

# Independent Forest Monitoring:

## Improving Forest Governance and Tackling Illegal Logging and Corruption

● Laura Furones

*Illegal logging is widespread in many poor countries, subverting democracy and sustainable development, causing environmental degradation and costing about US\$10 billion p.a. Many wars are substantially funded through “conflict timber”. Confronting this, independent forest monitoring can be a springboard to increase political engagement and participation in decision-making. EU voluntary partnership agreements with producer countries will also help to curb illegality but careful monitoring will reveal the enormous lost revenues that could contribute to poverty reduction.*

### 1. Introduction: illegal logging

Illegal logging is not a new problem, but it has only recently begun to be widely acknowledged as a serious threat not only to the welfare of forest dependent communities but also to the

economic development and political stability of timber producing countries.

Illegal logging activities represent a major loss of revenue to many countries by depriving governments of income from taxes, stumpage fees and other costs associated with legal forestry.<sup>1</sup> Losses to the economies of timber producing countries are estimated at US\$10 billion per year<sup>2</sup> and many of the world's poorest countries are losing their forests at a very fast rate. Many countries with significant forest cover are plagued with bad governance and corruption, and countries such as Indonesia, the Democratic Republic of Congo (DRC) and Cameroon, all abundant in forests, rank at the bottom end of the 2005 Corruption Perception Index published by Transparency International.<sup>3</sup> Corruption in the forest sector affects the livelihoods of poor, forest-dependant people more than those of the better off, and not only are the ordinary populations of forest-rich countries suffering from the consequences of the destruction of their land and livelihoods, they also see desperately needed opportunities for growth and development in their countries being squandered.

Links between the logging industry and abuses of human rights are widely documented and, in many instances, laws designed to regulate forest use are not adequately enforced, and forest authorities discriminate against local and indigenous peoples' use of forests in favour of large-scale industrial loggers. Furthermore, illegal logging, through the unregulated destruction of forest areas in a rush for quick profits, subverts democracy and sustainable development. It diverts huge revenues into the hands of private companies and politicians and away from ordinary citizens. Commonly it benefits political and military elites, and in regimes with appalling human rights records, such as Burma, revenues derived from timber play a huge part in facilitating oppression, propping up the political economy and cementing the ruling parties' hold on power.

Logging has provided the funding for numerous wars, with financial rewards from timber becoming a major disincentive for peace. Timber is an easily exploitable, valuable and readily marketable commodity, and has been the resource of choice in several recent civil and international armed conflicts. The term "conflict timber" was coined by the United Nations Expert Panel on the DRC in 2001, and can be defined as timber that has been traded at some point by armed groups (rebel factions, regular soldiers, or the civilian administration), either to perpetuate

conflict or to take advantage of conflict situations for personal gain. Conflict timber helped sustain the Khmer Rouge and other factions during the civil war in Cambodia during the 1980s and into the 1990s. It helped sustain Liberia's support for the Revolutionary United Front (RUF) rebels in Sierra Leone, dragging out a civil war that reduced Sierra Leone to the rank of "least developed nation" in the UN index, as well as fuelling Liberia's own war, which lasted for 14 years and killed an estimated 10% of its population. The nature and the practices of the illegal and conflict timber trades are the same, as are many of their stakeholders.

In recognition of the environmental, social and developmental impacts of illegal logging, various international efforts to tackle the problem are currently being made, most notably the EU Forest Law Enforcement and Trade (FLEGT) initiative. A focus of this initiative is the negotiation of Voluntary Partnership Agreements (VPAs) between the EU and individual timber-producing partner countries. These agreements recognise the joint responsibility of producer and consumer countries and will act to allow only verified legal timber from partner countries to enter the EU, while excluding unidentified (and potentially illegal) timber. Independent monitoring has been included as an integral part of VPAs, in order to "ensure the effectiveness and credibility of the licensing scheme by introducing a third party to monitor and report on its implementation".<sup>4</sup> Under the VPA scheme, individual EU countries will facilitate negotiations on behalf of the EU with a number of developing world timber producing countries. For example, the UK is working with Ghana to ensure that only certified legal timber is imported from Ghana to the EU. So far, six timber producing countries are participating in these voluntary agreements, with more to follow in the next three years.<sup>5</sup> As a voluntary measure, the scheme does not prevent unidentified timber from non-partner countries entering Europe.

The UN Millennium Development Goals (MDGs) also acknowledge the need to integrate sustainable development of the environment across development initiatives. This is reflected as part of Goal 7, a target being to "integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources".<sup>6</sup> Curbing illegality in the timber industry is a clear route towards sustainability, as long as other programmes are in place to support sustainable forest management.

Whilst such international initiatives as the MDGs and the EU Forest Law Enforcement and Trade initiative are much needed and have raised high expectations, they will take time to reach all-party agreement and be implemented. In the meantime, illegal logging continues under the noses of international donors in Liberia, the DRC, Cambodia and elsewhere, and the forestry sectors of many poor countries continue to contribute nothing to the alleviation of poverty. Programmes are required which will have an immediate impact on illegal activity, whilst informing long-term policy and legislative reform.

Over the past decade, independent forest monitoring has been developed as a method to tackle illegal logging, and is increasingly being recognised as an integral and crucial component of systems to ensure legality and tackle corruption in the forest sector. This paper examines the role played by independent forest monitoring (IFM), and its effectiveness in relation to improving law enforcement, and promoting the transparent and equitable governance of forests in timber producing countries.

## 2. What is independent forest monitoring?

IFM is delivered by an independent third party and in agreement with a host government institution. It works to provide an unbiased assessment of compliance, or non-compliance, with forest law in the country of operation and to expose illegality and corruption at all levels. By producing evidence of abuses in the forest sector, the goal of IFM is to foster a culture of transparency, which will ultimately lead to reform and enable ordinary citizens to benefit more equitably from the sustainable use of their forests.

IFM consists of a number of core activities. Firstly, field missions document illegal logging activities and the performance of the local forest authority in relation to it. Essentially, missions provide an insight into the impact (or lack of impact) that laws, regulations and policies are having on the ground, and allow the monitor to pinpoint flaws in the law enforcement system and ways to improve it. Preferably, the monitor will conduct both joint missions (with the forest authority) and independent field missions (where the monitor travels alone). By working closely with forest authority staff, IFM provides a unique opportunity for strengthening the capacity and motivation of local officials, effectively promoting professionalism and transferring skills. At

the same time, independent missions enable the monitor to collect baseline data (regular follow-up visits to the field should then ensure a response to changes in the dynamics of illegality). Findings are consolidated and presented as field mission reports, which usually include a description of the development of a mission (for example, whether or not there were constraints), as well as conclusions and recommendations for reform, which are mainly aimed at the forest authority. Crucially, all reports are made public, allowing other stakeholders, such as civil society groups, to be fully informed of illegal practices taking place in the forest sector and to ensure the authorities are held to account if action is not taken.

A core remit of IFM is providing information, support and training to local stakeholders, leading to the improved confidence of both local authorities and communities in demanding forest law enforcement. The increase in the quantity, quality and credibility of forest sector information resulting from IFM opens an unprecedented space for debate which helps local populations to hold their governments to account and to ensure their rights are respected. This is best achieved by a monitor that is ready to go the extra mile in ensuring IFM objectives are met. In some contexts, international organisations or external links are useful, as they can “help to give monitoring operations their teeth, and without them, IM [Independent Monitoring] tends to be politically vulnerable”.<sup>7</sup>

There are three pillars which are crucial to the success of IFM. First, the official status of IFM allows access to official information, such as details of concession holders. The other two vital factors are free access to the forest, sawmills, ports and other relevant locations, and the right to publish findings in the public interest. Although IFM may take different forms in individual countries, these three rights are essential and should be non-negotiable. They must be secured in order to ensure the independence and efficacy of the monitor’s work. In addition to the relationship with the official host, the monitor should also be able to liaise freely with other stakeholders in the forest sector, such as representatives from civil society, the donor community and the timber industry. Indeed, one of the biggest challenges monitors face is to communicate well with all these groups whilst at the same time remaining independent and not allowing any of them to interfere with their work by imposing their own agendas.

IFM is most likely to be needed in countries where governments are reluctant to make efforts to secure legal and

sustainable forest management. Where political will is low, the role of the international donor community in supporting IFM cannot be overemphasised, as it can put pressure on host governments to ensure that IFM is properly implemented and that recommendations are acted on. It is equally important that donors harmonise their approaches and agendas to provide consistent support to IFM. For example, whilst donors' support was crucial to IFM getting started in Cambodia, their level of engagement has since lessened, weakening and having a negative impact on the success of the current monitoring programme.

A significant risk to IFM stems from adaptations or misconceptions which in one way or another subvert the requirement for transparency and independence in the interests of easier acceptability. Experience over the last few years has shown a trend towards a weaker mandate for monitors, thus limiting their efficacy and power. Under the current IFM programme in Cambodia for example, the government does not allow the monitor to undertake field missions without first notifying the authorities. The current mandate also only allows the monitor to publish quarterly reports, resulting in information documented at the beginning of a quarter not being brought to public attention until four months later. Furthermore, the current monitor only reports to the Forest Administration, thereby putting the very government institution it is meant to scrutinise in a position where it can block reports or activities of which it does not approve. This also results in missed opportunities for other branches of the government, such as the judiciary, to take wider responsibility for forest governance and enter into debates about accountability. A similar trend towards weakened monitors is evident in Cameroon, where again the current monitor must seek approval for any independent missions before carrying them out, and all reports need to be approved by the authorities before they can be published.

IFM works towards three main goals: efficient forest law enforcement, appropriate legal frameworks to safeguard forest resources and increased stakeholder participation. Although IFM is relevant to countries where governance is poor, in completely collapsed or post-conflict states where the regulatory function of government barely exists, it is not possible to monitor a forest law enforcement system. This has arguably been the case in the DRC, for example. Here, the lack of any monitoring systems, coupled with the virtual absence of forest officials, has made IFM unworkable. There are currently no resources to create a body to enforce forest law and there is an urgent need for appropriate

staffing and a budget before such a body can function and an IFM programme might be appropriate. In the meantime, it is possible that after the spring elections in the DRC, the current moratorium on logging concessions will be lifted, and there will be pressure from both domestic elites and donors for large-scale industrial logging to be used as a primary mechanism for economic development. Extensive development of the DRC's forests could mean potentially tens of millions of hectares of forest (roughly the size of France) being opened up to logging companies. Environmental, development, and human rights groups in the DRC and internationally are calling for the World Bank to stop plans for economic development of the country that would carve up the world's second largest remaining rainforest into industrial logging concessions.<sup>8</sup> Given that elites and military factions both within the DRC and in neighbouring countries such as Uganda and Rwanda profited from the DRC's civil war by using it to gain access to timber, minerals and ivory,<sup>9</sup> and that according to the World Bank, 75% of the population depend in some way on forests for their livelihood, maintaining the current logging moratorium is highly advisable until there are safeguards to limit logging to sustainable levels, protect the rights of the local population and ensure accountability around timber revenues and their distribution.

Countries that are beginning to recover from conflicts and to put transparent systems in place to rebuild infrastructure and the economy are, however, good candidates for IFM, and Liberia could be regarded as one such country. In these circumstances, IFM would help to build appropriate forest control systems and thereby ensure that forest resources are used in a sustainable way, in order to aid development and to benefit the entire population in an equitable manner.

At the other end of the spectrum are countries benefiting from full transparency of official information on the sector, an active and respected civil society, officials following systems rather than using discretionary power, and the legal system working as an effective deterrent against criminal activity – in short, a set of checks and balances. These countries might find it more suitable to adopt approaches other than IFM such as independent audits to complement their own monitoring systems.

In considering countries that would best benefit from IFM, another matter that should be taken into account is the significance of the forest sector in terms of the economy, as well as socially and environmentally. Furthermore, where governance is weak, IFM can only be successful where there is some will to

change the status quo, whether it comes from civil society representatives, elements in government, or from the timber industry.

### 3. Results on the ground

Over the last decade, IFM has been implemented in several countries presenting very different realities and needs. Global Witness has been at the forefront of this work.<sup>10</sup> Broadly positive results have demonstrated the potential of IFM and illustrated its flexibility and ability to adapt to a wide range of scenarios. Furthermore, IFM has presented a unique opportunity to gain a thorough understanding of political will and the degree of law enforcement in the forest sectors of a number of countries.

IFM was first designed and implemented in Cambodia by Global Witness in 1999. In that year, the government established a Forest Crimes Monitoring Unit in an attempt to strengthen the government's capacity to fight illegal logging. The presence of an independent monitor was identified by the donor community as an essential component of the initiative, their role being to provide an independent oversight of the Unit's activities. (The other two components were a Forest Crime Monitoring Office within the Department of Forestry and Wildlife, with a focus on production forests, and a Department of Inspection within the Ministry of the Environment, with a focus on protected areas.)

IFM in Cambodia resulted in the documentation of over 50 cases of illegal activities, with particular attention paid to high profile cases, in order to best demonstrate corruption in the sector as a whole. The impacts of IFM included the unprecedented cancellation of two logging concessions and ultimately, the establishment of a nationwide moratorium on logging and the transport of timber. This moratorium was put in place in 2002 and is still in force.

The Cambodian Government terminated Global Witness' official independent monitoring role in April 2003, following threats of expulsion and legal action by the government, after Global Witness reported on police violence against peaceful demonstrators on 5 December 2002. In the weeks leading up to the end of its official role as independent monitor, Global Witness documented logging in forest concessions, in defiance of the moratorium on cutting in these areas, and also in protected areas. The response of the head of the government's Department of Forestry and Wildlife to Global Witness' reports was to state that "there is no illegal logging that we should worry about".<sup>11</sup>

Despite the end of its official monitoring role, Global Witness has continued to coordinate an ongoing campaign to tackle corruption in the timber trade and the lack of technically competent forest management by concessionaires in Cambodia. This is significant, as the nature of illegality in Cambodia has evolved in response to the suspension of logging concessions. In particular, agro-industry (oil palm plantations), ecotourism and mining concessions have been issued to conceal illegal logging activity. Further information relating to this can be found in Global Witness' 2004 report *Taking a Cut*.<sup>12</sup>

IFM was conducted in Cameroon, again by Global Witness, between 2000 and 2005, and resulted in the Ministry of Environment and Forests issuing increased penalties to logging companies and individuals breaching the law and forest management regulations. In October 2004 fines, damages and interest levied as a result of the IFM project totalled US\$7.5m, representing a significant contribution to the state treasury, and a strong deterrent to illegal logging. The single largest fine for illegal forest operations issued so far is FCFA 2.5 billion (US\$3.5 million at that time).

There is broad recognition that the IFM programme was successful and "the force behind some positive changes in terms of a reduction in forestry infractions, the diminution of corruption, the beginnings of the instalment of transparency, and new work methods".<sup>13</sup> It led to the production of 120 field mission reports, covering a total of 168 inspections of concessions, sawmills, community forests and other timber production and timber recovery permits. Ninety-nine of these revealed at least one infraction, 56 of which resulted in the issue of an official statement of offence by the law enforcement authority. This is a remarkable improvement with regard to transparency in the Cameroon forest sector. A respected local civil society representative has summed up the impact by saying:

Global Witness and CED [Centre pour l'Environnement et Développement] share a common vision of transparency and the improvement of governance in forest management; illegal logging is perceived by us as being the greatest threat to the sustainability of forest resources and the forest economy. Global Witness provides us with technical, political and communications support.... increasing the awareness of donors and international newspapers

of illegal logging issues and opening new doors for advocacy around illegal logging issues. Global Witness has contributed a great deal to the acceptance of the idea of independent monitoring in the forestry sector in the Congo Basin.<sup>14</sup>

As mentioned however, the current monitor in Cameroon operates under a more constrained mandate, and must seek approval of all reports before they can be published, thereby restricting their effectiveness as a truly independent force for reform.

## Central America

Whilst external donor concerns have been the prompt for IFM in Cambodia and Cameroon, the incentive for IFM can also be domestic. A pilot project recently initiated to test the scope for IFM in Honduras has seen the Honduran Commission for Human Rights (CONADEH) becoming a host for IFM. Its involvement is a reflection of increased recognition that the impact of illegal logging goes beyond environmental destruction. Field missions conducted so far have involved forest authority officials, and have resulted in the production of reports documenting a range of illegality in forest management permits, timber transport and timber transformation. After only a month of fieldwork, the monitor uncovered illegalities which resulted in substantial fines, the single largest one estimated by the monitor at Lps 3,000,000 (US\$158,000). This fine has not been officially issued yet.

Furthermore, IFM is helping to bring illegal logging in Honduras onto the political agenda and to raise awareness of the problem internationally, increasing the likelihood of the international community accepting some of the responsibility. For years, illegal logging has been widely acknowledged as a serious issue in Honduras, but has gone relatively unnoticed by donors, international markets or other international stakeholders.

Illegal and unsustainable logging in Honduras has been the cause of serious tensions that have at times taken the country to the brink of open conflict. By investigating and documenting illegal and abusive practices, the current IFM pilot project is already supporting local communities in asserting their right to equitable and safe access to forests and forest products.

It is clear that other countries in Central America are suffering from problems similar to those faced by Honduras, both in terms

of poor governance of forest resources and social conflict. Even in countries with strong laws to protect the forest, lack of enforcement often renders the legal framework totally dysfunctional. In Nicaragua, for example, a new Forest Law and related regulations were passed in 2003 in an attempt to bring the forest sector under control. Despite the law being widely recognised as a well written and robust piece of legislation, the lack of government presence in the field has resulted in a continuation of uncontrolled logging and about 100,000 hectares of natural forests are lost every year.<sup>15</sup> Indeed, between 1950 and 1990 approximately eight million hectares of forest in Nicaragua were reduced by half. The problem is so significant that in May 2005, the Nicaraguan President announced his official support for a logging and trade ban, and the Environment Commission in the National Assembly subsequently approved a ban on the exploitation of some types of timber. The duration of the ban is currently being discussed and could be as long as ten years. Whether the government will have the capacity to enforce this highly controversial ban, however, remains to be seen.

In Guatemala, the implementation of 13 logging bans since 1943 has not solved the problem of illegal logging and has only served to show the weakness of the government in enforcing the law. Even Costa Rica, widely perceived as ahead of the game in terms of forest management, struggles to curb substantial levels of illegal logging, currently estimated to produce 35% of traded timber.<sup>16</sup>

Overall detection, documentation and official action against perpetrators of illegal activities in the Central America region remain poor, resulting in a widespread failure to prosecute offenders. Such impunity, in turn, further fuels illegality. Currently, international initiatives to address illegality, such as FLEG, do not seem to pay sufficient attention to Central America. Social conflicts related to illegal logging persist, and on occasion result in people being killed whilst perpetrators go unpunished.

## 4. Conclusion

It is indisputable that tackling illegal logging has benefits far beyond economic gains for host governments and logging companies operating within the law. The direct and indirect positive impacts of IFM include the empowerment of civil society to safeguard its natural resources and demand the enforcement of

forest law. This civil society participation is crucial to the shared ownership and sustainable management of the natural wealth provided by forests. Furthermore, IFM has provided a good illustration of how environmental issues can act as a springboard to increase the level of political engagement and participation in decision-making processes enjoyed by civil society.

With the first EU Voluntary Partnership Agreements under negotiation in 2006, there is clearly an increasing international recognition that proof of legality in the production and trade in timber will enable both producers and consumers to act to curb illegality. To be truly effective, such licensing needs to become compulsory when importing timber from all producer countries into the EU.

With IFM already included as a central part of the VPA process, demand for third party monitoring is likely to increase in the future. It is thus essential that the key elements that ensure the independence and integrity of IFM are guaranteed and that all relevant stakeholders have a good understanding of what genuine, objective IFM is. Independent monitors' activities should be guided by clear rules and procedures so that all parties – the industry, the verifiers and the host government, as well as the monitoring organisation – understand clearly the responsibilities and limitations of the services.<sup>17</sup>

However, VPAs are not the sole solution to the problems of illegality. There is some concern that they will simply become a trade facilitation mechanism providing socially and environmentally friendly timber to Europe, shifting attention away from other markets and neglecting the desire in producer countries for sustainable natural resource management and equitable distribution of natural resource riches. IFM helps to reveal the immense revenues lost by countries due to illegal logging, which could otherwise contribute to poverty reduction. Such a potential contribution to poverty reduction and socio-economic development of timber producing countries is as important as its role in improving forest law enforcement and good governance.

### Footnotes

- <sup>1</sup> “Best practices for improving law compliance in the forest sector”, FAO Forestry paper 145
- <sup>2</sup> Contreras-Hermosilla (2002), *Illegal Forest Production and Trade: An Overview*
- <sup>3</sup> See <http://www.transparency.org/surveys/index.html#cpi>

- <sup>4</sup> EU (2005), *A Timber Legality Assurance System*, FLEGT Briefing note no. 9, September
- <sup>5</sup> Besides Ghana, other countries where VPAs are being worked on include Congo Brazzaville, Gabon, Cameroon, Indonesia and Malaysia.
- <sup>6</sup> See <http://www.un.org/millenniumgoals/>
- <sup>7</sup> Brown, David (2005), *Strategies for Independent Monitoring*, Verifor Options, ODI, CIFOR, RECOFTC, CATIE
- <sup>8</sup> Declaration of international non-governmental organisations working for the sustainable management of forest ecosystems in the DRC, respectful of the rights and interests of local communities: Forest Forum of the Democratic Republic of Congo, Kinshasa, 15 February 2006 / Declaration des organisations de la société civile au forum sur les forêts et la conservation de la nature.
- <sup>9</sup> UN Security Council expert panel on the illegal exploitation of DRC's natural resources report, October 2002
- <sup>10</sup> Global Witness is a London based NGO that campaigns to achieve real change by highlighting the links between the exploitation of natural resources, environmental destruction and human rights abuses, particularly where resources are used to fund and perpetuate conflict and corruption. Through a combination of investigations on the ground and in-depth research, Global Witness gathers first hand evidence that is compiled into hard hitting reports, whose recommendations shape advocacy programmes targeted at those in a position to achieve change.
- <sup>11</sup> Comment made by Ty Sokhun, head of the Department of Forestry and Wildlife, in an interview with the Cambodian press, April 2003
- <sup>12</sup> Available at <http://www.globalwitness.org/reports/index.php?section=cambodia>
- <sup>13</sup> Samuel Assembe Mvondo, CIFOR Central and West Africa Regional Office, 2004
- <sup>14</sup> Personal comment, Cameroon-based NGO, Centre pour l'Environnement et Développement – CED, 2005
- <sup>15</sup> Comisión del Medio Ambiente y Recursos Naturales, 2005
- <sup>16</sup> Ministerio de Ambiente y Energía, 2002-2007
- <sup>17</sup> See EU (2005)

### References

- Assembe Mvondo, Samuel (2004), *Stakeholder Perspectives: Consultation Synthesis Report*, CIFOR Central and West Africa Regional Office, November
- Brown, David (2005), *Strategies for Independent Monitoring*, Verifor Options, ODI, CIFOR, RECOFTC, CATIE
- Comisión del Medio Ambiente y Recursos Naturales, Dictamen del 31 de Mayo de 2005, Managua
- Contreras-Hermosilla, Arnoldo (2002), *Illegal Forest Production and Trade: An Overview*; available at [http://lnweb18.worldbank.org/ESSD/ardext.nsf/14ByDocName/IllegalForestProductionandTradeAnOverviewMay2002byArnoldoContreras1/\\$FILE/ArnoldoPaperShortFormat.pdf](http://lnweb18.worldbank.org/ESSD/ardext.nsf/14ByDocName/IllegalForestProductionandTradeAnOverviewMay2002byArnoldoContreras1/$FILE/ArnoldoPaperShortFormat.pdf)

- EU (2005), *A timber legality assurance system*, FLEGT Briefing note no. 9, September
- Global Witness (2000), *Chainsaws Speak Louder than Words*, May; available at <http://www.globalwitness.org/campaigns/forests/cambodia/>
- Global Witness (2001), *The Credibility Gap and the Need to Bridge it*, June; available at <http://www.globalwitness.org/campaigns/forests/cambodia/>
- Global Witness (2002), *Deforestation without Limits*, July; available at <http://www.globalwitness.org/campaigns/forests/cambodia/>
- Global Witness (2004), *Taking a Cut*, November; available at <http://www.globalwitness.org/campaigns/forests/cambodia/>
- Global Witness (2005), *Forest Law Enforcement in Cameroon – 3<sup>rd</sup> Summary Report of the Independent Observer: July 2003 – February 2005*, April; available at <http://www.globalwitness.org/projects/cameroon/en/>
- Ministerio de Ambiente y Energía, Sistema Nacional de Áreas de Conservación: *Estrategia para el control de la tala ilegal 2002 – 2007*