodiversity and people (2020) p.83. See also, Noriko Hosonuma and others "An assessment of deforestation and forest degradation drivers in developing countries", *Environmental Research Letters*, vol 7. No.4 (October 2012).

Drivers of forest degradation, on the other hand, include timber logging, fuelwood charcoal, livestock grazing in forests and uncontrolled fires. Forests may also face additional degradation pressures due to the increased number of people living in poverty.[54]

When we think of deforestation, the term often conjures up images of illegal logging and wood harvesting as the main driver of forest loss. While practices such as illegal logging can result in the degradation and eventual destruction of forest land, the reality is that using forest land for agriculture, mining, or infrastructure projects is by far the most common and lucrative driver of forest loss.[55] It is important, therefore, that rather than focusing predominantly on the illegal timber trade, the world broadens its conversation on forest loss to include all stakeholders involved in the production, administration, trade, financing and consumption of commodities driving the degradation and destruction of forests. Particular attention should also be paid to understanding the local contexts when determining the drivers of forest loss.

Further, it should be noted that land uses and drivers of deforestation are constantly evolving in line with the particular circumstances and pressures of specific locations. For example, land use may shift from farming to mining to reflect the changing values of certain commodities, or the drivers of deforestation in a location may shift from subsistence agriculture to urban expansion to reflect demographic or population changes in a region. As such, the tools and programmes implemented to fight corruption related to forest loss will also need to be dynamic and adaptable to reflect these changes.

[54] FAO, *The State of the World's Forests 2022*, p. 19.

[55] Gabrielle Kissinger, Martin Herold, Veronique De Sy, "Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers", (Forest Carbon Partnership Facility, August 2012) p. 5.

1.3 WHAT IS THE LINK BETWEEN CORRUPTION AND FOREST LOSS?

The United Nations Convention against Corruption (UNCAC), the only global, legally binding anti-corruption instrument, recognizes that corruption is continuously evolving and is affected by various factors. Corruption is a complex social, political and economic phenomenon that affects all countries and economic activities, and as such, there is no universal definition of corruption. As a result, legal frameworks differ in their descriptions of corruption. UNCAC does, however, provide a list of universally agreed acts of corruption (see box 1), leaving each State free to go beyond the minimum standards outlined in the Convention.[56]

Box 1. Various acts of corruption

- **Active bribery** - the promise, offering or giving to a national public official, a foreign public official or an official of a public international organization, directly or indirectly, of an undue advantage, in order to act or refrain from acting in matters relevant to official duties.
- **Passive bribery** - the solicitation or acceptance by a national public official, a foreign public official or an official of a public international organization, directly or indirectly, of an undue advantage, in order to act or refrain from acting in matters relevant to official duties.
- **Embezzlement** - theft, diversion or misappropriation of property, funds, securities or any other item of supply entrusted to a public official in their official capacity.
- **Bribery in the private sector** - active or passive bribery, directly or indirectly, to or by any person who directs or works, in any capacity, for a private sector entity, to act or refrain from acting in breach of their duties.
- **Embezzlement of property in the private sector** - embezzlement by any person who directs or works, in any capacity, for a private sector entity.
- **Abuse of functions** - performance of, or failure to perform an act, in violation of the law, by a public official in order to obtain an undue advantage.
- **Trading in influence** - abuse of a public official's real or supposed influence with an administration, public authority or State authority in order to gain an advantage or influence particular outcomes.
- **Illicit enrichment** - a significant increase in assets of a public official or that cannot reasonably be explained as being the result of their lawful income.
- **Money laundering** - the concealment of the origins of proceeds of crime, often by means of conversion or transfers involving foreign banks or legitimate businesses.
- **Concealment** - hiding or continued retention of property, knowing that it has resulted from corruption.

Forests are not immune to the effects of corruption; in fact, it is an issue that can dramatically influence the pace and pattern of forest cover change. However, corrupt actors, along with the impact of their corrupt actions, are also rarely restricted to one sector. Ensuring good governance across the economy is therefore important for combating the effect of corruption on forestry.

However, the forestry industry is especially and uniquely vulnerable to the effects of corruption. Not only are forests full of economically valuable natural resources, which incentivize corrupt actors, but they are also geographically vast (leading to difficulties in oversight and enforcement), multi-stakeholder governed (leading to disagreements on rules and confusion as to who is responsible for their oversight), and often suffer from ineffective legislation or protections (leading to a lack of successful convictions that might act as a deterrent for future corruption).

[56] UNODC, United Nations Convention against Corruption (2004).

As a result, with the large economic opportunities that are available through engaging in economic activities which fuel forest loss, it is no surprise that corrupt actors will seek to exploit forest land for short-term individual gain or to lower business costs, rather than work within the law to ensure its longevity. The economic activities driving deforestation, shown in figure VI, encompass both legal and illegal practices. Corruption not only enables actors to successfully profit from illegal economic activities but can also enable actors to gain access to legal economic activities (for instance bribing an official to be awarded an official logging licence).

Every economic activity listed in figure VI above can be fuelled by corruption; for example, corruption can enable actors to physically or legally access forested land more easily for industrial agriculture purposes, to circumvent regulations and legislation to obtain concessions or licences for infrastructure development or mining, or to weaken any attempt to sustainably manage forests so that private actors can exploit forests with minimal repercussions. How corruption presents itself, as well as the drivers of that corruption, will differ at the regional, national, and local levels. See box 2 for an example.

Box 2. Corruption and local drivers of deforestation

Cattle ranching, illegal logging and timber trafficking, mining, and farming of illegal crops have been identified as critical economic activities driving deforestation in Colombia. In rural areas such as Meta, Guaviare and Caquetá, organized criminal actors (such as guerrillas) finance their activities through illegal rents associated with these economic activities. There is also evidence that since the negotiation of the national Peace Agreement in the country there has been a substantial conversion of forests to cattle ranching, and that coca farming remains persistent.

Corruption has been identified as a facilitator of these drivers of deforestation. For example, it allows for the illegal appropriation of State-owned land, illegal land grabbing by private actors, and the alteration or inappropriate issuance of permits, among others.

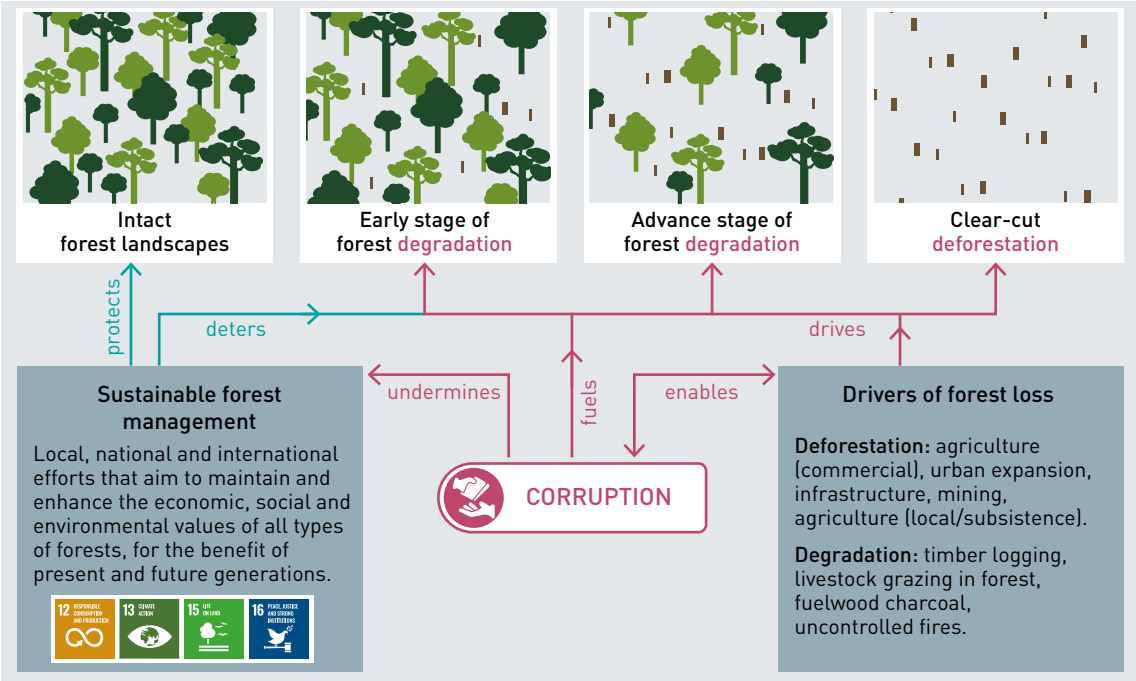
Sources:

- UNODC Regional Office for the Andean Region and the Southern Cone (ROCOL), "Strengthening the capacities of Colombian institutions to fight against deforestation", *Typologies of Corruption in the Forestry Sector*, (2021).

- Paulo J. Murillo-Sandoval and others, "The post-conflict expansion of coca farming and illicit cattle ranching in Colombia", *Scientific Reports 13*, article No. 1965 (2023).

No matter what form corruption takes, the result is invariably a faster and greater depletion of forest cover. Corruption can undermine efforts to safeguard, protect and sustainably manage forest lands, foster organized crime, enable the illegal exploitation of forests, and weaken environmental protection initiatives, law enforcement efforts, legal trade, the rule of law, good governance, security and stability, land management and development initiatives, climate change mitigation efforts and countless other areas of concern. Further, corrupt actors may also exert influence to ensure that efforts to protect, recover, or increase forest cover are weakened or remain at the bottom of policy agendas. Figure VII illustrates the role of corruption as an enabler of forest loss.

Figure VII. Stages of forest loss, and the relationship between sustainable forest management and corruption



Source: FAO and UNEP, *The State of the World's Forests, 2020*. Forests, biodiversity and people (Rome, FAO, 2020). See also FAO, "What is SFM?" (accessed 21 February, 2023).

Corruption can be expected to have several predictable consequences during each phase of forest cover change in the Forest Transition Model above. In the early stages of forest transition, corruption can advance the onset of forest destruction as privileged and protected interests quickly take advantage to gain maximum profit or to be the first to extract resources from a particular area. In countries in the pre-and early-transition phases, forest management policies, and institutions may not yet be present or well established, and this vacuum creates a higher risk of officials using their discretion to make inappropriate judgments or decisions. In such countries where forest management institutions may be new or weak, governments may aim to adopt organizational structures or policy frameworks that are deemed successful elsewhere to hide their organizations' dysfunctions or mismanagement.[57]

In countries where legal structures might not be set in place or might be in their infancy, insecure land tenure is likely to be more prevalent. Insecure land tenure, where landowners or tenants feel their land rights may not be protected by relevant laws in the event of a dispute, encourages shorter-term, unsustainable uses of the land to maximize profits before disputes arise.[58] Insecure land tenure also enables ownership to be disputed, land rights to be questioned and for ignorance to be feigned when caught engaging in prohibited activities, which all create an enabling environment for corruption. It is estimated that up to 50 per cent of forests in the developing world have insecure tenure.[59] Indigenous Peoples' and local communities' rights are particularly affected by insecure land tenure.[60]

[57] This phenomenon is also referred as isomorphic mimicry: the adoption of organizational forms that are deemed successful elsewhere to hide the organizations' actual dysfunction. These measures do not actually create the conditions in which impactful results can be achieved. See UNU-WIDER, "Looking Like a State: Techniques of Persistent Failure in State Capability for Implementation", Working Paper No. 2012/63 (2012).

[58] Edward Barbier and Joanne Burgess, "Tropical Deforestation, Tenure Insecurity, and Unsustainability", in *The Economics of Land Use*, Peter Parks and Ian Hardie, eds. (2017).

[59] Land Links, "What is Land Tenure?".

[60] Rights and Resources Initiative, "Estimate of the area of land and territories of Indigenous Peoples, local communities, and Afro-descendants where their rights have not been recognized – Technical Report" (2020).

1.4 WHY ADDRESS THE CORRUPTION THAT FUELS FOREST LOSS?

Protecting and sustainably managing the world's remaining forest land is an important global task. Efforts designed around the prevention and deterrence of corruption are tangible actions to protect forests and all the services they offer to humankind. Table 1 provides an overview of the benefits of addressing corruption fuelling forest loss.

Table 1. Benefits of addressing the corruption that fuels forest loss

IMMEDIATE BENEFITS

To prevent economic losses

- Illegal forest degradation and destruction robs governments of rightful income (e.g., revenue from fees, tariffs or sustainable resource management) and forest ecosystem services (e.g., carbon emissions, climate mitigation, air filtration, watershed protection).
- The annual global cost of corruption in the forestry sector is estimated to be approximately US $29 billion.[a]
- Governments in tropical countries lose an estimated US $5 billion each year to tax and royalty evasion on legal logging activity and may only be collecting 20% or less of the forestry related revenue they are owed.[b]
- Enhances foreign investment confidence and opens access to regulated markets.

To protect legitimate business

- Illegal trade of forest risk commodities lowers the profit available for those who trade legally. As illegal commodities can be sold cheaper than legally sourced commodities, this can drive down the market value of a commodity as well as rob legal traders of customers.
- The cost of illegal logging to the legal industry in lost company profits is estimated at between US $19 billion and US $47 billion per year.[c]

To protect Indigenous Peoples and local communities

- Corruption can facilitate the circumvention of laws, that protect the historic or customary land rights of indigenous communities and allow entities to access the resources contained within these forest lands, robbing Indigenous Peoples of their homes and human rights.[d]
- Ensures access to resources provided by forests for their livelihood.

To prevent conflict

- Corruption can foster deforestation in conflict-affected and post-conflict countries.[e]
- Furthermore, it can fuel deforestation to grow illicit crops that finance activities of armed groups.[f]
- Countering corruption can limit the financial sources of armed groups used to fuel conflict and instability.

ENVIRONMENTAL BENEFITS

To achieve SDGs

- Goals that cannot be achieved in a meaningful way without addressing the corruption related to forests are; Goal 13: Climate action, Goal 12: Responsible consumption and production, Goal 15: Life on land and Goal 16: Peace, justice and strong institutions.

To preserve ecosystems and biodiversity

- To preserve ecosystems and biodiversity
- Forests contain 60,000 different tree species, 80% of the world's amphibian species, 75% of the worlds' bird species, and 68% of the world's mammal species.[g]
- Forests and their biodiversity provide food and medicine for humans, resilience to change and a buffer from zoonotic pathogens.[h]

To mitigate climate change

- Forests capture CO2 and are the largest storehouse of carbon on land.[i]
- Tropical primary forests can absorb 8-13% of the global anthropogenic CO2 emissions.[j]
- Approximately 10% of global carbon emissions in 2019 were the direct result of deforestation.[k]
- Forests could contribute at least 25% to the achievement of the goal of limiting global temperature rise of 1.5˚C.[l]
- Forests contribute to air quality, protect watersheds and help regulate rainfall.
- Protection from natural disasters such as severe flooding, water shortages, landslides, soil erosion etc.

DIRECT BENEFITS TO AUTHORITIES

Efficient, transparent and accountable forest management agencies

- Developing systems for sharing information, monitoring and traceability can reduce the points of vulnerability at which corruption may occur, making agencies more efficient and able to fulfil their mandates.
- Corruption thrives in non-transparent institutions. When corruption is mitigated agencies can develop functional institutional frameworks for enabling public participation in forest permit and concession allocation processes, can publicise information on forest management, promote financial transparency and improve public participation.[m]

Sustainable management of forests

- Corruption prevents governments from ensuring that forests can supply goods and services to meet both present-day and future needs, and that those forests can contribute to the sustainable development of communities.
- Addressing the corruption that holds back sustainable forest management can also allow agencies to focus attention not only on sustaining the production of wood or wood products, but also on the sustainable production of non-wood products and ecosystem services, as well as the maintenance of social and environmental values.[n]

Improved forest governance

- Corruption enables administrators and institutes to acquire and exercise undue authority in the governance of forest lands.
- Addressing corruption will sustain and improve the welfare and quality of life of those whose livelihoods depend on such resources.

Culture of integrity

- Addressing how working culture can encourage and ensures that management can invest in compliance initiatives, processes are paired with effective and monitored controls, and that performance goals do not clash with risk management programmes.

Production of forest cover

- Due to the effect of corruption, having legal protection status does not always indicate that active protection is occurring. A total of 51.1Mha of tree cover loss has occurred within protected areas since 2001. Addressing such corruption allows forest management agencies to clamp down on unregulated clearing, grazing and farming.[o]

Sources:

[a] Interpol. *Uncovering the Risks of Corruption in the Forestry Sector* (2016) p.2.

[b] World Bank. "Mobilizing and Managing Public Forestry Revenue" Discussion paper (2019).

[c] Interpol. *Uncovering the Risks of Corruption in the Forestry Sector* (2016) p.7.

[d] FAO and FILAC *Forest governance by indigenous and tribal peoples: An opportunity for climate action in Latin America and the Caribbean* (Santiago, FAO, 2021) p.82.

[e] Conflict and Environment Observatory, "Deforestation in conflict areas in 2020" April (2021).

[f] UNODC Colombia, *Typologies of corruption associated with illicit crop cultivation* (2021).

[g] FAO, *The State of the World's Forests 2020*.

[h] FAO, *The State of the World's Forests 2020*.

[i] Duncan Brack, *Background Analytical Study: Forests and Climate Change* (2019).

[j] Brendan Mackey and others, "Understanding the importance of primary tropical forest protection as a mitigation strategy" Mitigation and Adaptation Strategies for Global Change vol. 25 (2020).

[k] Rainforest Alliance "What is the Relationship Between Deforestation and Climate Change?" 12 August 2018.

[l] Opening Key Note Speech "Realizing Forest-based Climate actions: Global Forest Coals, SDGs and the Paris Agreement" 11 December 2019.

[m] Directorate General for External Policies, European Parliament, *Transparent and Accountable Management of Natural Resources in Developing Countries: The Case of Forests* (2021).

[n] FAO, "Sustainable Forest Management" (accessed on 09 October 2022).

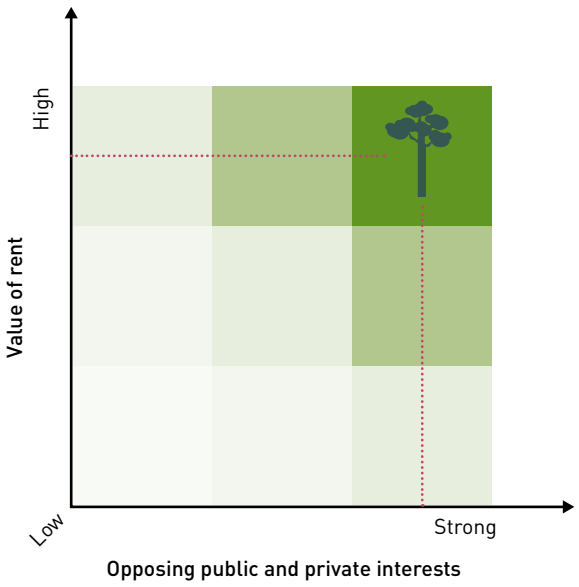
[o] World Resources Institute, "Indicators of Forest Designation: Protected Forests" (accessed on 09 October 2022).

Chapter 2.

WHY ARE FORESTS VULNERABLE TO CORRUPTION?

Corruption linked to forest loss is not only related to trees and land but is also more fundamentally related to how people interact with each other with respect to trees, forest resources and the land upon which these resources are grown. It is related to the respect (or lack thereof) that is given to other peoples' claims to forest land, as well as to social constructs such as laws and rights and how competing for human interests and opportunities related to forest land are handled. The vulnerability of forests to corruption stems from their immense value and the strong opposing forces of public and private interests seeking to realize this value, as represented in figure VIII.

Figure VIII. Vulnerability of forests to corruption



Note: Darker shading represents greater vulnerability to corruption.

This chapter first discusses the notion of rent as it applies to forests, to illustrate why forests are vulnerable to corruption. The significance of rent, and the bias these rents introduce towards forest depletion, is key to understanding how corruption and forest loss are interrelated. The chapter then moves to a political economy analysis of the interests of public and private actors seeking to benefit from forest rents and how these can drive corruption linked to forests, and how some actors can exploit their social status for illicit, private gain.

Following this, the chapter discusses forest management systems and concludes by evaluating how corruption can fracture them even when well designed.

2.1 FOREST-RELATED RENTS

For the purpose of this paper, the term rent represents the cumulative value and benefits that can be derived from forest land. As detailed in table 1, the value of forests is not limited to environmental benefits; forests also hold social, cultural, and economic value. Furthermore, externalities (a term used to describe the indirect consequences of an action, in this case, the preservation of forest lands) can also be derived, such as carbon sequestration and groundwater management.[61]

Forest rent, particularly when referring to economic value, can be divided into legal and illegal rents. Legal rent is obtained by established procedures and used to benefit society, for example, money received by taxing activities conducted in forests, or by issuing permits and licences. Illegal rent is obtained by any unlawful means, such as illegal activities that could be facilitated by corruption, and it enriches particular individuals or entities while robbing societies and communities of their due benefits.

Public ownership is one meaningful way to ensure the long-term use of forest lands and can allow the rents of these lands to benefit a greater number of citizens. As such, it falls to public officials to decide how these forests are managed, who will be responsible for their management, and to decide on the value to society of the forest lands under their remit. In such cases, however, a possible principal-agent problem can arise whereby public officials responsible for managing forest lands have incentives to act in their own interests rather than working in the best interests of the principals (in this case the citizens of that society).[62] These officials aim to generate illegal rents to their own benefit.

2.2 POLITICAL ECONOMY

Forests are multidimensional; their land, timber, wildlife, water, minerals, energy, carbon sinks, and other distinctive characteristics mean that control over them can be contested by a variety of interests, each with its own objectives. The pursuit of financial profit underlies much of this competition for forest resources, and in many instances, the groups and individuals seeking to secure such benefits may seek to pursue their objectives through political means. This can make personal alliances and affiliations, political partisanship, ethnic affiliations, and other social and cultural dimensions key considerations in determining how and by whom forests are used.

How these forces interact and play out are highly variable but can, in well-functioning forest sectors, form part of the normal, healthy, productive, and sustainable process of forest policy and management. Forest administrations will inevitably act on both legitimate policy direction and also external pressures; their staff is human and as such may contain individuals who do not adhere to official directions, and the importance of forested land to communities means that administrations are often intentionally drawn into political struggles. Nevertheless, in well-functioning forest sectors the process for creating and implementing forest management objectives will usually result in a set of policies, strategies, and programme directions that are consistent, and are translated and implemented in technically sound ways by disciplined, controlled and accountable forest

[61] Timo Pukkala, "Assessing the externalities of timber production", *Forest Policy and Economics*, vol. 135 (2022).

[62] The Investopedia Team, "The principal-agent problem in government", (2021).

agencies and personnel. In such systems, deviations from the formal prescriptions of policy will be minor and transient and will be subject to correction based on routine oversight and control.

However, in forest sectors where the institutions responsible for managing forests are especially weak or are persistently unable to resist interference by economic interests or external political forces, forest management agencies will often be unable to carry out their role as objective, impartial technical implementing agencies, instead acting as politically active, self-interested players in decisions related to the uses of forest resources.

Political economy frameworks are useful to forest agencies to map the interactions of various stakeholders, such as public officials, business practitioners, agents, forest staff, or simply members of the public, while they each pursue their own objectives. The following sections identify some of the stakeholders involved in the management of forest areas and how particular objectives that they pursue might be at odds with their intended function, and how corruption can become a tool for them to achieve these objectives.

This actor-centred perspective highlights how stakeholders assess available opportunities, analyse constraints, and take decisions on how to achieve their respective goals. Through such analyses, the individuals and groups with the greatest potential to act against the interests and purpose of an organization can be identified as threats. In the context of corruption risk analysis, threats are people or groups who could potentially exploit vulnerabilities in an institution for personal gain.

These threats fall into two categories, internal and external. Actions conducted by public sector actors are classified as internal threats, while those conducted by private actors are classified as external threats. Building on the analysis of these threats, a discussion on how corruption can lead to an increasingly destructive cycle of institutional erosion and forest loss is undertaken in section 2.4.

2.2.1 Internal threats

As most forest land is publicly owned (see figure II), governments are responsible for their management. Under the national legal framework of each country, governments administer this land and possess the exclusive rights to use, control and transfer it. As part of their custodial and administrative role, public officials have the right to allocate the use of these lands, or to lease the usage and control rights related to these lands to particular entities, thereby allowing these private entities to access or withdraw resources and benefit financially from the forest land.

The public organizations involved in the management of forest land, as well as their specific roles, vary from country to country but may include many actors and stakeholders, such as:

- Legislators: those who shape national forest policies.
- Local government: decentralization of functions has, in many cases, resulted in the empowerment of local governments as central authorities in the issuing of forest contracts and monitoring of their implementation.
- National and local land administration agencies: those involved in land administration, land registration, land valuation, mapping and monitoring of land use or land use changes and land revenue generation.
- National and local forestry authorities: those involved in the sustainable utilization of forests. They develop forest management policies, register forest zoning, gather data on the state of forests, implement international regulations such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), etc.
- National and local environmental authorities: those involved in drafting and implementing conservation policies, producing scientific evidence of the contribution of forests and their link to livelihoods, supervising environmental impact assessments (EIAs), etc.
- National and local authorities mandated to manage protected areas: including those involved in adopting measures to effectively monitor protected areas, propose new areas that require protection, etc.

- Departments with responsibility for the rights of Indigenous Peoples: agencies that represent the interests of Indigenous Peoples and their land.
- Product regulators: agencies that regulate compliance of products with national procedures and guidelines, for example, ministries for agriculture or mining.
- Customs agencies: among their mandates is the control of compliance with national legislation on exports, re-export and import of timber and forest-risk commodities.
- Police forces: their tasks include the provision of support in the investigation of criminal cases linked to forest loss and corruption.
- Anti-corruption authorities: those mandated to prevent and combat corruption, for instance, national anti-corruption agencies or organizations.

Public officers working in these organizations are expected to carry out their roles within existing institutional frameworks and legal limits. However, a minority of public officers, after identifying an opportunity to commit an act of corruption (perhaps due to a lack of existing controls), and having compared the expected illicit profit from the corrupt misuse of their position against both the benefit of carrying out their roles honestly and the chances of being caught and punished, may decide to engage in corrupt acts.[63] Public officers have the opportunity to make decisions based on personal economic or political interests, and this can represent an internal threat that may jeopardize the sustainable management of forests.

Such internal threats are found at all government levels. At the highest levels, public officials motivated by political or personal interests may use forests as a means to obtain personal gain or to motivate particular behaviours in citizens and businesses. Examples demonstrating how corruption can allow forest land management to be shaped according to personal interests include introducing government policies which encourage citizens and businesses to clear forest lands to settle new ground to secure increased political support, or alternatively, retrospectively legalizing tenure of land that had been illegally cleared in the past. Elected public officials at the national, regional, or local levels may also appoint representatives or decision makers in key areas to influence processes and decisions within these institutions.

Public officials may also approve forest concessions (contracts that establish the rights to extract resources or value in a particular area) that are not economically beneficial but include requirements for the concession holder to provide forest management goods and services such as social services, health services, and infrastructure.[64] It has been shown that revenues generated from forest concessions globally are on average as low as 6 USD per hectare per year, falling as low as 1 USD per hectare per year in some parts of Africa.[65] Due to the impact of corruption, higher concession charges rarely translate into increased revenue for governments.[66] A report by the FAO notes that it is rare for governments to collect more than 20 per cent of their entitlements for concessions due to corruption and systematic evasion.[67] Public officials may also set conservation efforts aside to secure their economic or political interests.

Low-ranking public officers may also represent a threat to the sustainable management of forests, as they may take decisions based on their private interests and disregard their mandate. There are a variety of factors that can influence such decisions. For example, low wages and poor working conditions lead to public sector inefficiency and create incentives for corruption in some countries.[68] Lack of training on ethics and anti-

[63] Gonzalo Forgues-Puccio, *Existing practices on anti-corruption*, (Oxford Policy Management, 2013).

[64] FAO, *Rethinking forest concessions: Improving the allocation of state-owned forests for better economic, social and environmental outcomes* (Rome, FAO, 2018).

[65] Ibid.

[66] Gregory Amachera, Markku Ollikainen and Erkki Koskela, "Corruption and forest concessions", *Journal of Environmental Economics and Management*, vol. 63 (2012).

[67] FAO, *Rethinking forest concessions: Improving the allocation of state-owned forests for better economic, social and environmental outcomes* (Rome, FAO, 2018).

[68] Vito Tanzi, "Corruption and the budget: Problems and solutions", in *Economics of Corruption*, Arvind K. Jain, ed. (London, Kluwer Academic Publishers, 1998). See also, Marie Chêne, "Low salaries, the culture of per diems and corruption" *U4 Expert Answer Series* (2009).

corruption, poor human resources processes, and geographically isolated working locations (resulting in a lack of oversight) can also exacerbate corruption risks.

Public officers in countries with a high demand for forest-risk commodities can also threaten forests, as they may adopt policies that benefit consumers and industries in their countries. Efforts to increase conservation in one country can also lead to deforestation displacement; for example, there is evidence that policies to restrict forest exploitation in Viet Nam increased legal and illegal imports of timber from the Lao People's Democratic Republic and Cambodia.[69] Deforestation displacement can be especially damaging from an ecological and biodiversity perspective if the forests being protected are secondary forests, but the displacement is to regions consisting of primary forests. For example, policies seeking to protect secondary forests that would otherwise be used for agriculture in post-transition countries may result in the destruction of primary forests in pre- or early-transition countries. It is estimated that such displacement of primary forest could account for a third of the net reforestation in post-transition countries.[70]

2.2.2 External threats and collusion

Typically, public officers and their interests (the internal threat) solicit or accept advantages from private counterparts (the external threat). Private actors, including representatives of domestic and international companies seeking to obtain economic gain from forests, may view corruption as a useful tool with which to, for example, access land, reduce operational costs, expand their business, or remove competition. In this way, these private actors can become external threats to the sustainable management of forest land. Corruption can therefore appear for these private players to be one of a list of workable and effective business practices for ensuring their survival and growth, especially if maximizing profit by any means is seen as a primary objective. In this case, comparing the potential costs and potential benefits of corruption can appear to such actors as a legitimate and normalized business exercise.[71]

An analysis of the main economic activities driving deforestation (see figure VI) provides a snapshot of the private players that may be fuelling corruption. Industrial agriculture corporations operate in both source and import countries for forest-risk commodities; while source countries are made up of a mixture of pre-, early- and late-transition countries, it is most often post-transition countries that are the importers of such goods. A study has estimated that around 26 per cent of global deforestation is driven by international demand for forest-risk commodities, with 87 per cent of the importers of these goods located in late- or post-transition countries.[72]

The globalized market in forest-risk commodities means that commodities produced with the help of corruption can make their way through an interconnected network of domestic and international companies to reach consumers around the world. These private entities have the financial resources to facilitate their operations through corrupt means, to, for instance, gain access to closed domestic markets or bypass import or export restrictions for protected goods.

At the other end of the scale, corruption for smallholders or local communities may serve as a tool to access valuable forest resources upon which they depend for their survival; paying a bribe may, for example, secure access to charcoal for energy, or enable them to secure a small plot of land upon which to grow food. However, corruption can also be used to exploit these vulnerable groups; land that they hold the rights to may be illegally handed to corporations who bribe officials, or they may be targeted or victimized by law enforcement if they are unable to pay a demanded bribe.

[69] Patrick Meyfroidt and Eric F. Lambin, "Global Forest Transition: Prospects for an End to Deforestation" Annual Review of Environment and Resources, vol. 36, No.1 (2011).

[70] Florence Pendrill and others, "Deforestation displaced: trade in forest-risk commodities and the prospects for a global forest transition", Environmental Research Letters, vol. 14, No. 5 (2019).

[71] UNODC, "Module 5: Private Sector Corruption - Causes of private sector corruption", Module Series on Anti-Corruption.

[72] Patrick Meyfroidt and Eric F. Lambin, "Global Forest Transition: Prospects for an End to Deforestation" in Annual Review of Environment and Resources 36:1 (2011) pp. 343-371.

2.3 FOREST MANAGEMENT

Forest management is the process of planning and implementing practices for the stewardship and use of forests.[73] A wide range of forest management systems and approaches are used in different countries, based on their specific policy provisions, institutional considerations, and the needs and opportunities for forest-related activities within that country. Forest management and regulatory systems govern how public and private actors interact in areas such as sales, issuance of forest permits and licences, approval of forest plans and countless others. Aside from needing to provide a robust and technically capable system for guiding forest management, such systems need to also control the internal and external threats as described in sections 2.2.1 and 2.2.2. When controls on these management and regulatory systems are weak, non-existent, or opaque, the qualitative and quantitative decisions being made at various levels of forest management planning and operations can be easily influenced by corruption.

National entities responsible for forest management rely on planning cycles. These cycles not only formalize the actions necessary for the successful management of forest land but also identify when those actions should take place. Typically, the planning cycle followed in a specific forest location will be guided both by relevant legislation and the professional standards developed by forestry practitioners. Given the multi-stakeholder nature of forests and the competing interests and priorities that each of them holds, developing these forest management plans is a complex task. The FAO suggests a tiered planning framework that separates forest planning into Strategic, Tactical and Operational plans.[74] See table 2 for details on each level.

[73] FAO, "Forest Management Planning Module", in *Sustainable Forest Management (SFM) Toolbox*.

[74] FAO, "Forest management planning in FMUs", in *Sustainable Forest Management (SFM) Toolbox*.

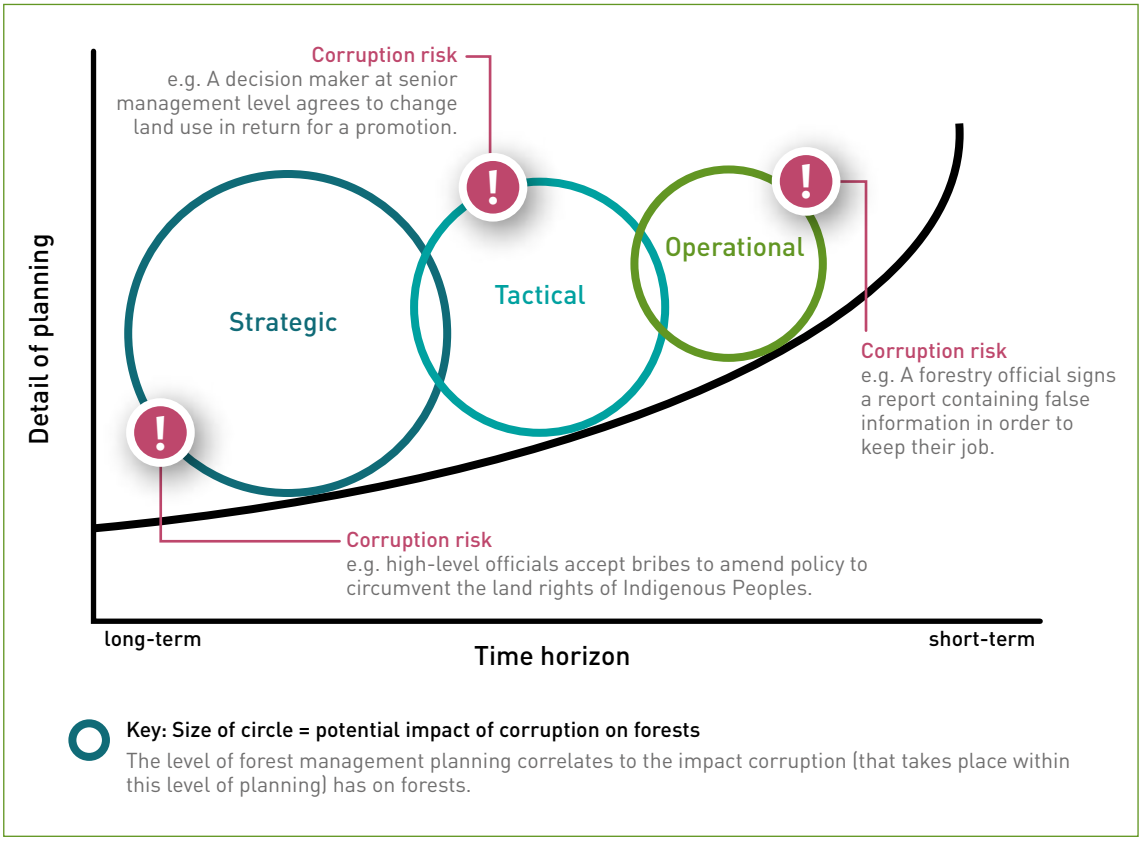
Table 2. Forest management planning system

Forest management		Activities	Actors
STRATEGIC MANAGEMENT	Strategic planning (>20 years)	• Decide on forest utilization vs. forest conservation policies. • Adopt forest conservation policies and/or utilization rights policies. • Adopt international conventions and commitments. • Establish protected and conservation areas. • Recognize Indigenous People's land. • Pass legislation to increase private sector holding of forests. • Integrate customary land rights.	**Public** • Legislators • National environmental authorities • National forests authorities • National land management authorities • Indigenous Peoples authorities **Private** • Industry lobbyist • CSOs • Indigenous people
OPERATIONAL MANAGEMENT	Tactical planning (-10 years)	• Build integrated forest resources inventory. • Assess environmental impact of forest contracts. • Establish forest zoning by forest functions. • Allocate land use rights. • Approve forest concessions, forest licenses and forest permits. • Select silvicultural system. • Create boundary markings to define area and location of lands precisely. • Development and approval of various plans such as road networks, log ponds, log yards, bridges, skidding, trails, waterways buffer zoning, and environmental, conservation and sensitive areas and species zoning, inventory etc.	**Public** • Land authorities • Environmental authorities • Forest management authorities • Economic and finance authorities • Industrial and commercial authorities • Indigenous Peoples authorities • Local authorities • Authorities managing protected areas **Private** • Concessionaire • Indigenous people • Industry
	Annual Implementation and control	**Implementation** • Manage low-impact forest resources. • Yield allocation according to stand maturity. • Analyse harvest potential; harvest; post-harvest treatment. • Approve short-term permits e.g. for investigation purposes. • Creation of management plans. • Creation of annual harvesting plans. **Control** • Monitor compliance with licences, permits, concessions contracts. • Periodic revision of management plans. • Establish control points.	**Public** • Land authorities • Environmental authorities • Forest management authorities • Transport control authorities (customs police) • Law enforcement authorities • Economic, finance and tax authorities • Industry and commerce authorities such as product regulators **Private** • Concessionaires • Indigenous people • Industry

A 2019 World Bank paper also describes forest management using a tiered three-level nested planning framework based on the planning levels proposed by the FAO.[75] Like the FAO, it separates planning processes into strategic, tactical, and operational (or annual) cycles, however, the World Bank framework emphasizes that these cycles are interconnected; each of the various planning cycles provides the basis for the next level of planning, which in turn also feeds back into the higher planning level as data and information are collected over time.

Opportunities for corrupt acts can arise at all levels in the planning cycle but will differ depending on the internal actors involved, their expected roles, and the forms of interactions that take place with external actors. Corruption at the operational level will impact localized or specific processes, while corruption at the strategic level will impact larger areas, in longer periods and involve potentially larger values. The three planning levels and some corruption risks at each level are visualized in figure IX.

Figure IX. Forest planning cycles and corruption risks



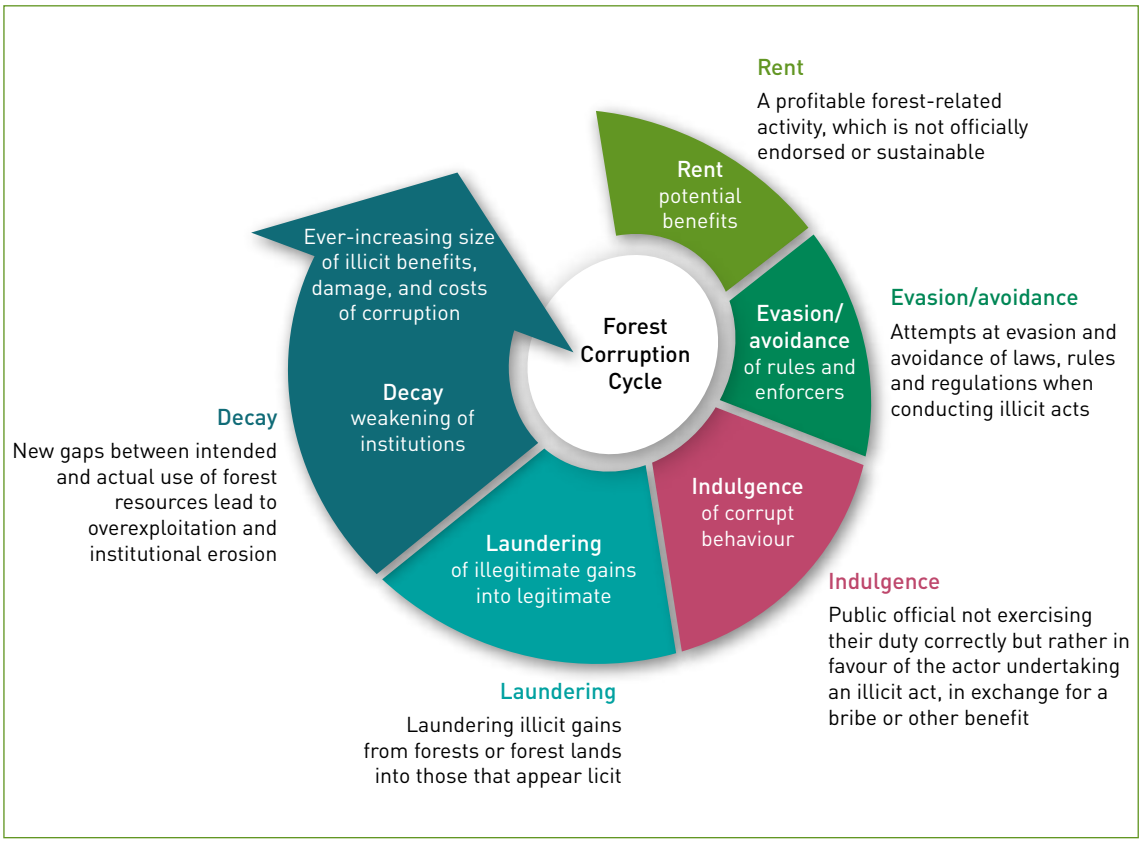
Note: This diagram is illustrative and may not apply in every case.

[75] Verhoeven Marijn and others, "Mobilizing and Managing Public Forestry Revenue", *Governance Discussion Paper, No. 1* (Washington, DC, World Bank, 2019). See also FAO, "Forest management planning in FMUs", in *Sustainable Forest Management (SFM) Toolbox*.

2.4 INSTITUTIONAL EROSION AND THE FOREST CORRUPTION CYCLE

Although forest management processes are designed to control various internal and external actors and threats, such threats will often find ways to circumvent controls. When this happens, corruption can occur at any level of the forest management process and any stage of the planning cycle. Figure X demonstrates how an act of corruption linked to forests may seem isolated, but in reality, it triggers a cycle in which institutions are continuously weakened, corruption becomes more entrenched, and often valuable natural resources and benefits are irretrievably lost.

Figure X. The forest corruption cycle



Corruption initially arises where a rent is available. The prospect of illegally capturing this rent leads to attempts at evasion and avoidance of enforcement, ranging from simply ignoring official mandates and requirements in the hope of avoiding detection to more sophisticated schemes such as the offering of bribes or other incentives to public officials. If the bribe is accepted by the official, that is when an indulgence is granted.

A deliberate grant of indulgence by a public official in exchange for a bribe or other benefit constitutes corruption. However, if detected, this act can be made to appear as a result of negligence, accident, or capacity limitation. For example, a forest official is bribed to grant an indulgence in the form of a permit that the beneficiary is not entitled to, but upon detection blames this act on a lack of staff needed to carry out the necessary checks, or they may dismiss the action as a one-off accident or oversight. If such explanations are believed and the corrupt actor is allowed to continue in their capacity, the effect may be that illicit products are inserted into legitimate supply chains, which in turn launders illicit gains into those that appear licit.

The cumulative result of these activities is that two forms of decay accumulate. First, the resource which should have been protected or managed will have been overexploited due to whatever actions have been made possible by indulgence. Second, institutional erosion leaves the agency responsible for the protection and management of forest land compromised ethically and operationally; a precedent is set for the acceptance of corruption, skills, and knowledge related to effective management are diminished and parallel lines of accountability and control may emerge.

Such compromised or eroded systems allow for the cycle of corruption to continue. Once a criminal has successfully accrued the benefits of an illicit rent, they are likely to be confident of extracting further unjustified benefits. As this cycle repeats itself, the institution (and the resource it is responsible for) decays further, and new and potentially larger gaps begin to emerge between the level of resource use permitted by the forest management plan and the exploitation made permissible by repeated granting of indulgences. This widening gulf attracts the interest of even more potentially corrupt actors and will be exploited again and again as the corruption cycle repeats itself.[76] The case in box 3 demonstrates how the cumulative effect of corrupt acts can result in the installation of corruption as part of the structural function of an organization, which in turn weakens it and results in the permanent loss of resources.

Box 3. Public officials demanding bribes from forest department employees

The head of a regional forest directorate in Romania was convicted of bribery and sentenced to three years and 10 months in prison. The official forced all employees of the public entity to pay him EUR 20,000 per year as a requirement for keeping their jobs. This extortion was directed at the majority of the directorate's employees, from foresters all the way up to director level. The scale of corruption enabled the head of the directorate to also cover up other illicit activities, such as the illegal harvesting of timber.

Source: High Court of Cassation and Justice Romania, "Penal Decision No. 2031 from 17.06.2014", available at https://www.pna.ro/comunicat.xhtml?id=5052.

The forest corruption cycle is likely to repeat itself more often in countries that are in the pre-, early- and late- forest transition phases,[77] where forest management institutions may be weaker, access to the technology required to manage forests may be limited, forest and land management policies may be inadequate, or insecure land tenure more prevalent. Under these conditions, corruption is likely to enable the illegal practices that generate high short-term profits, but which also deepen the trench of the transition curve shown in figure V. If left unchecked, more forests will be lost, and corruption will gradually become endemic. The role of post-transition countries will be more indirect; they can drive and perpetuate corruption cycles through demand for forest-risk commodities, and their relatively strong forest protections can result in deforestation displacement to countries with weaker institutions.

[76] Michael Ross, "Timber Booms and Institutional Breakdown in Southeast Asia", Political Economy of Institutions and Decisions (Cambridge University Press, 2001).

[77] See figure V and accompanying text for an explanation of the forest transition phase classifications.

Chapter 3.

WHAT FORMS DOES CORRUPTION TAKE WHEN LINKED TO FOREST LOSS?

Corruption facilitating forest loss takes many forms and can occur in countless different contexts. As indicated in the previous sections, corruption linked to forest loss is a largely predictable consequence of the coming together of its economic value, the interplay between internal and external threats, and the opportunities to exploit forest management processes. This chapter first examines a range of cross-cutting vulnerabilities within policy frameworks and institutions, which can work as catalysts for corrupt practices and have the potential to weaken the effectiveness of forest management planning cycles, bringing together corruption risks identified in the broader anti-corruption literature with others that are specific to the forestry sector.

In the second section of this chapter, a non-exhaustive list of the various forms that corruption can take is provided. Forest management planning and implementation, at all levels of the planning cycle, involve different actors making different choices and determinations. Opportunities for corrupt acts can, therefore, arise at all levels, but will differ depending on the actors involved, their expected roles and the efficiency of controls in place. For this reason, for the purpose of this document, the forest management planning levels described in the previous chapter will be used as a framework through which this chapter presents the various forms corruption may take.

3.1 CROSS-CUTTING CORRUPTION RISKS

The term corruption refers to an act that has already occurred, whereas a corruption risk is a factor creating (or contributing to) the potential for a corrupt act to occur. While those committing acts of corruption may go to great lengths to keep those acts hidden, corruption risks are easier to find and act on, as they are identifiable weaknesses within an existing system that may enable opportunities for corruption to exist.

There are a number of cross-cutting corruption risks that might constitute an increased risk of corruption on all levels of forest management planning. A cross-cutting corruption risk creates an opportunity for corruption to occur in more than one policy area (for instance a risk that opens up a corruption vulnerability in the administrative and oversight operations of an agency) or across two or more planning levels. As planning levels are cyclic and nested, these cross-cutting factors can have a domino effect on forest management. Considering and understanding these factors can allow forest management agencies to adopt effective corruption risk mitigation measures, the impact of which will be felt throughout the agency's operations, not just in isolated or specific areas or processes.

Certain factors, not related specifically to forest management, are accepted to exist in the broader anti-corruption literature; these factors increase the chances of cross-cutting corruption risks occurring. For example, countries that are geographically large and have dispersed populations are generally more prone to corruption because of the increased difficulties in monitoring public officials.[78] Table 3 provides a non-exhaustive list of these corruption risks.

Table 3. Examples of cross-cutting corruption risks

OVERARCHING

- Excessive discretion given to a few individuals.
- Lack of transparency.
- Country size; remoteness of forests.
- Absence of integrated systems
- Poor staff selection, training, supervision, working conditions.
- Lacking or weak institutional frameworks.
- Restricted budgets.
- No control over the private sector's interference in public affairs.
- No consumer awareness.
- Lack of oversight systems.

OVERSIGHT AND LAW ENFORCEMENT

- Low rate of conviction or no penalization at all for corruption offences thereby encouraging corrupt behaviour.
- Low penalties or sentences for corruption offences.
- Lack of sensitization on corruption risk of officers working with forest risk commodities.
- Weaknesses in or lack of forest management monitoring mechanisms.
- Lack of public comment opportunity and of public disclosure

LEGISLATION

- Conflict or ambiguity resulting from inconsistent legislation or non-alignment of rules or procedures for permits, licenses, and/or concessions.
- Weak legislation on land property rights, or legislation which grants parties excessive discretion.
- Weakness or ambiguity in legislation related to customary rights of Indigenous Peoples.
- Absence of representation of interested parties (or token representation) in the passing of legislation, establishment of procedures and other actions which directly affect communities such as Indigenous Peoples, local communities or civil society, and which result in their interests being overlooked.
- Lack of legislation implementing external controls or aiming to digitize land management.
- Non-existent or ineffectual lobbying regulations in place.
- Absence of legislation on transparency of beneficial ownership.
- Processes to enable external contributions to the creation of legislation are cumbersome or ineffectual.
- Conflicting legislation over forest management mandates.
- Absence of legal recognition of customary land and forest rights, particularly those of Indigenous Peoples and other local communities.

ADMINISTRATION

- Land administration and forest management systems are managed at varying levels (e.g., federal/national, state/province, district levels, etc.), by different authorities (e.g., land offices, forestry departments, agriculture departments, Indigenous Peoples reserves, etc.) and with different record-keeping systems (e.g., oral history-based, paper-based, computerized, online, etc.)
- Land administration and forest management systems lack transparency, resulting in ineffective record-keeping related to licences, permits, concessions and information not being publicly available, irrelevant, or not accessible in a timely manner.
- Political encroachment in the decision-making process leading to a lack of predictability and consistency.
- Ad hoc, unregimented, undocumented or otherwise poorly developed and administered forest and land management processes, resulting in an absence of internal and external controls.
- Land registry systems are outdated or fragmented.
- Absence of intersectional processes such as Environmental Impact Assessment (EIA) requirements.
- No transparent system (either technological, paper-based, or hybrid) made available for traceability of forest risk commodities and timber.

[78] Rajeev Goel and Michael Nelson, "Causes of Corruption: History, Geography and Government", *Journal of Policy Modeling*, vol. 32, No. 4 (2010).

3.2 CORRUPTION AT VARIOUS PLANNING LEVELS

Corruption fuelling forest loss can take a variety of forms in each country, region, and locality, and no two instances of corruption will be the same; each corrupt act will have its own characteristics, drivers, and impact. This section explores a selection of these forms to better understand how deeply interlinked corruption and forest loss are. The forms of corruption listed below are presented as a guide to what corruption could potentially look like at each level of the Forest Planning Cycle, rather than a description of what they will look like.

3.2.1 Corruption at the strategic planning level

Corruption at the strategic planning level is characterized by the influencing and manipulation of the adoption of longer-term policy decisions, which will then impact forest and/or forest land use for decades to come. Corruption at this level will impact larger areas than at the tactical or operational/annual planning levels, its consequences will be felt for longer, and the loss of value from environmental, social, and financial perspectives will be far more pronounced.

The most significant corruption risk that can occur at the strategic planning level is the risk of corruption that pervades the highest levels of government. Such corruption will typically involve senior public officials who have been influenced by corrupt actors to manipulate fundamental determinations and decisions regarding the use of forest resources. Examples of this may include officials conspiring with private sector interests to mis- or re-designate forest areas that have been designated as protected or reserved for local community use for development as industrial forest concessions.

When corrupt senior officials can operate with limited oversight and wide discretion, or if they wield a disproportionate level of power or influence, they may introduce contractual arrangements covering tenure, pricing, regulatory terms, or a wide range of other aspects which can serve to legitimize past or future corrupt actions. Perhaps most importantly, the intrusion of corruption at the strategic level can create a lasting and widespread presumption that corruption in forestry is accepted or condoned, and that it can be practised by others at subsequent levels.

At the strategic level, external threats will be the interests of high-level domestic or international private individuals. In some cases, high-level public officials will themselves create private entities which they own and operate in parallel to their official positions, to which they can then award forest contracts such as permits or concessions. Foreign entities may operate on their own to engage in corrupt acts with high-level public officials, or they may enjoy quasi-official support if their actions align with diplomatic concerns or national security objectives. Corrupt activities at the strategic level will usually involve significant financial stakes, be formalized in written documentation (legislation, regulations, contracts, authorizations, etc.) that will enable the further conduct of illicit activities and will be implemented in ways that involve violations of legislation concerning corruption, money-laundering and organized crime.

Corruption at the strategic level is difficult to prevent, detect and prosecute. This is due largely to the often-impermeable structures of connected entities, ownership, and financial flows that the networks of actors committing corrupt acts at this level can develop around their illegal operations to hide their actions and protect their interests. This opacity also means that the results of their actions may only become apparent long after the corruption has occurred. Therefore, it is key to have strong institutions in place with the mandate and capacity to identify and uncover corrupt networks.

An example of such an institution is Indonesia's Corruption Eradication Commission (KPK). The case in box 4, handled by the KPK, demonstrates how corruption influencing forest loss at the strategic level can involve high-level officials, and even influence election results. It also depicts how international companies can benefit from and foster corrupt behaviour. Additionally, this case effectively demonstrates the longevity of corruption at the strategic level; even when a corrupt structure is identified and unveiled and the forests have been illegally used for commercial or political purposes, it is unlikely that the economic exploitation of that forest land will stop.

Box 4. Centralized forest management and corruption in Indonesia

In 1998, the districts of Indonesia were placed under the control of district chiefs known as Bupatis. These Bupatis were given vast new powers, including the ability to lease out almost all of the lands (including forest land) within their jurisdictions to whomever they deemed fit to develop it.

This centralized system resulted in a number of flagrant abuses of power. For instance, in 2013, a Bupati in Gunung Mas, a district in Borneo, gave licenses to five companies set up by his campaign treasurer. He then sold the five companies to a Malaysian palm oil firm in the months before an election for a fee of USD 9.2 million. A portion of these funds appear to have then been used to bribe Akil Mochtar, the former Chief Justice of the Constitutional Court of Indonesia, to decide the election in favour of the Bupati.

Mochtar was later sentenced to life in prison, however the Malaysian palm oil firm continues to operate on the land and use the illicitly acquired licenses to clear forest.

Sources:

- Indonesian District Court, "Decision Number: 3/Pid.Sus/TPK/2019/PN.Jkt.Pst" (13 March 2019) and "Decision Number: 32/Pid. Sus/TPK/2019/PN.Jkt.Pst" (03 July 2019).
- Constitutional Court of the Republic of Indonesia, "Decision Number: 82/Pid.Sus/TPK /2013/PN.Jkt.Pst" (2014).
- Mongabay, "Indonesia's anti-graft agency eager to intervene in palm oil sector", 25 October 2018.

The creation of legislation can also be affected by corruption at the strategic level. These laws do not need to be directly related to forest rights but can also be related to forest-risk commodities. Whatever the focus of the legislation, when corruption related to forestry enters the legislative process the result is almost always increased forest loss. For example, box 5 details how the largest meat-producing company in Brazil, in turn, the world's second-largest beef-producing nation, bribed politicians to pass laws that would favour their business, which eventually led to an increased rate of deforestation.[79] Consumers around the world were inadvertently buying and consuming beef which had been produced through corrupt actions, indirectly contributing to the continuation of these illegal practices.

Box 5. Favourable policies through corruption

In 2011, the world's largest beef producer and one of the largest commercial entities in Brazil was caught buying cattle that illegally grazed in land owned by Indigenous people or that had been marked by the Brazilian environmental agency, the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA), shortly after signing a national agreement forbidding them engaging with cattle that had been grazed on lands marked by IBAMA.

It was also reported that the same company bribed politicians to pass laws in favour of the company's operations. During Operation Car Wash, an investigation into corruption in Brazil which resulted in the issuance of over 1,000 arrest warrants, the company admitted to making illegal campaign donations to over 1,800 political candidates over a period of ten years in return for favourable policies once those candidates were elected. In total, nearly USD 250 million was illegally donated, leading to the company being sanctioned with a fine of USD 3.2 billion.

Sources:

Ministério Público Federal (Brazil). "Inquest No. 4326 DF". See also "Operação Carne Fraca: MPF no Paraná denuncia 60 pessoas". See also "Carne ilegal: MPF/MT notifica maior frigorífico do mundo por descumprir acordo pela pecuária sustentável", 17 October 2011. See also "MPF e Polícia Federal deflagram Operação Porteira Aberta em Barra do Garças (MT)", 15 June 2018.

[79] According to the USDA, in 2020 Brazil was the second largest beef producing nation (16.67 per cent globally) and the largest beef-exporting nation (23.50 per cent globally). See beef2live, "Ranking of Countries that Produce the Most Beef (USDA)" and "Ranking of Countries that Export the Most Beef (USDA)" October 2022.

See table 4 for more examples on forms corruption can take at the strategic planning level.

Table 4. Examples of corruption risks at the strategic level

LAND TENURE, OWNERSHIP AND CLASSIFICATION	• National and foreign corporations influencing politicians by way of bribes, including illicit political campaign donations, to change forest policies and laws from forest conservation to forest utilization or to allow for public forests to be converted to privately owned forests. • Politicians being influenced not to adopt international instruments that aim to safeguard forest defenders. • Public officials adopt measures to facilitate the conversion of forest land for agriculture, urbanization or commercial purposes.
FOREST CONTRACTS	• High-level public officers unlawfully influence EIA decision-making processes or reports. • Legislators being influenced by way of bribes to pass policies and laws that allow for foreign corporations to receive concession rights previously reserved for local companies. • High-level public officials are appointed in key positions as a political favour.
FOREST RISK COMMODITIES	• Politicians from countries importing forest risk commodities being bribed by corporations to influence legislation to lower standards of due diligence concerning imported forest risk commodities. • Corporations making illicit political campaign donations to make politicians decrease demands on transparency of place of origin of products or ingredients that may stem from deforested areas or to legalize agricultural practices that are harmful to forests. • Politicians making laws on export or import controls less stringent in exchange for a share of profits from importing/exporting corporations. • Wood trading corporations bribing high-level officials to not update the list of protected, vulnerable tree species so their trade is not disrupted.

3.2.2 Corruption at the tactical planning level

Corruption at the tactical level is characterized by the corrupt implementation of policy decisions. Depending on the specific circumstances of national systems, authorities and legislation, there can be considerable overlap between the categorization of corrupt acts at the strategic and tactical level. At the tactical level, actors involved will be senior or middle-level public officials, coordinating with counterparts (either in their own agency, in other public bodies, or in private entities including agencies and contractors linked to forest planning) to manipulate official decisions. Corruption at the tactical level may also be associated with or linked to acts of corruption at the strategic level or may be entirely separate.

For the most part, corruption at the tactical level will tend to involve decisions or determinations made far from physical operational sites, but which have significant ramifications in the forest. At this level, both domestic and international corporations may seek to use corruption to access illicit profits, using their vast economic resources to access land, disregard local communities' rights, or operate outside national frameworks.

The cases below provide more detail on how corruption at the tactical level fuels forest loss. The first case (box 6) describes how public officers can abuse their office, build legal persons to conceal their corrupt acts and encourage the institutionalization of corruption within public institutions.

Box 6. Indonesian governor abuses his position to initiate palm plantation project

Suwarna Abdul Fatah, governor of East Kalimantan province in Indonesia, was sentenced to four years in prison for circumventing the proper process for granting logging licences to 11 different companies linked to him and which did not meet the requirements to receive such permits. He accomplished this by abusing his position to compel the heads of the provincial and regional forestry departments, as well as the head of the plantation office, to grant the licences. The heads of these offices were also convicted for their participation.

Licences were issued to clear forest land to make way for a palm plantation, covering an area of over one million hectares. To achieve this, Abdul Fatah issued an agreement for land development and wood utilization for these companies, even though he did not have the official power to do so. The companies in question did not submit any of the required documentation to receive such permits, including plantation boundary documentation, commercial forest concessions or a feasibility study for the plantation, among others. The loss to the State in this case totalled Indonesian Rupiah (IDR) 346 billion (USD 24.6 million).

Source: Sofie Arjon Schütte and Laode M. Syarif, "Tackling forestry corruption in Indonesia: Lessons from KPK prosecutions" in *U4* Issue 2020:15 (2020).

Similarly, box 7 illustrates a case in which corruption at the tactical level influences an environmental impact assessment (EIA) process. Corruption can lead to the illegal granting of favourable EIAs, which in turn led to harvesting and other activities in forested areas that were protected from exploitation. The case further depicts how the actions of a single dishonest public official can have a devastating impact on a nation's forests.

Box 7. Public official convicted for illegally approving environmental assessment

In 2019, the director of the General Directorate for the Management of Agrarian Environmental Affairs of the Ministry of Agriculture in Peru was found guilty of abuse of functions by illegally granting agriculture and livestock grazing licences on primary forest lands.

The accused director had, in 2013, approved EIAs to favour four agro-industry palm oil projects while disregarding the relevant laws and regulations in place. These projects, clearly located within primary forests, were not in areas suitable for agriculture and livestock as the accused had previously reported. As a result of their actions, more than 23,000 hectares of primary forest in the Amazon was destroyed.

The director was sentenced to four years of imprisonment, suspended for a period of three years' probation, and ordered to pay a fine of USD 75,000 in favour of the Peruvian State. In addition, the Court ordered that the sentenced person be disallowed from public office for a period of two years and seven months.

Source: Superior Court of Justice of Lima, "File No. 00591-2017, 23 December 2019", available at http://www.keneamazon.net/Documents/Press-Release/Nota-de-Prensa-001-2020-KENE/Nota-de-Prensa-001-2020-KENE.pdf.

Corruption may occur at different forest management planning levels at the same time. The following case (box 8) demonstrates how corruption can impact both tactical- and operational-level planning. It further shows how corruption can weaken efforts to legally trace timber, where, for example, public officials may alter the traceability controls in place to greenwash timber. In this specific case, public officials were found to have altered the virtual credits system which controlled the extent of land being deforested.

Box 8. Operation Arquimedes I and II

In 2019, the Federal Public Ministry (MPF) of Brazil reported that public servants from the Amazonas Environmental Protection Institute (IPAAM) had been participating in a corruption scheme related to concessions and the inspection of forest management plans in the state of Amazonas. The corruption scheme included the use of fraudulent forest management plans and transport documents to facilitate illegal logging, as well as the falsification of environmental reports in the licensing process. Consequently, timber was illegally extracted from public lands which were partially categorized as conservation areas or Indigenous lands. In total, 22 people were accused of being involved in the scheme, several of them public servants from IPAAM.

In the first part of the operation, the public servants were prosecuted for the corrupt act of having accepted bribes to process the request for exploitation rights without carrying out any legal analysis or checks to ensure that the necessary requirements were being upheld. The scheme included high-level public servants, such as the legal director and a forest control manager from IPAAM.

In the second part of the operation, it was discovered that analysts and technicians demanded bribes to process requests related to the organization's activities. As a crime had already been detected, wiretapping of the department was possible; as a result, all public officials involved in the corruption scheme could be arrested. The wiretapping further revealed that this group had illegally passed on virtual credits (allowing for legal logging activity) to loggers located in southern Amazonas.

Another public organization involved was IBAMA, where a former superintendent in the state of Amazonas was involved in 'timber washing'. This public official not only ignored the transportation of illegal timber, but also tried to illegally interfere in the process to release the illegal timber cargoes after they were seized in 2017 as part of Operation Arquimedes. It was established that the IBAMA superintendent was linked to a politician in the Amazonas state, who tried to help him release the cargoes. Additionally, another IBAMA superintendent located in the state of Acre was also arrested as part of Operation Ojuara for allegedly producing fraudulent inspection documents and engaging in various other corrupt acts.

Source: Ministério Público Federal (Brazil), "Operação Arquimedes: MPF denuncia 22 envolvidos em esquema de fraudes e crimes ambientais no AM", 25 June 2020.

Table 5 has further examples of how corruption may occur at the tactical level.

Table 5. Examples of corruption risks at the tactical level

LAND TENURE, OWNERSHIP AND CLASSIFICATION	• Misappropriation of land by public officials by issuing land certificates to themselves or family members. • Senior officials and private actors pressuring local land administration to reclassify their forest land into residential land (thereby increasing the value of the land) in exchange for a promotion. • Public officials being bribed by individuals or corporations to obtain licences or rights over areas possessed by Indigenous Peoples that have not been formally recognized (or are in the process of being recognized). • Illicit enrichment of public officials as they receive illegal endowments from private parties to not develop an integrated forest resource inventory. • Land administration officials demand bribes for services that should be free of charge, making services such as land registration inaccessible for disadvantaged groups. • Public officers accepting bribes from corporations to overlook forced land leases.
FOREST CONTRACTS	• Companies offer bribes to private actors, so they fake data and issue positive EAs to allow forest concessions that lead to forest destruction to proceed. • Public officials abuse functions to award a losing license in a protected area. • Public officials receive bribes in exchange for awarding forest management units to private parties that do not fulfil the requirements set by law. • Public officials illegally grant concessions rights reserved for local companies to international corporations in exchange for donations • Public officials illegally approve required documents according to licence/ permit, e.g. management plans, harvesting plans, etc. that do not adhere to specified conditions and guidelines.
FOREST RISK COMMODITIES	• Corporations bribe public officials to alter forest zoning registries so that agricultural activities can be expanded. • Public officials receive bribes in exchange for overlooking established silvicultural systems thereby avoiding the regeneration of forests so that land can serve agricultural purposes. • Public officials collude with corporations so that they can obtain permits to operate and export forest risk commodities although they do not have rights over the land.

3.2.3 Corruption at the operational planning level

Corruption at the operational level will generally constitute corruption at the point of service and will usually involve activities immediate to the forest or the supply chains. Within the forest (or in nearby areas such as landings, depots, ports, checkpoints, etc.), an almost limitless number of substantive, procedural, or other requirements may be in place at an operational level. Examples of these include:

- Adherence to silvicultural systems, such as tree or volume retention requirements
- Construction standards, such as those associated with roads, culverts, bridges, etc.
- Environmental requirements, for example, riparian setbacks or the retention of wildlife habitats, such as the retention of cavity trees for nest sites
- Observance of slope restrictions

In the remote areas where forest operations take place, supervision of adherence to such requirements can be difficult and costly, and therefore can often be found to be lacking. And where supervision and oversight are lacking there is scope, even at the most junior levels, for discretion. As a result, the motivation and opportunity for public employees working at an operational level within forests to engage in corrupt acts can be plentiful.

A major barrier for forest management agencies in ensuring compliance among field staff is the principal-agent problem,[80] whereby an information asymmetry exists between the principal (i.e., the forest management in the head office who create compliance rules) and the agents (the forest workers who implement the rules); monitoring, controlling and maintaining the fidelity of officials can be challenging in the face of incentives from external actors to accept deviations from compliance requirements.

Part of the dilemma facing well-intentioned forest administrations, therefore, is balancing the level of prescriptiveness in rules, regulations, and guidelines with the discretion called for by the diversity and variety of field conditions faced by forest rangers and other public operators. Overly prescriptive and rigid requirements, in the absence of training, supervision and staff motivation, can encourage evasion and avoidance. These rigid requirements may not always be inadvertent or accidental; corruption at the strategic and tactical level may allow for the creation of excessive requirements for ground staff in a way that cultivates a chain of corruption which ultimately benefits the rule-maker. For example, in the face of excessive regulation, external actors may pay a bribe to field staff to bypass set requirements; the bribe will serve to pay commissions to the rule-maker.

Corrupt acts at the operational level often include everyday activities in the field alongside local-level short-term planning and can happen at the source, along the supply chain and at the destination country. At this planning level, the link between corruption and timber trafficking stands out; there are several reports of how corruption allows for selective logging, transport, and laundering of timber and commercialization of protected species, among others. Similarly, the greenwashing of forest-risk commodities is included at this level, for example, certifications of sustainability which are falsely issued in exchange for a bribe to launder forest-risk commodities from deforested land. At this level, oversight functions and law enforcement may also be susceptible to corruption. Activities, and therefore opportunities for corruption to occur, could include, among others, inspections of legal sites or the identification of illegal ones by law enforcement agents. Box 9 highlights a case in which officers from different law enforcement organizations were found to have colluded to overlook illegal logging in exchange for bribes.

Box 9. Public officials facilitating the laundering of illegal timber in Peru

In September 2020, 14 public officials in Peru were given pretrial detention for allegedly forming part of an organized crime group that used bribery to enable the illegal trafficking of timber. The accused public officials worked for the local forest management authority, the environmental police department and the customs agency.

The corrupt public officials facilitated the illegal transport of timber by providing documentation to timber launderers, and by omitting the registration, control and verification procedures usually required for the transportation of timber. Further, these public officials were found to be alerting illegal loggers of upcoming auditing operations or inspections.

Source: Single digital platform of the Peruvian State, "Madre de Dios: 36 months of pre-trial detention for 14 officials implicated in timber trafficking", Information note, 21 September 2020, https://www.gob.pe/institucion/mpfn/noticias/303338-madre-de-dios-36-meses-de-prision-preventiva-para-14-funcionarios-implicados-en-trafico-de-madera.

[80] UNODC, "Module 4: Public Sector Corruption - Theories that explain corruption", Module Series on Anti-Corruption.

Corruption risks at the operational level are easier to distinguish than those at the strategic and tactical levels. Officials involved in corruption at the operational level are usually not in senior positions and do not possess powers to create policies, guidelines, or rules; instead, at this level, corrupt actors are primarily low-level officials working in the field and are often physically present at the locations where forest destruction occurs. Box 10 depicts how corruption at the lower level of the organizations can facilitate the manipulation of forest data or registries set in place to control forest contracts, for private companies to launder illegally obtained timber into licit goods.

Box 10. Brazil's Operation Green Gold I and Green Gold II (2005–2019)

Operation Green Gold I and Green Gold II were initiatives implemented by Brazil's Federal Police and Federal Prosecutor's Office in 2005 and 2007 respectively, though the continued investigations that arose as a result of these initiatives have led to federal court judgements being delivered up until 2019.

During Operation Green Gold I and II, investigators uncovered a large-scale illegal logging scheme, which involved the participation of a number of corrupt inspectors and the manipulation of databases that were accessed illegally. By illegally accessing Brazil's Federal Technical Land Registry (CTF) database (which controlled the allocation of forest credits to logging companies that allow for legal logging and the printing of the documents to use during inspections), perpetrators were able to facilitate the improper insertion and allocation of forest credits in the system to particular companies (including fake companies) which in turn gave illegal timber the appearance of legality and legitimacy.

In total, 36 people were subject to criminal investigations including charges of fraud. For example, one company issued 18,792 documents in five days that facilitated the sale of 600,000m^3 of timber, enough to fill a line of fully laden trucks 375km long.

In 2017, Brazil's Federal Court ordered the liable timber companies and businessmen to pay fines of over USD 2 million for the damage to the environment. Following this, in 2019 the Federal Court determined, through the use of phone tapping, that government officials were guilty of both active and passive corruption, including the acceptance of bribes and the sale or use of falsified documents. Also in 2019, a Federal court in Brazil sentenced several timber businessmen to prison sentences of respectively 17, 12 and 2 years for the creation of fake timber companies.

Sources:

- Ministério Público Federal (Brazil), "Ouro Verde II mostra que esquema de corrupção sobrevive a mudanças no controle florestal no Pará", 29 June 2007.

- Ministério Público Federal (Brazil), "MPF/PA: tribunal condena desmatadores pegos pela operação Ouro Verde II", Jusbrasil.

- Tribunal Regional Federal Da Primeira Região, "Processo Nº 0003701-83.2010.4.01.3902 - 1ª VARA - SANTARÉM Nº de registro e-CVD 00172.2019.00013902.1.00624/00128" available at https://www.jtnews.com.br/media/uploads/2019/12/18/sentenca_processo_n_0003701-8320104013902.pdf.

Table 6 provides further examples of how corruption may occur at this planning level.

Table 6. Examples of corruption risks at the operational level

LAND TENURE, OWNERSHIP AND CLASSIFICATION	• Inspectors being bribed by corporations to turn a blind eye to their unlawful activities in protected areas • Law enforcement officials asking for bribes to prolong legal procedures that aim to determine land tenure so that illegal business operations can continue as long as the legal procedure is not finalized. • Inspectors prepare reports with false data in exchange of keeping their jobs. • These reports are then used to award ownership of the land to individuals who later sell these lands to corporations. • Rangers being bribed to overlook subsistence agriculture. • Forest rangers change the volume and species in the inventory of the trees and species of harvestable size to keep their job.
FOREST CONTRACTS	• Public officials overlook monitoring the implementation of mitigation measures recommended in an EIA in exchange for bribes. • Public officials being bribed by corporations to ignore infringements of the terms of a permit, such as a corporation logging outside of the allowed areas, or harvesting more trees or species than their permit allows. • Corporations that do not uphold the requirements of the licence received pay a bribe to inspectors or law enforcement to avoid penalties.
FOREST RISK COMMODITIES	• Private certification companies being bribed to award sustainability certifications to corporations that used dubious methods to access land or have ongoing ownership judicial processes with local communities. • Logging corporations bribing inspectors to turn a blind eye to the logging of protected species and their transport. • Customs officials receive a share of the profits made by turning a blind eye to the export or import of forest risk commodities illegally certified as sustainable. • Law enforcement officials being bribed or otherwise influenced to not close down sawmills without licences. • Corporations selling forest risk commodities may bribe e.g. the purchasing department of other corporations (nationally or internationally) to turn a blind eye to the illegal or non-diligent origins of the product. • Importers laundering forest risk commodities by bribing officials for false certificates. • International companies from importing countries bribing export/import officials in source and/or importing country to get an illicit product from source to importing country. • Customs officials in the exporting country are bribed to turn a blind eye to forest risk commodities not fulfilling all criteria according to legal due diligence demands. • Public officials disregard the laundering of cattle destined to supply the collagen industry.

Chapter 4.

HOW CAN ANTI-CORRUPTION TOOLS BE USED TO MITIGATE FOREST LOSS?

As discussed in the preceding chapters, corruption linked to forest loss can arise in a variety of ways, ways that are determined by social, economic and environmental settings, weaknesses and vulnerabilities created by policies and forest management programmes, as well as by the interaction of domestic and international markets. The prevalence and persistence of corruption related to forests strongly suggest that no single policy intervention or practice can address all manifestations of corruption or combat all the challenges they represent. Rather, a suite of tools and approaches is needed, from which stakeholders can select and design a package meeting the specific needs of a particular country or region.

This chapter describes existing anti-corruption tools that have the potential to reduce corruption linked to forest loss. The purpose of creating this list is twofold: to highlight the broad range of areas where anti-corruption practitioners and forestry managers could be working together, and to stimulate further thought and discussion on the use of anti-corruption tools to reduce forest loss.

This chapter categorizes the anti-corruption tools which aim to halt forest loss into measures that will prevent, detect, and suppress corruption, though it should be noted that many of the tools and measures listed may be relevant in more than one category. For instance, beneficial ownership transparency is listed under detection but can also be a prevention tool. More broadly, many prevention tools can also be used to disrupt existing criminal schemes.

These tools and measures should be selected strategically in ways that can best contribute to the sustainable management of forests over the long run. Before listing the measures, some important considerations regarding the decision-making process related to the adoption of tools to prevent, detect and suppress corruption are highlighted.

4.1 CONSIDERATIONS FOR DECISION-MAKING PROCESSES

UNCAC provides a global framework to prevent, detect and counter corruption. Thus, UNCAC can inform all tools and measures adopted. The following are some overarching principles that ought to be taken into consideration when making decisions aimed at preventing, detecting or countering corruption in relation to forest loss:

- Tools and measures should be framed by sustainability: they should be selected strategically in ways that can best contribute to the sustainable management of forests over the long run.
- Tools and measures adopted should consider the risk of deforestation displacement: for post-transition countries, it is key that policies to preserve their forests do not harm forests with high ecological value in other countries or encourage overexploitation of resources in countries undergoing pre-, early- or late-transition phases. Therefore, a comprehensive analysis of the unique context in which decisions are made is crucial in achieving sustainable choices.
- Preventive tools and measures are the preferred course of action: once environmental damage is done, no amount of time served in prison by the perpetrators of corruption, or economic sanctions levied on the individuals or entities responsible for corrupt acts, can reverse it. Thus, preventing corruption is crucial for the conservation and sustainable management of forests.
- Tools and measures should be adaptable: it should be possible to update or modify them to best suit the evolving internal and external threats related to forests.
- Tools and measures should aim to address corruption at all planning levels.

4.2 PREVENTIVE MEASURES

Preventive tools and measures may be implemented by a broad range of stakeholders to impede the occurrence of corrupt acts that could lead to forest loss. Therefore, the adoption of these tools can contribute to avoiding initiation of the forest corruption cycle described in figure X. Furthermore, preventive measures can, by strengthening the processes which make up the framework of forest management planning, also reinforce the detection of corruption. In doing so, these measures help to build accountable and controllable forest management systems.

Some of the tools that can aid in preventing the corruption linked to forest loss are listed below.

4.2.1 Incorporate corruption risk management processes

It may not be clear to public organizations wishing to prevent corruption which measures would, if implemented, have the most impact. Further, risks differ between organizations, and even between different units within the same organization. For instance, the department responsible for allocating concessions or permits is likely to identify and prioritize different corruption risks to the department charged with ensuring holders comply with the terms of the concession, even though they may both be part of the same organization.

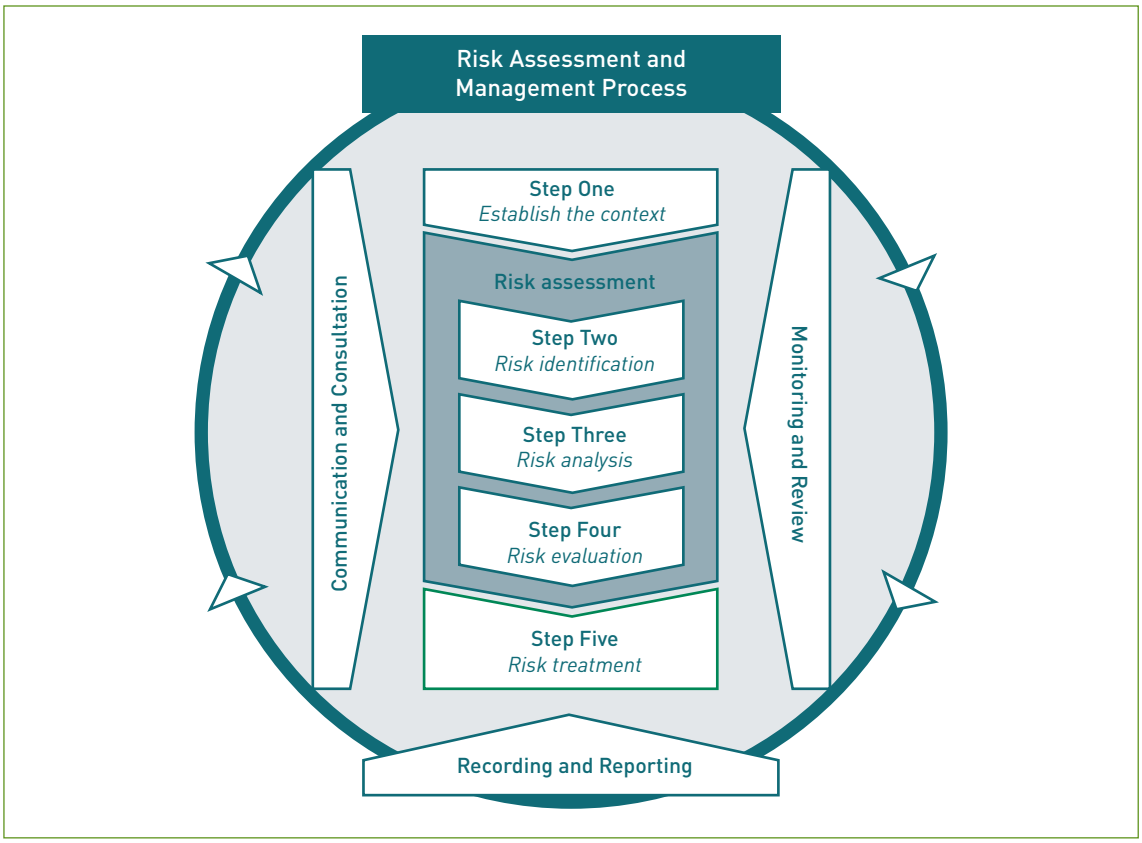
Public organizations may therefore wish to undertake a corruption risk management process. This process is a corruption prevention tool that focuses on potential corruption rather than perceived or existing corruption and allows organizations to identify, prioritize and develop mitigation strategies for corruption risks specific to their organization and requirements. The corruption risk management approach that UNODC recommends encompasses existing standards and methodologies such as the *International Standards Organization (ISO) 31000 Risk Management Principles and Guidelines*.[81] Building on the ISO standards, the recommended methodology is tailored to respond to the needs and realities of the public sector, and is designed to prevent corruption effectively and proportionately in a systematic manner by identifying a realistic list of corruption risks specific to that organization, ordering them according to their assessed risk level, and developing a set

[81] ISO, "ISO 31000:2018 - Risk management: A practical guide" (2018).

of corruption risk mitigation measures tailored to the specific context and resources of the organization. UNODC has published a guide, *State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations*, to assist public organizations in managing their corruption risks.[82]

This process also aims to gradually strengthen the organization's capacity to identify and prevent corruption risks so that it becomes an ongoing and iterative exercise embedded into its culture. The different steps of the process can be seen in figure XI.

Figure XI. The ISO 31000 Corruption Risk Assessment and Management Process



4.2.2 Nurture ethical behaviour in institutions linked to forest management

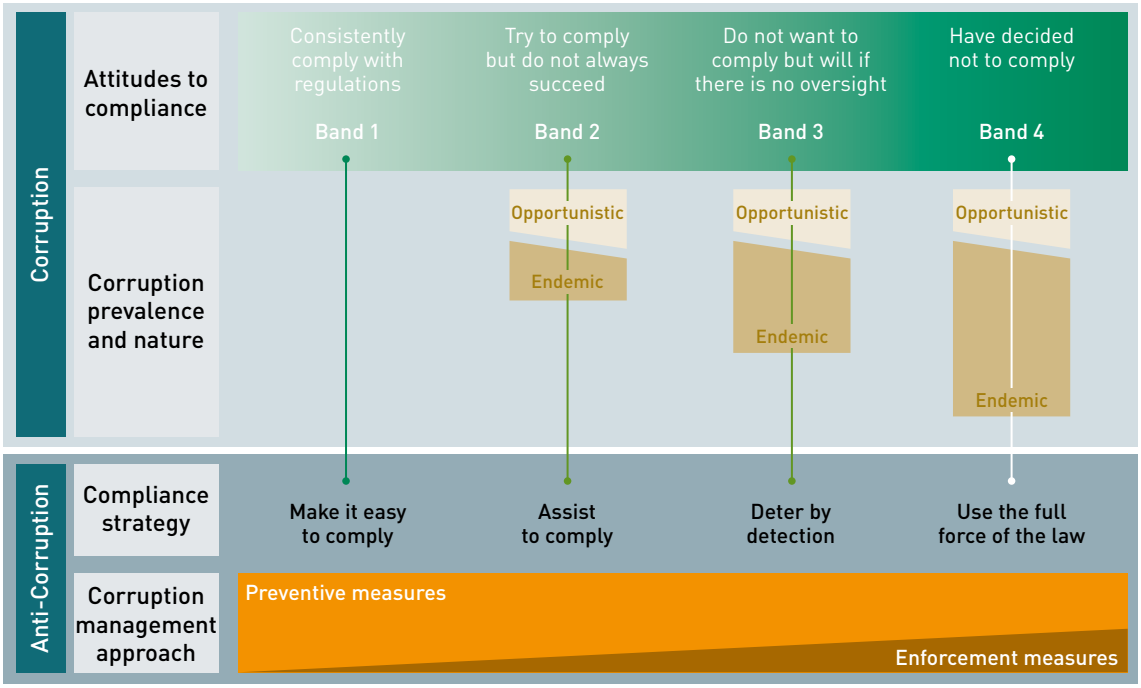
Due to the significant responsibility public officers have in the management of forests and the substantial effect that their actions can have on forests; it is vital that they act ethically when carrying out their roles. There is therefore a need for officers at all levels to demonstrate a strong commitment to ethically sound practices. Policies to strengthen integrity should not be designed on the assumption that public officers are always motivated to act ethically. Justifications and biased judgment can also blur perceptions of integrity in the eyes of public officers.[83]

Figure XII illustrates how the attitudes of individuals within public bodies can be shown to fall across a spectrum; at one end are those who are committed to consistently complying with laws, regulations, policies, procedures, and standards (Band 1), while at the other end are those that have decided not to comply with any regulations (Band 4). Officials in Band 4 are likely to be most susceptible to targeting by organized criminal groups.

[82] UNODC, *State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations* (2020).

[83] Organisation for Economic Co-operation and Development (OECD), "Behavioral Insights for Public Integrity: Harnessing the Human Factor to Counter Corruption", Public Governance Reviews (OECD Publishing, Paris, 2018).

Figure XII. Relationship between attitudes to compliance, corruption prevalence and recommended responses



Source: UNODC, UNODC, *Scaling back corruption: A guide on addressing corruption for wildlife management authorities* (2020).

Consequently, effective human resource management procedures (such as those related to recruitment, promotions, retirement, etc.) in institutions linked to forest and land management should aim to adopt measures that lead public officials to act within Band 1. This attitude to compliance is also influenced by, among other things, public officials' abilities, working conditions, and incentives. Strong and effective human resource management can lead to agencies maintaining a staff of qualified civil servants, motivated by well-designed incentive structures and good working conditions, who through their actions ultimately facilitate a strong, efficient, transparent, and accountable public sector. In this way, effective human resource management can reduce the likelihood of public officials committing acts of corruption.

Some steps that can be taken to strengthen human resource management are to:

- Guarantee job stability.
- Protect the well-being of officers while on duty.
- Provide adequate equipment and materials for officers to carry out their roles.
- Conduct transparent, merit-based recruitment.
- Implement transparent promotion, training and posting procedures.
- Make information on pay packages publicly available.
- Strengthen human resources management to ensure all public staff understand the expected standard of integrity and the repercussions of not meeting these standards.
- Create, disseminate and enforce a clear and unambiguous code of conduct.
- Make conflicts-of-interest disclosures mandatory, along with the introduction of periodic wealth and asset declarations (including the beneficial ownership of companies).
- Maintain appropriately strong disciplinary procedures.
- Promote clear guidelines for the reporting of wrongdoing, alongside the creation of robust processes to protect whistle-blowers.

- Publicize the outcomes of investigations of suspected corrupt or criminal activity.
- Provide training that includes information on the types, risks and effects of corruption in general, and in the forestry sector in particular. It should also include guidance on codes of conduct or other laws, policies, regulations, or practices that are aimed at promoting integrity, honesty and responsibility in the organization. Similarly, training on the role of forests in the community and beyond, and how it links to the duties of the public officer, can help to strengthen their commitment to their work.
- Ensure that public officers are appropriately qualified and trained in the procedures and processes of the institution, as well as educated on the importance of their tasks to the goals of the organization.

4.2.3 Enhance transparency

Resource management planning and programme implementation can be enhanced by adopting transparency measures. Transparency reduces the likelihood of corrupt behaviour as it lowers the information barrier between public officers and the public and other stakeholders.[84] For example, transparent decision-making processes and accurate information (examples include land classification or zoning records, land tenure records, land ownership registers, forest management plans, concession agreements, permits and licences, forest boundaries, quality of forest landscapes, forest inventory and productivity and growth of forests) is crucial for informing national policy decision-making, and for avoiding the adoption of contradictory decisions among the various public organizations involved.

Transparency allows not only for the public to be able to assess if decisions taken by public organizations regarding forests observe scientific evidence and recommendations, but also allows organizations to efficiently fulfil their mandates. Furthermore, transparency inhibits the ability of corrupt officials to use the ignorance of data managed by other public organizations as a shield for their corrupt behaviour. Measures that can improve transparency in forest management and land administration include:

- Implementing a centralized online platform for accessing data and information, which allows for data managed by the various public organizations mandated in the supervision, sustainable use or conservation of forests to be standardized.
- Publishing clear, detailed maps with marked boundaries and land classifications (ideally with GPS coordinates), which are linked to the land registry system and available to all.
- Establishing a One Map policy, which aims to standardize and unify spatial data across all relevant categories of land to create a base map for all agencies to use, and which makes spatial data free and readily accessible for citizens. It will contribute to reducing land tenure insecurity, provide a robust, transparent, and accessible dispute resolution mechanism, and ensure that property boundaries and rights are recognizable and definable.
- Establishing a registry of concessions, licences, and permits to ensure that the data related to the awarding of these contracts is free and available to the public.

When reforming land management processes, anti-corruption tools should be incorporated to prevent rent-seeking. An example from Colombia summarized in box 11 highlights the reinforcing nature of conducting a corruption risk management process when implementing policies to manage land with transparency.

[84] UNODC, "Module 6: Detecting and investigating Corruption - Transparency as a precondition", Module Series on Anti-Corruption.

Box 11. Colombia's Multipurpose Cadastre system

The Multipurpose Cadastre (MC) system is a tool which aims to provide complete, updated, and reliable information on the country's land ownership and status, including protected areas and environmentally strategic zones. Its implementation serves multiple purposes; aimed at achieving more significant equity, better mapping of land, its uses and conditions, and providing input for national and local decision-making processes.

Several public entities are responsible for ensuring its proper implementation and operation. Colombian authorities have been working with the UNODC Regional Office in Colombia to identify potential corruption risks, in order to make the land registry effective. Among the corruption risks identified in this process are, for example:

- Unlawfully modifying physical or legal characteristics of properties for private benefit.
- Manipulating the registry to register properties with irregular characteristics.
- Profiting or obtaining undue rents by taking advantage of the vulnerability of populations that require this service.

Assessing corruption risks within the process of implementing the MC system is essential in developing risk mitigation strategies and preventing corruption from materializing.

Source: UNODC ROCOL Project, "Strengthening the Environmental Rule of Law in Colombia, Pillar 2, Anticorruption component in its phase 1 (2021-2022)" supported by the United Kingdom.

4.2.4 Strengthen due diligence processes

Establishing sustainable supply chains for all forest-risk commodities is vital if the goal of zero illegal deforestation is to be achieved. In this regard, several countries are designing and introducing more robust due diligence legislation to ensure their supply chains meet sustainability requirements and highlight the responsibility of current deforestation trends and corrupt activities linked to companies sourcing forest-risk commodities. Such legislation, mainly implemented by post-transition countries, aims to reinforce the requirements that importing companies must meet to ensure that forest-risk commodities such as palm oil, meat, soy, cocoa, maize, timber, rubber, cotton, coffee, sugar cane, rapeseed and mangrove-farmed shrimps are sustainably (and legally) obtained. This legislation aims to compel companies to incorporate stronger control measures, which would exclude suppliers who cannot prove the legal origin of the products, who source commodities through acts of corruption or who do not keep records of their suppliers and customers.

Robust due diligence rules mean that companies must ensure that all relevant legislation and requirements including those related to anti-corruption, have been followed not only for all products they directly use but also in many cases for their suppliers further down the supply chain. Anti-corruption legislation has been adopted in almost all countries in the world, and to date, 189 countries are party to the UNCAC, which implicitly fosters the rejection of any acts of corruption that might be used to allow for the production, transport, or laundering of forest-risk commodities.

As depicted in box 12, the United Kingdom of Great Britain and Northern Ireland and the European Union, whose forests are in a post-transition phase, have called upon companies to exert control over their supply chains. The aim of formalizing due diligence regulations into legislation is that this will contribute to systemic improvement, prevent further destruction of the world's forests and will by implication deter the corrupt practices that enable forest loss.

Box 12. Forest Risk Commodity legislation in the United Kingdom and European Union

The United Kingdom introduced due diligence legislation through the Environment Act 2021 to prevent materials and resources produced as a result of illegal destruction or degradation of forests or ecosystems (often made possible through corrupt acts) from being inserted into United Kingdom supply chains. The Act also supports other countries to strengthen and enforce their forest protection measures. This legislation:

- Makes it illegal for larger companies operating in the United Kingdom to use forest risk commodities produced in land illegally occupied or used.
- Requires those companies to undertake due diligence to identify any warning signs of illegal deforestation in their supply chains.
- Requires companies to report and publish information about their due diligence exercises annually.
- Punishes businesses that do not comply with these requirements with fines and other civil sanctions.

Additionally, in December 2022, a provisional political agreement was reached between the European Parliament and the Council of the European Union on a European Union Regulation on deforestation-free supply chains. The regulation will require companies seeking to import applicable goods into the European Union to prove that their products are both deforestation-free (i.e., produced on land that was not subject to deforestation after 31 December 2020) and legal (i.e., compliant with all relevant applicable laws in force in the country of production). It is hoped that this Regulation, expected to be formally adopted in 2023, will make it increasingly difficult for commodities linked to corruption to be exported into the European Union market.

Similarly, in March 2017 Act no. 2017-399 on the duty of vigilance of parent companies and instructing undertakings was enacted in France as part of the regulatory framework for corporate social responsibility in the country. These measures oblige joint-stock companies that have at least 5,000 employees in France or 10,000 worldwide, either directly or in their subsidiaries, to better control risks of all kinds associated with their subcontracted supply chain.

Sources:

- Department for Environment Food & Rural Affairs UK, *Summary of responses and government response (June 2022)* and *Implementing due diligence on forest risk commodities–Consultation document* (December 2021).
- European Commission, *Green Deal: EU agrees law to fight global deforestation and forest degradation driven by EU production and consumption*, (December 2022).
- Taylor, K., "EU agrees new law to kick deforestation out of supply chains", (EURACTIV, December 2022).
- Odile Roussel, "Paving the Way: The Pioneering Role of the French Duty of Vigilance Law and its Relevance for EU-Level Mandatory Due Diligence", (Business & Human Rights Resource Centre, 18 December 2020).

A consequence of the increase in mandatory due diligence is that more source countries are adopting different traceability mechanisms that allow for the collection of information at each stage of the production chain, from the moment a product moves from its original raw material extraction until it reaches the final customer in its fully processed form. An example of this is the importing of timber; importers increasingly look not only at the legality of the timber species itself but also carry out checks related to other points in the production chain such as verifying the logging location and checking current regulations for that area or verifying that the exporting company has obtained the required permits and that these were obtained without acts of corruption.

Enforcing legislation requiring the sourcing of sustainable forest-risk commodities necessitates that the due diligence processes of importers are of adequate robustness, a requirement that forces lax importers raise their standards. As a consequence of this rise in due diligence standards of importers, partners in source countries will also be pushed to do the same. The case in box 13 demonstrates how a court in an importing country can impact and deter illegal timber trade far beyond its borders.

Box 13. Dutch Court condemns importer of teak timber from Myanmar for not properly conducting due diligence and insufficiently considering corruption risks

In 2018, a Dutch court condemned an importer of teak from Myanmar, based in the Kingdom of the Netherlands, for not conducting the required due diligence checks for legal timber sourcing as required by the European Union Timber Regulation. The Kingdom of the Netherlands is a major importer of teak from Myanmar, using the timber to create the decks of luxury yachts that are built in Dutch dockyards.

The Court of The Hague adjudicated that the Dutch importer in question, who shipped 19,680m³ of teak from Myanmar to the Kingdom of the Netherlands, had not secured the required import and due diligence documents before commencing the shipment. It was also deemed by the Court that the importer should have conducted and documented a corruption risk analysis for the shipment, as it was the opinion of the court that the forestry sector in Myanmar should be considered a high corruption risk. Furthermore, the court also learned that the timber was bought from a region in Myanmar where logging had previously been banned by the national authorities. It was also noted that in 2014, Dutch authorities had previously warned the same importer that it was failing to carry out the due diligence checks required for the legal sourcing of timber.

Source: Court of The Hague, case No. SGR 18/4289, 10 July 2018, available at https://uitspraken.rechtspraak.nl/inziendocument?id=ECLI:NL:RBDHA:2018:8196

Similarly, box 14 demonstrates how import controls stemming from a bilateral trade agreement can serve to prevent corruptly obtained wood from reaching consumers.

Box 14. Import controls to deter illegal logging

The United States-Peru Trade Promotion Agreement (PTPA), which entered into force in 2009, contains an enforceable Environment Chapter and Forest Annex which includes a requirement for Peru to conduct audits of certain timber producers and exporters to be compliant with the conditions of the agreement. Upon request from the United States, officials must provide verification of shipments of wood products. This clause allows the United States to ban all products whose origin is not legitimate or cannot be determined.

In 2015, a shipment on board the vessel *Yaku Kallpa* departed from Peru, destined for the United States. Before it departed, a public prosecutor attempted to seize 15 per cent of its cargo (approximately 1,200m3 of wood) that investigators had proven was of illegal origin. The prosecutor failed in this attempt; however by the time the boat reached Mexico, investigators had established that 96 per cent of the cargo was not of legal origin.

Authorities overseeing the compliance with the PTPA requested Peru to verify the shipment's legal origin, which belonged to Oroza, a logging company. The Peruvian Government could not demonstrate to the authorities' satisfaction that Oroza was compliant with the PTPA requirements for the harvest of and trade in timber products to the United States. As a result, in 2017, the United States took the unprecedented step of denying the entry of timber products and exports from Oroza. In October 2020, this restriction was fully ratified.

Oroza was censured for having laundered its timber exports through corrupt practices that allowed them to obtain false certificates. While the company had presented the illegal timber to authorities in the exporting port with the required certificates (complete with authentic signatures from the relevant authorities), the information contained in the certificates did not match with what was contained in the shipment.

The implementation of this annex subsequently catalysed meaningful reforms in Peru's forestry sector, including the implementation of more robust traceability mechanisms. In 2019, the Peruvian Government adopted a resolution to establish technical guidelines for tracing wood forest resources from origin to destination at every step of the value chain, with the aim of minimizing the opportunities for corrupt practices to take place.

Sources:

- Office of the United States Trade Representative, "USTR Announces Enforcement Action to Block Illegal Timber Imports from Peru", 19 October 2020.
- Ministry of Agrarian Development and Irrigation of Peru, "SERFOR publishes document establishing timber traceability mechanism", Press release, 02 November 2019, available at www.gob.pe/institucion/midagri/noticias/65942-serfor-publica-documento-que-establece-mecanismo-de-trazabilidad-de-la-madera.

4.2.5 Safeguard public participation and education

Governments should adopt and implement effective legal frameworks that encourage and safeguard open and inclusive citizen participation in decision-making processes related to forestry. It is vital that for any forest management process to be truly representative, members of the public must be able to provide their input, preferences and complaints regarding the management of their country's forests. This input should be considered when adopting policies, regulations or processes at any level.

Forums dedicated to consultations among stakeholders on issues related to forestry are encouraged to prevent the occurrence of corruption. It is particularly important to safeguard the participation of Indigenous Peoples, who are often the primary and original guardians of forests. Representing and considering all interests in the decision-making process can increase transparency while reducing opportunities for corruption to occur and preventing future conflict. All information related to the decision-making process should of course be made available in Indigenous and national languages.

Technology can also become a tool to foster public participation. For example, the forestry sector can implement tools that allow citizens to monitor their operations via an online portal or app. Box 15 depicts such a case, in which an application developed by a national authority has allowed for broader public participation while indirectly narrowing the room for corrupt acts to occur.

Box 15. Romania's timber tracking system SUMAL 2.0

SUMAL 2.0 is an application developed by the Ministry of the Environment, Water, and Forests in Romania that aims to improve the traceability of wood and discourage illegal logging. In its previous versions it only allowed citizens to check the legality of every timber load based on the information provided by the application and to call to an emergency number if the timber transportation was not registered in SUMAL; however the latest version, launched in 2021, enables citizens to also track wood from the point of origin to the point of delivery. The number of data verifications carried out by citizens was over 1.9 million in 2022.

Source: Ministry of Environment, Water and Forest of Romania, "Doi ani de SUMAL 2.0 (Two years of SUMAL 2.0)", social media post, 31 January 2023, available at Facebook: https://www.facebook.com/Mediu.Romania/posts/pfbid0C1ep4TGeV39NVeV6wFEXip9WygL1Lq2yF2iSgE3ewwRczBzuuFifKx8vp9utckzPl ()

Synergies between public entities and civil society can also foster transparency and prevent corrupt acts from occurring. For example, the Tanzania Forestry Service Agency and the NGO TRAFFIC East Africa have developed together an electronic timber tracking system that has improved transparency along the transport chain of forest products and increased revenue collected in Tanzania.[85] Other multi-stakeholder initiatives, like the Extractive Industries Transparency Initiative (EITI), incorporate programmes designed to improve supply chain transparency for agricultural commodities such as soy, palm oil, timber, beef, pulp and paper, and coffee, alongside others.[86]

In addition to the measures mentioned above, public entities, including forest and land management authorities at the national and local level as well as consumers of forest products, should be educated on the corruption risks that lead to forest loss. Such education should include recognizing corruption risks and what to do if and when risks are encountered. Action that could be undertaken includes introducing behavioural insight training and ethical dilemma modules into the forest, agriculture, land management, and other relevant authorities and mainstreaming anti-corruption training and education modules into the training curricula of these authorities.

[85] Allen Mgaza, "Tracking the trade: increasing efficiency and transparency in Tanzania's timber sector" (TRAFFIC East Africa, 2022).

[86] See www.eiti.org.

4.2.6 Engage financial institutions

The economic activities identified as drivers of deforestation (see figure VI) are rarely self-financed. An indicative number is that in 2022 a total of USD 6.1 trillion went from banks to the 350 companies most at risk for driving tropical deforestation.[87] Therefore, engaging the financial sector can be crucial to reducing forest loss and developing sustainable forest-use behaviours. Limiting or removing access to financing for the industries fuelling deforestation can prevent corruption, as without access to the licit financial system corrupt public officials and businesses find it more difficult to launder or hide the illicit proceeds of corruption. Similarly, without access to sources of finance, companies seeking to engage in corruption may not have access to the funds necessary to pay bribes or exert undue influence.

In recent years, the financial sector has begun to prioritize the promotion of environmental sustainability within its investments and among its customers. As a result, several international voluntary agreements and risk management frameworks focused on environmental sustainability for the finance sector have been adopted.[88] These frameworks aim to stimulate the direction of capital towards environmentally sustainable economic growth. However, their voluntary approach alongside the slow pace of adoption and implementation are among the most substantial limitations of these frameworks. Therefore, it is recommended to adopt and implement legislation or regulations that contribute to halting financial institutions from funding forest loss. Currently, due diligence legislation in France is being tested, which will provide more clarity on the effectiveness of this type of legislation.[89]

Similarly, there are several initiatives aimed at increasing transparency by providing detailed information to the public on the financial entities involved in the trade of forest-risk commodities.[90] These initiatives can facilitate improvements in investors' decisions regarding responsible production, sourcing, trading, and investments, as well as strengthening monitoring and enforcement efforts carried out by public authorities and consumers. Furthermore, these initiatives are underpinned by recent regulations, like the European Union Corporate Sustainability Reporting Directive (CSRD) that entered into force in 2023. This regulation requires companies, including financial institutions, to disclose information on the impact their activities have on the people and the environment. It is hoped that with this information, financial institutions will be able to take more informed investment decisions, and consumers will be more aware of any involvement by their financial entities in the trade of forest-risk commodities.[91]

4.3 DETECTION MEASURES

Corruption cannot be detected without access to transparent and accurate information, and organizations charged with oversight, whether these are public or CSOs, cannot determine what activity is legal and what is not without access to the necessary information. Without processes that are transparent and available to scrutiny by third parties, and without access to truthful and accurate government information, corruption is likely to flourish. Therefore, the effective implementation of the measures listed in this section should go hand in hand with measures designed to enhance transparency.

[87] Forest 500, "2023: A watershed year for action on deforestation - Annual report 2023" (Global Canopy, 2023).

[88] Such as the European Union Taxonomy for Sustainable Activities and the United Nations Principles for Responsible Investing (UN-PRI).

[89] Reference to the French Act no. 2017-399 on the duty of vigilance of parent companies. There is an ongoing case against the financial institution BNP Paribas at the time of writing of this paper. Source: Rosemain, M. "French bank BNP Paribas sued by NGOs over Amazon deforestation link", Reuters, 27 February 2023.

[90] See, for example, https://trase.finance/

[91] European Commission, "Corporate sustainability reporting".

4.3.1 Identify red flags

It is vital that stakeholders involved in the management of forests are able to identify red flags which point to areas in which the decisions and actions related to the management of forests may not be compliant with relevant policies, laws, plans, procedures and processes. A good way to implement this is a red flag checklist. Red flag checklists will vary according to the planning level in question.

4.3.2 Track forest loss

Corrupt behaviours can be detected only when information is available. One such approach is the National Forest Monitoring Systems (NFMS) which provides vital and reliable information regarding forest resources and forest use. Using such systems, spatial data on deforestation and afforestation/reforestation can be collected using satellite data, and changes can be monitored through a satellite-based land cover change monitoring system.[92]

CSOs, NGOs, communities, and the private sector should collaborate to assist governments in detecting illegal deforestation activities and related corrupt activities. For example, Independent Forest Monitoring (IFM) is a powerful tool through which non-governmental entities can support the monitoring and strengthening of legal compliance related to forestry. As long as they have access to relevant data and information, IFM tools can be used to track activities at risk of corruption, from the allocation and management of concessions to the trade of forest-risk products. While IFM efforts have previously been largely focused on logging concessions and protected areas,[93] recent international and local civil society IFM initiatives have made efforts to monitor other governance indicators such as respect for forest communities, protection of Indigenous rights, and issues related to transparency and accountability, among others.[94]

IFM can also increase the likelihood that corrupt acts will be detected through oversight and timely monitoring of the management of forest resources. IFM by NGOs can detect and document illegal activities and promote stronger compliance in the forest sector, and these reports provide useful information for stakeholders and forest management agencies seeking to reduce the impact of corruption on their activities. Furthermore, the increased monitoring and detection provided by IFM can act as a deterrent to dissuade potential corrupt acts from occurring in the future. IFM can also mitigate corruption risks by highlighting vulnerable areas within existing processes and procedures, which authorities can then treat and rectify.

4.3.3 Ensure compliance

It is vital that mechanisms are in place which allow public officers and citizens to monitor the level of consistency between the aims of forest management plans and what is taking place in reality. Being able to access and contrast such information can help stakeholders identify where discrepancies exist between proposed aims and actual outcomes, and therefore where further investigation is needed. To allow for monitoring, internal tools such as audits can play a substantial role in detecting corruption, as they allow for suspicious activity to be reported and offer a snapshot of how policies and procedures are functioning.[95] Prerequisites for effective auditing are the independence of the auditors, and access to all requested information without barriers or delay.

[92] FAO, "National Forest Monitoring".

[93] FERN, *Independent Forest Monitoring: a chance for improved governance in VPA countries? Lessons Learned from Cameroon, Ghana, Liberia, and the Republic of the Congo* (2017).

[94] D. Brack and C. Leger, "Exploring credibility gaps in Voluntary Partnership Agreements: A review of independent monitoring initiatives and lessons to learn" (2013). See also M. Valleé and others, "Independent Forest Monitoring in The Congo Basin: Taking Stock and Thinking Ahead", *World Resources Institute Working Paper* (2022).

[95] UNODC, "Module 6: Detecting and Investigating Corruption - Detection mechanisms: auditing and reporting", Module Series on Anti-Corruption.

4.3.4 Improve transparency of beneficial ownership

Transparency of beneficial ownership[96] of private entities is vital since without it, corrupt actors can conceal their involvement in illegal forest-related schemes by, for instance, registering their operations in jurisdictions with very strict corporate privacy laws (so-called secrecy jurisdictions), or by carrying out their business through shell companies owned by friends or family or through the use of nominees or proxies.

Aiming to address the challenges that identifying beneficial ownership represents, article 12 of UNCAC requires States parties to take measures to "prevent corruption involving the private sector, (…) by inter alia (…) promoting transparency among them, including by adopting measures regarding the identity of legal and natural persons involved in the establishment and management of corporate entities." Effective measures that governments can adopt include the introduction of mandatory public and easily accessible company registries, enable that financial institutions and banks can collect beneficial ownership information and allow access to it, and enhancing national and transnational investigative capacity.[97] Further guidance can be found in Recommendations 24 and 25 of the Financial Action Task Force (FATF)[98] as well as in the work of the Stolen Asset Recovery (StAR) initiative.[99]

4.3.5 Follow the money

Rent-seeking behaviours fuel corruption and forest loss. Tracing the proceeds generated by these behaviours can not only enable the identification of bribe-takers and bribe-givers, but can also establish criminal routes, unveil criminal structures, and ensure that laws are enforced upon low-level officers and those in positions of significant power.

Financial institutions may also be able to detect corruption which fuels forest loss by strengthening protocols such as Customer Due Diligence and Know Your Customer (KYC). These protocols are already employed to target terrorism financing and corruption, but adopting similar protocols to identify illegal flows of money derived from forest loss could facilitate the work of the agencies tasked with detecting money-laundering associated with illegality in the forest sector. Such protocols, if enacted within the forestry industry, could also allow financial institutions to identify and disassociate themselves from companies linked to illegal deforestation.

Understanding how profits from corruption and forest loss are obtained and where they go is also vital for the investigation, prosecution and sanctioning of corrupt actors. Furthermore, this information is essential for the recovery of stolen or misappropriated assets. When tracing the money, national Financial Intelligence Units (FIUs) may play a crucial role, as they receive, analyse and transmit reports of suspicions identified and filed by the private sector. FIUs, therefore, function as an intermediary between private entities subject to Anti-Money-Laundering/Combating the Financing of Terrorism obligations, and law enforcement agencies.[100] Due to the transnational and multi-jurisdictional nature of forest-related corruption and crime, it is also vital that FIUs have the means and ability to cooperate and coordinate with other regional and international units.

Public prosecution agencies should aim to use the information provided by FIUs to initiate and guide investigations directed at entire criminal structures, rather than low-level criminals. This approach can, if resourced and supported adequately, enable the disruption of the underlying criminal organizations rather than simply punishing low-ranking criminals while the high-ranking drivers of the criminal enterprises and

[96] The Financial Action Task Force (FATF) *Guidance on transparency and beneficial ownership*, (2014) defines a beneficial owner as "the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement." Additionally, the Stolen Asset Recovery Initiative of the World Bank and UNODC document *The puppet masters: How the corrupt use legal structures to hide stolen assets and what to do about it* (2011) emphasizes that beneficial ownership should be understood as a material, substantive concept referring to the de facto control over a corporate vehicle, and not a purely legal definition.

[97] Stolen Asset Recovery Initiative of the World Bank and UNODC, *The puppet masters: How the corrupt use legal structures to hide stolen assets and what to do about it* (2011).

[98] FATF, "International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation" (Paris, 2012–2022).

[99] See https://star.worldbank.org.

[100] Council of Europe, Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, "Financial Intelligence Units".

their associated beneficiaries remain free to continue their illicit activities. Financial information from FIUs also allows prosecution services to secure warrants, undertake seizes of illegal funds and products and recover stolen assets nationally and internationally.

4.3.6 Strengthen public reporting

Citizens are instrumental in the reporting of corruption and, to encourage this, many governments have developed more direct ways for the public to create and deliver such reports. Reporting mechanisms become even more relevant when corruption happens in remote areas. As an example, the Pará State Prosecutor's Office in Brazil has organized public hearings to address allegations of irregularities related to the management of land and other forest-related issues.[101] This forum can allow citizens to easily report acts of corruption linked to forests and their management while allowing the prosecutor's office to more speedily retrieve information that can be later used for criminal investigations. Similarly, facilitating access to judicial and administrative mechanisms for Indigenous Peoples and vulnerable groups (alongside guidance on how to comprehend the often-complex information related to these mechanisms) can enable the public to better recognize, and therefore encourage them to report, instances of corruption.

Other measures that can be adopted to strengthen public reporting include the creation of communication channels between enforcement bodies and community and media channels. For example, some countries have established hotlines or other reporting mechanisms such as dedicated websites, SMS reporting, and smart-phone applications for citizens to report suspected corruption, some of which can be done anonymously.[102] The more prevalent and well-known a reporting mechanism is, the more effective it will be as a detection measure.

Further measures that could be adopted include the strengthening of national legislation and establishment of accessible whistle-blower reporting systems, the provision of rewards for any reporting which leads to a conviction or the recovery of assets, or the creation of more efficient channels for anonymous reporting, among others.[103] The *UNODC Resource Guide on Good Practices in the Protection of Reporting Persons* provides further guidance for countries on this topic.[104]

Additionally, the role of investigative journalists cannot be overlooked in the fight against corruption linked to forest loss, as their work is one of the most effective means of exposing corruption at a local or national level. Governments should make sure that investigative journalists' sources can be protected, that the mechanisms for accessing public information are not denied to them, and that their freedom of expression will not be restricted by any means.[105] It is also of vital importance to provide, where necessary, protection for investigative journalists from retaliation by corrupt actors.

4.4 SUPPRESSION MEASURES

Even if every preventive measure suggested in this chapter were to be implemented, decisions that ignore sustainability requirements and cater to the personal interests of decision makers would still be made and acted upon, and efforts to accumulate illicit profits through corrupt actions would still be made by unscrupulous individuals. Therefore, alongside preventive anti-corruption measures, a strong and reactive enforcement apparatus is required which can enable governments to respond when preventive measures have failed, or when monitoring leads to the detection of corrupt acts. The following represents a selection of the corruption suppression measures that could be adopted:

[101] For example, the Public Prosecutors' Office of the State of Pará held a public hearing to discuss carbon credit projects in February 2023.

[102] UNODC, "Module 6: Detecting and Investigating Corruption - Detection mechanisms: auditing and reporting", Module Series on Anti-Corruption.

[103] UNODC, *Preventing and combating corruption as it relates to crimes that have an impact on the environment: An overview* (Vienna, 2021).

[104] UNODC, *Resource Guide on Good Practices in the Protection of Reporting Persons* (Vienna, 2015).

[105] UNODC, *Reporting on Corruption: A Resource Tool for Governments and Journalists* (Vienna, 2013).

4.4.1 Institute internal disciplinary policies and practices

Public agencies linked to the management of forests should have in place effective internal corruption investigation and resolution processes, and if these processes are not in place agencies should be actively developing them. This is because such processes are crucial in deterring, reporting, and resolving corruption cases, as well as for creating an environment in which employees and stakeholders are confident that their reports of corrupt behaviour will be investigated.

When corruption or suspected corruption is reported but no investigative action is taken, employees and stakeholders may eventually stop reporting similar issues. Ineffective internal corruption investigation mechanisms can encourage corrupt behaviour, as employees and stakeholders will eventually come to realize that even if they are caught committing a corrupt act, the repercussions will probably be minimal or non-existent. It is also vital to ensure that all internal investigations are carried out in a transparent, objective, and (where appropriate) visible manner, as internal investigation mechanisms which are not objective are open to abuse and can be used by officers as a tool to threaten or intimidate potential whistle-blowers.

Those responsible for developing internal investigation policies must also ensure that all staff are made aware of and trained in the policy and its procedures, and understand how it impacts their roles, responsibilities and rights. An effective internal investigation process identifies the perpetrators of corrupt acts and recommends the action to be taken against them, but is also a preventive tool as it identifies vulnerabilities that were exploited successfully, highlighting them to enable agency management to take steps to prevent the reoccurrence of the corrupt act. Its value as a deterrent is also significant; employees and stakeholders will be more hesitant to engage in corrupt behaviour if they know that appropriate and proportionate disciplinary or legal action will be taken against them if they are caught.

4.4.2 Adopt proportionate sanctions

Criminal sanctions may not be sufficient to suppress corruption linked to forest loss and to compensate for the damages it causes. The condemnation of corrupt practices must be translated into all relevant fields of law; private law, tax law, competition law, administrative law, the law of contracts, the law of torts, and the law of dispute resolution all have to contribute to a consistent response to corrupt practices.[106] As a consequence, it is recommended that national legislation is enacted to ensure that the internal and external actors participating in the corrupt transaction, including legal persons,[107] receive proportionate sanctions in all relevant spheres of governance. For example, article 34 of UNCAC advises States parties to, among others, consider annulling or rescinding a contract or withdrawing a concession as a possible remedial action.

As explained in chapter I, most forest land is publicly owned, which means that when corruption enables the degradation or destruction of these forests it deprives the public of what is rightfully theirs. Therefore, where legislation allows, judges should, in addition to determining the responsibility of someone in a corruption scheme, also establish a monetary compensation value for the damage caused to citizens. Similarly, investigative and prosecutorial agencies should build their capacity to assess and formalize the many ways in which financial damages related to forest degradation or destruction might manifest themselves. For example, financial damages may include the financial value of the loss of ecosystem services, the cost to the public purse of reforestation, or the costs of offsetting carbon emissions, among others.

[106] UNODC, *Technical guide to the United Nations Convention against Corruption* (2009).

[107] UNODC, *United Nations Convention against Corruption*, article 26 (2004).

From a financial perspective, prosecutorial and investigative agencies would benefit from an analysis of any legal precedents and existing valuation methods to develop expert guidance on this type of valuation. In countries where forest loss is a major issue, training a team of experts to provide expert testimony as to the extent and consequences of this damage would be helpful, both in terms of helping judges determine damages and in the determination of appropriate sentences. Box 16 gives an example of the financial damages awarded in an extrajudicial settlement related to illegal forest loss. Disagreements will always exist on whether damages awarded in such cases are insufficient, correct, or exaggerated and therefore it is vital to develop formal guidelines for law enforcement agencies on how to address this matter more effectively.

Box 16. Compensation for damage to forests in Brazil

Between 1981 and 1987, a logging company owned by the influential Cameli family of Brazil engaged in the destruction of mahogany and cedar trees in the Amazon. The land that was deforested was occupied by the Ashaninka Indigenous community, whose territory was officially recognized and registered by the Federal Government in 1992.

In 1996, the Federal Public Ministry (MPF) brought a Public Civil Action suit against lumber companies owned by the Camelis. At the time, the governor of Acre State, in which the Ashaninka land was located, was Orleir Cameli, in power from 1994 to 1998 (his nephew is the current governor). In 2020, after more than two decades in court, an extrajudicial settlement between the MPF and the lumber companies owned by the Cameli family reached a compensation of USD 3 million and an official apology in favour of Brazil's Ashaninka people.

At the time, this amount represented one of the largest guaranteed settlements awarded to an Indigenous community by a Brazilian court. As stipulated in the compensation payment terms, it was required that the funds be applied to projects "in defense of the community itself, the Amazon, the indigenous peoples and the peoples of the forest".

Source: Ministério Público Federal (Brazil), "Case No. 001/2020CCAF/CGU/JRP-RCM", 30 March 2020, available at http://www.mpf.mp.br/pgr/documentos/documentoassinado.pdf.

4.4.3 Encourage intra- and inter-agency coordination

A challenge encountered by law enforcement organizations is how best to structure coordination between their branches. For example, a prosecutor's office might have a department specialized in environmental crimes and another specialized in corruption cases, but if these two departments do not have clear channels of communication, or if the culture within the agency is one of competition or secrecy between departments rather than collaboration, then corruption cases related to forests may go unpunished. Therefore, such organizations need clear guidelines on how to coordinate between different areas of specialization, how to avoid duplication of work, and how to foster a work environment in which information-sharing is promoted.

Similarly, another challenge faced by public agencies is how best to promote coordination between law enforcement and the different government organizations mandated to adopt, implement and/or monitor forest-related policies. Sharing information is key for the success of investigations in cases that link forest loss and corruption, and when done well it can enable each agency to focus on its area of specialization or competitive advantage. This can be achieved by establishing and maintaining working relationships between various relevant agencies.

Experience from enforcement responses to other crime types shows that different models can be used to improve coordination between the authorities and ensure that acts of corruption and economic crimes are investigated and prosecuted alongside other types of crime. These include the establishment of an inter-agency coordination mechanism to, among other objectives, facilitate the sharing of intelligence and technical expertise and the referral of cases between investigative agencies; the creation of ad hoc, multi-agency task teams to investigate and prosecute specific cases; and the formation of a permanent multi-agency task force mandated to focus on corruption and economic crime linked to the forestry sector.

4.4.4 Develop tailored investigative techniques

The lack of capacity and available resources required to investigate and prosecute corruption linked to forest loss is yet another challenge law enforcement agencies face. Targeted capacity-building initiatives for law enforcement officials would raise awareness among them on the key role they play in deterring forest loss, enhance their capacities and capabilities, and increase the chances of successful investigation, prosecution and adjudication of criminal cases. Training topics could include, for example, how to identify money-laundering and financial flows related to forest loss, or the legal requirements for the gathering and presenting of evidence to ensure the highest chance of successful prosecutions. Investigators and prosecutors carrying out asset recovery investigations on behalf of forest management agencies may also benefit from specialized training on the issues that drive forest loss.

4.4.5 Address foreign bribery

The adoption and enforcement of legislation on foreign bribery based on articles 15, 16, and 21 of the UNCAC can strengthen law enforcement efforts.[108] Companies from post-transition countries may engage in the bribery of public officials in pre-, early- and late-transition countries to secure advantages such as the awarding of an oil, mining, or gas concession on forested land, or an operating licence to clear protected forest for cattle grazing. The Organisation for Economic Co-operation and Development (OECD) has identified that among the industries most affected by foreign bribery are those linked to natural resources exploitation.[109] Therefore, it is vital that countries in the post-transition phase, which are also the countries with the largest number of companies involved in foreign investment, adopt and enforce effective legislation on foreign bribery.

4.4.6 Foster international cooperation

Successful international cooperation is vital for there to be any chance of pushing back against the loss of forests caused by corruption. The UNCAC offers a strong framework for States to engage in international cooperation at both the informal and formal levels. Chapter IV of the Convention contains detailed provisions on the main modalities of international cooperation in criminal matters, such as extradition, mutual legal assistance, and the transfer of sentenced persons.

Equally, UNCAC provides a framework for law enforcement cooperation, joint investigations, and special investigative techniques. Moreover, the Global Operational Network of Anti-Corruption Law Enforcement Authorities (GlobE Network) offers a platform for information exchange between front-line anti-corruption law enforcement practitioners in all countries across the globe.[110]

Chapter V of UNCAC provides a framework for international asset recovery that countries can use as a guide when developing (or assessing the strength of) their asset recovery legislation. If the proceeds of illegal forest loss enabled by corruption have been transferred outside the origin country, the joint World Bank-UNODC Stolen Asset Recovery (StAR) initiative can provide technical assistance or facilitate contact with the relevant agencies in the jurisdiction to which the proceeds of corruption have been sent.

Other international mechanisms that may allow agencies to suppress corruption are those led by international organizations such as CITES. The CITES Secretariat supports efforts to combat corruption by working with CITES parties and relevant partners to promote the implementation of CITES resolution 17.6 on prohibiting, preventing, detecting, and countering corruption, which facilitates activities conducted in violation of the Convention.[111]

[108] UNCAC article 15: Bribery of national public officials; article 16: Bribery of foreign public officials and officials of public international organizations; article 21: Bribery in the private sector.

[109] OECD, "Natural Resources", *OECD Anti-Corruption and Integrity Hub*.

[110] For more information, visit https://globenetwork.unodc.org.

[111] Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Prohibiting, preventing, detecting and countering corruption, which facilitates activities conducted in violation of the Convention, Resolution Conference 17.6 (2019).

Chapter 5.

KEY CONSIDERATIONS

The link between corruption and forest loss is complex. Nonetheless, it can be clearly demonstrated that corruption acts as a barrier to safeguarding and sustainably managing forests. The issue of corruption as a facilitator of forest loss can therefore not be ignored.

Corruption robs the state and its citizens of the benefits that can come from responsible and controlled forest management and utilization, while simultaneously undermining legitimate business and the rule of law. Rather than benefiting the many communities and citizens for whom such funds could mean substantial increases in their quality of life, profits resulting from the production of and trade in forest-risk commodities may instead be diverted to the pockets of a few corrupt government officials or private businesses. Additionally, without the environmental and climate-regulation services of forests, life on Earth will face significant threat.

Table 7 highlights information to consider when aiming to address the link between corruption and forest loss.

Table 7. Key considerations when addressing the link between corruption and forest loss

WHY ARE FORESTS VULNERABLE TO CORRUPTION?
• The vulnerability of forests to corruption stems from their immense value and the strong opposing forces of public and private interests seeking to realize this value. • Forests are geographically vast (leading to difficulties in oversight and enforcement), multi-stakeholder governed (leading to disagreements on rules and confusion as to who is responsible for their management), and often suffer from ineffective legislation or protections (leading to a lack of successful convictions that might act as a deterrent for future corruption). • Forest management is multifaceted and complex, leading to challenges in overseeing the actions of public officers.
WHO ARE THE ACTORS INVOLVED?
• Public officers have the power to allocate the use of forest lands or to lease the usage and control rights related to these lands to particular entities. As a result, they can make decisions based on personal, economic or political interests which can represent an **internal threat** that endangers the sustainable management and conservation of forests. Such internal threats are found at all government levels. • Private actors include the corporations that make up the industrial agriculture, mining, urban expansion and infrastructure development sectors, among others. They represent an **external threat** to forest management as they may view corruption as a valuable tool with which to achieve their business goals, for example, reducing operational costs or expanding their operations. • The poorest or most vulnerable members of society may also use corruption as a tool to obtain valuable forest resources upon which they depend on for survival, which they otherwise might be unable to access.
WHERE DOES IT TAKE PLACE?
• Corruption can take place in pre-, early, late- or post-transition countries. • The specific acts of corruption driving forest loss will vary between geographical regions and even within countries. However, a general rule applicable to forest loss worldwide is that the higher the immediate economic benefits that can be obtained from land without trees compared to the benefits of land with trees, the faster the rate of forest loss.
WHAT FORMS CAN CORRUPTION TAKE?
• Corruption fuelling forest loss can take various forms in each country, region and locality, and no two instances of corruption will be the same. Each corrupt act will have its own characteristics. • There are a number of cross-cutting corruption risks that might constitute an increased risk of corruption on all levels of forest management planning (e.g. remoteness of forests). • Corruption at the **strategic planning level** is characterized by the influencing and manipulation of the adoption of longer-term policy decisions, which will then impact forest and/or forest land use for decades to come (e.g. state capture). • Corruption at the **tactical planning level** is characterized by the corrupt implementation of policy decisions. Actors involved will be senior or middle-level public officials or bureaucrats, coordinating with counterparts to manipulate official decisions (e.g. issuance of permits unsupported by the required data or evidence). • Corruption at the **operational planning level** will generally constitute corruption at the point of service and will usually involve activities immediate to the forest or related supply chains (e.g. inspections are omitted in exchange of bribes).

WHAT ARE SOME KEY CONSIDERATIONS WHEN ADDRESSING THIS TOPIC?

- No matter what form corruption takes, the result is invariably a faster and greater depletion of forest cover.
- It is important that rather than focusing predominantly on the illegal timber trade, the world broadens its conversation on forest loss to include all stakeholders involved in the production, administration, trade, financing, and consumption of commodities driving the degradation and destruction of forests.
- Land use and forest cover changes are normal, predictable, and often desirable economic and social development features. However, corruption can result in the adoption of counterproductive decisions.
- Conservation efforts in one country may result in increased pressure on primary forest in other countries, where institutions may be weaker and corruption more prevalent.
- Corruption linked to forests may seem isolated, but in reality, it triggers a cycle in which institutions are continuously weakened, corruption becomes more entrenched, and valuable natural resources and benefits are irretrievably lost.

HOW CAN CORRUPTION LINKED TO FOREST LOSS BE MITIGATED?

- The prevalence and persistence of corruption related to forests strongly suggests that no single policy intervention a practice can address all manifestations of corruption, or combat all challenges they represent.
- Effective anti-corruption programmes which aim to halt forest loss should consist of a blend of measures that will prevent, detect, and suppress corruption.
- One important action is to improve the technical capacity of those tasked with managing forests.

WHEN SHOULD ANTI-CORRUPTION MEASURES BE IMPLEMENTED?

Now. Without immediate action against corruption, it is unlikely that the Sustainable Development Goals and the commitments made in the framework of the United Nations Climate Change Conference can be achieved in a timely manner.

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