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***Opportunities and threats of REDD+, Why we need
an active AC community when USD 15-30 bn might
be invested to mitigate global warming***

Aled Williams

***U4 Anti-Corruption Resource Centre
Chr. Michelsen Institute***

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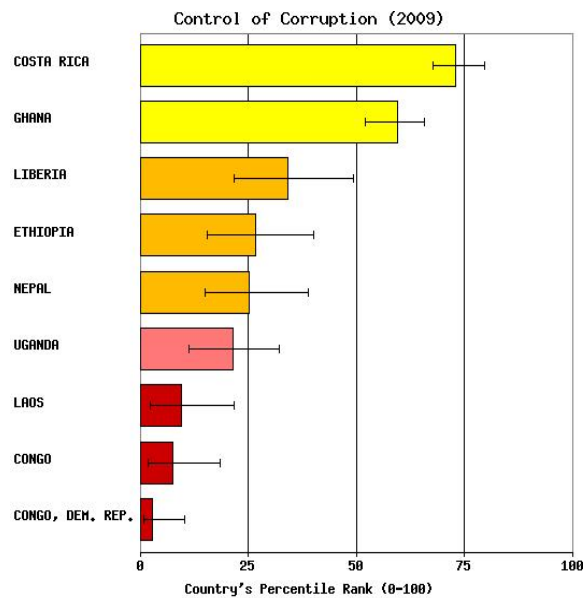
U4 Study: REDD Integrity – Addressing Governance and Corruption Challenges in Schemes for REDD (forthcoming 2010)

Focus:

- 1. How might issues of corruption influence the success of REDD?**
- 2. How could REDD have a positive influence in addressing corruption in the forest sector?**
- 3. How are those responsible for REDD ensuring that issues of governance and corruption are addressed?**

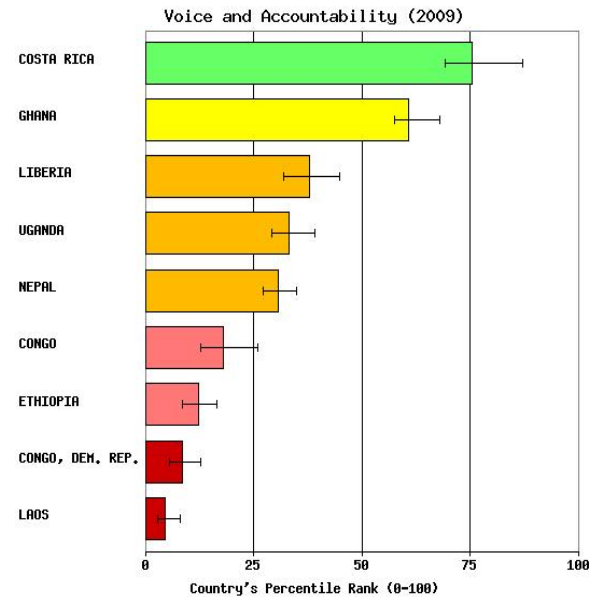
Method: Desk and field research (DRC, Tanzania, Kenya + Philippines), political-economy approach focusing on actors, institutions and their formal and informal relations

Selected 2010 World Bank Governance Indicators for Forest Carbon Partnership Facility (FCPF) Disbursing Countries (as of August 2010)



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.



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How is corruption and deforestation linked?

Stage in process	Corrupt activity	Possible impact on deforestation
Land planning	Interest groups bribe public officials to skew design and implementation of land use plans	Contributes to deforestation by undermining land use allocation process and enforcement of land use plans
	Large-scale farmers bribe politicians in exchange for agricultural subsidies	Contributes to deforestation by reducing agricultural productivity (farmers deliberately use land inefficiently to attract subsidies)
	Corruption limits private investment in agricultural land	Protects forests by limiting investments in extension of agricultural land
Harvesting	Loggers bribe forestry officials to harvest without legal permits, or to speed-up the issuance of such permits	Contributes to deforestation by foregoing legal system for allocating harvesting rights
	Logging operators bribe local officials to obtain logging permits not recognised by the forestry regulatory framework	Contributes to deforestation by facilitating forms of harvesting not allowed within the legal system for forestry
	Logging concessionaires pay bribes so that over-harvesting is not monitored	Contributes to deforestation by foregoing the established system for monitoring logging activity
Transportation	Loggers bribe public officials to allow transport of illegally logged timber	Contributes to deforestation through facilitation of exit-routes for illegally harvested timber

Sources: Tacconi et al (2009) and Brown (2010)

What are possible corruption risks for REDD?

Governance level	Corruption risk
National	Agricultural or timber conglomerates bribe national politicians to undermine establishment of national REDD mechanism
	REDD project developers bribe national politicians or senior officials to promote fraudulent REDD schemes
	Public officials or politicians bribe technical staff to skew national baseline data
	Politicians and senior officials extract rents from REDD revenues
	Officials responsible for reconciling REDD projects with national accounting take bribes from project developers to double-count projects
	Agricultural or timber conglomerates bribe national officials responsible for forest protection to ignore violations of conservation laws
Sub-national	Agricultural or timber conglomerates bribe sub-national politicians and public officials to opt out of REDD implementation, or weaken REDD policies, in their areas
	Agricultural or timber conglomerates bribe sub-national officials responsible for forest protection to ignore violations of conservation laws
Local or project	REDD project host bribes official monitors either to overstate avoided emissions or understate problems of permanence/additionality of the project
	REDD project host intentionally increases emissions in lead-up to implementation in order to benefit from higher credits
	Local administrators extract rents from environmental service schemes aimed at benefiting local communities



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14TH INTERNATIONAL ANTI-CORRUPTION CONFERENCE 2010

What are possible national AC measures for REDD?

Type of measure	Possible foci
Measures to improve regulatory and institutional framework	Land use planning process; allocation process for logging concessions; development of REDD framework (regulations plus institutions); Statutory oversight institutions; framework for broad stakeholder participation (including forest communities, civil society, private sector); formalisation of ownership or profit rights from forest uses.
Measures to improve accountability and transparency	Land use planning; creation of REDD baseline data; development of REDD framework (regulations plus institutions); regulatory framework for forests; allocation process for logging concessions; MRV system for non-carbon benefits (including field-based monitoring); demand-side accountability institutions; statutory oversight institutions; data on donor support to REDD projects; data on private sector involvement in REDD projects.
Measures to improve law enforcement	Capacity building to state prosecutors, formal anti-corruption institutions, judges and court officials.
Measures to reduce rents from deforestation	Reform of national forestry taxation system; addressing rents from land uses that replace forests (e.g. palm plantations).

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Case report findings: DRC, Kenya, Tanzania

1. How might issues of corruption influence the success of REDD?

- Corruption is an obstacle for REDD
- REDD could enhance corruption challenges
- Tailored AC strategies

2. How could REDD have a positive influence in addressing corruption in the forest sector?

- Pessimism about corruption too easy?
- REDD could reduce forest linked corruption
- Complexity is certain

3. How are those responsible for REDD ensuring that issues of governance and corruption are addressed?

- Progress is being made: frameworks, pilots, studies
- Some of this progress could help address corruption risks
- Crucial to learn from pilots and scoping studies



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