

Transparency International

Asia Pacific Corruption in Forestry Programme Development Workshop

Workshop Report

Summary

From 26-27 July 2007, Transparency International hosted the Asia Pacific Corruption in Forestry Programme Development Workshop in Bangkok, Thailand. The Workshop aimed to bring together a group of key forestry and corruption stakeholders in the region to share experiences, learn from each other, and initiate a cooperative process to lay out the foundations of a Regional Programme on Forestry and Corruption to address the prevalence of corruption in the harvesting, processing, and trade of timber in Asia Pacific.

Participants included forestry governance, illegal logging and corruption experts and practitioners representing local and regional organisations and TI National Chapters. Countries represented included Australia, Cambodia, China, Indonesia, Korea, Laos, Malaysia, PNG, Philippines, Thailand and Vietnam. Participants from Solomon Islands and Taiwan sent apologies. The List of Participants and Short Biographies may be obtained from [TI Secretariat](#).

The **specific objectives** of the workshop were to:

1. Identify **forestry related risks of corruption** and assess their negative socio, economic and environmental impact
2. Explore areas of **corruption risks not covered by existing interventions**
3. Build a picture of existing **regional and global initiatives and instruments** relevant to governance issues and corruption in forestry
4. Refine the **overall goal** of a future **TI Regional Programme**
5. Identify **specific objectives** for the Regional Programme, ensuring that they address at national and regional levels the root causes of corruption in forestry
6. Explore **partnership** opportunities

The [Workshop Programme](#) consisted of introductory and closing plenary sessions, 4 substantial working group session and respective Report Back Sessions. Please refer to the [Workshop's Organisational Chart](#) below. Participants' interest and engagement remained high through the 2 day workshop allowing for engrossing discussions and cross learning. The Workshop achieved all the above Objectives.

Participants looked into what the overall goal and what the specific objectives would be for a TI Asia Pacific Regional Programme on Forestry and Corruption. These are outlined in the [Specific Objectives \(Activities\) and Purposes Table](#) attached under the Section on Sessions 11-13 below. The Table shows all opinions and ideas presented by Participants. The collected suggestions are valuable input to TI Asia Pacific in formulating the potential Programme.

TI Asia Pacific will also seek to consult with key stakeholders not represented at the Workshop and to review TI's own specific contributions to the overall goal of reducing corruption in forestry. These actions will help shape the Programme. TI intends to take a cooperative approach and to ensure that TI's contributions support and strengthen existing initiatives as far as possible. This conclusion was also reflected in the overall [Workshop Evaluation](#) which Participants completed at the conclusion of the Workshop.

For follow-up and further information, please contact [Lisa Elges](#) or [Pascal Fabie](#) at TI Asia Pacific.

Workshop Programme and Implementation

Sessions 1-3: Workshop Introduction, Transparency International Introduction, Key Note: Corruption in the Life of the Log - Opportunities to counter corruption in forestry in the Asia-Pacific region

Over the two day period, participants joined in plenary, working group and report back sessions following the Workshop objectives. The [Workshop Agenda](#) and [Organisational Chart](#) are attached below. **Sessions 1-3** provided an [overview of the workshop](#), a brief [introduction to Transparency International](#) and an opening presentation of corruption in forestry through “[Life of a Log](#)”

Session 4: Assess Country Corruption Risk Areas in Forestry

The aims of **Session 4** were to identify risks of corruption in the forest sector and to discern among them which risks had the highest social, economic, and political impacts. Participants divided into four working groups where they used a pre-designed matrix delineating *where corruption occurs in Forest Sector* as a basis for discussions. They first reviewed the list and identified specific acts of corruption which were not listed in the matrix. They then deliberated on which acts posed the highest risks for corruption at national and regional levels. The matrix below shows the results of the working groups regarding the pre-defined risk areas (white), and additional risk areas (light green) and highest risk areas (right column).

Corruption Risk Areas	Highest
Bribery of High Ranking Public Officials to influence laws, institutions, procedures, contract/concession awards (Indonesia, PNG, Malaysia)	X
Bribery of foreign public officials to facilitate illegal logging (Japan)	X
+ Use of Slush funds to bribe foreign public officials	X
Bribery of Legislators to influence laws, institutions, procedures, contract/concession awards	
Bribery of law enforcement officials to violate laws	X
Lack of clarity and incongruity in forest legislations (criminal or civil forest law)	
Bribery of Forestry officials to violate forest laws	
+ Bribery of forestry officials to falsify documents (permit compliance, source of log, value of log)	
+ for awarding licenses	X
Bribery of customary leaders to access customary forest (PNG)	X
Conflicts of Interest of Public Officials (e.g. awarding concessions, contracts to family members) (Indonesia, PNG, Malaysia, Japan, China)	X
+ Conflict of interest of enforcement officers (brokering role)	X
Mismanagement for private political gain	
Facilitation payments and/or bribery by landowners of forestry, tax and/or land officials	
Extortion by law enforcement officials	
+ Extortion by law enforcement officer to conduct normal duty and regulatory inspections	
Judicial Corruption (Indonesia, Malaysia)	X
+ Judicial corruption at police (investigative role) and prosecutor levels	X
Corruption in public procurement of timber/timber products	
Bribery of public officials for export (PNG/Korea)	X
Bribery of customs officials for import	
+ Lack of transparency in custom clearance (Korea)	
Bribery of certification agents	
+ Bribery paid to formulate ineffective certification scheme	

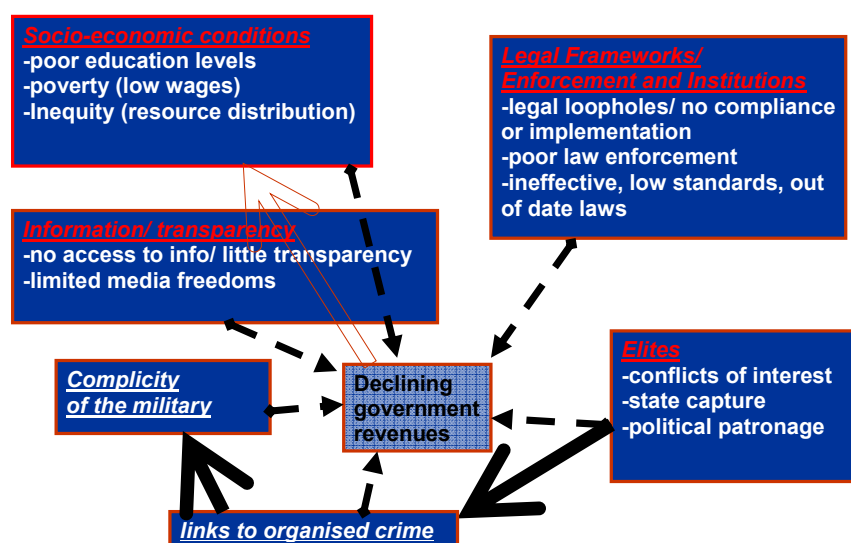
+ Unreliable certification of origin (Japan, Korea)	
Timber laundering by state owned companies (Malaysia)	X
Political Campaign financing (Indonesia, Malaysia, Japan)	X
Embezzlement	
+ of public funds to manage the forest by local public servants (Korea)	X
+ of public forest investment funds by local public officials (China)	X
Collusion and bid rigging (Japan)	X

Sessions 5 and 6: Identify Commonalities and Scale across Countries

Building on these findings, in **Session 4**, participants discussed what the greatest risks in common at national level are and what risks of corruption need to be dealt with regionally. During the report back **Session 5**, Group I participants showed common risks shared by countries which function as supplier and importing countries where raw or sawn timber is imported, converted and supplied to timber product markets. The following chart illustrates the findings.

As Supplier Countries	As Importing Countries
▪ Embezzlement of forestry funds by local officials	▪ Bribery of foreign public officials
▪ Bribery of local officials for awarding licenses	▪ Bribery of custom officials for export at local and regional levels
▪ Collusion and bid rigging + Influence peddling	▪ Lack of reliable certification

Group 2 participants represented countries from where timber is produced and exported. Participants highlighted common risks which contribute significantly to corruption. The risks include poor socio-economic conditions, insufficient legal and regulatory frameworks/enforcement mechanisms and lack of access to information/transparency. Corruption most often emanates in problems of state capture, conflicts of interest and political patronage. Organised crime groups commonly facilitate corruption. In some countries, the military condones, facilitates and/or perpetrates corruption. The following diagram depicts the dynamics of how each risk area affects the decline in State revenues.



From **Session 6** discussions, it became clear that common risks do exist among countries depending on their niche in the timber supply chains. Corruption as a transnational crime was highlighted. The **link between foreign bribery in importing countries and state capture** in exporting countries was underscored as common problem in Asia Pacific. **Corruption in customs** was seen also to have an impact on the illegal trade of timber. Participants discussed the **need for regional coordination or a regional framework to tackle corruption and to raise standards for national laws and law enforcement**. They concluded that a regional strategy could help reduce incongruity in national reform programmes such as logging ban initiatives which often cause spill-over effects in neighbouring countries. They also stressed the need to ensure that land resource competitions are regulated and equitable e.g. in the production of bio fuels largely from palm trees.

Sessions 7 and 8: Map Country Interventions and Gaps on Key Corruption Risk Areas; Prioritise Areas for Future Engagement

The focus of Session 7 was on interventions and needs at national levels. The purposes were to map country interventions, to identify where further interventions are needed to address key corruption risk areas and then to prioritise areas for future engagement. During this session, participants joined in 3 working groups. Each group discussed:

1. **INTERVENTIONS:** Participants discussed who is doing what and where in Asia Pacific to address issues of corruption and forest governance. The participants simultaneously clustered interventions of similar genre to gain a clear picture of actors and activities across the region.
2. **GAPS:** Reviewing the corruption risks of Session 4, and the clustered interventions, participants considered areas where activities significantly are lacking to address the primary risks.
3. **PRIORITY SETTING:** Participants then discussed what existing initiatives could be strengthened and what new interventions would be needed – in considering future engagement with TI.

INTERVENTIONS

Participants shared information of existing interventions in their respective countries. The interventions were clustered into 11 areas: Monitoring, Access to Information, Legal Measures & Bilateral Agreements, Political Will, Standard Setting, Capacity Building, Certification & Verification, Access to Justice, Research and Analysis, Lobbying, and Public Awareness/ Education. The table below illustrates the cluster areas and the respective specific activities. The information collected, however, is limited. Participants noted that other organisations not present at the workshop are also conducting important work to improve forest governance and tackle corruption. Participants concluded that more work on behalf of TI to gather information on ongoing interventions would be needed. In this context, a thorough stakeholder analysis was recommended.

Intervention Cluster	Specific activities
Monitoring	Independent monitors for export of forest products (PNG)
	Independent monitoring body comprising NGOs, private sector, and evaluating firms (Indonesia)
	Monitoring of log origins through tree DNA tracking (Indonesia)
Access to Information	Disclosure policy on forestry declared in Sept 2006 (Indonesia)
	Information: Government Expenditures, Budgets, Audits
	Concessions
	Political Appointments

	Political Party Financing
Legal Measures & Bilateral Agreements	Penalties to replant trees for convicted offenders (China)
	National Integrity Committee - Oversight committee (Malaysia)
	Anti Money Laundering Law no 25 (Indonesia)
	Draft law of Legality Standards – FLEGT – (Indonesia)
	FLEGT (Malaysia)
	Draft law on specialised anti-corruption commission on forestry (Indonesia)
	General Legal Reform
Political Will	Presidential instruction on combating illegal logging (Indonesia)
Standard Setting	Management of public demand (China)
	WWF “keep it legal” Guidelines on Timber Importing (Global)
	Forestry Standard Agreement – Multi stakeholder initiative (Korea)
	Responsible bank lending policies – Equator Principles
Capacity Building	ITTO National Park Project – Community level (Malaysia)
	Community empowerment to participate in forest management donor & development agencies (Indonesia)
	Forestry Industry Restructuring Body – Multi stakeholder (Indonesia)
	Forestry Supply Management – Private sector (Indonesia)
Certification & Verification	audit monitoring and compliance
Access to justice	various
Research and analysis	various
Lobbying	various
Public Awareness/ Education	various

GAPS and PRIORITY SETTING

Taking into consideration the highest risk areas identified in Sessions 4-6, and the various ongoing interventions, participants discussed what interventions TI could best support or strengthen and what new initiatives should be take to effectively address the corruption in forest governance, nationally and regionally. The below table summarised some of the conclusions. Generally, participants stressed the **need for anti-corruption initiatives to focus on education/awareness-raising, advocacy and monitoring**. The initiatives should be bolstered by anti-corruption tools to increase access of information and budget transparency and to secure public/private commitments. (*right column*) Such initiatives should be engineered so as to support and strengthen ongoing work (*middle column*).

Highest Risks	Need for Strengthening	Need for New Interventions
Domestic bribery of high ranking public officials and legislators to influence laws, institutions, procedures, certification, contracts, concession awards (Indonesia, PNG, Malaysia)	Political will UNCAC Independent Anti-Corruption commissions (with capacity building on forestry) Legal Measures	Public awareness campaign Monitoring UNCAC ratification Forest investigative journalism Budget transparency/monitoring; Reform of ownership
Foreign bribery of high ranking public officials and legislators to influence laws, institutions, procedures, certifications, contracts, concessions awards (China, Japan, Korea)	OECD Anti-Bribery Legal assistance across borders	Advocacy for prosecution and convictions Monitoring
Embezzlement of forestry funds by local officials (China & Korea)	Legal Measures Independent Anti-Corruption commissions (with capacity building on forestry) Budget monitoring	Budget transparency/ monitoring
Bribery of local officials for awarding licenses (all)	Legal Measures Disclosure policy Legal assistance across borders	Awareness Raising Citizen Complaint Centres Procurement systems
Conflict of interest of forestry official and enforcement officers at provincial, local (Indonesia, PNG, Malaysia)	Reforms	Monitoring of reforms implementation Capacity Building on conflict of interest Access to Information Register of Interest Citizen Complaint Centres
Bribery and undue influence in the judicial systems (Indonesia, Malaysia)	Anti-corruption body	Public awareness raising Citizen Complaint Centres Advocacy Oversight role Appointment
Bribery of public official (customs) for export (PNG)	Independent monitoring Tracking systems Legal assistance across borders	Civil society involvement in monitoring Better management systems
Bribery of customary leaders to access customary forest (PNG)	Capacity Building at community level - Work with Alliance of indigenous people	
Political party and campaign financing (Indonesia, Malaysia)		Legislation Disclosure & Monitoring Transparency Ranking
Timber laundering by state owned companies (Malaysia)	Tracking systems Asia FLEG FLEGT Legal assistance across borders	Research standard setting
Transfer Pricing		Monitoring
Collusion and bid rigging + Influence peddling (Japan)	Political will	Advocacy Anti-Corruption tools

Session 10: Discuss Regional and Global Initiatives Relevant to Fighting Corruption and Promoting Transparency in Forestry

Following the review of discussions from Day 1 in Session 9, participants shared in a roundtable on regional and global initiatives relevant to fighting corruption and promoting transparency in forestry. Representatives the FAO, ITTO, TRAFFIC, World Bank, IUCN, Verifor and Certisource shared information on their programmes and activities. In this Session, TI Global Programme Manager for Anticorruption Instruments, Gillian Dell presented on [International Instruments relevant to Fighting Corruption & Promoting Transparency in Forestry](#). The presentation discussed how the UN Convention against Corruption, the OECD Antibribery Convention, the ADB OECD Anticorruption Action Plan for Asia Pacific and the OECD Guidelines for Multinational Enterprises could be applied to promote forest governance, transparency and accountability.

Food and Agricultural Organisation (FAO) <http://www.fao.org>

Dr. Simmathiri Appanah, the National Forest Programme Adviser spoke on behalf of the FAO Regional Office for Asia Pacific. FAO's mandate is "to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy." The FAO's [Strategic Plan on Forestry 2000-2015](#) has 8 [medium term objectives and programmes](#) which are categorised as follows:

- (1) **Global Information and Resources:** The objective is to strengthen the information and databases on forest and tree resources including trade, fuel, and export issues. The FAO publishes its biannual [State of the World's Forests Report](#) which discusses topical issues including biodiversity, wildlife, climate change, and poverty.
- (2) **Technology and Management:** The objective is to strengthen the technical foundation for forest resource conservation and development and forest product development and utilization. The focus is improved forest technology and management. The work is carried out through field projects and the development of materials and guidelines through training and workshops. Codes and model laws for sustainable forest management are also developed.
- (3) **Policy and Legislation:** The objectives are to strengthen national forest policies, to Strengthen countries' institutional, legal and financial frameworks for the forestry sector to Improve or maintain the health and condition of forests and to Increase social and economic equity and improve human well-being through support to participatory forestry and sustainable management of forests and trees in marginal areas. Through a "bottom-up" approach, the programme aims to reduce poverty. It provides technical assistance.
- (4) **Neutral Platform:** The objectives are to improve regional and international discussion and collaboration on forest policy and technical issues and to strengthen partnerships with other groups working in forestry. The programme supports the development and implementation of relevant international and regional instruments and the UN Forum on Forests.

International Tropical Timber Organisation (ITTO) www.itto.or.jp

Mr. Steve E. Johnson, Communications Manager, spoke on behalf of the ITTO. ITTO is an intergovernmental organization established by UNCTAD in 1986. Its mission is to facilitate discussion, consultation and international cooperation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base. Its 59 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade.

ITTO's major areas of work include:

- [ITTO Objective 2000](#) : A commitment to achieving exports of tropical timber from sustainably managed forest resources
- [Sustainable forest management](#): Managing and conserving tropical forests
- [Economic information & market intelligence](#): Improving the transparency of and expanding international markets for tropical timber
- [Industry development](#): Developing efficient and value-adding tropical forest-based industries
- [Capacity building](#): Raising the capacity of forest stakeholders to manage and benefit from their resources

ITTO works in [partnerships](#) with governmental and non-governmental organisations. Such partners provide input to ITTO through two advisory groups: Civil Society Advisory Group (CSAG) and Trade Advisory Group (TAG). In 2002, ITTO held a joint meeting with the CSAG and the TAG on illegal logging. Two key recommendations of the meeting were (1) to organise a workshop on the issue of illegality in timber transport and (2) to develop Community Forest Management to assist local communities specifically.

Until 1999, the issue of corruption was taboo at the ITTO. Since then, the issue has rapidly become a key concern. In 2000, the ITTO Council recommended that case studies on illegal logging and illegal timber trade be conducted on a voluntary basis. To date, 15 studies have been published with recommendations for project and follow-up work. The Council also requested that a study be conducted to analyse the discrepancies in timber exports and imports. This endeavour was a precursor to the EU FLEGT initiative.

ITTO also works on other related areas including log tracking, independent audit of forest management prior to certification, independent export monitoring and monitoring forest management through GPS and concessions. In 2005, the ITTO and FAO produce a joint publication on [Best practices for improving law compliance in the forestry sector](#). Another contribution is their Policy Development Series in particular issue 15 (2005) on [Revised ITTO criteria and indicators for the sustainable management of tropical forests including reporting format](#). The latter is a fast growing area. The current work programme focuses on assisting countries to demonstrate export legality and assisting private sector to implement log tracking systems.

TRAFFIC <http://www.traffic.org/Home.action>

Ms. Pei Sin Tong, Forest Trade Officer discussed TRAFFIC's priorities and programmes. To ensure focus, direction and prioritization in its work, TRAFFIC together with its partners, [WWF](#) and [IUCN](#) develops 10-year strategic plans. The current plan runs until 2010 and the activities planned contribute to the wildlife trade-related priorities of these partners. Since TRAFFIC was initially set up in 1976, it has developed into a worldwide network with its headquarters at TRAFFIC International, in Cambridge, UK and 8 regional bases in Africa, Asia, the Americas, Europe and Oceania with national offices within these regions. TRAFFIC is a wildlife trade monitoring network, working to ensure that trade in wild plants and animals is not a threat to the conservation of nature. Work in the forestry sector is a new area currently being developed. TRAFFIC's objectives are to:

- protect wild animal and plant species from endangerment by trade
- safeguard priority ecoregions from the negative effects of wildlife trade
- conserve particularly valuable wildlife resources for human needs
- promote international agreements and policies that encourage sustainability in wildlife trade

Some of the key areas of TRAFFIC's work include the publication of reports including the [TRAFFIC Online Series](#), [TRAFFIC Bulletin](#), the [Asian Wildlife Trade Bulletin](#) and a [Newsletter](#). TRAFFIC also works to build capacities and monitor developments of public and private sector stakeholders with a view to promoting

- The mobilisation of knowledge, to ensure that decision-makers at all levels acquire and apply sound knowledge about the scope, dynamics and conservation impact of wildlife trade and its response to different management measures and approaches.
- The use of effective regulation, by assisting governments to enact and implement policies and legislation that ensure trade in wild animals and plants is not a threat to the conservation of nature.
- The use of positive economic incentives, by collaborating with governments and the private sector to develop and adopt economic policies and practices that provide incentives and benefits that encourage the maintenance of wildlife trade within sustainable levels and support effective wildlife trade regulation.
- Sustainable consumptive behaviour, by encouraging users of wildlife commodities, at all levels of the trade, to ensure that such use does not threaten the conservation of nature.

At regional and international levels, TRAFFIC promotes and monitors the implementation of the CITES and provides technical input and state of the art management practices for the environment to Asian FLEG and the FLEGT.

The World Conservation Union (IUCN) <http://www.iucn.org/>

Mr. Tim Wong, Chief Technical Adviser of the Safeguarding Biodiversity for Poverty Reduction Project, spoke on behalf of IUCN. The World Conservation Union is the world's largest and most important conservation network. The Union brings together 83 States, 110 government agencies, more than 800 non-governmental organizations (NGOs), and some 10,000 scientists and experts from 181 countries in a unique worldwide partnership. The IUCN has offices in 40 countries world-wide with its headquarters based in Gland, Switzerland.

The Union's mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

The IUCN Forest Conservation Programme (FCP) is a global thematic programme of the IUCN Secretariat and supports the forest-related activities of the Union, including its Members and Commissions. In line with the global IUCN mission, the mission of the Programme is to influence, encourage and assist societies throughout the world to conserve biological diversity in forests and tree-dominated landscapes and ensure that the use of forest resources is equitable and ecologically sustainable.

The programme consists of a global secretariat based at the IUCN Headquarters and out-posted offices in Russia and Canada that coordinate the programme's Temperate and Boreal Forest Programme. The programme is also directly linked to and coordinated with a worldwide network of regional forest programmes based in different IUCN regional offices, which enables it to remain actively engaged in a wide range of field-based forest projects, and ensures that its global policy work is well grounded in local realities.

The *Forest Conservation Programme's vision* is a world with more extensive, more diverse and higher quality forest landscapes. These will meet human needs and aspirations fairly, while conserving biological diversity and fulfilling ecosystem functions necessary for all life on earth. The *Programme goal* is to maintain and,

where necessary, restore forest ecosystems to promote conservation, sustainable management and an equitable distribution of the full range of forest goods and services. The *long-term objectives* of the Programme are:

- Establishing a network of ecologically representative, socially beneficial and effectively managed forest protected areas;
- Achieving environmentally appropriate, socially beneficial and economically viable management of forests outside protected areas;
- Developing and implementing environmentally appropriate and socially beneficial programmes to restore deforested and degraded forest landscapes;
- Protecting forests from pollution and global warming by reducing polluting emissions and managing forests for resilience to climate change; and
- Ensuring that political and commercial decisions taken in other sectors safeguard forest resources and result in a fair distribution of associated costs and benefits.

Key barriers to achieving sustainable forest management and conservation are poor governance, corruption, illegal logging, unclear tenure and use rights and associated trade. In the area of [Forest Management and Governance](#), the IUCN takes up issues such as:

- [Forest Ownership and Decentralised Forest Management](#),
- [Sustainable Forest Management \(SFM\)](#),
- [Ecosystem Approach \(EsA\)](#),
- [Forest Certification](#)
- [International Forest Policy](#).

The issues are approached at various levels including:

- [Community Involvement in Forest Management \(CIFM\)](#)
- [Forest Law Enforcement and Governance \(FLEG\)](#)
- [Ecosystem Approaches to Sustainable Forest Management](#)
- [Liberia Forest Initiative](#)
- [ForestPACT](#)
- [The Forests Dialogue](#)
- [World Bank CEO Forum](#)

Over the past few years, IUCN has facilitated the Working Group on Community Involvement in Forest Management's "Seeking Connections" project. The project focused on the regional level - in particular, on the collection and synthesis of experiences with community involvement in forest management to inform regional and international policy dialogue. The IUCN has also initiated a new [Forest Governance Project "Strengthening Voices for Better Choices"](#). The *Project's objective* is "Policy, legal, institutional and economic arrangements that contribute to improved forest governance are identified and promoted in six key tropical forest countries, and enjoy the active support of government, civil society and the private sector."

CERTISOURCE <http://www.certisource.net/>

Mr. Darrel Farley, Certisource consultant spoke on behalf of the initiative. Certisource is an industry driven initiative established to enable clients to eliminate illegal timber from their supply chains through the provision of professional, credible and cost effective, independent verification services. Certisource works with any element of the timber supply chain that shows a willingness and commitment to achieving real and beneficial improvements to their operations. Our long term goal is to move interested parties towards sourcing timber from credibly certified forests, and in this way we see Certisource as being complimentary to accepted global timber certification schemes such as the Forest Stewardship Council (FSC).

The primary aim of Certisource is to reduce the traffic in stolen logs. Our Chain of Custody verification systems enables legal and illegal timber to be differentiated within the market place by following procedures and standards recommended by the World Wide Fund for Nature's Global Forest & Trade Network (GFTN) in its document 'Responsible Purchasing of Forest Products'.

Certisource verifies the source of timber using the best available technologies, including DNA, bar coding and RFID. These technologies are operated in partnership with other independent and professional organisations so as to maximize the transparency and credibility of our tracking systems. By verifying the source and tracking timber batches through the entire supply chain, Certisource aims to provide the most comprehensive chain of custody verification service available to responsible members of the timber supply chain. In turn, we believe that our methods and the technologies we employ ensure that the Certisource certificate carries a level of assurance unchallenged worldwide.

Certisource is working together with other industry representatives and prominent environmental groups to help curb illegal timber.

VERIFOR www.verifor.org

Mr. Robert Oberndorf, Asia-Pacific Regional Focal Point for the VERIFOR Project explained that VERIFOR is an ODI-led research project which will work with partner institutions in tropical countries to ensure that timber and forest products are legally harvested. It will help producer nations put in place verification systems with high national and international credibility. Through the dissemination of research findings, VERIFOR will contribute to the EU FLEGT Action Plan by helping the EU's southern partner countries verify that their timber has been legally harvested.

The **objective** is to help develop institutional options for verification which are country-specific, nationally owned, socially inclusive and oriented to good governance. The project will promote knowledge about verification systems, in a non-partisan way, to national governments in forest-rich countries, as well as to the forest industry and civil society groups, and the international development community.

Phase 1 (research) leads to an international experts' meeting and series of regional workshops (in 2006) to review and build upon existing verification systems, both within the sector and beyond. **Phase 2** will contribute to international learning on verification system design, and build a dialogue with interested parties to design and refine national verification systems that are attuned to country realities and enjoy broad national ownership.

The VERIFOR project has conducted case studies in the region for [Cambodia](#), [Indonesia](#), [Malaysia](#) and the [Philippines](#), along with a scoping study for [Nepal](#). VERIFOR team members are actively engaging with regional groups and initiatives such as the World Bank sponsored EAP FLEG, EC FLEGT, ASEAN, etc., while currently looking for direct opportunities to engage in the region wherever there is a demand for our knowledge and expertise in verification system design under Phase II of the project.

Representing the World Bank were Mr. Peter Jipp from the Bank's regional office in Bangkok, Mr. Erwinsyah, Consultant, World Bank Indonesia Forest Sector Governance and Corruption Study and Mr. _Zahrul Muttaqin, researcher at the Centre for Social and Economic Policy Research. The representatives prepared a presentation on entitled [Moving Ahead with FLEG in EAP](#): A World Bank Perspective. Given time constraints, the presentation could not be presented in full. In summary, the presentation discussed Regional Ministerial FLEG initiatives which seek to create the political "space" and technical means for governments to address illegal logging, in partnership with major stakeholders from civil society and the private sector and to form strong alignment with existing regional institutions. The EAST ASIA REGIONAL FLEG, emerging from the list of actions proposed in Bali, has three thematic focal areas:

Customs Collaboration to control trade in illegal logs

- Prior notification of timber export. ASEAN endorses establishing, a system of prior notification of timber export through relevant customs procedures and documentation. This could possibly be crafted in the spirit of the Lusaka Agreement on Cooperative Enforcement Directed at Illegal Trade in Wild Fauna and Flora: [Lusaka Agreement](#)
- World Customs Organization – Regional Intelligence Liaison Office (RILO). An ASEAN country to formally request the World Customs Organization's Asia-Pacific RILO to designate illegal timber trade as a priority agenda item and harness RILO capacity for controlling customs fraud and smuggling, and promoting customs integrity and customs-business partnerships.

Forest sector Transparency Initiatives

- Timber Chain Analysis. Producing a flow chart of wood and timber flow to better understand and track the harvesting, processing and export of timber, e.g. Ministry of Forestry, Indonesia (2005)
- Money Flow Structure. Producing a chart to track the money flow – various revenues, payments and fees – associated with the timber chain, which feeds into anti-money laundering efforts to combat illegal logging.
- Digital Maps and Databases. Making publicly available digital maps and databases of all current forest management and concession units, processing facilities and timber exporters. This information needs to be regularly updated.

Country Diagnostics / Experience Sharing

- Country Diagnostic Reports analyze the causes of forest crimes, the effectiveness of policy and institutional mechanisms to respond to such crimes, and can include other law enforcement mechanisms such as anti-money laundering.
- Dissemination and Information Sharing. ASEAN Secretariat in coordination with the Regional Steering Committee of the EA-FLEG will designate country and institutional focal-points to facilitate the timely compilation and dissemination of reports among [participating countries](#). A regional EA-FLEG report will be prepared in 2010 as input for ASEAN Vientiane Action Plan on sustainable forestry.

The presentation turned to discuss the ***Role of the World Bank in East Asia FLEG*** which includes:

Technical collaboration with ASEAN Secretariat: ASEAN Sec. and WB EAP Region are finalizing a 2 year program of technical cooperation including a FLEG component to support:

- Linking FLEG activities with other ASEAN initiatives on law enforcement, customs and trade, forest sector transparency, judicial reforms and environmental governance, and country reporting systems.
- Establishment of a cross-sectoral committee and a coordination mechanism to oversee implementation of FLEG activities and programs in the ASEAN Member countries

- Implementation of proposed activities to address illegal logging and associated trade under the ASEAN Strategic Alliance

Bank's Governance and Anti-Corruption (GAC) Strategy

- Following extensive global consultations, [*Strengthening World Bank Group Engagement on Governance and Anticorruption*](#), was endorsed by the Board of Executive Directors in March, 2007
- Emphasis on systematically integrating governance in sectoral projects and programs (in extractive industries, infrastructure, forestry, health, education and others) in part through improved cross-sectoral coordination.
- Focus on scaling-up engagement with private sector and industrialized countries to tackle the supply-side of corruption, including through international conventions such as the UN and OECD Conventions, AML and asset recovery programs.

The presentation introduced a recent World Bank publication: [*The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level*](#)

Anti Money Laundering (AML) Initiatives were presented. Large-scale illegal logging generates significant proceeds. AML and asset forfeiture laws can help in the investigation and prosecution of illegal logging and other forest crimes, especially when money flows through financial institutions at some stage. AML also puts the spotlight on the large operators and ring-leaders - [World Bank's AML Initiatives](#)

In this context, country initiatives were illustrated. Indonesia has legislated illegal logging specifically a predicate for money laundering crimes. The World Bank is supporting implementation, including the establishment of a Strike Force. This is a national interagency and multi-disciplinary body of investigators, prosecutors, foresters and other experts. It will be responsible for targeting and then *investigating and prosecuting* significant illegal logging cases and related corruption - including the individuals and/or companies that pay bribes.

Other Country Level initiatives include:

- Supply-Chain Analysis: Under the Bank managed Anti-Corruption study, Tropical Forest Trust contracted to prepare flow charts for Indonesia, Vietnam, PNG, Solomon Islands and Lao PDR.
- Digital Mapping: Underway in Indonesia by WRI for location of mills, concessions boundaries and protected areas.
- Country Diagnostics: In China and Vietnam focusing on policy and implementation framework. Illegal Logging Action plan and Sector Transparency Approach are available for Indonesia.

A copy of the World Bank presentation will be uploaded on the TI Asia Pacific Regional Programme website for reference.

Sessions 11-13: Identify the Programme Goal and Specific Objectives; Explore Partnerships

During Session 11, participants divided into 3 working groups to deliberate what the overall goal and what the specific objectives of a TI Asia Pacific Regional Programme of Corruption in Forestry should be. They then delineated specific objectives and purposes of the Programme. In that context and in previous discussions, they highlighted areas where partnerships would be desirable.

Goals

Each of the groups proposed goals which were slightly different but followed a general theme. Group one offered that TI's programme should seek to:

Group	TI does/seeks what	for	where
1	Reduce potential risks of corruption	in the forestry sector	in the region
	Increase transparency	in forest management and trade with partner countries	in Asia Pacific
2	Transparent, equitable, accountable	forestry (plantation and natural forests) sector/ government, civil society, business	in Asia Pacific
3	The transparent, accountable and equitable	use of forests by relevant stakeholders (people communities, companies and governments)	in the region

From the suggested goals, it becomes clear that TI's contribution would be to promote transparency, accountability and equity and to reduce potential risks of corruption in national and regional forest governance including forest management and trade for and with stakeholders, through a coalition building approach in Asia Pacific. This is notably a lengthy goal which may be refined further as the programme objectives are developed.

Participants discussed whether or not to include "sustainability" in the goal. Many felt, however, that TI's contributions would

Specific Objectives (Activities) and Purposes

Category: Advocacy			
Method: Using/Developing Indices and comparative studies			
Focus	Model	purpose	Target/Domains
Forestry Integrity and Transparency	Index	to serve as baseline assessment & advocacy tool	General Public/ National + Regional
Corruption penalties across countries	Local Study + Regional Comparison/Analysis	to raise standards across countries	Legislature; General Public National + Regional
Remuneration of forest officials at local levels across countries in region	Local Study + Regional Comparison/Analysis	to improve remuneration	Legislature; General Public National + Regional
Discrepancies in legal frameworks	Local Study + Regional Comparison/Analysis Case Studies from local experience (ALACs)	To increase competition for better legal frameworks	Governments; General Public/ National + Regional
Access to information/ Disclosure e.g. Political Party financing	Index	Tool for promoting transparency & accountability of political parties	Political Parties; Legislatures; General Public/National + Regional

Political Corruption/State Capture (Income vs. expenditures- government & companies)	(1)Index (2) Local Study + Regional Comparison/Analysis	Tool for promoting transparency and accountability in public & private sectors	All National + Regional
Method: Using/developing operational modalities : Advocacy and Legal Advice Centres			
Focus	Model	purpose	Target/Domains
Legal reforms, Access to justice, judicial and legislative processes and legal reforms to reduce state capture and patronage through research	ALAC (Advocacy and Legal Advice Centre)	- support law enforcement - encourage government commitment - to reduce influence of loggers on legislative processes; develop reporting	ALL National
Method: Using/developing global and regional standards			
Focus	Model	purpose	Target/Domains
CSR/Anti-corruption/ environmental standards	Lobbying Publishing Integrity Pacts	Increase corporate compliance/CSR	Companies National
UNCAC	Lobbying	Accession/Implementation to achieve international norms/standards	Governments National
freedom of information laws	Lobbying Publishing, others	Better access to information Transparent & accountable governments	Governments National
Category: Strengthening/building coalitions			
Regional/Global Institutions			
Focus	Model	purpose	Target/Domains
Get Forestry on ASEAN agenda (wildlife enforcement network could extend to forestry)	Lobbying Partnership building	to work for a regional legal instrument	ASEAN; Governments/ National + Regional
Address donors to influence forestry programme	Lobbying Partnership building	For more careful investment in projects	World Bank; Donors/ National + Regional
Connect to FLEG Asia and FLEGT	Partnership building	to increase impact and leverage	FLEG Asia/FLEGT stakeholders/ Regional
Friends of UNCAC	Lobbying Coalition building	Accession/implementation of UNCAC	Governments/ National+ Global
Public/Private Sectors			
Focus	Model	purpose	Target/Domains
TI joins forces to push usage of certified wood procurement	Coalition building	Accountability/ reduced corruption in wood certifications	Public and Private sectors/ National+ Global
Civil Society			
Focus	Model	purpose	Target/Domains
Create civil society network on forestry governance	Networking Coalition building	to increase leverage	Civil Society National + Regional
Community land rights	Coalition building	Support land rights	Communities; Local & National Governments/National

Category: Monitoring			
Focus	Model	purpose	Target/Domains
Monitoring laws (implementation and enforcement)	Checklist, Survey, Study	to raise legal standards and stakes of corruption	Governments/ National
Establish/Strengthen Ombudsman	Independent group, organisation, coalition	To ensure compliance and enforcement of standards and laws	Governments, possible companies/ National
Category: Awareness Raising			
Focus	Model	purpose	Target/Domains
Forest law infractions and penalties imposed	Regional database	to name and shame wrong doers	Governments, General Public
Show linkages between companies and politics e.g. in campaign finance	Study; Analysis	to expose state capture	Governments, Companies, General Public
Blacklist companies	List	to name and shame poor performance	Companies, General Public
Forestry Integrity and Transparency Index	Index	to serve as a baseline assessment and advocacy tool	General Public
international conventions and instruments, local laws and corruption	Public forums , Literature	Awareness raising	People in communities and provinces
Corporate Anti-Corruption and Transparency Index (CACTI) Highlight on retailers in wood products	Index	- measuring of lost revenue, transparency and “value” - measuring national and regional corruption	Companies/ National+ Regional
Laws, justice and governance with output to FLEGT	Index	Awareness raising	Governments/National
Procurement in consumer countries: Transparency, Accountability and Anti-corruption research – compare awareness in consumer countries	Comparative Study	Awareness raising	Consumers/ Global
Greater use of assessment of local ownership rights	Assessment	to promote rights and understanding	Local communities/ national
Category: Education and Capacity Building			
Focus	Model	purpose	Target/Domains
Transparent and Accountable Forest Governance	Training and capacity building seminars/workshops	to enhance accountability and create understanding	Government departments associated with forestry/National
local forestry management	Education and training	to increase awareness and understanding	Governments./ National
Business – use TI’s business principles/CSR	Training and capacity building workshops	Greater CSR inclusive of anti-corruption	Companies/ National + Global
Access to Information Training of journalists & analysis of issues	Training and capacity building seminars/workshops	Greater access to information	Journalists and Media/National
Campaign financing – political corruption	Training and capacity building seminars/workshops	to increase awareness and understanding, use of tools etc.	Political Parties/National

Transparency International Asia Pacific Asia Pacific Forestry and Corruption Programme Development Workshop

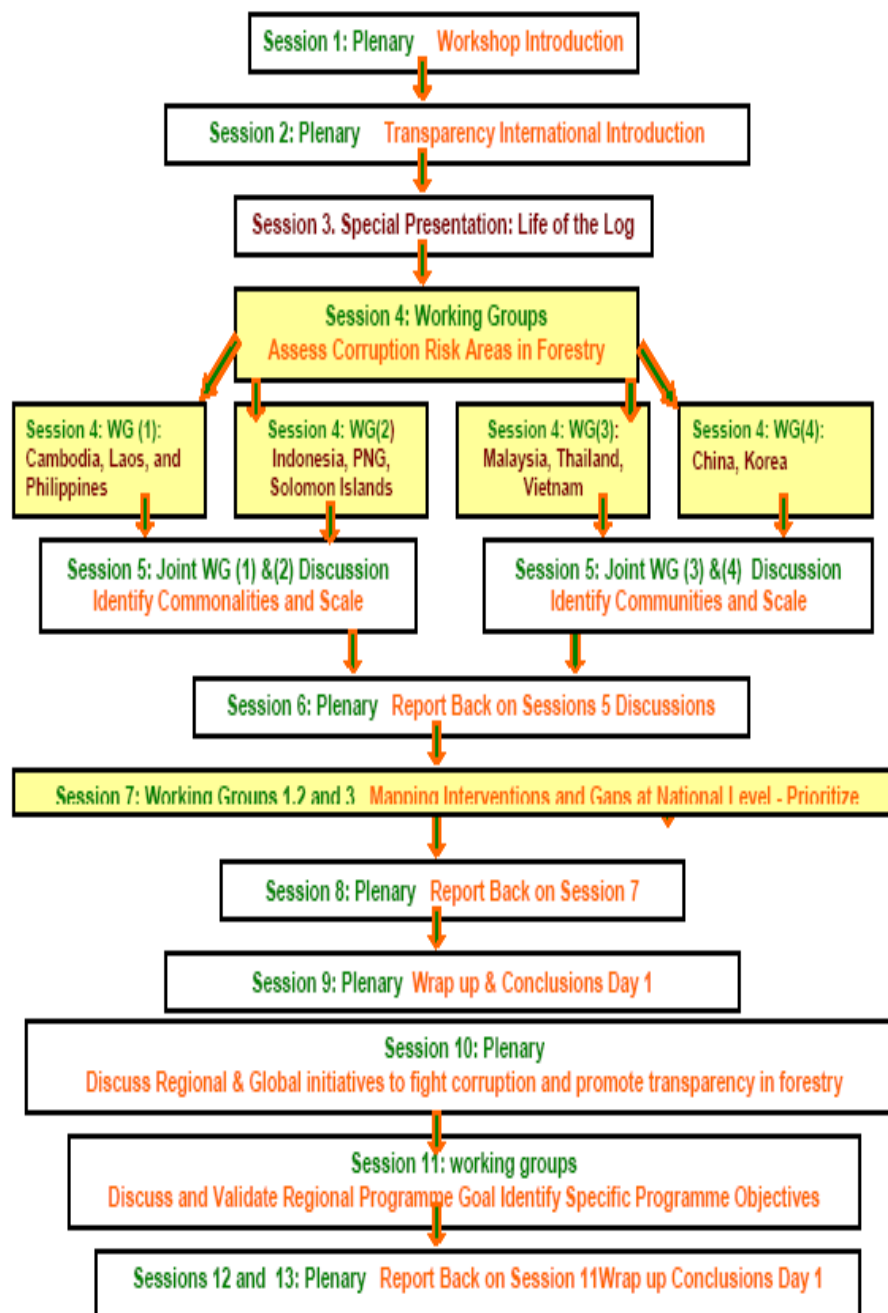
26th -27th July 2007, Viengtai Hotel, Bangkok, Thailand

Workshop Agenda

		Agenda	Day	1
		26th July 2007		
Time	Session			
09:00 09:30	1	Workshop Introduction		
09:30 09:50	2 Plenary	Transparency International Introduction		
09:50 10:10	3 Key Note	Corruption in the Life of the Log <i>Opportunities to counter corruption in forestry in the Asia-Pacific region</i>		
10:30 11:45	4 Working Groups	Assess Country Corruption Risk Areas in Forestry		
11:45 12:30	5 Working Groups	Identify Commonalities and Scale Across Countries		
14:00 14:30	6 Plenary	Report Back on Session 5		
14:30 16:00	7 Working Groups	Map Country Interventions and Gaps on Key Corruption Risk Areas. Prioritise Areas For Future Engagement		
16:30 17:15	8 Plenary	Report Back on Session 7 - Questions and Clarifications		
17:15 17:30		Wrap-up Day One		

		Agenda Day 2
		27th July 2007
Time		Session
09:00 09:15	9 Plenary	Introduction Day 2
09:15 11:00	10 Roundtable	Discuss Regional and Global Initiatives Relevant to Fighting Corruption and Promoting Transparency in Forestry
11:30 13:00	11 Working Groups	Identify Programme Goal and Specific Objectives
14:00 15:00	12 Plenary	Report Back on Session 11
14:30 16:00	13 Plenary	Explore Partnerships
16:00 16:30	Closing Session	Next Steps

Workshop Organisational Chart



Workshop Evaluation

Symbols: NS= Not Satisfactory; SS= Somewhat Satisfactory; VS= Very Satisfactory

Achievement against stated overall goal			
Did the meeting meet the overall goal below			
NS	SS	VS	
1	7	21	This workshop aims to share experiences, learn from each other, and cooperatively lay out the foundations of a Regional Programme on Forestry and Corruption, led by Transparency International
Comments <ul style="list-style-type: none"> Work agenda of different parties not sufficiently processed Switch members of each group so that people know each other better I have really been able to learn a lot about fighting corruption over the 2 days Could not answer due to lack of sufficient participation Need more time Very participatory delegates/active and resourceful Lack of materials to be discussed – especially lessons learnt from AP countries Quite deep explored A noble goal and you should be commended for your effort would have benefited greatly from more government participation The workshop did not explore much on sharing experience and learning from each other 			
Achievement against stated objectives			
Did the meeting meet the following objectives?			
NS	SS	VS	
1	11	16	1. Identify forestry related risks of corruption and assess their negative socio, economic and environmental impact
Comments: <ul style="list-style-type: none"> Need further elaboration in the root of the problem Problems related to corruption in forestry well explored Difficult to do efficiently in short time but good programme The magnitude of the problem is so large that risks identified may not cover all areas Not adequate time for answers Additional work needed to be comprehensive Risks were discussed but not so much their impact (considering the time limit –acceptable) 			
1	12	14	2. Build a picture of existing regional and global initiatives and instruments relevant to governance issues and corruption in forestry
Comments: <ul style="list-style-type: none"> Can be improved Need representatives from other organizations having regional and global programmes Good start Several initiatives such as ASOF (ASEAN), AFP were missed to explore Limited time and input Good knowledge of participants Still a little unclear but a follow-up summary of discussions will help Very useful More agencies/organizations have to be invited for a fuller picture Briefs and write-ups from various organizations to be circulated 			

3. Explore areas of corruption risks not covered by existing interventions	2	13	13
Comments: <ul style="list-style-type: none"> Biofuels and plantations Limited time and input Good knowledge of participants See previous 2 comments Would have been better to prepare papers on subject before the meeting 			
4. Refine the overall goal of a future TI Regional Programme	1	9	18
Comments: <ul style="list-style-type: none"> Quite broad even though focus was on specific area This is first step but more is needed It has not been clearly stated about the regional goal per se Moving forward Instead of “reduce potential risks of corruption” to “zero corruption in forest management” 			
5. Identify specific objectives for the Regional Programme, ensuring that they address at national and regional levels the root causes of corruption in forestry	1	17	10
Comments: <ul style="list-style-type: none"> How to implement this programme is still a big question Some national priorities may not come into regional priorities We have not gone into national level yet Several discussions were only addressing symptoms of corruption in forestry sector, need more elaboration This is first step but more is needed TI did not seem to bring any clear ideas for objectives to the meeting Mark in progress but good start Sufficiently reviewed 			
6. Explore partnership opportunities	1	15	13
Comments: <ul style="list-style-type: none"> Very extensive Good opportunities to form a coalition Limited time and input Explored but need to do more on many missing Some informal Identify strategic partners Need more time 			
Meeting Service and Delivery	NS	SS	VS
Information received before the meeting	9	15	4
Facilitation of sessions	1	7	20
Meeting and Hotel Facilities	0	16	9
Atmosphere	0	9	19
Meeting Scope	0	12	16

Text Questions

Are there any subjects related to corruption that would you like to know more about?

Out of 29 respondents, 11 persons answered “no” or “none”. Text responses are listed below.

- How the corruption in forestry goes on? Maybe case study can help illustrate this mechanism and find institutional loopholes
- Why just corruption and not “forestry governance”
- TI's global index or reports could be distributed to participants
- Documentation of existing experiences (successful) on fighting corruption in forestry sector
- How to stop corruption
- How to facilitate the very sensitive corruption discussion in a good manageable and good communication
- Relationship between corruption and inequality in development
- How to address the common definition on legality
- Stop the politicians and MNCs from exploiting the forest – no more abuse of power
- Corruption is complex issue – wish to know about the proper definition of the term as it applied in TI context. This includes the scope of corruption, what is/is not corrupt practice.
- Multinational and international treaties/agreements on corruption that can be used in forestry sector. How civil society groups can involve or intervene
- Plantation activities
- More detail list on aspects of anti-corruption instruments or implementation on instruments as related to forestry following up excellent presentation – future workshop?
- TI National Chapters and Corruption Perception Indices(CPIs) and parameters used in measuring corruption in CPI
- Politisation of forestry/control of resources by politicians
- Corruption in petroleum, gas and mining industries
- Customs related issues –potential for improvements regarding illegal trade in timber within/from this region. Also concession issues in natural forests/plantations.
- Framework for fighting corruption in forestry sector

Would you like to be kept informed of TI developments in its intention to address corruption in forestry?

All 29 Respondents answered “Yes” to this question.

Would you like to take a more active role and be part of a working group that reviews and comments on TI Regional Programme at the keys stages of its development?

All 29 Respondents answered “Yes” to this question with some specifying conditions or particular areas of engagement.

Further Comments

Most Respondents had no further comment. A few commented or suggested the following:

- Good start but implementation hard work
- Many key players in the region are not here, as with those operating from producing countries like Japan/Korea e.g. FOE Japan, FOE Korea, Sawarak Campaign Committee, WALHI, public interest legal groups. It will be worthwhile to speak to them and also European groups like FERN, Forest Peoples etc. TI can also seek more valuable inputs by engaging researchers working on related issues
- Please distribute workshop notes/proceedings to participants
- Maybe add pictures or a film
- Thanks for inviting to important workshop
- The Forestry Research and Development Agency, Ministry of Forestry, Indonesia is studying forest governance and anti-corruption, supported by the world bank. TI is expected to take a significant role in achieving this study.
- Let's do it fast!
- Good luck!
- Timeline for programme development of TI
- Targeted outputs and action plans of TI
- Definite to attend manila workshop
- WS organised at short notice but otherwise excellent!

List of Participants

Last Name	First Name	Title	Organisation
Bailey	Bruce	Consultant	AUSAID
Bysouth	Kaye	Consultant	AUSAID
Tupper	Graham	National Liaison Officer	Australian Conservation Foundation
Muttaqin	Zahrul	Researcher/Team Coordinator	Center for Social and Economic Policy Research in the Indonesia Institute for Forest Research and Development/World Bank
Farley	Darrel	Director	Certiforce
Latsajak	Khamphone	DDG	Dept of Forest Resource Conservation, MAF
Backström	Lars	Ambassador	Embassy of Finland (Bangkok)
Niemi	Lida	Trainee	Embassy of Finland (Bangkok)
Hughes	Neil	Acting General Manager	Forest Industries Branch, DAFF
Knight	Maurice	Senior Consultant	Governance World Bank Office Jakarta
Eawpanich	Piyathip	Manager, Eco-Efficiency Component	GTZ
Johnson	Steve	Communications Manager	ITTO

Wong	Tim	Chief Technical Advisor	IUCN
Tan	Nguyen Quang	IUCN consultant	IUCN
Neath	Net	Director	IUCN Cambodia
Tsechalicha	Xiong	Director	IUCN Lao PDR
Wuttee	Chut	Director	Natural Resource Protection Group (NRPG) Cambodia
Park	Heung Soo	Head of Audit & Inspection department	NFCF(National Forestry Cooperatives Federation), Korea
Oberndorf	Robert	Asia-Pacific Regional Focal Point for VERIFOR Project	ODI/RECOFTC
Trinh Le	Nguyen	Executive Director	PanNature
Rosander	Mikaela	Program Officer, Regional Analysis and Representation	RECOFTC
Kosakul	Voralak	Program Officer	Royal Danish Embassy, Bangkok
Affrin	Shamila	Media and Research Officer	Sahabat Alam Malaysia
Lee	Kun Jong	General Director	Sanrimjohap Vina Co., Ltd
Kipli	Suhaili Bin	Forest Ranger	Sarawak Forestry Dept
Yacob	Mohammad Ali	Assistant Conservator Of Forest	Sarawak Forestry Dept
Holtsberg	Christer	Leader	SIDA
Ward	Stuart	Information Communication Officer and	Swedish Environmental Secretariat for Asia (SENSA)
Afianto	Muhammad Yayat	Forest Researcher and Campaigner	TELAPAK
Manurung	Timer	National Programme Coordinator	TELAPAK
Nicro	Somrudee	Senior Director	Thailand Environment Institute (TEI)
Wibowo	Rezki	Deputy ED	TI Indonesia
Hasan	Prof. Mohd Ali	Deputy President	TI Malaysia
Acosta	Voltaire	Board Member	TI Philippines
Quimsom	Gabriella	Researcher	TI Philippines
Tuhanuku	Joses	Executive Director	TI Solomon Islands
Yong	Guo		TI-China
Tong	Pei Sin	Forest Trade Officer	TRAFFIC

Dell	Gillian	Programme Manager	Transparency International
Elges	Lisa	Senior Coordinator	Programme Transparency International
Fabie	Pascal	Regional Director Asia Pacific	Transparency International
Hodess	Robin	Policy and Research Director	Transparency International
Warburton	Alan	Senior Coordinator	Resources Transparency International
Anukansai	Kanokkan	Program Director	Transparency Thailand
Bhakdibutr	Chirawan	Manager	Transparency Thailand
Chintakananda	Krisda	Intern	Transparency Thailand
Thiemboonkit	Sarunyikha	Assistant Researcher	Transparency Thailand
Vichit-Vadakan	Juree	Secretary-General	Transparency Thailand
Jipp	Peter	Senior Natural Resources Management Specialist	World Bank
Erwinsyah		Consultant	World Bank Indonesia Forest Sector Governance and Corruption Study
Lekhac	Coi	Programme Manager	WWF Greater Mekong
Hardtke	Marcus	Forestry Expert	