



global witness



A Guide to

Independent Forest Monitoring



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Global Witness is a British based non-governmental organisation which focuses on the links between environmental and human rights abuses, especially the impacts of natural resource exploitation upon countries and their people. Using pioneering investigative techniques Global Witness compiles information and evidence to be used in lobbying and to raise awareness. Global Witness' information is used to brief governments, inter-governmental organisations, NGOs and the media. Global Witness has no political affiliation.

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Foreword

This *Guide to Independent Forest Monitoring* is particularly timely as governments around the world seek to improve transparency and objectivity in the functions of the state. The involvement of the major timber producing and consuming countries in the Forest Law Enforcement and Governance (FLEG) initiatives is very encouraging.

This interest needs to be supported by effective, practical measures which involve governments, the private sector, NGOs and civil society of the countries concerned to bring about irreversible improvements to the control and regulation of forestry activities.

IFM – a forest monitor, operating independently – has proven itself as an effective tool in this regard, reducing illegal activities and resulting in the prosecution of malfeasants. IFM collects objective evidence of infractions, assesses the level of illegality, and observes the system of control. It highlights where words and deeds are inconsistent, and promotes corrective actions. By working with the officials concerned this can lead directly to improvements in forest laws, regulation, enforcement, and forest management.

Patrick Alley

Director, Global Witness, July 2005



Cameroon

The control of the forest sector and the follow up of litigations are sovereign activities of the State that pertain to the Ministry of Forests and Wildlife. The creation of the Ministry of the Environment and Forestry on 9 April 1992 and the signing of the Decree regarding the organisation of the mentioned Ministry in 1998 created a gap period during which the forestry control operations were somehow abandoned.

Indeed, despite the Republic of Cameroon Law no.94/01 of 20 January 1994, which regulates forests, wildlife and fishing, explicitly giving this activity to agents on oath from the forest administration, it so happened that certain staff worked in collusion with loggers, creating vast networks of illegal exploitation of forest resources. The control mission reports and the official statements of offence were therefore biased.

With the adoption of an Urgent Action Plan following the Yaoundé declaration released during the Summit of Heads of Central African States in March 1999, the Cameroonian government has engaged in the fierce fight against illegal logging of forests, by integrating in its forest policy the new concepts of good governance and, in

particular, the resuming of its control activities, this time with the presence of an Independent Observer alongside the field services of MINEF, now MINFOF. The Independent Observer's essential objectives are to ensure that:

- the techniques and the control procedures, as well as the forestry regulations are properly followed both by the MINFOF staff committed to the control and by holders of logging titles;
- infractions noted in the field are real and confirmed by the Independent Observer;
- the official statements of offence that underpin the mission reports reveal real infractions observed in the field.

The presence of an Independent Observer and the development of a control strategy where the Reading Committee of mission reports plays a key role, is a guarantee of the objectivity of forest control activities in Cameroon.

H.E. Jean Bosco Samgba Ahanda

Inspector General, Ministry of Forests and Wildlife, Cameroon, July 2005



List of Abbreviations

AFLEG	Africa Forest Law Enforcement and Governance initiative	FEMA	State Foundation of the Environment, Mato Grosso, Brazil	NFA	National Forest Authority, Uganda
AusAID	The Australian Government's overseas aid programme	FID	Forest Inspection Division, Uganda	NGO	Non-Governmental Organisation
BRIK	<i>Badan Revitalisasi Industri Kayu</i> , the Forest Industry Revitalisation Body, Indonesia	FLEG	Forest Law Enforcement and Governance	NTFPs	Non-Timber Forest Products
CCU	Central Control Unit, central forest law enforcement unit within MINFOF, Cameroon	FMU	Forest Management Unit	ODI	Overseas Development Institute
CEDENMA	<i>Comité Ecuatoriano para la Defensa de la Naturaleza y el Medio Ambiente</i> , the Committee for the Defence of Nature and the Environment, Ecuador	FORCOMS	Forest Concession Monitoring System in Central Africa	OSO	Official Statement of Offence. A statement registering an infraction, written by an authorised official in the field upon detecting an infraction and countersigned by the offender or a representative. A legal procedure starts on the basis of this document.
CIDA	Canadian International Development Agency	FSC	Forest Stewardship Council	PEFC	Programme for the Endorsement of Forest Certification schemes
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna	GFW	Global Forest Watch	PRSP	Poverty Reduction Strategy Paper
COMIFAC	<i>Commission des Ministres en charge des Forêts d'Afrique Centrale</i> , the regional Ministerial Commission on Central African Forests	GIS	Geographic Information System. GIS is a computer mapping system capable of assembling, storing, manipulating, and displaying geographically referenced information, i.e. data identified according to their locations	PSRF	<i>Programme pour la Sécurisation des Recettes Forestières</i> , the Programme for the Securitisation of Forest Revenues, Cameroon
CPF	Collaborative Partnership on Forests	GPS	Global Positioning System. A network of 24 satellites that orbit the Earth and make it possible for people with ground receivers to pinpoint their geographic location with accuracy of between 10 and 100 metres	RGC	Royal Government of Cambodia
CSA	Canadian Standards Association scheme	HIPC	Highly Indebted Poor Countries	RIIA	Royal Institute of International Affairs, Chatham House
Danida	Danish development agency	ICRC	International Committee of the Red Cross	SAC	Structural Adjustment Credit
DENR	Department of Environment and Natural Resources, Philippines	IFIA	Inter-African Forest Industries Association	SFI	Sustainable Forest Initiative
DFID	Department for International Development, United Kingdom	IFM	Independent Forest Monitoring	SFM	Sustainable Forest Management
DFW	Department of Forestry and Wildlife, MAFF, Cambodia	IIED	International Institute for Environment and Development	SGS	<i>Société Générale de Surveillance</i> , a Swiss based consulting company
DI	Department of Inspection, MoE, Cambodia	ITTO	International Tropical Timber Organization	SIGICOF	<i>Système Informatique de Gestion d'Informations et de Suivi de Contentieux Forestières</i> , the Case Tracking System, Cameroon
EC	European Commission	IUCN	World Conservation Union	SIGIF	<i>Système Informatique de Gestion de l'Information Forestière</i> , the computer-based forest information management system, MINFOF, Cameroon
EIA	Environmental Investigation Agency, a UK based NGO	IVLT	Independent Verification of Legal Timber	STABEX	<i>Fund Stabilisation des recettes d'Exportation</i> , the Export Stabilisation Fund of the EU
EITI	Extractive Industries Transparency Initiative	MAFF	Ministry of Agriculture, Forestry and Fisheries, Cambodia	SUNAT	<i>Superintendencia Nacional de Administración Tributaria</i> , the National Tax Administration, Perú
ENA FLEG	Europe and North Asia Forest Law Enforcement and Governance initiative	MFPC	Multisectoral Forest Protection Committees, Philippines	ToR	Terms of Reference
ETPIK	<i>Eksportir Terdaftar Produksi Industri Kehutanan</i> , the Registered Exporters for Forestry Industry Products, Indonesia	MINEPAT	Ministry of Economic Affairs, Programming and Regional Development, Cameroon	UNDP	United Nations Development Programme
EU	European Union	MINFIB	Ministry of Finance and the Budget, Cameroon	UNFF	United Nations Forum on Forests
EU FLEGT	European Union Forest Law Enforcement, Governance and Trade initiative	MINFOF	Ministry of Forests and Wildlife, Cameroon. In December 2004 the Government of Cameroon split the Ministry of the Environment and Forestry (MINEF) into the MINFOF and the Ministry of the Environment and Protection of the Nature (MINEP)	UTM	Universal Transverse Mercator. UTM is the most commonly used system for expressing the location any point on the globe using GPS and GIS
FAO	Food and Agriculture Organisation of the United Nations	MIS	Management Information Systems, computer database systems for assembling, storing, and manipulating information for any management purpose	VLC	Verification of Legal Compliance
FCFA	<i>Franc de la Communauté Financière Africaine</i>	MoE	Ministry of Environment, Cambodia	VLO	Verification of Legal Origin
FCMO	Forest Crime Monitoring Office, Cambodia	MOU	Memoranda of Understanding	VPA	Voluntary Partnership Agreements, bilateral agreements between a timber producing country and the EU, covering a series of actions aimed at licensing legal timber
FCMRP	Forest Crime Monitoring Reporting Project, Cambodia	MTCC	Malaysian Timber Certification Council	WRI	World Resources Institute
FCMU	Forest Crime Monitoring Unit, Cambodia				
FDI	Fines, damages, and interests. The combination of financial penalties available to apply against infractors				

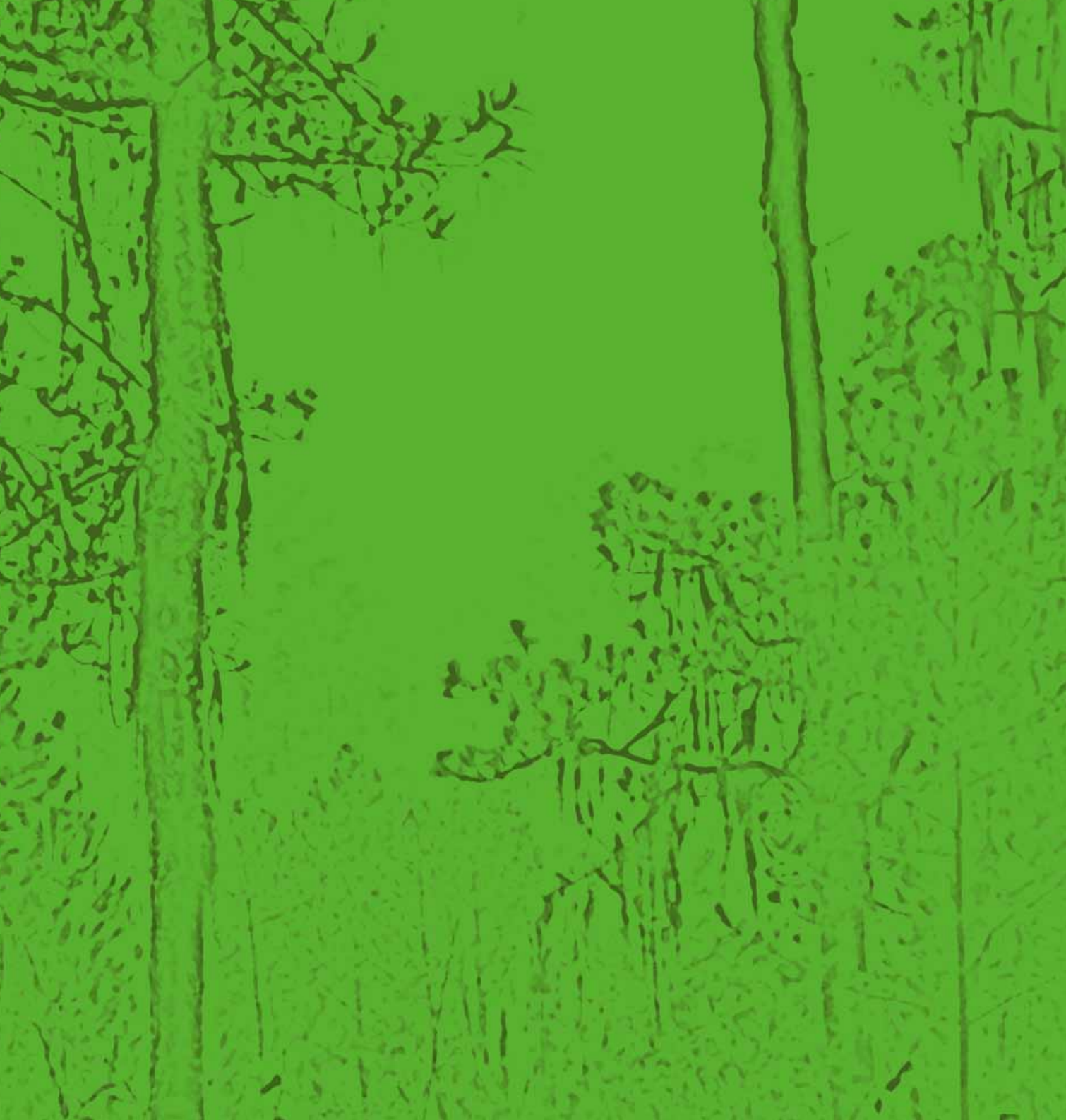
Preface

Independent Forest Monitoring and Global Witness

Over the past decade, Global Witness has built an international reputation for its work on the links between the exploitation of natural resources and human rights issues. It has undertaken investigations in over 20 countries, concentrating on key resources, including diamonds, oil, minerals and timber, that are exploited to fund corruption and conflict. Using pioneering investigative techniques, it compiles information and evidence, which is used to brief governments, inter-governmental organisations (such as the UN), NGOs and the media.

IN 1999 Global Witness established the first field-based independent monitoring of forest law enforcement, in Cambodia. The programme ran for nearly four years before being handed over to another organisation. The second-ever Independent Forest Monitoring (IFM) project was also implemented by Global Witness, in Cameroon from 2000 to 2005. The organisation has thus acquired considerable experience in providing credible information on the natural resource sector to the public, governments and donors, as well as in IFM project management. It is in a unique position to explain the concept of IFM and to maintain the high standard of independence and professionalism required for successful implementation of such programmes. Full details of the Cameroon and Cambodia projects may be found in Annex 4.

Alongside the development of this Guide, Global Witness is expanding IFM into other countries where extensive illegal logging is having a major economic and environmental impact. In 2004-5 feasibility studies and pilot missions were undertaken in West, Central and Southern Africa, and Central and South America. On completion these enquiries are fully documented and made available on the Global Witness website. Active dissemination of this Guide and associated training courses tailored to local requirements are an ongoing part of Global Witness' support for IFM.



Executive summary

IFM is the use of an independent third party that, by agreement with state authorities, provides an assessment of legal compliance, and observation of and guidance on official forest law enforcement systems.

MONITORING forest law enforcement already exists in one form or another in numerous countries and contexts, as the forest sector appears particularly vulnerable to problems of poor governance. Logging requires a low minimum level of investment – a chainsaw and some transport – but the value of the product is high. Forests are therefore vulnerable to exploitation of both the resource itself and local populations, who may have few other livelihood options. In a downward spiral, poor governance allows corruption, fraud and organised crime to flourish through illegal logging and associated trade. The consequences are well known: unsustainable forest exploitation and resulting environmental damage, social disruption, at times leading to conflict, and downward pressure on timber prices.

INDEPENDENT FOREST MONITORING (IFM) represents a unique approach to assessing and strengthening legal compliance in the forest sector. By complementing official forest law enforcement with the objectivity and public credibility of an independent third party, IFM can improve transparency in the short term while contributing to the development of a sound legislative and regulatory framework for responsible forest management.

IFM centres around the establishment of a partnership between an official ‘host institution’ responsible for oversight of the forest sector and an appointed monitoring organisation. The monitor’s principal activity is to conduct field investigations to observe the work of the official law enforcement agency and to document illegal activity in the forest and related trade. These investigations result in the publication of authoritative information on forest operations, which is made widely available to all levels of government, industry, and civil society. By monitoring official forest law enforcement, IFM enables mechanisms of illegal activity and corruption to be identified. Monitors expect their evidence to be acted on and will proactively guard against entrenched resistance to improved governance.

IFM therefore requires a certain level of initial commitment from a timber-producing country’s government, and so is most appropriate in political situations that have not degenerated into conflict or complete state collapse. It is better suited to help counter corruption within weak systems, where illegality is significant and political will for reform is low, but where there are some calls for change from officials, citizens and donors. As the trend to good governance increases in such contexts, IFM can bring a transparent and authoritative assessment of whether targets are actually being met. As progress is made, the monitoring function should devolve to local institutions and ultimately cease to be provided as an externally driven project, but become a permanent component of forest sector governance.

To achieve IFM’s full potential, its design is crit-

ical. The choice of both monitor and host organisation set the ground for future success. Both partners need to demonstrate commitment to the process, and the monitor further needs to hold public credibility and exhibit familiarity with the political and organisational environment in which it will work. The host need not be the forest ministry; other possibilities might include a cross-ministerial or multi-sectoral commission, legislative body, or independent ombudsman. A reporting panel should be established to validate all IFM outputs, composed of representatives from government, donor agencies, the private sector, and civil society.

All such institutional relationships then need to be formalised through clear Terms of Reference (ToR). This document is also crucial in delineating exactly what will be monitored, what information is required, how quality will be assured, and what protocols will govern validation and publication of findings. In addition to setting out the practicalities, the ToR should reflect and ensure the primary aims of IFM, namely: transparency, accountability, policy / procedural reform and participation. The ToR will need to provide a clear mandate to the monitor, covering binding agreements that the monitor will enjoy unrestricted access to information, freedom to travel, and the right to publish.

Once IMF structures have been agreed, planning, implementing, and reporting field missions become the core component of the programme, as teams of monitor staff and officials make inspection visits, either jointly or independently. Inspections involve visiting a range of locations (forest, sawmill, factory, port etc.) either in a programmed, systematic way or to investigate suspicions. Teams need to find a balance between visits that target areas of concern, and more routine investigations designed to cover all forest title areas. In all cases, a mission team must know what to look for, so should gather all necessary background documents in advance, such as maps showing the forest title area

boundaries and a plan of how to access and investigate relevant areas.

While in the field, the monitoring team comprehensively documents its findings, and prepares careful notes, GPS references, photographs and video recordings if suspected illegal activity is found. Reports are compiled according to specified protocols, detailing facts and presenting evidence that can be subsequently used in legal proceedings. Subsequently, the monitor's role shifts to observation of follow-up action taken by the enforcement agency, wider forestry authority, or judiciary in response to the report's recommendations, highlighting where these are or are not followed appropriately. At all times it remains the responsibility of the officials, not the monitor, to prosecute offenders and enforce the law.

Yet IFM goes far beyond offering a record of the country's forest sector activities. Perhaps its most significant and sustainable contribution is in opening up debates about governance within the sector and beyond. Ideally, a 'political space' emerges where all stakeholders can address emerging or contentious issues. This process can strengthen the state's interest in sharing responsibility across government agencies and with citizen groups. IFM provides civil society with a channel to communicate its concerns, thus boosting the momentum for reform and democratic participation.

Despite this potential to engage with wider systems of governance, or perhaps because of it, implementing IFM can prove challenging in practice. The crucial relationship between a monitor and its host organisation, for instance, itself becomes strained under various circumstances and may threaten the success of the entire initiative. By actively pursuing constructive and professional relationships with government, as well as with industry and different civil society interests, the monitor can help diffuse such tensions. Yet this is clearly a delicate and difficult task, particularly as the monitor must insist on maintaining standards and integrity,

such as demanding access to information, the right to undertake independent missions, and to make its findings available to the public. It may become easier to press for such rights once a level of understanding and confidence has developed with the host, but in cases of stiff resistance, the monitor must retain the confidence to publicise authorities' inertia or obstruction and allow the public to draw its own conclusions.

Like many reform initiatives, IFM will face a natural aversion to change. A monitor is something new and strange and may well be reluctantly received by some stakeholders. Yet an organisation or country that initiates IFM is taking a bold step to tackle entrenched problems. Countries should be commended for making themselves open to the monitor's findings, which is itself a significant step toward transparency. The very presence of a state-mandated monitor provides a source of leverage at all levels of the timber trade and opportunities for key components of good governance to be internalised.

IFM cannot deliver good laws and fully effective enforcement on its own. Often, broader reform in forest governance (and beyond) is required. Current moves towards such complementary systems, at least for industrial concessions, have political support through such processes as G8 initiatives and the EU and other FLEG(T)s. They are also supported by elements in the industry that are sensitive to international market reputation. All this is likely to increase demand for IFM in future.

In the end, however, holding those in power to account is the role of local citizens, not external forces. Whilst IFM has in the past been constructed as a project with a finite time scale, the functions it performs should be considered a permanent component of good governance. The role should eventually be taken over by domestic governance structures that fully involve an empowered local civil society.



I Introduction

1.1 *How to use the guide*

1.2 *Who is the book for?*

IN THE PAST it was difficult for politicians and other leaders to talk publicly about corruption and illegality in the forest sector. More recently, however, it has been accepted that a problem exists, and that people in power have a duty to act. As the social, environmental and economic impacts of such illegality are better understood, public debate has intensified and potential solutions are beginning to emerge.

AS PART OF this process IFM has been recognised as an important tool in tackling illegality. It has proved to be highly effective in revealing systemic failures in law enforcement and identifying where policies and laws need reform, as well as in pinpointing individual malpractices and tracking subsequent legal cases. IFM is not simply about law enforcement; it is also about good governance, transparency, and strengthening civil society. These goals are at the forefront of government and donor thinking, and the contribution of IFM to their implementation has been recognised in major policy declarations such as those from AFLEG, EU FLEGT and the G8.

IFM originally developed more or less spontaneously in response to local circumstances, subsequently becoming more deliberately structured. Experience in Cambodia and Cameroon, and in similar initiatives in other countries, has demon-

strated how IFM works in practical terms, and provided many valuable lessons for the future. The need now is to institutionalise the concept of IFM and broaden its impact to many more countries, by initiating similar schemes which learn from this experience. Ultimately, monitoring operations need to move beyond the format of a project lasting only a few years, and be conceptualised as a continuous feature of forest governance.

This *Guide to Independent Forest Monitoring* is the first comprehensive account of IFM. Its main aim is to clarify and promote the concept of IFM, acknowledging that by dealing with politically sensitive issues of governance there will always be differences of opinion. As well as a conceptual introduction, it provides a practical handbook covering both design and implementation of IFM. Any part of the *Guide* may be reproduced without the permission of the publishers.

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1.1 *How to use the guide*

What is Independent Forest Monitoring?

Chapter 2 presents a definition of IFM and a conceptual framework. It explains the terminology in use and identifies the stakeholders involved in forest law enforcement, and in monitoring. The independent-but-official status is key to IFM. Monitors work in the interests of the public, independently of the host organisation (typically, but not necessarily, a government). At the same time, official status is intended to provide the monitor with access to official information, the ability to cooperate with the forest law enforcement agency, and the right to visit any part of the national forest estate.

IFM complements other initiatives, such as voluntary certification schemes and regulatory processes, in two ways: it aims to provide an interim solution by curtailing illegal activity relatively quickly, and it informs the development of long-term solutions by providing an in-depth understanding of the complex mechanisms of illegality. Some of these initiatives are summarised in Annex 1, *Other initiatives related to forest monitoring*.

The context for IFM

Chapter 3 explains the environment of forest law enforcement and governance in which IFM operates. Historical influences and the focus on poverty reduction that characterises much current development work are included in this overview. It also describes the nature of illegality in the sector, covering weaknesses in the law, administration, forest management and the legal and judicial processes. An in-depth understanding of the mechanisms of illegality is essential in order to tackle them effectively, so this section is helpful in designing IFM programmes and to refer back to during implementation.

The chapter also presents five key factors which help identify those areas where IFM is needed

most: the state of the forest, industry performance, political will, the existence or not of an enforcement system and the precise nature of the timber market in the area. IFM is most applicable where the resource has an international value (economic, social and environmental), where illegality is significant but where political will for reform is low, where an enforcement system in some form exists and where there are calls for reform, from donors, citizens and officials. As the trend to good governance increases, IFM can bring a transparent and authoritative assessment of whether governance targets are actually being met. At the end of the chapter a bullet-point summary lists the drivers which might motivate different stakeholder groups to support IFM.

Designing IFM

Chapter 4 outlines the critical stages in the design of a successful IFM programme. The procedure begins with the identification of potential partners. These will include those funding the programme, and a host organisation, which may or may not be the forest ministry. If it is not, then some formal arrangement with the forest authority will also be required.

The major part of the chapter describes the essential components of the Terms of Reference (ToR) that will underpin the programme. Clear ToR negotiated and known to everyone from the beginning are the key to successful implementation. These will specify where the monitor is expected to focus, the information it will need to access, the mechanisms for quality control and validation and, finally, the protocols around publication. There are four key provisions which are required in any ToR: unrestricted access to relevant information, freedom to visit any part of the forest estate, the right to publish objective evidence, and shared ownership of the results.

Sustainability and, in circumstances where IFM is conducted by an international organisation, the

inclusion of an exit strategy are also emphasised as important parts of the design process. A brief discussion of funding follows, together with the requirement to match the context of and need for IFM with the right kind of organisation as a monitor.

The chapter ends by identifying potential indicators for assessing the impact of IFM. As for governance reform in general, evaluating IFM is difficult for two reasons. First, the very absence of information at the start often makes it difficult to describe a baseline scenario from which assessments can be made. Second, while some types of illegal activity may be stopped through better enforcement, others may become more common, making it hard to assess whether the balance is positive or negative. Check-lists of possible indicators are provided, and the immediate results and long-term impact are described, all of which have been observed in current or previous IFM initiatives.

Implementation

Chapter 5 details the practical workings of IFM. It starts with the first steps necessary to establish a monitor. Advice on planning and undertaking field missions, and on writing a high quality report is also supplied. The steps required to follow up on any legal or administrative actions taken, or the lack of them, after field missions are completed are described. In implementing IFM, it is important to refer back to Section 3.2, on the nature of illegality and common weaknesses in laws, enforcement, and logging operations. In this context, it is also useful to refer to Annex 3, *Tools for forest monitoring*, which summarises the tools used in other forms of monitoring, and which can complement IFM.

How a monitor approaches its task is of critical importance, and the chapter includes a section on the attitudes and perceptions people involved in the process bring to their roles. IFM operates in a political arena where decision-makers may be closely linked to illegal activity and may wish to perpetuate poor law enforcement. This section therefore pro-

vides extensive advice on how to respond to such challenges in a way that is most likely to contribute to the goal of sustainable forest management for the benefit of the population. Maintaining relationships with the forest authority and other stakeholders is clearly important. Balancing this with the monitor's obligation to remain independent sometimes requires fine judgement and sound diplomatic skills, especially where publication of results is concerned. A monitor who is overly sympathetic to environmental or social concerns may be tempted to use emotive language and exaggerate. This could focus criticism on its own behaviour and distract attention from the core message of IFM. Conversely, a monitor who is susceptible to being bought off by vested interests will bring the whole concept of IFM into disrepute. IFM must occupy the middle ground and preserve its integrity at all times. It is in the interest of the monitor to accept such constraints and remain irreproachable.

Finally, Chapter 5 presents some of the obstacles to implementation. Illegal activity is often the result of systemic weaknesses, so too narrow an interpretation of IFM will not significantly change the wider operating environment. Thus while observing progress on individual cases, monitors must understand and seek to improve the broader governance environment in which they are working. Patterns of illegal and corrupt practices will change in response to improved enforcement. If the monitor (or the enforcement agency) fails to take account of any of these changes and to adapt their work accordingly, it may be sustaining a false impression that compliance has improved, when in fact patterns of illegality have changed. A periodic review to agree amendments to the monitor's role and mandate is important to keep IFM relevant and effective, and a shared vision and constructive relations with the host organisation will be a good basis for agreeing any amendments.

1.2 *Who is the book for?*

THE BOOK has been written for four groups of reader, each of whom may be particularly interested in different chapters:

Potential **host organisations** and **governments** will find Chapters 2-4 of greatest initial use. The theoretical background provided in chapter 2 could form the basis of a Logical Framework for IFM. Chapter 3, particularly, will help policy-makers decide if IFM is the right tool for their circumstances. Market mechanisms, influenced by bilateral agreements such as those between Indonesia and the UK, Norway, China, and Japan, and the anticipated FLEGT legality licences for use between the EU and timber-producing countries (see Annex 2), are increasingly significant initiatives aimed at the control of illegal logging and trade. The public credibility these schemes depend on can be provided by IFM. Chapter 4 discusses options for host organisations of IFM programmes and is therefore especially relevant. It also provides extensive detail on the essential components of a ToR, and ends with a structure for monitoring the effectiveness of IFM, which will inform both design and implementation.

Forest law enforcement agents, non-governmental and community groups will find Chapter 5 most useful. This chapter describes in detail the practical steps required to set up an IFM project, conduct fieldwork, present evidence in a legally robust way, and act on the findings. Many of these steps are pertinent to the role of enforcement agents, and the tools and methodologies can also be adopted by local NGOs and community groups wishing to play a greater role in monitoring local forest operations. In undertaking their own investigation and monitoring work, these groups may also find it useful to

refer to Section 3.2, *The nature of illegality*, and to Annex 3, *Tools for Forest Monitoring*.

Independent forest monitors will find the whole of Chapter 5 essential in ensuring IFM remains appropriate and effective. The way in which a monitor undertakes its task is of critical importance, and it must preserve its integrity at all times. This chapter describes not only the practical steps such as managing a public profile and conducting field missions, but also gives guidance on dealing with contentious situations and identifying useful points of leverage to promote action on the basis of IFM reports. Much of Chapter 4 is also essential for monitors, as it provides important information on the conduct of the reporting panel, and gives the background justification for the ToR. In particular, it suggests the range of forest-related operations which it is appropriate to monitor.

Donors are a key audience for this book, as much IFM work is dependent on donor-funding. IFM is potentially a very powerful and effective tool in governance reform, tax collection and distribution, and hence poverty reduction strategies. But, in order to prevent its aims being frustrated by vested interests opposed to reform, it requires consistent political support from donors. The involvement of donors in detailed design (Chapter 4), and in mediating relationships (Section 5.5) is particularly important.



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What is Independent Forest Monitoring?

2.1 Definition

2.2 Stakeholders

IFM IS A relatively new approach to combating illegality in the forest sector. By deliberately operating in the forefront of forest governance issues, it is both innovative and challenging. This section outlines the overall conceptual framework. It provides key definitions, explains terminology and identifies the stakeholders involved in forest law enforcement, and by extension in monitoring.

2.1 Definition

INDEPENDENT FOREST MONITORING (IFM) is the use of an independent third party that, by agreement with state authorities, provides an assessment of legal compliance, and observation of and guidance on official forest law enforcement systems.

Its independent-but-official status is central to the concept of IFM. In most countries where IFM is relevant, the bulk of the forest resource is a shared public asset, not the property of an individual, company or of the government in power at the time. Thus monitors work in the interests of the public, independent of the host organisation whether it be a government agency or otherwise. On the other hand the monitor's official status also confers benefits, principally by facilitating access to information and to the forests themselves, and by promoting cooperation with forest law enforcement agencies.

To some extent, the monitor acts as a counterpart to the official forest law enforcement agency. It can record and track action against forest crimes, strengthen forestry law enforcement and monitor official progress in addressing forest crimes. In order to do so, it must independently assess the level of legal compliance by detecting and reporting infractions, and pressing for their suppression and the prosecution of those breaking the law. While the monitor is not responsible for detecting and reporting every infraction, it needs to maintain an accurate picture of the extent of illegal activity. Its purpose is to pinpoint the mechanisms of illegal activity and corruption and to suggest where and how the system needs changing. This might include, for example, improving strategic planning, prioritisation and management systems, or providing expert advice on putting policy into practice.

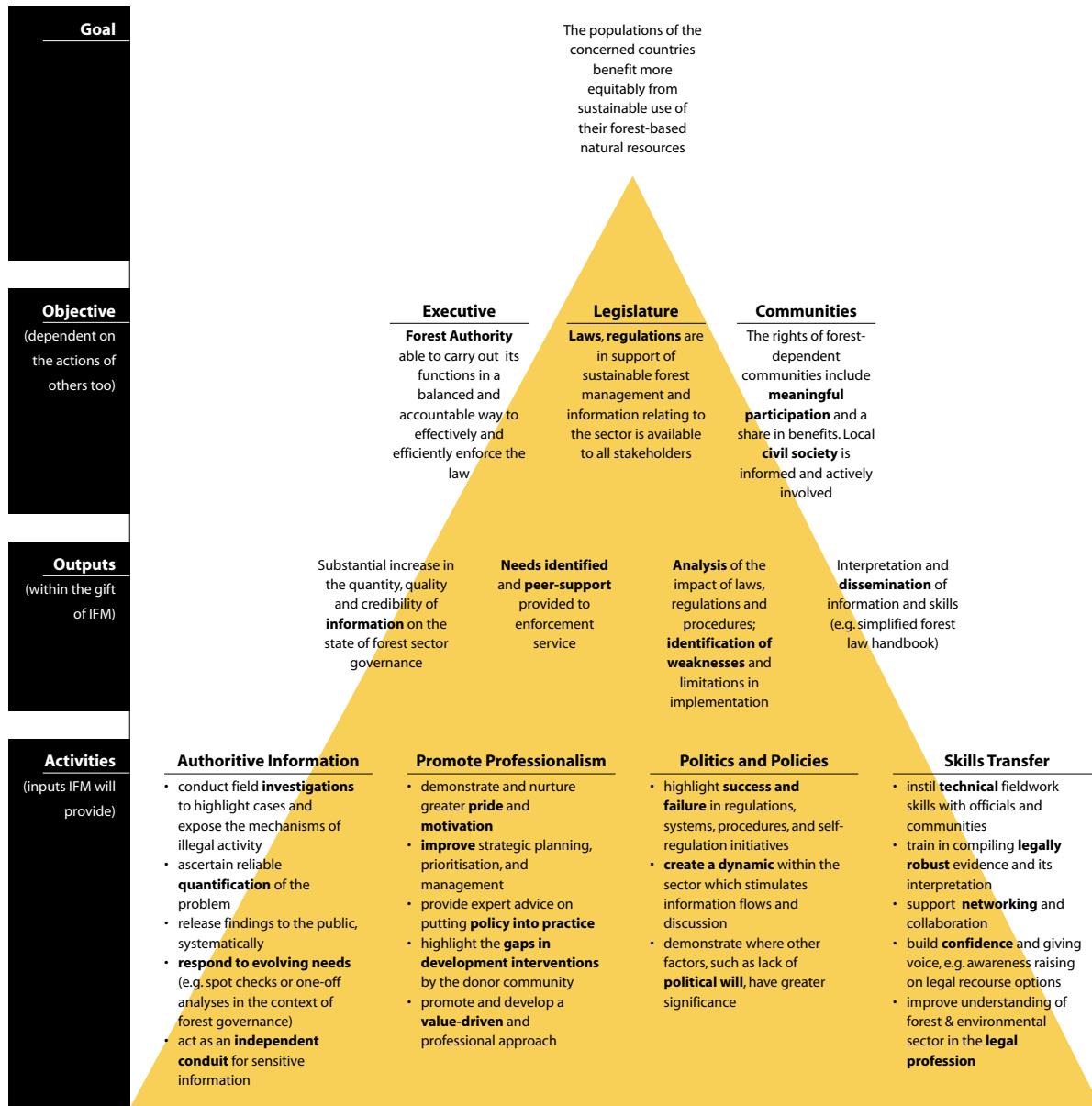
While IFM is a validation of the effectiveness of forest law enforcement and governance mechanisms, it does not issue certificates of legality; it highlights weaknesses in the control system by focusing on what is illegal. Other approaches, such as certification of legality and sustainability, do aim to validate legality. Descriptions of these approaches are included in Annex 1.

2.1.1 Objectives

As shown in Figure 1, IFM aims to make a direct contribution to wide-ranging objectives in forest sector reform. These objectives relate to *legislative reform*, the *will and capacity of the forest authority* to implement this legislation and thereby enforce the law, and the ability of *civil society to hold both of these state powers to account*. They are based on the argument that an increase in transparency and accountability will drive irreversible reform in the sector. Deficiencies in good governance from the local to the ministerial level will be pinpointed and brought into the public domain for discussion and action. Ultimately, IFM is an instrument to ensure that the benefits obtained by the management and use of a country's natural resources are (more) equally shared by all stakeholders, in other words shifted from the illegal logger to the state and the communities. Increasingly, governments and international policies purport to be in direct accordance with this aim. IFM highlights where words and deeds are inconsistent. The key achievable outputs of IFM in support of these objectives are:

- An increase in transparency regarding information and decisions in forestry;
- Improved detection and prosecution of illegal activity, and enforcement of the law;
- Better governance through analytical work, informed debate, and wider participation;
- Greater understanding of the law, and legal compliance.

FIGURE 1: *Conceptual framework for IFM*



2.1.2 Activities

The principal activity of IFM entails field investigations by which independent monitors (with or without the presence of forestry officials) observe and document activity, legal and illegal, in the forest and through the trade. Monitors work with government officials, civil society and the private sector of timber-producing countries. They provide authoritative and objective information on forest operations, with a particular emphasis on making it available to all.

There are a number of points where such monitoring might occur. Ideally, all the following stages will be covered, but the decision to include each one in the monitoring process will be highly context-specific:

- the initial allocation of the full range of timber and other permits, potentially including industrial logging, agro-industrial use and forest plantations, conservation and tourism development, and indigenous peoples' or community forestry titles
- the management of forestry operations and harvesting activities, possibly including monitoring inventory, record-keeping, log-tracking, low impact logging, collateral impact on the remaining forest and on non-timber forest products
- the subsequent processing and trade in forest products, perhaps extending to environmental, social and labour aspects
- the collection and distribution of taxes, fines and other payments, including benefit-sharing systems.

It is essential that IFM is carried out in a way that builds trust and confidence with all stakeholders, including ministerial staff, private sector operators, donors and civil society. This involves managing relationships in a politically sophisticated way, using considerable diplomacy, while at the same time proactively seeking, verifying and reporting the



BOX 1: *Red Cross visits to prisoners of war*

The International Committee of the Red Cross/Red Crescent (ICRC) makes an agreement with states that have signed the Geneva Convention to make visits to prisoners of war. In negotiating access, there are no half-measures – the ICRC either obtains a full mandate or they do not visit at all. There is a strict protocol for visiting prisons drawn up and insisted on by the ICRC. They believe that ultimately it serves the authorities to agree to this approach even if they do not see the need for it immediately.

The stated objective of ICRC is to make conditions better, not point the finger. Systemic failure is more important in their view than individual failure. Authorities often just do not know what is happening in their own prisons. Sometimes a judgement is made not to try to negotiate access as this may undermine other ICRC activities.

ICRC works in confidence. Going public is used only as a last resort. They will write several reports for delivery only to the authorities before going public, and they will not issue reports to the media.

Other human rights groups do not have the same mandate to make prison visits and have to base their information on secondary sources. An official mandate enables ICRC's information to be obtained directly from the source. ICRC would be concerned if there were other players – having a choice would enable governments to select the lowest standards offered.²

facts. The credibility of IFM rests on its ability to investigate politically sensitive situations and its commitment to adhere strictly to an agreed ToR when dealing with them. There are parallels here with international arms control monitoring:

States parties and other stakeholders must be confident that there will be no negligent or intentional breach of confidentiality or misuse of information by the organization or its international employees... In contrast... information kept confidential by a verification organization, whether at the request of a state or not, cannot be used to build confidence in the verification regime among treaty members or within the international community more broadly.'

2.1.3 Terminology

To date, IFM has focussed on observing official supervision and control of concessions and other forest management permits, suppression of illegal activity in protected areas or outside concession areas

and, to a lesser extent, the transport sector and timber mills. Some have characterised IFM as 'monitoring the monitor'. However, '*monitoring of (official) control operations*' is a more accurate description; it underlines the different functions performed by monitoring and enforcement agents, and implies that monitoring is an essential ongoing element (even if it takes different forms and is carried out by different players over time). In contrast, the phrase 'monitoring the monitor' may conflate the separate roles of monitor and controller, implying that monitoring will have to end sooner or later. While the services of an international organisation engaged in IFM may not be required in the longer term, the monitoring function remains a core part of good governance, and is by no means restricted to forests or developing countries.

A monitor produces factual evidence, presented neutrally. The information itself has no power; power comes with the application of information. Thus the monitor does not replace control agencies and is not in a position to enforce action against for-





Law enforcement agents inspect a log pond, Cameroon

BOX 2: *The mandate for election observers*

Election observers generally become involved only when it is clear that they will be well received by a country's major political forces. A fundamental priority is to respect the sovereignty of the country in question, and election observers do not want to be perceived as imposing themselves on any particular country.

There is no universal convention on election monitoring, but some institutions have developed recommended principles. The UN Electoral Assistance principles include, among other things, the need to raise confidence in the electoral process, to detect fraud, to assess the legitimacy of an electoral process, and offer suggestions for improvements.

Reports from election observers are normally given to the election commission of the country concerned, as well as made public by the election observer organisation. The recipient government is under no obligation to follow the recommendations in the reports, but faces the publicity around an election, including comments from observers.³

est crimes or changes in policies and procedures. The approach is comparable in some ways to that of prison visits by the Red Cross (see Box 1), and election observation (see Box 2). In each case the monitor has an official yet independent status, and its role is to report on, but not take the place of, the officials responsible. All monitors strive to maintain the highest standards of objectivity and respect protocols, but also have a set of minimum standards for their ToR. Monitors and others expect their evidence to be acted on through improvements in governance systems. In the case of IFM and election observation, reports are made publicly available, while the Red Cross submit reports only to the host authority and publication of their findings is extremely rare.

External monitoring

The term 'external monitoring' has been used to describe a broader set of third party monitoring operations,⁴ for example when there is no control system to monitor, or in the absence of a clear mandate from the enforcement authorities to undertake independent monitoring. Thus the principles of data collection apply equally to IFM and external monitoring, but not the institutional arrangements. EIA and Telapak have supported external monitoring in Indonesia by training and equipping civil society groups in collecting and disseminating information, with the international NGO (EIA) very much in the background. The project aims "to build the capacity of local NGOs by providing equipment, training and strategy to participate in providing and disseminating accurate information on illegal logging of areas of high biodiversity in Indonesia".⁵ Since 2004 Global Witness has undertaken external monitoring in Cambodia, including continuing to observe the activities of the new monitoring project holder. Figure 4 (in Section 4.5) gives some indication of the circumstances where external monitoring, IFM or desk-based auditing would be the appropriate activity.

2.2 Stakeholders

THE UNIQUE STRENGTH of IFM resides in the dynamics of the monitor's relationships with various groups within the forest sector – the government, industry, local communities and donors, all of which will have their own internal differences. (Motivations for different groups to engage with IFM are discussed in Section 3.3.) Unlike a self-appointed civil society watchdog organisation, a monitor has a contract with the host organisation to provide a supportive monitoring service. This official role permits the monitor to have access to official information related to forest management, such as certificates and maps of valid and expired logging titles, statistics and tax collection documents. This clear mandate is essential to verify the activities of officials and the implementation of forestry operations. To this extent it is similar to the audit function in financial monitoring.

The strategic positioning of IFM is a deliberate attempt to bring different tacit interests together. The role of IFM, like any initiative to improve governance, is to build a broad coalition for change from more or less legitimate, and sometimes conflicting interests. The contribution of IFM tends to be at a practical level – clear advice based on concrete evidence on how to improve implementation of policies which on paper are sound and widely supported. However, this practical approach does not mean that IFM can avoid the challenges of operating in a political arena. Vested interests must be brought in to the discussion rather than put to one side (or, in Logical Framework terminology, in the left-hand column) as risks and assumptions.

In the past the common choice for hosting IFM has been the ministry responsible for forests. But the generalisation 'host government' covers a diversity of institutions including the executive and



the legislature, competing ministries, and departments, some of which may be semi-autonomous under their own board or commission. The host for IFM is therefore of critical importance, and the impact of IFM will be limited in institutional settings where there is inadequate separation of powers between policy-makers, regulators, managers and enforcement agents.

Whilst it is important to have good relationships with all stakeholders, too close a relationship with either the host organisation or local civil society groups may be inappropriate if it results in accusations of partiality and failure to uphold the highest standards of independence and objectivity. Thus any classic 'capacity-building' role needs to be made explicit in the mandate of IFM in a given country. This will help prevent the creation of false expectations and subsequent disappointment, from the host organisation and others involved, about what IFM can and cannot provide.

3 The context for IFM

3.1 *Forest law enforcement and governance*

3.2 *The nature of illegality*

3.3 *Where is IFM needed?*

3.4 *Drivers of IFM*

IFM OPERATES within a complex social, institutional and political framework. This chapter outlines the main dimensions of that framework. They include poor governance, where systems of checks and balances are inadequate; historical patterns of forest tenure and their consequences for rights and responsibilities today; and the focus on poverty reduction that characterises much development work. The nature of illegality in the forest sector is also covered, which is useful not only for designing IFM but to refer back to during implementation. The key question of establishing the need for IFM is discussed in detail and, finally, a bullet-point summary lists the drivers which might motivate different stakeholder groups to support IFM.

3.1 *Forest law enforcement and governance*

THE FOREST SECTOR is particularly vulnerable to problems of poor governance. Logging requires a low minimum level of investment – a chainsaw and some transport – but the value of the product is high. Forests are therefore vulnerable to exploitation of both the resource itself and local populations, who may have few other livelihood options. In a downward spiral, poor governance allows corruption, fraud and organised crime to flourish through illegal logging and associated trade. The consequences are well known: unsustainable forest exploitation and resulting environmental damage, social disruption, at times leading to human rights abuses and conflict, and downward pressure on timber prices. One industry group recently commissioned a study that estimated that, “*illegal material depresses world prices by 7%–16% on average*”.⁷

The international demand for timber is a major factor driving illegality. No major timber-consuming nations prohibit the import or marketing of timber and timber products produced in breach of the laws of the country of origin, which means that legal disincentives for the conduct of such trade are few. Alongside, and to some extent in response, the timber industry and governments have promoted different initiatives.

Certification

Industry has led initiatives to attain forest certification. This is based on voluntary action by industry covering environmental, labour, forest management, economic and legal aspects. Crucially, certi-

fication depends on industry’s willingness to make the necessary investment, which in turn is dependent on there being a clear market advantage in doing so. However, despite certification schemes being in existence for over ten years now, very little high-value natural tropical forest has been certified. This suggests that complimentary approaches are needed. Certification is described in more detail in Annex 1.

International processes

Governments in producer and consumer countries, with assistance from international organisations, have favoured building a series of international agreements, including the following:

- *Regional declarations of intent*, for example, Forest Law Enforcement and Governance (FLEG) initiatives in East Asia, Africa (AFLEG), Europe (EU FLEGT) and Europe and North Asia (ENA FLEG).
- *Internal formal decisions* such as expressions of concern and intent by the International Tropical

BOX 3: *Checks and balances*

Bolivia provides a good example of effective ‘checks and balances’ in the forest sector. The Bolivian Superintendent of Forestry is personally appointed by the President, who chooses him from a list of three candidates presented by the Congress. The

Superintendent is entitled to a period of six years in office, one year longer than the presidential term.

This procedure protects the Superintendent from political and party vested interests.⁶ It presents a stark contrast to the previous situation, where the Minister had the power of summary dismissal and the Superintendent lasted a few weeks or months at best.



Timber Organisation (ITTO), the Food and Agriculture Organisation of the United Nations (FAO), and the United Nations Forum on Forests (UNFF) and its associated Collaborative Partnership on Forests (CPF).⁸

- *Bilateral agreements* between timber-producing and -consuming countries or blocs. They include the Memoranda of Understanding (MOUs) between Indonesia and the UK, Norway and China, the Joint Announcement between Japan and Indonesia, and the anticipated FLEGT Voluntary Partnership Agreements (VPAs) between the EU and timber-producing countries (see Annex 2).

In all there are at least ten current global conventions, multilateral or bilateral agreements which propose to improve legal compliance, although so far only VPAs have potentially enforceable provisions. Political support for better forest law enforcement was most recently reiterated at the meeting of G8 Environment and Development Ministers in March 2005:

We agree to increase our support to producer countries in their efforts to tackle illegal logging and associated trade by: combating corruption through enhanced transparency and access to information, particularly on the allocation of forest harvesting rights and revenues; strengthening capacity to enforce forest, wildlife and other relevant laws; engaging civil society and local communities in these actions; re-establishing law enforcement and administrative systems in post-conflict situations; and helping countries meet CITES obligations.⁹

Both certification schemes and international agreements have drawbacks. Certification schemes by industry are voluntary and attractive only to those organisations that perceive commercial benefits from demonstrating good forest management. Furthermore they aim to verify legality, not prevent illegality. Inter-governmental agreements take time to negotiate and implement.

In the meantime illegal loggers continue to oper-

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01	ស៊ុន ធីតា	ប្រុស	ស៊ុន ធីតា	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
02	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
03	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
04	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
05	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
06	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
07	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
08	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
09	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
10	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
11	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
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13	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
14	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
15	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	
16	ស៊ុន ធីតា	-	-	ស្ថាប័ន	ប្រទេស	01	ស៊ុន ធីតា	

ate with impunity. Clearly, the need for more action-orientated verification of activities in forests by independent organisations is growing. IFM complements both voluntary certification schemes and regulatory processes in two ways: it aims to provide an interim solution by curtailing illegal activity relatively quickly, and it informs the development of long-term solutions by providing an in-depth understanding of the complex mechanisms of illegality.

State capture: an illegal tax collection system in Cambodia

3.1.1 Poor governance

Illegal activity may appear, at first, to be solely the fault of those acting in the forest outside the law. Yet they can do so only because the state is failing to implement its own regulations. Where a resource has a commercial value and, in the absence of adequate governance, the incentives for influential parties to extract what they can as quickly as possible, outweigh the disincentives. In extreme cases, “protected by powerful patrons, timber companies may

evade national regulations with relative impunity. State forestry institutions may become in effect the clients of concession-holders in the ruling elite, exercising their powers as a form of private property rather than as a public service".¹⁰ This is known as 'state capture'.

If this kind of scenario is to be avoided, an effective system of checks and balances, which depends on both state institutions (auditors-general, the judiciary, the legislature) and non-state ones (the media and civil society organisations), must be implemented. When they are working effectively, these 'institutions of accountability' are able to control abuses of power. Conversely, weaknesses in the institutions of accountability provide opportunities for corruption. Accountability derives from the system as a whole, and only through the determined actions of the majority will illegal activity, including corruption by the minority, be suppressed.

Where checks and balances are non-existent or failing, any internal champions of reform will inevitably be constrained in what they can achieve. Measures to strengthen governance must utilise the full range of institutions, state and non-state. A broad range of approaches, such as those outlined in Box 4, is needed. IFM supports these approaches by observing the different institutions of accountability that are responsible for instilling good forest resource administration, and by making these observations public. The core tenet of IFM is to further good governance by highlighting inconsistencies in the words and actions of governments, institutions and agencies in ways that enable action by the responsible authorities.

*"Credible information on governance is information which increases the understanding and transparency of why policy and practice differ so much."*¹¹

—FOREST GOVERNANCE LEARNING GROUP



BOX 4: *Combating institutionalised corruption*¹²

Institutionalised corruption can be tackled by:

- **Monitoring service delivery** Serious efforts can be made by donors to hold governments to high standards in delivering public services. Corruption is difficult to detect through financial audits, but may be more easily revealed through observation of public service delivery.
- **Amplifying civil society's voice** Empowering citizens by promoting their right to timely, complete and accurate information about government operations, including a register of business interests for political, civil service and military personnel.
- **Disseminating Information** Reliable information about how governments spend money and manage programmes, and about what these programmes deliver, is a key ingredient of accountability and a powerful antidote to corruption.
- **Imposing public sector controls** Limiting the situations where officials might exercise unaccountable discretionary powers, introducing transparency and limiting public sector monopoly powers.
- **Involving other stakeholders** When government commitment to fighting corruption is questionable, it is important for donors and other external agents to engage local stakeholders in the fight against corruption.
- **Using international levers** Examples are the Extractive Industries Transparency Initiative (EITI),¹³ and the US Appropriations Act which insists that any US funds delivered through international financial institutions for the natural resources sector is properly accounted for by the recipient government.¹⁴

“At the community scale, a key problem is the lack of recognition and clarification of traditional property rights, including rights to ecosystem services provided by forests, as well as the criminalization of some traditional uses. This also gives communities greater incentive to collaborate in protecting forests against outside encroachment.”¹⁵

—FOREST TRENDS

3.1.2 Forest tenure

Forest tenure is often an extremely complex overlay of traditional customary arrangements, colonial systems and private rights. In the absence of land title documents, both colonial and independent governments tended to take forest land into state control. Many governments, realising the potential of forests to contribute to the economic development of the country, have granted concessions to industrial scale operations. Subsequently, local people, dependent on the forest and often with the greatest knowledge of it, have seen their access restricted, and their traditional forest-based activities may henceforth be regarded as criminal.

Some argue that, in post-colonial countries, the clash between the ‘native’ approach and the ‘colonial’ one has created sharp conceptual differences. A study in Cameroon, for example, found rural customs of tenure to be diverse and fluid, in contrast to a specialised rigid colonial rationale. Local rural ownership and use occurs within a community-based social order restricted by shared needs and protected by traditional methods of sanction. This results in the extraction of the least amount of resources capable of catering for communal needs. The colonial concept, on the contrary, favours extraction for maximum profit. It is the latter concept that was inherited by the post-independent state.¹⁶

Recently, efforts have been made to document and formalise tenurial arrangements. At the same time, community participation in forestry, as in the management of other public goods and services, is increasingly recognised as important. The ability for a community to obtain legal title to a forest is now a reality in many countries, at least in theory.

Nevertheless, undertaking mapping exercises (including digitalisation), resolving competing claims and developing participatory methodologies, while critically important, are slow and expensive processes. In the meantime, ambiguities and disagreements about tenure, and imbalances in power provide opportunities for discretionary powers to grant and deny titles and rights. In addition to logging operations, denial of indigenous peoples’ and other local communities’ land rights and rights to control their lands and forests have occurred as a result of:

- Takeover of forest land by agribusiness, oil palm or other plantations, and ranching
- Road-building and infrastructure development
- Incursions of oil and mining companies.

The variety of forestry-related permits and the possible abuses of power and authority in allocating them are described in Section 3.2. In combination they lead to insecurity over tenurial rights which may have a number of undesirable consequences: all users, communities and industrial operations alike, lose interest in the long-term values of the forest and exploit what they can before they are stopped; poor participatory methods allow local elites to engage with the state on behalf of the ‘community’; more powerful timber barons take advantage of ‘easier’ titles designed for local use; only the poorest quality forest is left for community management. All these consequences can lead to clashes between new title-holders and those working to uphold traditional rights.

Governments have a responsibility to maintain the peace. They therefore have an interest in ensuring fairness in negotiating competing claims to var-

ious ownership and user rights. The tools and approach available through IFM have the potential to be deployed effectively beyond forestry operations, and investigate wider issues of legality in the forest sector.

3.1.3 Forestry and poverty reduction

The potential of both industrial scale forestry and community-based forest management to alleviate (or exacerbate) rural poverty is a complex calculation, and the subject of much debate:

*the challenge faced by forest managers and policy-makers is to assess the current and expected future economic importance of non-timber benefits ... under different land use and management regimes; to make informed trade-offs between the marketed and non-marketed benefits of forestry activities; ... and to devise regulations and incentives which lead forest managers and land users to account more fully for non-market benefits in their decision-making.*¹⁷

On the whole, while it is difficult to find evidence of industrial logging activity contributing to poverty alleviation in developing countries, the links between the logging industry and abuses of civil rights are widely documented. In many cases, traditional livelihoods have been destroyed as people are denied access to land and trees that they once regarded as theirs. Moreover, the commodification of timber has led to over-cutting in communal forests, with the result that many non-timber forest products are no longer available. In some instances, such as resin trees in Cambodia, the economy of whole communities was based on the sustainable and traditional management of just one tree species, which has since been logged by outside forestry companies. Thus, “[i]t is a particularly large assumption that control of illegality will offer pro-poor benefits in contexts where the existing policy and regulatory frameworks are ambiguous and conflicting.”¹⁸

The low minimum level of investment combined with the high value end-product, make logging appealing to all. Local populations may engage in logging to supplement income from other activities such as agriculture. On a small scale, this is not a problem, but the relative informality of the sector compared with others allows larger investors to exploit both the resource and local populations. A small-scale illegal logging activity may be underpinned by middlemen who fund 30 similar illegal activities. These may supply a few bigger middlemen to feed a sawmill, which sells on to the international market. Large illegal operators do this with impunity, operating through extensive networks.

So while the fight against illegality in forestry may be a tool to alleviate poverty, the alleviation of poverty is itself also a tool to combat illegal logging. In an unregulated situation, the need for poor people to generate income may be partly met by illegally selling trees. As Kaimowitz has pointed out, increased enforcement may not be immediately beneficial to forest-dependent poor communities. Existing legislation often prohibits forestry activities that rural households depend on and most small farmers are ill-equipped to do the paperwork required by legitimate forestry regulations. Existing laws may consider local people as encroachers even though their families have lived there for generations, and enforcement is often more vigorous when poor people are involved. Measures that empower corrupt officials in the name of enforcement can make it easier for them to act with impunity.¹⁹

As the conceptual framework in Figure 1 shows, IFM aims to further the goal of equitable benefits from sustainable use of the forest. There may be cases where legal logging leads to the destruction of the livelihoods base relied on by the poor, and it is therefore important that monitors consider the arguments about the contribution different forest management systems can make to alleviating poverty.

3.2 The nature of illegality

A COMPREHENSIVE ANALYSIS of the character of illegality in the sector is provided by Debra Callister's 1999 work for the World Bank's review of its forest policy.²⁰ Efforts have been made to quantify the problem; the most commonly quoted figure being that of the World Bank, which estimated in 2001 that illegal logging alone costs governments some \$5 billion per year in lost revenues and that, in addition, \$10 billion annually are lost to the economy of producing countries.²¹ On an individual country basis, the figure may not be significant compared to other sectors, but illegality has a huge influence socially and politically, exploiting labour and undermining the rule of law. Of course it also has significant negative impacts on the quality of the forest, both in terms of conservation and in future revenues lost through unsustainable management.

To assert that illegality is the fault of one party or another would be to over-simplify (see Box 5 and Figure 2). Legal production and criminal activity are opposite ends of the same spectrum. In order to reveal the possible mechanisms and relationships that perpetuate illegal logging and trade, weak-

nesses in a number of systems must be identified. The following sections examine, in turn, legislation, administration, operations and litigation.

3.2.1 Weaknesses in forest law

The extent to which IFM challenges forest laws – identifying flaws and proposing changes – varies with each situation. It depends on how much of a barrier to sustainable forest management these laws pose. In all cases, the monitor must use existing legislation as a basis for observing enforcement practices, thus gaining the in-depth knowledge that will enable them to locate weakness and ambiguities.

Lack of clarity in the law is a serious flaw. It can exist on one or more levels: when legal texts are intricate and unintelligible to lay people; when cross-cutting legislation contradicts forest law; when forest law and regulations themselves contradict each other; and when there is a gap in the law. Confusion may also arise from a proliferation of permit and licensee requirements. And, finally, if the sanctions the law provides are weak, such laws as exist, however sound, are likely to be ignored.

Forestry legislation needs to be complete, unambiguous, clearly expressed and, last but not least, fair. Complex law may allow too much room for interpretation, and if stakeholders perceive a law to be 'unfair' they are more likely to breach it.

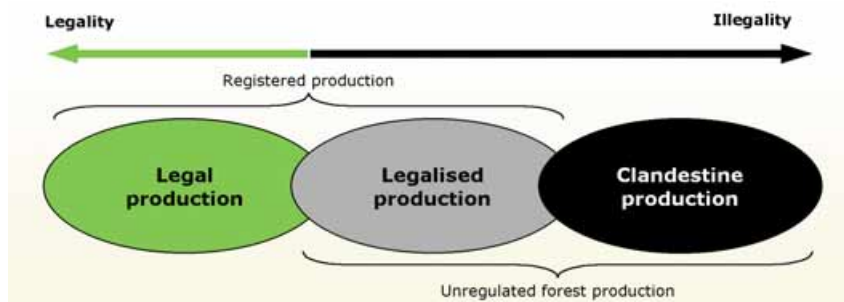


FIGURE 2: *Legality and illegality*²³

Complex laws

The complexity of legal texts is particularly daunting for small-scale operators and disadvantaged rural communities. The diversity of community structures and interests may also lead to over-regulation. For example, a law might require detailed management plans from each small-scale concession or community forest, but it may be impossible for those without the requisite financial and technical capacity to produce a compliant plan. Similarly, people may have been working in their local forest for decades, and suddenly have to produce management plans.

Then again, the forest authority and forest-dependent communities might view planning priorities differently, as is often the case with non-timber forest products (NTFPs). The value of NTFPs is often much more significant to local people than the forest managers and planners give credit for. So in community forestry permits (and large commercial concession agreements) planning requirements might be extremely thorough and detailed for timber, while neglecting other resources of significant local importance.

This example from Nicaragua is emblematic of many rural situations:

BOX 5: *Illegal activities in forestry*²²

Illegal logging

- Logging in breach of contractual obligations (for example construction of access roads without permission; cutting species not listed in the title's approved inventory; failure to visibly mark limits of the title area; abandoning felled logs in the forest)
- Illegally obtaining permits through corrupt means, including the physical relocation of a title area to another geographic location with authorisation of the forest authority yet constituting a breach of the forestry law
- Logging nationally-protected species without explicit permission
- Logging outside title boundaries
- Logging in prohibited or protected areas such as steep slopes or river catchments
- Removing under-sized or over-sized trees, or harvesting more than the permitted volume per species or total volume
- Laundering illegal timber through a legal permit
- Using old log permits or licences to collect illegally felled timber to 'sanitise' illegal timber, including continuing to log after a valid title has expired

Timber smuggling

- Failure to produce or fraudulent use of documentation on timber extraction and transport
- Log import/export in defiance of trade restrictions and/or national control measures
- Unauthorised or unreported movements across state boundaries
- Avoidance of CITES restrictions

Misclassification

- Under-grading and misreporting harvest
- Under-valuing exports
- Misclassification of species to avoid trade restrictions or higher taxes

Transfer pricing

- Nil profit accounting and manipulating revenue flows for services to avoid revenue

Illegal processing

- Use of unlicensed facilities
- Laundering of illegal timber through a legal facility

Grand corruption

Characterised by long-term, strategic alliances with high level of mutual trust. For example, companies providing support to senior politicians, political parties or major components of the state's apparatus to:

- obtain or extend a timber permit or processing licences;
- avoid prosecution or administrative intervention for non-compliance with national legislation;
- negotiate favourable terms of investment, i.e. tax holidays or non-collection of statutory duties etc.

Petty corruption

Shorter-term, more tactical, employer-employee relationship, facilitated by and may develop into grand corruption. Most obvious as graft given to or solicited by junior officials to:

- falsify harvest declarations;
- avoid reporting restrictions;
- overlook petty infringements;
- ignore logging or laundering of logs from outside proscribed boundaries.

The typical farmer, has no knowledge of administrative procedures, does not have a telephone, is far from the urban centre where the government administrative offices are located and mail does not get to his house. Compliance with administrative procedures is a great effort taking several days of work. Therefore a rural legal system based on elaborate procedures and a large flow of paper, is condemned to failure.²⁴

IFM can promote clarification of the law either by holding training workshops or by producing a user-friendly version (see Box 13). By building up evidence of weaknesses in the law, IFM can also contribute to the reform process.

Problems with the reform process Law-makers are generally based in towns and cities, making them more accessible to rich businessmen than to poor villagers. Consequently, forestry legislation has often been influenced by powerful interests at the expense of weaker voices. Recent pro-poor policies attempt to counter this bias as countries improve their legislative framework, and include new concepts such as sustainable forest management and the right of local communities to benefit more equitably from forest resources. However, their unequal negotiating position means that laws may still be unworkable, unjust or inappropriate to local people's needs. Common complications resulting from the process of reform are:

- Too many new laws are made. New regulations are often seen as a solution to failures in existing ones. This can lead to further overlap and complexity, especially if done through ministerial decree rather than the full legislative process. Another decree is issued to deal with the new problem, and so on. The result is numerous, contradictory, ill-thought-out and overlapping laws.
- Development initiatives have tended to fund big new ideas rather than to fix weak institutions. As a result, new organisations / task forces / commissions of enquiry are established and overlaid on existing ones.

- Laws drawn up by the government, perhaps supported by a single dominant donor, lack sufficient consultation with the legislature, industry or other donors, let alone civil society.
- Excessive discretionary powers mean regulations are easily changed at will. In a situation of state capture political leaders regularly usurp regulations in deference to vested interests, for example sidestepping a logging moratorium by allocating 'ecotourism', agro-industry, mining or plantation concessions in the middle of forests.
- Emergency or 'one-off' permits are introduced to deal with a particular problem (for example to recover 'old logs' impounded under a moratorium), and then never seem to finish, or are invoked repeatedly and easily abused.
- Changes in the law may not reach the relevant officials in remote areas, or may not be adequately explained to them. If the reform process is too fast or frequently changing, the new laws may be resisted.
- Once laws are in place, regulations for implementing them can take a long time to be agreed. This can mean delayed or non-existent implementation of laws that are good on paper.
- Decentralisation may result in conflicting laws between neighbouring provinces or between the centre and provinces.
- Laws designed ostensibly for the benefit of local communities may be used as a front for commercial interests.

Overlapping laws in other sectors

Legislation created for different sectors will often impinge on the forest sector, and land law is of critical importance in this regard, as this example shows:

The absence of clear land ownership rights has proven a major obstacle in promoting sustainable forest management in Bolivia. Reformers must keep in mind that this means more

than the simple division of space in neat parcels of land. Use rights by different groups tend to overlap, thus, the distribution of land may not be the primary policy consideration. Rather, the much more complex legal establishment of use rights and responsibilities may be a key element in organizing forest resources management.²⁵

In Bolivia and elsewhere, the reform of land laws to recognise community property rights of forest-dependent communities has often happened alongside demands for rights to self-determination.

In situations where land and other laws are overlapping and inconsistent with forest law, the dynamics of the forest economy are altered. Road construction, agricultural development and mining are three common areas where policies favouring macro-economic development fail to take account of the impact on the forest. These operations can facilitate access to the forest, lowering the cost of logging and extraction in areas not earmarked for such operations. They can also increase pressure for further conversion to alternative land uses, and

provide opportunities for people to use one law as leverage against another. Where laws are contested, or not enforced, opportunities for bribery and unfair application of the law are likely to occur.

Proliferation of permits, licences and contracts

A common source of confusion and abuse of forest law stems from the need for a range of permits. Although various permits may be required for different needs (see Table 1) badly formulated regulations can give rise to a number of problems:

- Time lags between the repeal or suspension of one type of permit and the introduction of its successor
- Difficulties in converting old concession contracts to new ones, especially when some concessions last 30 or 40 years
- Overlaps and gaps between permits created at different times; correct permits may be open to different interpretations
- Short-term cutting permits (one to five years),

TABLE 1: *Timber permits*

Description	Examples			
	Ghana	Cameroon	Perú	Mozambique
Long-term (30 years or more) forest management contract	Timber Utilisation Contract (on-reserve)	<i>Unité Forestière d'Aménagement</i>	<i>Concesiones Forestales</i>	<i>Concessão</i>
Short-term (5 years or less) felling permit	Timber Utilisation Contract (off-reserve)	<i>Vente de Coupes</i>	—	<i>Licença Simples</i>
Supply of timber for non-commercial, including social purposes	Timber Utilisation Permit	<i>Autorisation Personnel de Coupe</i>	<i>Bosques Locales</i>	(no license required, but restrictions apply)
Timber as a by-product of development activity (e.g. roads, housing) or management of forest fire hazards	Salvage Permit	<i>Autorisation de Récupération du Bois</i>	(permission must be sought)	—
Timber found abandoned in the forest	—	<i>Autorisation Spéciale d'Enlèvement du Bois</i>	(public auction)	—

Note: titles in this table are for comparative purposes only. Refer to the respective country laws for accurate descriptions of each permit.

might be appropriate for simple local management, but not for sustainable forest management. In the absence of other mechanisms to ensure longer-term responsible management, such areas will never qualify for certification.

- Overly large concession sizes (as a whole or in parts) provide an opportunity to ‘lock up’ land for a single commercial entity, which may not be able to work large areas. This denies others, including local communities, the chance to manage these forests and distorts the market.

Weak deterrents

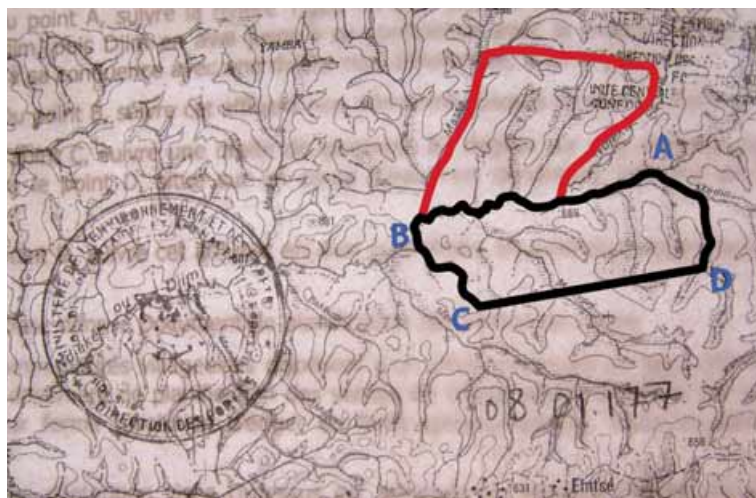
Deterrents against illegal activity operate on the private sector on two levels: sanctions provided for in the law, such as fines and damages; and economic losses resulting from poor publicity or inability to access certain markets.

Legal sanctions Timber has the potential to generate very substantial revenues with a relatively low investment, so legal sanctions need to be appropriate to the scale of the infraction and high enough to render illegal activities more costly than complying with the law. Often in forest law there is both a fine, determined by the law for different infractions, plus a formula for calculating damages. The sanctions available may vary with the kind of law which is broken (see Box 6) and can include suspension or cancellation of the relevant permit, seizure of products harvested illegally and of the equipment used to commit the offence, and even imprisonment.

Weaknesses in the sanctions system stem from excessive discretion allowed for in the law, and are exacerbated by secrecy on the part of the forest authority. Often there is no formula for calculating damages and the process is not transparent. So, while the value of timber might be well known, loggers, local officials and the wider public may not know what would be an appropriate sum for damages. The procedure for collecting fines and dam-

ages may also be obscure, making it difficult to know if and when an infractor has paid.

In many countries forest law operates within judicial processes that are slow, heavily bureaucratic and, crucially, allow for negotiated settlements. Infractors may therefore propose out-of-court settlements, which need not be made public. Where bureaucratic procedures are slow to the point of non-existence, this conveys another dangerous message to illegal loggers, namely that they may get away with infractions even when they are spotted and reported.



BOX 6: *Breaking the law*²⁶

- **Criminal law** is the body of law pertaining to crimes against the state or conduct detrimental to society as a whole. Violation of criminal statutes are punishable by law, and are generally more harsh than violations of civil law. However the burden of proof is correspondingly higher. Theft is a typically covered by criminal law.
- **Civil law** usually pertains to the settlement of disputes between individuals, organisations or groups and having to do with the establishment, recovery or redress of private and civil rights. Trespass is a typically the subject of civil law.
- **Common law**, also called case law, derives its authority solely from usage and customs of immemorial antiquity or from the judgments and decrees of courts.
- **Tort** is an injury or wrong committed, with or without force, to the person or property of another, which gives rise to a claim for damages.



IFM can support the development of measures to combat these weaknesses. It can, for example, demonstrate where the existence of sanctions is not in itself a deterrent. It can pinpoint individual companies which appear to continue illegal logging despite being repeatedly fined. IFM can also provide evidence that wider use of fixed non-negotiable fines, calculated according to the scale of the damage, may alleviate many of these problems. Moreover, the in-depth understanding of the sector gained by IFM can inform discussion on new formulae for calculating damages for different kinds of infraction.

Market-based sanctions Weak legal deterrents may be partly compensated for by economic disincentives. This is particularly true in countries with poor law enforcement but where logging is dominated by international companies. Market reaction to information on illegal logging can create much bigger financial losses than a fine. Damage to a company's reputation is difficult to predict or value, unlike bribes, which can be factored into the budget. Adverse publicity, however, may cause contract cancellations, lost orders and brand name damage, all of which cost time and money.

If illegal timber becomes too expensive in this sense, or if market access for it is prohibited, loggers will change their behaviour, even where legal deterrents are ineffective. In some cases, though, this may mean simply lowering labour costs or switching markets. Nevertheless, by acting responsibly in the way in which it places officially recognised evidence of illegal activity into the international public domain, IFM can affect the public image of an illegal operator. It can create powerful incentives for companies to invest in improved forest management and compliance systems. 'Vertically integrated' companies, with direct links between the forest and the final product, will be more susceptible to such exposure than a less formal chain of different companies buying and selling to each other.

3.2.2 Weaknesses in administration and control

Forest law enforcement is not simply about policing forest operations. It also includes implementing the law through regulations and administrative procedures. A dysfunctional forest authority or enforcement agency can render implementation of the best laws impractical. Some examples of weaknesses in forest administration, and the way it relates to other government institutions, encountered by IFM initiatives in the past include:

- Harvest rights are allocated illegally through abuse of discretionary powers, collusion during public auctions or sidestepping auction systems entirely. For example, permits for small-scale operations are repeatedly used to acquire access to larger pieces of forest; permits for salvaging abandoned timber or timber cut for social or development purposes are misallocated to areas of still-standing forest; the same permit number is issued to cover many different parcels of forest; a new boundary for a permit is illegally re-ne-

gotiated after it has been allocated in a public auction.

- Lack of communication between government institutions results in the same land having various – and sometimes mutually exclusive – uses assigned. These ambiguities undermine forest management as energy is diverted into resolving inconsistencies and disputes. Even relatively minor superimposition, perhaps due to the use of different mapping technologies, can result in poor definition of permit area boundaries, making it difficult to know if the boundary has been infringed.
- Ministries that are over-protective of information are unwilling or unable to share the data necessary to detect forest crimes. For example, a finance ministry may not release information regarding tax payments or a trade ministry or customs unit will not share trade data. The requirement for legal systems not to disclose sub-judice information can be over-zealously used to withhold information about the progress of court cases. This makes it difficult to compare logging with trade information, or infractions noted in the forest with fines paid.
- Skills and resources are inadequate to provide a sound approval process for management plans or sufficient supervision of implementation. Typically, a logging operation, once granted a permit, requires an annual quota from the forest authority to start operating. If loggers have to wait months for the quota to be issued, the felling season may be underway and they will feel forced into illegal activities in anticipation of their expected quota. Insufficient inspection of management plans may result in approval being given for overly high volume quotas. This can be exacerbated by renewal of the same quotas in following years without checking the permit-holder's performance in previous years.
- Events outside the immediate control of the forest authority, but part of a wider problem of



weak government institutions impinge on operations. Elections are a good example, where the whole functioning of government may be on hold for months.

- Complex administrative procedures and heavy bureaucracy force otherwise law-abiding citizens to revert to illegality as the only way in which they can use forest resources they have traditionally depended on.

Weak enforcement systems

Weaknesses in law enforcement and controls by forest authorities were recognised in the US Forest Service in the early 1990s: “*Law enforcement officials were increasingly investigating offences in many program areas of the agency where the investigation turned inward – to policies and practices of the agency, or acts or omissions of agency officials*”.²⁷ This indicates a potential conflict between those who make the rules and those who enforce them, and subsequent reform in the US attempted to deal with the problem:

Separation of the law enforcement functions of the forest service from the routine administration of forestry manage-

*ment is generally required for effective enforcement. ...[T]he US Forest Service Law Enforcement and Investigations Programme operates on a 'stovepipe' arrangement – enforcement operatives are directly attached to senior forest service management and bypass district and regional bureaucracies so as to more effectively address allegations of corruption and collusion of forestry service personnel.*²⁸

A necessary separation between the executive, legislature and judiciary is universally accepted in theory. But the lack of such separation between forest administrations and law enforcement agencies is commonplace.

Resources and political will The lack of resources available to the enforcement agency is often presented as the single most common weakness in forest control procedures. It is true that a minimum level of personnel, technical skills, procedural knowledge and equipment needs to be present for any enforcement operation. The enforcement agency needs a clear role, budget and place in the ministerial hierarchy before it can function and be recognised inside and outside the ministry. Once this minimum provision is available, however, reasons more to do with political will than material resources quickly become the major constraint. Three examples from fieldwork in 2004 demonstrate this:

- Post-conflict Democratic Republic of Congo exemplifies a situation where the minimum level of resource is absent; there are simply no enforcement agents on the ground. Estimates of the total number of staff in the forest authority range from zero to 250, but even this is plainly a tiny number for a large country with significant forest cover. Lack of human and material resources is a genuine concern here.
- Decentralised forest governance in Mozambique means that the implementation of forest law varies significantly from one province to the next. The provincial level forest authority is un-

der the influence of the Provincial Governor at least as much as they are under the direction of the central forest ministry. Consequently, there are provinces where a logging ban has been successfully implemented as an extreme but interim measure of control while new regulations are being formulated. But in neighbouring provinces the Governor has made no such decree, and uncontrolled illegal logging remains a serious problem. There is no significant difference in resources between the provinces, and the effectiveness of control is largely attributable to the political will of the Governor concerned.

- In Cameroon IFM has supported a centralised forest law enforcement agency for four years. During this time enforcement is reported by all sides to have improved significantly, despite there being no major increase in the resources available to the enforcement team. In this case, the ministry concerned had the resources but chose not to allocate them to effective enforcement until IFM began. The monitor was instrumental in causing the enforcement team to start making regular field visits. After three years of joint cooperation with the monitor, skills and professionalism have improved to the extent that enforcement officers now follow the procedure to issue an Official Statement of Offence to an infractor without persuasion from the monitor.

Systems and procedures Even where both the capacity and the political will exist, poor systems and procedures may still undermine the effectiveness of enforcement activities. Responsibilities in the different stages of control procedures need to be clearly defined to avoid inappropriate or ambiguous lines of command. If the enforcement agency does not manage its own budget then it will be constrained by the priorities of those who control the finances. It is not uncommon for concession-holders to provide logistical support where the government does not, for enforcement agents'

accommodation, food and/or transport. Independence and freedom to report on findings are then compromised.

The day-to-day operations of the enforcement agency may be further frustrated by an overly bureaucratic administration. One common example is the mission order document, which in some cases can only be issued by a minister. A mission order is the official instruction to visit the field. It may appear superfluous as the enforcement agents have a mandate to visit any part of the forest at any time. But the mission order is an administrative tool to entitle enforcement agents to expenses and per diems. Agents may be reluctant to fulfil their mandate without it. Linking such payments to proof that the mission was carried out, possibly with bonuses for successful indictments (as has been introduced in Mozambique), could be a more motivating alternative.

Enforcement will be weakened where there is a lack of inter-agency cooperation with other law enforcement bodies – national park guards, the police and the military, for instance. It will be weakened further, however, where there are ambiguities about who the ground-level officials report to – this might also happen where the forest authority has been decentralised. In the absence of clear lines of responsibility, compatible regulations, and operating procedures, relationships rather than rules will prevail, and whoever has de facto power will dominate. When one concession supplies all the timber in a remote town whose main activity is timber-processing and the company is the main employer, the forest official is very much isolated and under great pressure to bend the rules, either through corruption and/or intimidation.

At times, the national park guards, police, or military, may themselves be under suspicion of involvement in forest crimes, so there must also be checks and balances between the different agencies. The default solution has been to defer to a higher authority, but if decision-making is too centralised



this will severely inhibit any rapid response to information received about suspicious activity. This has happened where each field mission requires a prior mission order from the minister, passing through a chain of superiors.

Ambiguous responsibilities can lead to blaming the forest authority by default, sparing those who may actually be responsible for illegal activity. The poor quality of inventories, deficient registration procedures and inadequacies in establishing an annual allowable cut, for example, may all derive from weaknesses in the system, but it can be hard to pinpoint exactly which have the greatest impact. If a lack of due diligence in following each of these tasks is suspected, blaming the forest authority as a whole reduces the likelihood that there will be legal consequences. Non-specific blame can therefore be a convenient mechanism for covering up collusion between the authority and illegal loggers.

Flawed administrative procedures can thus be a symptom of a much broader problem. The combination of seemingly deliberate ambiguous procedures and officials who appear reluctant to take responsibility may indicate a wider picture of

collusion between officials and vested interests. This may be particularly true in situations where illegal trading in timber is linked to illegal trade in other commodities. This connects to wider issues of governance, including the position of forestry relative to other civil service departments; adequacy of financial controls; propensity to political interference; and the need (and resistance) to bring in wider stakeholder groups.

Many of the issues listed above are primarily structural, and the monitor's impact on them may be limited. IFM can contribute on two levels: it can highlight weaknesses and make suggestions about where control procedures can be improved and made more efficient, for little or no cost. Thus it helps to identify whether lack of capacity is a pretext for a lack of political will. The monitor can also provide training on control procedures – what preparation is necessary before undertaking a mission, what documents have to be completed to report an infraction, and how to follow up cases after the fieldwork is completed. This will develop professionalism, skills and motivation, and demonstrate the value of a structure where enforcement can operate with the appropriate level of independence from regular forest administration.

The monitor needs to avoid providing direct material support to the enforcement agency, as this will undermine the separation between observer and observed. Thus, many activities in the 'promoting professionalism' box in the IFM conceptual framework (Figure 1) need to be carried out in an informal way, and not include material inputs such as transport, accommodation, subsistence, equipment, fuel or salary supplements. These may of course be provided by other assistance programmes operating in parallel with IFM.

“If we want to manage forests in a sustainable way, those who are not able to respond to the economic, financial and forestry regulations should quit the sector.”²⁹

—ALAIN KARSENTY

3.2.3 Poor capacity in forest management

The logging industry is the largest and most powerful stakeholder group with direct responsibility for forest management in a concession system. Government rents out the country's natural resources to companies on long-term contracts. The companies are generally expected to do more than simply cut down the trees that best meet their own shareholders' expectations and the country's balance-of-payments needs. Their work-plans may be described in detail in 'sustainable forest management plans', which require some form of approval from the forest authority. A number of weaknesses in forest concession management derive from the ability and incentives, and therefore the willingness, of companies to meet the regulations laid down by the state.

Private sector management

The formulation and implementation of a sustainable forest management plan requires a high level of technical and legal knowledge. In many countries, there is a lack of professional forest management expertise capable of producing such plans, and this leads to heavy demand for the few qualified people. It is not uncommon for near-identical 'off-the-shelf' management plans to be submitted on behalf of different concessionaires in completely different parts of the country. They will include no real understanding of local conditions, or of what the specific management plan is supposed to achieve.

In both devising and implementing a management plan, it can be difficult to distinguish the reasons for poor performance by the concessionaire. Possibilities include technical ignorance, struggling to keep a company economically viable in the face of bureaucratic and other constraints, insufficient control of sub-contractors, and fraudulently seeking official authority to operate illegally.

Downstream processing and the market for products also influence the logging industry's incentives to operate within the law. High royalties and taxes may make logging unprofitable, at least in markets where there are alternatives. Where there is over-capacity in the processing industry, incentives to log illegally in order to meet demand will be particularly powerful. In time, as supply is constrained by regulation, enforcement and certification, but demand continues, the profitability of harvesting and processing should increase.

IFM seeks to tackle these kinds of concerns, through in-depth investigation of particular cases of suspected illegal activity and also by identifying ways in which training or procedures could be improved.

Suspect operations Experience has so far identified a number of indicators of ignorance, legitimate profit-maximising/cost-cutting or fraud in industrial operations, which relate to the classification of illegal activities given in Box 5. In each case, further investigations into the specifics of the case would be needed in order to differentiate between them:

- Multiple copies of management plans or maps exist, suggesting they may have been changed retrospectively to reflect realities on the ground.
- Reports of volume felled and volume transported do not match; timber is declared to come from areas it is not coming from; freshly cut timber is declared to be dead or abandoned; all these suggest timber may have been laundered into inclusion in a legitimate permit or transport chain.
- Powerful timber barons operate through many (sometimes hundreds) of small-scale operators, making it hard to identify the real power behind operations.
- Repeated sub-contracting results in numerous operations on a scale just below a particular management or permit threshold.

Failure to meet standards, for whatever reason, encourages concessionaires to offer unofficial incentives to the forest authority in order to buy approval. Likewise, poorly trained officials who lack either the knowledge or the confidence to uphold the law may opt to approve inadequate work instead of entering into technical discussions. In extreme cases, where senior officials are colluding with illegal operators, junior officials may be instructed to approve the concessionaire's operations, against their professional judgement. It may be safer to perform an illegitimate task such as entering erroneous data into the concession control system, rather than question a senior official's instructions.

Community forestry

Community involvement in forest management has become increasingly relevant as a mechanism for strengthening the economic as well as social capital of poor communities. Often, however, community forestry has been limited to areas of low grade forest, perhaps after commercial logging interests

Community forestry and processing operations, Cameroon



have taken the best trees. If communities start off with low value forests, it will prove difficult and expensive to establish viable forest enterprises and they are less likely to succeed. As tenure security for communities improves, and they gain strength in making claims for higher value tropical forest, they are able to compete more directly with industrial interests.

Communities are often required to produce a forest management plan. Depending on the country concerned, they may require different permits from the forest authority to implement aspects of the plan. Where industry complains of complex regulations and the difficulties of compliance, communities, with generally lower technical and financial capacity, face an even bigger challenge. Their lack of forest management capacity puts communities at the mercy of external elites: consultants who provide obligatory management plans, and timber barons who conduct destructive operations in the name of the community. It is very common for communities and individuals to sell standing trees at far below their value out ignorance of the market price. Communities have asked monitors to investigate illegal activity in their own forests even when they themselves are partly culpable. This is an expression of despair regarding their weak negotiating power, from preparing initial plans through to harvesting and marketing.

In many countries local NGOs now exist to support community-based natural resource management. Generally, however, this is still organisationally immature, focussing on service-delivery (environmental health, tree planting, fire protection) or conservation-orientated work. In many countries there remains a dearth of local NGOs advocating for community rights, such as securing economic, environmental and social livelihoods, self-determination, and participation in the local and national development process. IFM can provide encouragement for local civil society groups wishing to develop in this direction.

Community forestry is also vulnerable in another way. Forest control policies tend to focus on large-scale industrial logging and as they succeed in improving compliance with the law by larger operators, illegal activity can take on a much more informal character. Numerous small-scale operators can avoid detection by moving quickly in and out of different areas. They are harder and more costly to control, and can add up to a significant impact if many people are involved. Superficially, these may appear to be 'community' operated. Thus community forestry becomes vulnerable to expropriation by larger operators who exploit community permits to supply industrial scale demand.

3.2.4 Weaknesses in legal and judicial processes

As the system of law enforcement in the forest has weaknesses, so too is the legal system open to abuse. The slowness with which cases are followed up allows for evidence to disappear, and complexities to be forgotten, which in turn provides opportunities for decisions to be open to informal negotiation or formal appeal.

The credibility of any judiciary depends on its independence. But in some contexts powerful vested interests impinge on the judicial processes. In an environment of poor governance, opportunities for bribes, both within the judicial system and through out-of-court negotiations, may be widespread. At the end of a long process fines and damages may not represent the real cost of the illegal activity. Loggers realise that patronage and bribery are an effective way to reduce the cost of operating illegally, and they employ increasingly sophisticated methods of getting around the law. A typical example is the disposal of impounded timber. Three possible irregularities have been observed:

- Timber rots or otherwise disappears while a long case runs its course.





- Timber is allocated for ‘social purposes’ such as making furniture for schools. But the furniture which appears in the school is from an inferior species.
- Timber is publicly auctioned, but when the same incriminated logging company re-purchases it, the combined payment of the fine and the auction price still allows for a substantial profit margin.

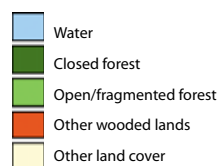
The potential activities for a monitor, listed in Section 4.2.3, include the development of a case-tracking system and other suggestions to improve transparency. In this way, public pressure can be maintained to resolve cases and repeat offenders will be exposed.



Timber stockpiles:
legitimately confiscated or
illegally protected?

TABLE 2: IFM feasibility studies*

	Forest Map ³¹	Key factors	Initiatives within country to date and potential for IFM
Perú		<ul style="list-style-type: none"> • Few target species – mahogany and cedro • Indigenous people, land tenure and labour exploitation issues • Thousands of small-scale operators over a vast area • Very poor data • Institutional change & uncertainty 	<ul style="list-style-type: none"> • Roundtable stakeholder discussions widely supported • Multisectoral Commission Against Illegal Logging initiated • Special police piloted in one region • Formalisation of and support to small scale concessionaires • IFM support dependent on ‘champions’ with limited political security
Ghana		<ul style="list-style-type: none"> • Significant loss of resource already • Industrial over-capacity • Validity of permits transferred from previous system in dispute • High market-consciousness and desire to participate in VPAs 	<ul style="list-style-type: none"> • Public auctions for permits • Significant separation of forest authority from state, and transparency of data • Customer Charter established and forest fora operating • Log-tracking system being developed • Interest in IFM to provide credibility to VPAs
Honduras		<ul style="list-style-type: none"> • Variation in ecozones (pine and broadleaved) and therefore in issues • Significant public concern over rights, illegality and environmental degradation – ‘March for Life’ • Delays and mixed reaction to imminent new Forest Law • Serious discrepancies in trade volumes 	<ul style="list-style-type: none"> • Supervisory Commission set up to investigate corruption in the forest authority • Restructuring of forest authority • Donor promotion of forestry as economic driver in Honduras • Human Rights Commission interest in IFM to strengthen civil society and contribute to national strategy
Mozambique		<ul style="list-style-type: none"> • Significant government decentralisation • Two tier concession system being undermined • New Forest Law still requiring supporting regulations • Post-conflict vulnerabilities to human and environmental exploitation still present 	<ul style="list-style-type: none"> • Forest Forum operating • Tripartite control (officials, concessionaires’ and community) being tested • Participatory policy development to keep policy-makers in touch with on-the-ground realities • Interest in IFM currently unclear but likely to be variable between provinces



* These four countries were selected in response to previous expressions of interest in IFM, as well as geographical and thematic diversity; they were not singled out as having a particularly poor record in forest governance.

3.3 *Where is IFM needed?*

“There are only six big [timber] producers – Indonesia, Malaysia, Brazil, Bolivia, Cameroon and Gabon together accounting for 60-80% of world markets. Overall, some 70-100 concession holders harvest around 25-30% of all the tropical timber entering the global market. Concentrating financial and technical assistance and monitoring on these concessions could reap early rewards.”³⁰

—RIIA, CHATHAM HOUSE

MONITORING OF THE forest law enforcement system exists in some form in a wide range of countries and contexts. While monitoring can be useful anywhere where there are trees or timber, different kinds of monitoring are appropriate in different situations. This section, while touching on other methods, looks mainly at factors involved in the decision to employ IFM. In any particular context, assessments of certain key areas would need to be made.

Such assessments may take the form of a feasibility study. In 2004, Global Witness carried out feasibility studies in four countries: Perú, Ghana, Honduras and Mozambique. Brief summaries of the issues identified and the response to them are presented in Table 2.

“To date, the decision to implement a programme of IFM has depended almost exclusively on a process of negotiation between the single host government and some of its donors. Aid conditionalities have been influential.”³² Yet in order to meet its objectives IFM needs to have a broader base of support than from donor or other international agendas. That support is generated by understanding how the forest is used, and relevant environmental and social factors. These encompass five interrelated areas: state of the forest, industry performance, the existence of a political will for reform, the existence of a sys-

tem that can be monitored and market demand. Box 7 provides indicative questions relating to these five key areas which might be addressed in any feasibility study. The following sections describe each of the five factors in detail.

3.3.1 State of the forest

The value of the forest and scale of the threats to it will determine the resources justified in protecting it. The overall size of the forest dedicated to timber production, the value that timber and other products generate, and the value of the timber in protected areas and/or not allocated for timber production will all influence the resources required to regulate operations. In some situations, logging activity may focus on only one or two species dispersed over a wide area. This makes control and monitoring in the forest very difficult, and suggests that controlling transport, trade and processing should be prioritised. Depending on the scale and method used, exploitation of target species may not seriously impact on the overall ecology of the forest.

However, wider forest values and the threats to them are also important. These include the protection of watersheds, biodiversity values, soil conser-



State of the forest

- Are the permit systems or other structure of the forest estate a barrier to Sustainable Forest Management (SFM)?
- Is the condition of the forest sector critical to the health of the society at large?
- How secure are indigenous rights? Have concessions disenfranchised them?
- How large is the rural population dependent on forest resources? How sympathetic are they to the present land use system?
- Are livelihood interests protected in the system of forest exploitation? Have they been significantly disenfranchised by recent changes in patterns of control over land?

Industry performance

- Are there operators who are investing in SFM? Might these be a force for progress?
- Is there a concession system? Is it the best long-term use of the resource? How does it operate? Is it compatible with long-term industry?
- What are the tax regimes governing exploitation of forest resources? Are they conducive to SFM?
- Is the level of installed capacity a force for rational management or over-exploitation?
- What do forest-dwelling communities gain /lose from timber operators in their areas?

Political will for reform

- What are the origins of the present structure of control over forest resources? Does this structure have antecedents in political struggles?
- To what extent does the forest ministry control forest policy? Is forest policy made and administered by the same authorities?
- How influential are other sectors and authorities? Are there competing jurisdictions over the forest estate?
- How much information/control does the central forest ministry have over the national forests? And local government?
- How important is the forest estate in national policy? What is the public perception of this importance?
- How effective is tax collection by the state? How transparent? Is the population aware of the extent of sectoral revenues? Do they see the benefits?
- Are there cohesive local communities?
- Is the NGO community coordinated? Are there 'representative' NGOs?
- Is the environmental movement strong? Is it independent? From where do its resources derive? Has it led to a growth in willingness to pay a price premium?
- Are there allies in the press and civil society for the drive against illegality?
- How strong are the conditionalities which donors can apply to forest governance?

A system to monitor

- Is there a cadre of forest law enforcement agents? What is their role, training, power, resources, capacity/coverage and independence? Whom do they report to?
- Is the judicial system an aid or a barrier to SFM? Does the Government win the cases it brings against the industry, and if not, why not?

Market demand

- Are the major markets environmentally sensitive? For the industry as a whole? For segments of it?
- Is there a drive to certification within the forest industry? If not, why not?
- How important are 'green markets' in the longer term?
- How easily could trade switch to non-green markets?
- Is there a local industry with a long-term interest in the indigenous timber supply?
- Are there agreements – VPAs, MOUs, etc – with importing countries?



vation, encroaching agriculture (industrial and subsistence), and the religious, amenity, or other social functions forests perform. These factors influence the extent to which people depend on the forest for their livelihoods and the potential for forests to contribute to poverty reduction. The influence of tenure systems is a particularly complex factor, including the extent to which indigenous groups have clear and secure rights, and traditional land-holders have been disenfranchised by colonists, governments and concessionaires.

Basic data on the overall forest area, ratio of protected areas to production forest, rate and primary causes of deforestation, key target species for trade and conservation, population density in relation to forest area and urban/rural populations, dependence of the poor on forest resources, and tenure systems are starting points for assessing the justification for IFM. Some of this data is provided for a range of countries in Annex 6.

A lack of accurate information about the forest can itself be a source of interest in IFM. Such information shortfalls can be obstacles to legality in four main areas: (i) limited knowledge of forestry resources (baseline data) and especially their evolution through time (monitoring); (ii) inadequate flow of information between and within governmental institutions, leading to contradictory decisions; (iii) limited dissemination of information to forest users; and (iv) lack of understanding of the nature and dynamics of illegal activities.

3.3.2 Industry performance

The willingness of industry to comply with the law, and public concerns about illegal activity, are powerful forces for the demand for IFM. Where the sector is a major source of revenue it is important for both government and the wider society that it is managed properly. Where companies are predominantly ‘fringe operators’ with no real technological



skills or interest in the long-term management of forests, rapid degradation of the resource is likely. By working with the enforcement agency, IFM can strengthen government efforts to bring the sector under control.

The presence of progressive companies, willing to make investments in management and with a real understanding and interest in managing a concession over the full rotation, can provide an important source of support for IFM. The desire for a level playing field where legitimate business is no longer undercut by illegal activity is a powerful motivator for reform. Where the illegal activity results from collusion with officials (see Section 3.3.3), companies welcome IFM to ‘protect’ them from corrupt officials.

The nature of the processing industry is also important. Investment in new technology which permits higher conversion rates and secondary processing is encouraging, but in many countries over-capacity in the processing industry is a serious problem. Where regulation has reduced the log supply to sustainable levels, a disparity between



NORMAS DE BUEN GOBIERNO

NORMAS DE BUEN GOBIERNO	ALCANCES	REFERENCIAS LEGALES
Acceso a la Información Pública	Toda persona tiene derecho a solicitar - sin expresión de causa - y recibir la información que requiera de cualquier entidad pública, pagando únicamente el costo de la reproducción. Las excepciones son fijadas por Ley.	- Constitución, artículo 2º numeral 5. - Ley 27806, Ley de Transparencia y Acceso a la Información Pública
Trato Preferente	Las mujeres embarazadas, niñas, niñas, adultos y adultos mayores y personas con discapacidad, tienen derecho a un trato preferente en todos los lugares de atención al público. Los Gobiernos Regionales se guían por principios de inclusión y equidad que favorecen a los grupos más vulnerables. Los Gobiernos Regionales promueven diversas modalidades de participación ciudadana. Representantes de organizaciones sociales forman parte del Consejo de Coordinación Regional, en el que se debate el plan de desarrollo regional concertado y el presupuesto participativo.	- Ley 27408, Ley de Atención Preferente. - Ley 27867, Ley Orgánica de Gobiernos Regionales, artículo 8º numerales 4 y 7. - Constitución artículo 151. - Ley 27263, Ley de Bases de la Descentralización, artículo 17º y artículo 20º. - Ley 27902 que modifica la Ley Orgánica de Gobiernos Regionales, artículo 2º y artículo 3º.
Participación y Concertación		
Rendición de Cuentas y Control Ciudadano	Los Gobiernos Regionales son fiscalizados, también, por los ciudadanos y ciudadanas de su jurisdicción. Están obligados a realizar como mínimo, dos audiencias públicas al año para rendir cuentas de su gestión.	- Ley 27783, Ley de Bases de la Descentralización, artículo 21º. - Ley 27867, Ley Orgánica de Gobiernos Regionales, artículo 8º numeral 3, artículo 24º y artículo 87º literal b). - Ley 26300, Ley de Derechos de Participación y Control Ciudadanos.
Transparencia	Las entidades públicas están obligadas a instalar portales de transparencia en internet para informar sobre su organización, presupuestos, proyectos, adquisiciones, actividades oficiales y demás aspectos relevantes.	- Ley 27806, Ley de Transparencia y Acceso a la Información Pública. - Ley 27867, Ley Orgánica de Gobiernos Regionales, artículo 8º numeral 2.
Neutralidad	Los Gobiernos Regionales garantizan la imparcialidad y neutralidad en la actuación de la administración pública.	- Ley 27867, Ley Orgánica de Gobiernos Regionales, artículo 8º numeral 9.

Translation:—

Norms of good governance

- **Access to Public Information** Every person has the right to request – without providing the reason – and receive information they require from any public entity, incurring the cost of reproduction only. The exceptions are established by law.
- **Preferential Treatment** Regional Governments are guided by the principles of inclusion and equity that favour the most vulnerable groups. Pregnant women, children, elderly and disabled people have the right to a preferential treatment in customer services in all public places.
- **Participation and Consensus** Regional Governments promote various ways of citizen participation.
Representatives of social organisations comprise the Regional Coordination Council, which debates the consented regional development plan and the participatory budget.
- **Accountability and Citizen Control** Regional Governments are also controlled by citizens of the jurisdiction. They are obliged to provide at least two public hearings per year to report on its management.
- **Transparency** Public entities are obliged to provide transparency internet websites to inform about their organisation, budgets, projects, acquisitions, official activities and other relevant aspects.
- **Neutrality** Regional Governments guarantee impartiality and neutrality in the performance of the public administration.





Non-collusive corruption

- bribes for legal activity (i.e. obtaining a permit)
- drives up costs to private sector
- favoured by strong government

Collusive corruption

- collusion with industry to rob the state
- bribes are insurance policy taken out to avoid penalties for illegal activity
- favoured by weak governments

Strong government

- politically stable, maintain law and order, enforce contracts
- possibly authoritarian

- able to maximise total take from complementary activities (e.g. logging then transport)
- has power to coordinate so supply doesn't fall in response to high demands for bribes
- staggeringly high rates possible

- strong government fears potential loss in revenue
- but this doesn't apply to environmental and social dimensions with no explicit revenue impact (i.e. violations of good practice) so even strong government might collude here

Weak government

- precarious government, anarchic state, local fiefdoms
- possible consequence of decentralisation

- government comparatively unable to coordinate bribe-taking
- free entry so opportunity to create new permits and new bribes
- anarchic; multiple bribes for legal operations

- private sector able to push down bribes because enforcement is weak
- instability means officials anxious to maximise short term benefits
- corruption for e.g. tax evasion or exports likely to be higher than under strong government

BOX 8: *A typology of corruption*³⁵

This may include seeking IFM expertise in designing a forest law enforcement system and subsequently monitoring its implementation.

There may also be situations where the timber industry is dominated by criminals and the government is too collusive or weak to close such organisations down in favour of bona fide forestry companies. In such situations there is a fine judgement to be made between IFM and external monitoring. Collecting information about malpractices and making it widely available can still have an impact by informing the international timber trade in their efforts to develop responsible purchasing policies.

IFM is most appropriate in political situations that have not degenerated to this degree. It requires minimum commitment, at the highest levels, to the rule of law and the responsibilities of public office. Those wishing to strengthen this commitment will

welcome IFM. In these situations, governance problems may still be severe, where for example elements within government place their own interests or those of illegal logging operators above their duty as public servants.

IFM can help to counter both non-collusive and collusive corruption, but is particularly appropriate in the latter case, where “*neither the briber nor the bribee has an incentive to report or protest. Thus collusive corruption is insidious and difficult to detect and therefore more persistent.*”³⁶ IFM investigative skills, combined with the field-based collection of evidence, can illuminate the complex links between different actors operating illegally. Until these links are broken, it may be counterproductive to strengthen the regulatory and enforcement capacity of the forest authority, if doing reinforces collusive corruption.

Political Will

Political will is not something which is simply present or absent. It can be built from elements such as civil society activism, a free press, and independence of the judiciary. For example, in Ecuador and the Philippines, civil society is strong enough to be an equal partner in tri-partite arrangements with the government and the private sector. Where the institutions of accountability are weak, laws, regulations and enforcement action will be constantly challenged by those seeking to capture the state's assets for private gain. IFM can provide an important boost, but the institutions also need to be present in some form for IFM to operate with the required independence from the forest authority. In particular, calls for (international) IFM from local civil society organisations are a good indicator that IFM can make a valuable contribution in a country.

To assess the level of governance, data on political freedoms such as the Corruption Perceptions Index, and free press rankings are useful (see Annex 6). Press reports and discussions with local civil society organisations will provide more detailed assessment of the level of corruption. Interviews with government officials will also help to identify 'champions' and latent demand for reform, and ascertain the extent to which the forest authority actually has control over forest policy.

3.3.4 A system to monitor

IFM approaches good governance explicitly through observation of the forest law enforcement system, but there may be circumstances where there is no system in place that can be effectively and objectively monitored. In deciding what sort of monitoring is appropriate, the extent to which a system exists and can be improved upon must be assessed. If IFM is seen as a short-term response to system failures, the monitor risks substituting

rather than strengthening official control operations or civil society watchdogs.

Intermittent spot checks are an alternative to a full-time IFM team. These are sufficient where systems are suitably robust. In countries where there are difficulties in developing long-term IFM, they can also be a useful entry point, along with scoping missions and case studies.

The 'system' includes the legislative framework, documented operating procedures (including lines of authority, reporting and actions undertaken by people in different positions) and the availability of information. Weaknesses stem from two typical situations: a well-documented system is not followed because of either capacity constraints or intentional undermining; or the system is inadequate and could not possibly work.

In either case, IFM is attractive where there is at least a minimum provision in each of the three following elements, but where much work remains to be done:

- 1 **The legislative framework** Where the law is unclear or unwritten, for example if the forest code is under major revision, it may not be possible to conduct monitoring operations. In order to determine what is illegal it is necessary to know what is legal. Sometimes, the presence of a monitor leads to identification of the need for legislative reform, for instance where widespread abuse of a particular permit has resulted in its suspension.
- 2 **Enforcement capacity** In post-conflict situations, an enforcement structure – laws and enforcers – may no longer exist, so it would be difficult to know what or who the monitor was monitoring. IFM can start operating simultaneously with the new system, dealing with issues from the beginning. Where a structure does exist, but appears to be too close to industry, or too under-resourced to be effective, IFM can provide valuable support and help drive reform. Government decentralisation also has a mixed

impact on capacity. During the decentralisation process roles and responsibilities are likely to be confused, and a monitoring team can help to optimise a new system. At the same time, the central ministry may be able to utilise IFM as a channel for information flows back from decentralised local enforcement units.

- 3 Information** Monitors need access to information, so the forest authority must be willing to provide them with maps, permit documents etc. Where this is not the case, it may be difficult to negotiate for access to the necessary information. More often, information exists, but not in a centralised and uniform manner. Forest authorities will benefit from the work of a monitor that provides this.

In considering IFM, these three components of the system need to be assessed. Such information may well be difficult to obtain but a basic assessment of the presence of an enforcement system and officials responsible for implementing it should be possible.

Monitoring will be welcomed by those open to ongoing critical examination of their system of regulation and enforcement. It can help move forest authorities towards greater acceptance of review, assessment and improvement in laws and regulations, enforcement capacity and systems, and the transparent availability of information.

3.3.5 Market demand

The presence of major environmentally sensitive export markets in donor countries will increase pressure on those donors to fund IFM. Some host governments and industry are aware of this, and already regard IFM as a precursor to forest certification. IFM does not issue certificates or explicitly assess sustainability of forest management practices. But it has an advantage over certification schemes in that participation is not voluntary, so supports

the regulatory role of the forest authority (see Annex 1). Also, compared with some other schemes which certify legal origin (see Annex 3), IFM is independent of industry and therefore upholds the important divide between the regulator and those being regulated.

Both these factors are recognised by host governments who seek to implement the rule of law. Those who have shown an interest in the EU VPAs regard IFM as an important part of the package of measures needed to meet the Agreement, as it underwrites the credibility of the other aspects of the scheme (see Annex 2). The result should be real market incentives for industry to invest in forest practices that meet the requirements of legality licensing.

As environmental awareness grows, domestic consumers (of both timber products and environmental services) also demand higher environmental standards. This is already happening in some middle-income countries and in those where forest degradation is most serious. These trends correlate with the growing strength of local civil society organisations, and therefore formal or project-based IFM may not need to be part of the solution. Countries that have undergone democratic reforms, as is the case in some Latin American countries and the Philippines, may come into this category, depending on the longevity and depth of their reforms.

3.3.6 Drivers of IFM

In summary, compared with some other monitoring methods such as audit and remote sensing (described in detail in Annex 3), IFM is most applicable in the following circumstances: where the forest resource has an international value (economic, social and environmental), where illegality is significant and political will for reform is low, but where there is some sort of system to monitor and calls for reform come from donors, citizens and officials. As

the trend to good governance increases, IFM can bring a transparent and authoritative assessment of whether governance targets are actually being met. The examples provided in Table 2, the five key areas for feasibility study and other work (notably that carried out by ODI's Review of Independent Forest Monitoring) all indicate a complex set of aims and aspirations for IFM, including:

On the part of host governments

- To maintain and improve foreign investment into the sector
- To increase tax income
- To support internal 'champions' of reform
- To maintain legitimacy by responding to civil society and industry needs for good governance

On the part of industry

- To counter under-cutting by illegal operators
- To counter demands for bribes from corrupt officials
- To improve international reputation and markets

On the part of local and international civil society

- To protect the rights of forest-dependent communities
- To ensure sustainable use of the forest

On the part of donors

- To increase accountability over other financial and development assistance to the sector
- To lever governance improvements in recipient countries

The ability of IFM to deliver on these expectations is discussed in Section 4.6.





4 Designing IFM

4.1 *Hosts and institutional arrangements*

4.2 *Terms of reference*

4.3 *Funding*

4.4 *Risks*

4.5 *Matching providers of IFM to context*

4.6 *Indications of impact*

THE DESIGN of IFM is critical to its success and requires careful negotiation between partners. IFM operates on a number of levels and over a time frame of many years. It may start as an internationally operated project, but the functions of IFM should ultimately evolve into a permanent component of forest sector governance, carried out by local organisations.



DESIGN BEGINS with identifying the partners. The first part of this chapter examines the options for the IFM host. The host may not be the forest ministry, in which case a formal arrangement with the forest authority will also be required. Formal relationships should also be set up with donors. Sound institutional arrangements are crucial to the smooth running of a programme.

Clear Terms of Reference (ToR) are also essential and they should be agreed between the main parties rather than imposed by one side. Where ToR have been imposed by donors on the host country government, forest authorities may be reluctant to cooperate. Discussion of the ToR should cover what will be monitored, information required, quality control and validation, protocols for publication, issues of sustainability and the importance of an exit strategy.

Secure funding for IFM is clearly important, as is matching the provider of IFM to the context. The chapter concludes with a discussion of the potential impact of IFM, and proposes indicators for assessing these impacts.

The design stage itself presents opportunities for sensitive issues to be aired. It will influence the subsequent relationship between monitor and host so, wherever possible, expertise in IFM should be included at this stage. Care is needed to avoid setting the stage for mutual mistrust, as in the following example:

An evaluation of the [IFM project] was carried out in 2002, and this noted that the project design was based on the assumption that the [host government] could not be trusted to handle forest crime information correctly.³⁷

Pilot missions While not essential, a one to two month demonstration of how IFM might work can be a useful starting point for discussing ToR for a longer IFM programme. Such ‘pilot missions’ help to clarify how IFM operates and to make an initial analysis of the problems of law enforcement, thereby focussing the design process and ensuring any programme is adequately resourced.³⁸

4.1 *Hosts and institutional arrangements*

UNLIKE EXTERNAL monitoring, which is self-mandated, IFM, as a service, must report to a body that takes ownership of reports and is committed to act upon recommendations. It will also have more or less formal relationships with other stakeholders. The institutional arrangements will vary with local circumstances, but certain principles for structuring IFM should be employed in almost all cases:³⁹

- 1 **A management and reporting system** to plan and authorise the monitor's activities and channel its findings. This provides justification for management decisions on where and what to monitor.
- 2 **Broad participation** to ensure responsibility and accountability. Reporting to a single institution lacks transparency. Reporting to a multi-stakeholder panel, which validates and adopts findings, provides a buffer between the monitor and vested interests.
- 3 **A system of clear ownership** of reports, giving the reports some status in law. Qualified immunity from libel and other action would not be unreasonable.
- 4 **Commitment to ongoing participation.** The will to retain confidence in IFM and uphold its independence from government must be maintained by all parties.
- 5 **Participation of key public services** that are likely to be implicated in down-stream activities: police, military, judiciary, finance ministry, ministry for development or economic planning, customs and trade regulators.

- 6 **Involvement of civil society organisations**, preferably those with high public credibility and broad ownership, with due regard to principles of good governance in their internal organisation.
- 7 **A proactive and prominent role for the donor community** This relieves pressure on the monitor to conduct its own diplomacy by acting promptly at key moments to keep the IFM on track.
- 8 **Well-defined provision for dispute resolution** in the event of differences between the parties. Grievance and arbitration procedures should be clearly specified in the contract.

In applying these principles, three levels of participation should be considered: the contractual agreement, a reporting panel, and possible formal relationships with other stakeholders. Each one has implications for the others. The diagrams in Annexes 1 and 4 provide some examples of the relationships different monitoring systems have adopted.

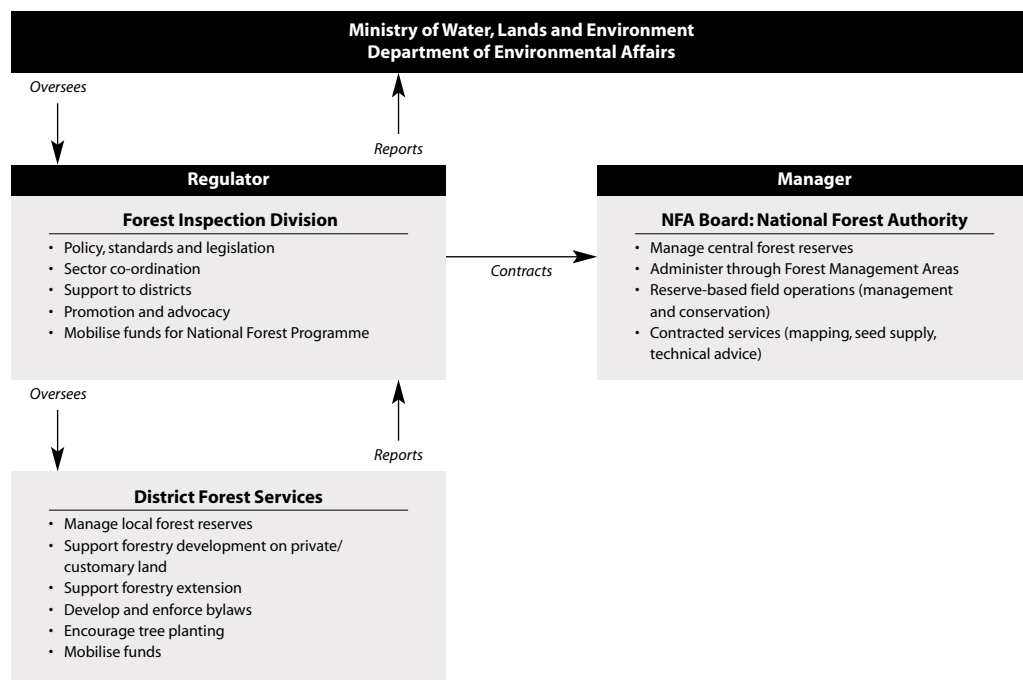
4.1.1 Contractual arrangements

Of necessity, IFM works with many stakeholders, but contracts would be unworkable if all parties were contractual partners. The most important single partner is the host, for which there are several options.

Forest ministries

The obvious contractual host for IFM is the ministry responsible for forests as the relevant legal authority, and this has generally been the case to date. The biggest risk of this arrangement is that the forest ministry itself has a vested interest in controlling the IFM agenda. Indeed, for legal reasons, it is the forest minister who typically signs concession permits on behalf of the state. In countries where the forest ministry acts as both regulator and man-

FIGURE 3: *Forest institutions in Uganda: separation of roles*



ager, then the role of the reporting panel (Section 4.1.2) is critical as a balancing force.

In countries where a separation of powers between the forest ministry and a forestry commission or authority already exists, it would be justified for the ministry to host IFM as part of its overseeing function. This is the case in Ecuador, for example, where private contractors provide two control functions and the monitoring function (see Annex 1). In Ghana the Forestry Commission and its Board have yet to become fully politically autonomous, and advocates of IFM there call for monitoring to be part of a ‘non-state governance system’. Uganda is praised for the successful separation between regulator and manager (see Figure 3), but currently suffers two constraints. First, the National Forest Authority (NFA), as manager, has

been significantly better resourced through donor support than its government contract-partner, the Forest Inspection Division (FID). This entails the risk that the stronger NFA is not adequately held to account by the weaker FID.⁴⁰ Second, no independent supervision yet exists. Local civil society, through some form of coalition or network, could provide such supervision.⁴¹

Other ministries

There are good arguments for the host for IFM to be outside the ministry whose performance is under review.

It has been suggested, for example, that the Finance Ministry would be the proper institutional location, to the extent that forest taxes are an important component of government

revenues... *The Auditor-General's office would be an alternative location.*⁴²

Indeed, the IFM project in Cambodia from 1999 to 2003 had three hosts: the ministers for forests and for environment, and a 'focal point' representative from the Council of Ministers. The new phase of IFM in Cameroon commencing in 2005 has the ministry for economic planning and development as 'project owner' and the forest ministry as 'project manager'. In the wider current context of direct budget support and good governance, where donor assistance encourages inter-ministerial responsibility and co-ordination, this approach seems attractive. In Ghana, recent significant increases in revenue resulting from auctioning forest concessions have been retained by the treasury and denied to the Forestry Commission. This reflects mutual mistrust over the ability to account properly for funds. Arguably, the presence of a monitor, answerable to the treasury (among others), would have reconciled this.

Other potential hosts

Apart from ministries, three alternative hosts can be considered: a group representing the legislature, a multi-sectoral commission, or an ombudsman organisation.

The legislature has an overseeing responsibility and the ability to commission studies, at least in the short term, which could make it suitable for hosting IFM. In a parliamentary system of select committees, the committee responsible for scrutinising the work of the forest ministry would be an appropriate choice. Elsewhere, a congressional commission might have the same role. As one study suggested, "*This would have the advantage of broad and inclusive participation, involving democratically-elected representatives of the range of major parties, with an official mandate to pursue the public interest*".⁴³ However, there may be legal limits on the ability of se-

lect committees to enter into contracts with service providers for extended periods, particularly beyond the date of the next election.

Multi-sectoral commissions In Perú the proposed Multi-Sectoral Commission Against Illegal Logging (*Comisión Multisectorial para la Lucha Contra la Tala Ilegal*) is designed and funded to commission studies. The Commission comprises the ministries for agriculture (including forests), interior, defence, public affairs, justice, education, the National Commission of the Andean, Amazonic and AfroPeruvian Populations and the National Supervision of Tributary Administration (SUNAT). Its stated objectives specifically include the channelling of technical international cooperation to fight illegal logging. It has been designed to prevent the line ministry responsible for forestry having a dominant role, although there has been some delay in its establishment. This example enhances public credibility by having a group of state institutions sharing responsibility in a transparent way. Furthermore, compared to less formal arrangements, this Commission has a legal identity, providing a formal way by which reports can have shared ownership.

Human rights commissions or ombudsmen These have many similarities to IFM and therefore could make an appropriate host organisation. All are state sanctioned yet independent. Generally, ombudsmen are concerned with individual cases rather than wider governance systems, and often they lack technical expertise in the forest sector. But, like election observers or Red Cross prison inspectors, they have a non-governmental profile and public credibility. They are more common and effective in Latin America than Africa. There are two types of ombudsman:

- The legislative or 'classical' ombudsman, established by statute, who reports back to ministers of state or the legislature.

- The executive ombudsman who reports back to the head of the organisation that they investigate.

Ombudsmen investigate complaints from the public about administrative errors, unjust decisions or treatment concerning programmes administered by the government or organisation. Their powers vary but could include total independence and arms-length function from the government or organisation. Typically, they cannot take up third party complaints, but can initiate investigations that are based on a systemic trend that has been identified rather than a specific individual complaint. Past and current IFM work fits the second description – monitors report to the relevant minister in their role as head of an executive agency. However, IFM could be constructed to report to the legislature, or to the minister in his/her role as custodian of the affairs of the state.

Contractual arrangement with donors

Most monitors will also require a contractual agreement with a donor, who provides funds and expects reporting against expenditure. Depending on the institutional arrangements and the donor concerned, this may be integrated with the main contract (as is the case of the IFM phase in Cameroon commencing in 2005, and in Cambodia) or in the form of a separate grant letter (as in the case of the previous 2002-2005 IFM contract in Cameroon). As direct donor support to projects is replaced by direct budget support, the funds are likely to be channelled through the host, and this may make independence from the ministry responsible for the sector more challenging. It also risks diminishing the proactive and prominent role for the donor community, as highlighted in the seventh principle outlined in Section 4.1.

4.1.2 Reporting panel

In addition to the contractual arrangement, some form of joint responsibility can be mediated through a reporting panel that reviews and validates the findings of IFM. In Cameroon, for example, the reporting panel is known as the Reading Committee. It is made up of officials from the forest ministry, donors and the IFM team, under the chairmanship of the minister or his representative. Discussion of detailed technical reports about infractions and the system of control builds capacity and ownership among the participants, including representatives of the host organisation.

This in turn contributes to a long-term impact on illegal logging by creating a cycle of policy and procedural review and improvement, as well as tracking individual cases. The function of a reporting panel is not to direct the monitor or to question the facts found during investigations, as this would risk undermining the monitor's independent status. The panel's role is closer to that of an academic peer review, in front of which the monitor must substantiate its evidence and justify its conclusions. The reporting panel may recommend changes to reports in order to clarify facts, improve objectivity and expand on recommendations before they are adopted for publication.

A reporting panel made up of only three stakeholder groups (as in Cameroon) is precarious, particularly if one of stakeholders dominates numerically and in terms of calling the meetings, hosting them and writing up the minutes. There is the potential for either collusion or, more likely, conflict where the monitor unearths evidence that is politically sensitive for the host. Indeed, in the absence of any effective reporting panel, there is no easy mechanism for resolving disputes between the monitor and the authority.

There are strong arguments for a wider group being represented on the reporting panel. It could include different ministries and / or civil society

and industry representatives. This has been considered in Cameroon but not so far implemented. However, the contract for the IFM phase commencing in April 2005 specifies the minister for economic planning and development as the official ‘project owner’, so this should place that ministry at the centre of the reporting panel.

If representatives of civil society and industry participate in the reporting panel, safeguards are needed to avoid conflicts of interests. Groups which have due regard to the principles of good governance within their structure would be appropriate, as would trade associations that are distanced from the business itself but able to articulate concerns and communicate back to industry. This type of multi-sectoral committee promotes a more constructive approach towards increased transparency by providing a mediated forum for potentially heated debates between parties. But it will only succeed where contributions are open and constructive.

Where the host is itself a multi-sectoral or legislative committee (see above) it is possible that this group could also perform as a reporting panel.

Reporting panel procedures

The reporting panel’s procedures must be carefully designed. Some basic principles are:

- Meetings need to be regular and automatic, not at the host’s discretion.
- Membership should be limited numerically, but sufficiently broad in stakeholder representation. Numerical dominance by one stakeholder group may bias the discussion and can divert attention into internal conflicts within that sub-group.
- Each monitor’s report must be submitted to the panel first for review. Revisions agreed by the panel are carried out and then the report is validated.
- The monitor is not free to publish its findings without first giving the reporting panel the opportunity to validate them.

- All participants in the panel have an equal right to present their point. In particular, the monitor has the right to justify the content of its reports.
- Minutes are taken in the session, written up, approved by the chairperson and circulated within days of the meeting in order to give clear guidance on revisions to the monitor. A formal process of approving minutes takes place at the following meeting in order to air any misunderstandings therein.
- Meetings need to be frequent enough – monthly rather than quarterly – to allow a cycle of review, revision and approval of reports within two meetings.
- Once validated by the reporting panel, a ‘stamp’ or mark on the front of each report will indicate that it has gained status and ownership. Recommended wording on the stamp is “*Adopted by the [host organisation] as a fair and accurate report.*”
- Any subsequent requirement for approval by the host would usurp the function of the reporting panel; risk having reports never published because they are pending approval; and invite non-transparent lobbying of the host to approve (or not approve). Above all, as the subject of the reports is the use/abuse of state resources, they must be published in the interest of the state. This means the host organisation must publish all reports.

The negotiation and documentation of protocols for the reporting panel and subsequent revision can be extremely time-consuming. But this process in itself helps to build trust, confidence and competence in the host organisation. In this way, subsequent reporting panel meetings are more likely to be constructive and not get enmeshed in, for example, lengthy discussion of the wording of a single sentence. The critical elements of these procedures need to be contained in the ToR, as outlined in Section 4.2.

4.1.3 Other formal relationships

The monitor interacts with two groups of stakeholders. One is an ‘inner circle’ group, with whom the monitor has formal relationships, comprising the host organisation, forest law enforcement agency and donor community, as outlined above. The second group is a wider circle including local communities and civil society organisations, private sector forest industry and international environmental and consumer communities. Relationships with these groups need to be managed in ways that do not compromise public credibility of the independent status of the monitor. Generally, this will mean discussions will only take place once information gathered through IFM has been validated by a reporting panel, and is in the public domain. Once published, the IFM reports can be used by any interested parties including the organisation providing the IFM service.

NGOs

Where IFM is itself undertaken by an international NGO, it may be expected in some quarters that the monitor should ally itself with the ‘family of local NGOs’. Local civil society is an important potential source of information about possible forest law infractions worthy of investigation and verification. Furthermore, civil society is recognised as crucial for long term effectiveness, in that many of the functions of IFM are likely to be taken up by local NGOs. Where an international NGO prepares for handing over to a local one, a formal capacity-building relationship may be appropriate. In other situations, too close a working relationship may risk diluting perceptions of fairness.

Other stakeholders

Designing and implementing IFM in conjunction with a package of wider reforms helps to ensure activities complement each other. IFM should benefit from sectoral development, including explicit ca-

capacity-building and restructuring of the forest authority, empowerment work with civil society and policy reform processes. The wider package need not necessarily be limited to the forest sector. Where development plans include increasing transparency and accountability or tackling corruption throughout government, then IFM should be embedded in a wider context of reform. This avoids the perception that the forest authority is being singled out as particularly regressive in its efforts to reform.

There are two scenarios where other formal relationships might be required:

- A memorandum of understanding (MoU) with the relevant enforcement agencies regarding data, access, inspections, compliance measures, authorisations and sanctions will be needed if this is not explicit in the contract, for example where the IFM host is not the forest ministry. Even where the forest ministry is the host, an overarching MoU with central government which provides for similar kinds of access to information from the judicial administration, tax authorities and police, for instance, is advisable.
- IFM may operate in conjunction with other forms of monitoring, as is the case in Cameroon, where the concession allocation process and the changing forest cover are monitored by two other initiatives. These initiatives are expected to reinforce each other’s work. For example, the discovery of illicit permits might require the monitor to investigate concession allocations, or information about changing forest cover might provide the IFM monitor with evidence to prompt a field investigation. A written MoU between such organisations will clarify roles and stipulate areas of cooperation.

4.2 Terms of reference

ONCE A CONTRACTUAL host, reporting panel and other institutional arrangements have been agreed, detailed ToR must be drawn up. If the ToR are ambiguous or weak, much time can be consumed in the implementation stage, renegotiating and revising them. It is also important that drafting the contract and the ToR are systematic and coherent, thus eliminating the risk that one contradicts the other.

What to consider

ToR need to summarise *why* IFM is required, *what* it aims to achieve, *how* it will operate both in practical terms and in terms of the *mandate* or obligations of each party towards the other. Where IFM has been project-based or dependent on limited funding, it must also state how the work will be *sustainable* afterwards. These requirements are discussed in detail following the model ToR provided in Box 9. ToR may also have specific sections on the *inputs* (budget and job descriptions), the form of *outputs* required, their *duration*, and some form of *performance appraisal*. These are not core to the ToR, nor unique to IFM, so are not discussed here.

ToR must refer accurately to the parties involved. Such definitions are normally provided in the contract. For convenience, the model ToR provided here uses the following terms:

IFM Independent Forest Monitoring. Those conducting IFM are referred to as the Monitor.

Host Organisation The contractual partner to the Monitor. This may be the forest authority, another governmental institution or ministry or some other multi-sectoral or parliamentary commission (see Section 4.1.1).

Forest Authority The state authority, typically the ministry responsible for forests – a higher au-



Marking timber as confiscated

thority than the Forest Law Enforcement Agency. Responsibility may be divided between ministries/authorities, for example those responsible for forests and the environment.

Enforcement Agency The Forest Law Enforcement Agency – the field-level control organisation(s) whose role is to enforce the forest law. These organisations may be more or less decentralised in different countries, and lines of command may be to a provincial governor rather than to the central ministry. There may be more than one Enforcement Agency, for example those responsible for production forests and for guarding protected areas.

Control Missions Inspection visits by the Enforcement Agency to the forest, which may involve visits to sawmills, trading locations, ports, etc.

Reporting Panel A committee that provides peer-review of the reports generated by IFM (see Section 4.1.2).

Mission Order The document required by Enforcement Agency in some countries to entitle them to expenses and per diems when undertaking a mission. This is *not* an authority to conduct a mission per se, as Enforcement Agents should not need a warrant for each control mission – they should have blanket rights to visit any part of the state forest at any time. The mission order is a formality to check against fraudulent claims for travel expenses.



BOX 9: *Model terms of reference*

[Note. Time periods and other details given in square brackets are for guidance purposes only. Locally relevant times and other key terms/names will need to be added.]

Goal

The establishment of good governance in the forestry sector, in order to improve this sector's contribution to poverty alleviation through the sustainable management of forest resources and the equitable distribution of the benefits accrued.

Achievable Objectives

- **Transparency** A substantial increase in the quantity, quality and credibility of information so that both forest law and associated enforcement operations are transparently available to all stakeholders.
- **Capacity** Identification of needs, and peer-support for improvements to the Forest Authority and the Enforcement Agency's capacity and procedures so that they are able to carry out their functions in a balanced and accountable way.
- **Policy** Analysis of the impact of laws, regulations and procedures, and identification of weaknesses and limitations in implementation, in order to encourage and inform policy development. In particular, evidence of poor governance and conflicts of interest are collated and presented.
- **Participation** Improved understanding and respect for the law by organisations and individuals. This includes a reduction in illegal activity by logging operators, and an increase in the ability and motivation of civil society to take on the role of watchdog. Such participation by both sides signals the end of the need for an international independent monitor.

Activities

The overarching activity is to compare the provisions of the law with the reality on the ground. The Monitor must therefore focus its resources broadly on those areas [e.g. concession allocation systems, industrial concessions, protected areas, smaller title areas, transport, processing and trade, revenue collection] where the difference between the two is greatest.

- The Monitor and Enforcement Agency meet regularly [e.g. three-monthly] to agree a **Joint Plan** of Control Missions that aims to achieve an even distribution of missions to different parts of the forest zone, leaving time to respond to denouncements and tip-offs, and make unscheduled inspections when in any particular locality. A senior member of the Forest Authority [e.g. the Inspector General] should, if possible, attend such meetings. The Monitor and Enforcement Agency meet regularly [e.g. monthly] to review/reschedule plans and exchange information.
- **Joint Missions** with the Enforcement Agency following the Joint Plan to ensure all permits for timber extraction [possibly a non-exhaustive list] are inspected in the field within a particular period [e.g. one year].
- **Joint Requested Missions** where the Monitor and the Enforcement Agency respond to tip-offs or denouncements by a third party. Any Mission Order required by the Enforcement Agency should be given within a short time [e.g. one week] to minimise any loss of evidence.
- **Independent Missions** to be undertaken by the Monitor alone in order to provide a baseline from which assessment of the Enforcement Agency can be made.
- **Verification Missions** provide an opportunity for the Monitor to check on the findings of a previous official mission in the event that they did not join that official mission.
- In addition to Control Missions, the Monitor is entitled to undertake, in consultation with the Host Organisation **other investigations** covering specific aspects of forestry control and infringements against the forestry law [possibly a non-exhaustive list].

Reporting

- A Reporting Panel, comprising representatives of [e.g. the Forest Authority, other relevant ministries/authorities, Enforcement Agency, Monitor, donors, civil society and industry], shall convene regularly [e.g. monthly] under the chairmanship of the Host Organisation. Meetings will be automatic; the absence of the chairman or any key participant will not prevent the meeting being held.
- Within a short time [e.g. two weeks] of a Control Mission, the Monitor shall submit a mission report to the Reporting Panel. The report should follow the standard format [provided]. The Reporting Panel will review each report and, as necessary, make recommendations in order to clarify facts and improve objectivity. Minutes of Reporting Panel meetings will be provided to the Monitor promptly [e.g. within seven days of a meeting], and approved at the subsequent meeting.
- The Monitor, having made changes to the report in accordance with the recommendations of the Reporting Panel, will submit the revised report at the next Reporting Panel meeting for their approval.
- If the Reporting Panel fails to convene within a particular time [e.g. 30 days] of a summoning, it will be assumed that no objection exists to the reports submitted for validation.
- The Monitor and Host Organisation will publish all approved reports on their websites, with the mark "Approved by the [host organisation] as a fair and accurate report" on the cover. Providing this reporting procedure has been followed, any reports that fail to be approved, may be published but without this mark.

Inception phase and periodic review

- The [e.g. three-month] inception phase will be concluded with an Inception Phase Report including any agreed changes to the activities of the Monitor and any clarification of other aspects of these ToR. This report is for project management purposes and will only be published if deemed necessary and appropriate by both parties.
- Thereafter, the Monitor will produce a regular [e.g. annual] review and Summary Report. The review will provide an opportunity to update the ToR in the light of changing circumstances. Each Summary Report will consider actions taken by the Forest Authority and Enforcement Agency in response to the recommendations made in each of the preceding mission and other reports. The Summary Reports will not require approval from the Reading Committee and will be published by the Monitor alone.

Mandate

- The Monitor has the right of access to relevant **information** held by the Forest Authority and other relevant ministries/authorities, without the need for prior approval.
- The Monitor has the right of **movement and access** to any part of the country in order to carry out any Control Missions.
- The Reporting Panel acts as a **buffer** between the Monitor and stakeholders: once approved, the reports must be published by the Host Organisation.
- The Monitor has the right to **publish** any un-approved reports after [e.g. 30 days].
- The Monitor has the right to attend any meetings between the Enforcement Agency and suspected infractors.

In carrying out this mandate, the Monitor must at all times:

- devote its time exclusively to its professional activities;
- respect confidentiality and professional secrecy on all information in its possession, and communicate or disseminate such information only in strict respect of these ToR and the laws of the country;
- demonstrate diligence and objectivity in the exercise of its functions;
- work intelligently with all the stakeholders of the enforcement process.



4.2.1 Achievable objectives

The goal and objectives given in Box 9 correlate directly with the conceptual framework for IFM shown in Figure 1. Summaries of the objectives for IFM in Cameroon and Cambodia are also provided in Annex 4. In such a framework, the monitor has greatest control over the lower levels – activities and outputs – and progressively less direct influence over the higher levels – objectives and goal – as these are subject to many factors outside its remit.

In designing an IFM intervention, care must be taken to ensure that the immediate achievable objectives are realistic and measurable. It is important to have an inception phase, during which the objectives are validated by a range of stakeholders through a consultative process, and the activities required to meet those objectives are agreed in detail. This provides an opportunity to update and modify the activities and seek the widest possible agreement on the monitor's intentions. Common participatory planning, monitoring and evaluation tools⁴⁴ are useful in facilitating initial consultations, and the process should produce a baseline document against which future evaluations can be judged.

4.2.2 Activities: forest monitoring

IFM can be applied at many points in the chain from forest to market and final consumer. The objectives may remain the same, but the ToR will vary depending on the agreed focus of activities. Some activities may be ongoing while others are one-off studies.

The forest-based monitor is expected to undertake missions on the full range of permits, contracts and licenses, which should be listed in the ToR. The monitor and the enforcement agency should meet regularly to produce a plan of joint missions that covers all parts of the forest equitably. There are four types of field mission:



- **Joint Missions** The enforcement agents and monitor embark jointly on a pre-planned mission; these are the most typical. Separate reports, from the enforcement agency (possibly including an official statement of offence against infractors) and the monitor (including observations on the conduct of the enforcement agents) are produced.
- **Joint Requested Missions** A joint mission is undertaken, as above, but at the request (perhaps expressed in confidence) of a third party (typically an NGO or community). Such missions must be conducted quickly (e.g. within seven days) to minimise any loss of evidence.
- **Independent Missions** Missions undertaken by the monitor alone serve a number of important roles. Enforcement agents may, at times, be unable or unwilling to participate in a joint mission. It may also be appropriate to respond to a requested mission independently. Overall, independent missions serve as a baseline from which to assess the work of the enforcement agency, and ensure field investigations take place even in sensitive areas. The official status of a report from an independent mission may be weaker than that of a joint mission, but it remains credible as long as the monitor remains credible. Of course the enforcement agency has a duty to follow up with its own inspection as soon as possible, but again the credibility of the evidence will

be weakened unless the monitor participates. Where IFM is not structured around a close shadowing of the enforcement agency, independent missions will be the norm.

- **Verification Missions** Where the monitor did not join a previous official mission, it may make a subsequent mission alone to verify the findings of the official mission.

4.2.3 Other activities

The monitor should not be limited to forest operations fieldwork. By periodically encompassing other investigations, IFM techniques may potentially contribute to wider aspects of forest law enforcement. Field-based monitoring in the forest must work outside concessions and other titles, for example in protected areas or as yet unallocated areas. ToR should include a provision to accommodate new studies by the monitor in response to changing circumstances. The detailed methodology for other kinds of monitoring could be agreed on a case-by-case basis, but in general work would follow the same basic sequence of (i) confirming with the host the justification and methodology; (ii) obtaining relevant documentation; (iii) carrying out the study; (iv) obtaining approval for the findings from the reporting panel; and (v) publication.

The following are potential areas that could be included in the scope of ToR, or formulated as separate one-off investigations.

Monitoring competitive concession auctions

The monitor may investigate competitive concession auctions, including both the pre-qualification and decision-making criteria and processes, thus increasing transparency and public credibility. Cameroon and Ghana have both sought different independent third party involvement in this area. In Cameroon auction monitoring is undertaken by a local legal and accountancy firm on behalf of the

inter-ministerial committee for the allocation of concessions. This has led to improved vigilance over the technical requirements of the bidding companies, and to improvements in the authenticity of bank guarantees.⁴⁵ In Ghana, an independent third party is employed to set the ‘floor price’ for each concession. This mechanism, introduced partly in response to problems observed in Cameroon, prevents buyers and sellers colluding to agree a price below the market price. This is not strictly monitoring, although independent observation of the auction itself was proposed in the system design. Monitoring work of this nature might also include observing compliance with regulations immediately after the auction, for example meeting performance bond conditions, scrutinising management plans and undertaking community consultations.

Monitoring administrative permit allocations

Where public auctions are not held, there is often an even greater lack of transparency about the issuing of new permits. Proactive monitoring techniques can improve official systems for making information publicly available, and investigate the concerns of local communities, NGOs or the private sector. In addition to detecting illegal activity, such work may expose exploitation of legal loopholes issuing permits, which can then be closed by improving existing procedures or by legislative process.

Tracking legal cases

Case-tracking systems may be designed, either in collaboration with the enforcement agency, or independently and in parallel, where necessary to maintain the integrity of the data (further details are provided in Section 5.3). Such systems have two related purposes: the enforcement agency may use it to plan, appraise and prioritise its own programme of regular inspections; and the enforce-

ment agency, forest authority lawyers and others may use it to assess progress in forest law enforcement. This is important to avoid situations where the monitor produces substantial evidence, and the forest authority assesses damages and issues statements of offence, but there is no transparency regarding payment of fines and damages. In such a case, the list of cases of illegal activities grows, but the public can see little in the way of action being taken against the perpetrators.

In conjunction with case-tracking, the monitor should be able to follow up cases in other ways. This might include participating in hearings, where relevant. The monitor can also inform an administration about past records of company performance, which should be taken into account when a new round of concession allocation starts. Publication of such information in the local press can also provide powerful leverage on the forest authority to follow the rule of law in subsequent concession allocations.

Monitoring certification of legality

Systems to provide certification of legality, based on new technologies such as computer-based data collection and management, are increasingly seen as an important part of forest law enforcement (see Annexes 2 and 3). IFM differs from but complements these in that the latter issue certificates or licenses for *legal* timber, whereas IFM collects evidence on *illegality*. Studies of preliminary legality licensing systems have already shown risks and deficiencies concerning the frequency of audits, obstacles to public scrutiny and contradictions in the period of validity compared to the concession permit.⁴⁶ As these methods become more widespread, IFM will be able to supply an independent view, through ongoing field-based spot-checks, that the whole licensing process is robust and well maintained, and therefore provide public credibility to these initiatives.

Testing forest management database systems

Testing the integrity and value of forest sector management information systems (MIS) and geographic information systems (GIS) will improve systems of control and accountability over data and increase public access to digitised map data and permit ownership. The SIGIF (Système Informatique de Gestion de l'Information Forestière) study in Cameroon is an example of such a study. It revealed a significant apparent over-cut of timber and recommended investigations into potential infractions and improvements in data collection and quality.⁴⁷ Too often, these systems are built using international development funds with a relatively short timeframe, and suffer from being poorly maintained and underutilised in the long term. A study of four country systems in South America for ITTO reported "*weaknesses in following up the capture of some basic variables*" with regard to data collection, and "*no major development after project completion*" with regard to data analysis work.⁴⁸ These conclusions suggest that whilst the database structure might be robust, its usefulness is undermined by the lack of political will to collect and analyse data.

Analysing trade data

Analyses of international trade may identify possible cases of laundering or mislabelling of traded timber products. Similar work by ITTO indicated significant discrepancies between the reported exports from one country and the corresponding import data from another, and while the figures were immediately contested, the analysis was not able to clarify the extent to which the discrepancies could be attributed to poor data collection and quality, weak coordination between agencies or illegal activity. Investigative work by a monitor can help answer such questions, and identify systemic weaknesses that promote such discrepancies.⁴⁹



Monitoring environmental and social issues

Considering the fact that many of the negative impacts of legal and illegal logging have social and environmental implications, these have been generally under-emphasised components of IFM. They are worthy of further investigation on two levels.

First, social and environmental factors are often incorporated into concession agreements. Typically, forest management plans are required to include community consultations and negotiate services the logging company might provide to the affected communities (road construction and maintenance, provision of schools and health centres etc). Independent monitoring of these agreements could strengthen the voice of communities who feel companies have not met their obligations. It would also address a systemic problem, namely that much of this provision happens only in the first few years. Once the road or school is built questions remain about how they will be maintained for the 30-40 year duration of the concession.

A second level of environmental and social concerns surrounds the impact of the logging industry on the surrounding area. Forest management regu-

lations often cover environmental pollution aspects within the concession (treatment of oil and other waste, protection of water sources, density of logging roads etc). But they rarely consider the impact on wildlife, hunting, agricultural productivity or the health of local communities (e.g. respiratory problems from dust thrown up by heavy lorries on forest roads). Labour conditions and potential issues arising from importing migrant labour (downward pressure on wages, social disruption, health risks) are also areas where independent assessment might help facilitate negotiation and avoid conflict.

Monitoring revenue transparency and benefit distribution

In some situations, logging might be legal but fees and taxes might be avoided (for example by under-declaring, transfer-pricing etc). Similarly, the portion of revenues that by law is allocated to local communities may not reach them, but remain in the hands of local elites. IFM can enquire into whether relevant regulations are being followed. It can also illuminate the system that governs this distribution and inform people how it is supposed to work. In

Ghana and Cameroon, for example, disbursements are beginning to be regularly published by the forest authority.

A consequence of people knowing how much their community representatives have received in their name has been their demand for better services from these representatives, thereby strengthening local democracy and making appropriation of this money more difficult.

Monitoring performance contracts

The performance management skills of IFM can be used to monitor the implementation of service charters and performance contracts of a forest authority. This will become increasingly relevant with the trend to give forest authorities a degree of autonomy from the state. In Ecuador such separation of roles has effectively led to the privatisation of the administration of concessions and a government-civil society partnership that provides one aspect of supervision. Service charters (a contract with the public) and performance contracts (an agreement with a board or ministry) are tools to make accountability more explicit and therefore monitorable. It is still early days for government agencies to shift to this from a command and control structure, and IFM can help provide transitional pressure to perform until local civil society is sufficiently empowered to do so.

4.2.4 Reporting

Once the fieldwork is complete, a report should be compiled for each mission. Crucially, the monitor's reports, as outlined earlier, are separate from those of the enforcement agency. Even where joint missions are carried out, the monitor has no right to produce official statements of offence as this is solely the job of authorised forestry officials. The protocols surrounding this process, while being subject to observation by the monitor, are not rele-

vant to its ToR. It is expected that enforcement agents will submit their own report to the reporting panel, but experience suggests that the monitor's work should not be delayed in the meantime.

In addition to reports for each mission, summary reports should be periodically produced. These describe overall trends in forest law enforcement, summarise the monitor's activities and report on progress in reaching objectives. They also report progress on the administrative and legal processes that follow observation of infractions: calculation of damages and fines, auction of confiscated timber, collection of fines and outcome of litigation. ToR must provide scope for such reports and not limit the monitor to drawing conclusions only on an individual mission basis.

4.2.5 Mandate

The ToR should be designed to ensure IFM will achieve its aims: transparency, accountability, policy / procedural reform and participation. These are all characteristics not traditionally associated with command and control structures, so there is a need for certain safeguards in the ToR to give all parties the confidence to proceed. To this end, four main protocols should be enshrined in the ToR, and they must be binding on both monitor and forest authority: unrestricted access to information, freedom to travel, limited qualified immunity and the right to publish.

Unrestricted access to information

In order to plan and carry out field missions, the monitor must have access to relevant information, including but not limited to that in Box 10. The monitor is recommended to carry a copy their contract and ToR, or an explicit permission letter from ministerial level to avoid any doubt about the right of the monitor to enter forests, sawmills etc.

The monitor must be kept informed of when



BOX 10: *Check-list of information to be made available to the monitor*

- All laws, decrees, rules, regulations, procedures, codes of conduct and ministerial or departmental decisions pertaining to the forest sector.
- A list of all concession and other title-holders, including full contact details, contracts, investment agreements, official track records, sustainable forest management plans and environmental and social impact assessments.
- A list of all subcontractors that cut, transport or process on behalf of the title-holders, including full contact details.
- A complete set of up-to-date concessions and other utilisation titles and permits. Maps of valid and expired logging titles, including UTM coordinates, clearly showing the year of operation for each successive coupe.
- All annual or other cutting permits indicating the volume and number of trees per species a title holder is authorised to extract, and corresponding production data reported by the title holder. Any official database which holds this information.
- A map showing the location of all legal processing facilities, and copies of all official licences, including data on the capacity, input and output of these facilities.
- Any statistical work on inventory methods or historical records of forest cover and utilisation.
- All transportation permits.
- Any register of violations of forest law and records showing progress of cases through the courts.
- Tax collection documents and those relating to fines and litigation. Any case-tracking or other official database which holds this information.
- Any export registers relating to forest products.

court cases are to happen, by having access to any register of violations of law and regular meetings with concerned officials. (This information may be provided by a case-tracking system, depending on its level of sophistication; see Section 5.3.) The monitor must be informed about, and have the option to participate in, any meetings between the enforcement agents and suspected infractors. This is particularly important if enforcement agents discover an infraction in the field but nobody is available to receive any charges. In such events, enforcement agents are obliged to summon the accused to a subsequent hearing to serve an official statement of offence. The monitor should participate in such hearings in the same way that they work with the enforcement agents in the field.

Access to this information must be permitted in general, not on a case-by-case basis. At the same time, the monitor must exercise constraint in accessing only the information required to do the job, and must keep all information confidential until approved by the reporting panel. Clearly, the monitor must be familiar with the law and regulations. Where these are not published in an easily accessible format, the monitor can play an important role in facilitating this.

Freedom to travel

The monitor must be able to visit any part of the forest or transport depots and processing mills at any time, and to observe the activity of both the forest law enforcement agents and the operators. The full range of forest management and timber-cutting permits must be available for inspection. The responsible use of this right is outlined in the 'Activities' section of the ToR, where the different kinds of mission are specified. While priority should be given to joint missions if these are effective, independent missions give a useful a baseline from which joint missions can be interpreted, as they help assess the level of illegality compared to that reported by officials. It is crucial that both



donors and host governments accept the responsible use of independent missions as a vital tool of any credible IFM programme.

Limited qualified immunity

IFM is an information service and safeguards must be in place to avoid 'blaming the messenger'. The monitor would benefit from contractually specified limited qualified immunity, whereby its reports are written and published as a right and proper function of the state. Once approved, the reports are published by the host organisation, and both this organisation and the monitor would be immune from libel or other action, on the basis that the subject of the report is the use or abuse of state resources, and is therefore in the public interest. Such immunity would need to be limited in order to exclude malfeasance, gross negligence, fraud and breach of criminal law.

The right to publish

The ability to publish what may be controversial findings is a powerful tool and should be exercised with caution. The monitor must have the right to

publish its findings, but it must exercise this right with professionalism and restraint, in particular by following the protocols of the reporting panel. If a monitor or any other party failed to respect these protocols and 'leaked' information prior to approval by the reporting panel, this would seriously impair the relationship with the host, enforcement agency and donors, and undermine IFM.

4.2.6 Sustainability

The independence of the monitor should not be compromised by an overly close relationship with others, but it may be able to provide support to improve their abilities in both law enforcement and in monitoring. This might include:

- Establishing management information systems (MIS) and procedures so that all permits are equitably monitored and that progress on legal cases is overseen. For example, a case-tracking database was built for the host in Cameroon.
- Providing technical training in geographic information systems (GIS), and use of field instruments (GPS, digital mapping).
- Clarifying roles and relationships in the enforcement agency and other organisations involved in law enforcement, leading to the development of improved strategies and procedures.
- Producing publications such as an easy-to-follow guide to forest laws and regulations.

These activities will benefit enforcement agents and other forest authority officials, but technical training in identifying, reporting and collecting robust evidence of infractions may also be of particular benefit to local communities.

Exit strategy

The ToR defines the contractual term, and should also provide indicators of success. Possible indicators are provided in Section 4.6. They should en-

capsulate a description of a functioning, transparent and accountable system in which monitoring by civil society is a normal component, and IFM *projects*, particularly those implemented by an international monitor, are no longer required. Improvements in governance will strengthen the rule of law, but a system of checks and balances will always be needed. This could mean stronger civil society watchdog organisations, which hold governments to account, or a combined government-civil society alliance overseeing a law enforcement operation carried out by the private sector, as in Ecuador.

One approach to reducing reliance on an international monitor is to shift from a permanent presence to one of intermittent studies. Once enforcement operations have reached a high standard, short, infrequent and unannounced checks would be sufficient to maintain it. The monitor can use its right (but not obligation) to join any enforcement activity to gradually reduce the number of joint missions, but also make surprise spot-checks on the enforcement agents in the field. This process would be reversible: an increase in the monitoring effort would resume if governance deteriorated. What is more likely is that the focus of IFM attention could shift to respond to new challenges as monitors record and adapt to increasingly sophisticated illegal activity:

Monitoring needs also to be complemented by other forms of assessment, and other activities which help not only to ensure discipline in the sector, but also to locate its future course in the wider patterns of development of the society. Such a strategy provides the best chance of ensuring that initiatives have real national ownership, and that legality translates into public legitimacy. Again, the implication is that monitoring should be situated in a broader framework of governance reform.⁵⁰

4.3 Funding

TO DATE IFM has been funded by international development assistance, including support from multilateral agencies (UNDP, World Bank, EC, IUCN), and bilateral aid (DFID, CIDA, Danida). The costs of recent IFM work in Cameroon and Cambodia are given in Box 11, but these should be referred to with caution as costs will vary with specific circumstances.

It has been argued convincingly that donor assistance remains the most viable method of funding IFM. The other possibilities have various drawbacks. General taxation is vulnerable to changing political priorities. Sectoral taxation, particularly from downstream, value added productions, is more promising but may come with an associated pressure for greater involvement in monitoring by industry. Hypothecation entails the ethical dilemma that increased compliance leads to lower fines and so less money for monitoring, although a higher level of legal logging should also increase tax revenue. Transfers from, for example, water taxation are likely to be publicly acceptable only in severely degraded forest with the consequent heightened awareness of environmental issues.⁵¹

Meanwhile, development assistance is increasingly promoting recipient government ownership through tools such as direct budget support. As a result it is likely that IFM will operate in an environment in which donors are less willing to intervene directly through the use of aid conditionalities. This may present a contradiction in some situations where “countries that are most in need of anticorruption support from [international development organisations] are also the countries least likely to ask for help to combat corruption.”⁵² Nevertheless, good governance and poverty reduction will remain dominant themes within the donor commu-



BOX 11: *The cost of IFM*

The full-time monitor in Cameroon from May 2002 to March 2005 was the longest running initiative of its kind to date. It comprised four team members (including one expatriate) and two support staff. The project had no legal identity in Cameroon, and was managed from the UK, so staff, financial administration and other costs were also incurred in the UK.

The average monthly cost during this period was US\$40,000. This excluded major pieces of equipment (a 4-wheel drive vehicle and two motorbikes provided by a donor), extra activities such as training local officials and NGO staff, and database design work for a case-tracking system. To put this in perspective, during the same period over US\$7.5 million was charged by the Government of Cameroon against infractors in penalties, damages and interest (see Box 12).

From January to December 2004 the monitoring contract in Cambodia was valued at US\$425,000, for two expatriate and one Khmer technical staff, and one driver, plus part-time inputs from the overseas-based Project Director and for mapping work. US\$38,000 of this was for a 4-wheel drive vehicle and office equipment.

nity, and to this extent donors are likely to continue to fund IFM, albeit through different mechanisms, for example:

- Pooling funding from multiple sources, through a basket or trust fund, increases accountability and demonstrates international support rather than reflecting one donor's agenda. It helps to counteract any erratic and uncoordinated behaviour by individual donors, which can lead to others having to take on responsibility alone. It also reduces the burden of multiple reports to separate donors.
- Funding in conjunction with a package of wider reforms, perhaps using a basket or trust fund, would contribute to IFM's financial security as there would be an element of mutual dependency between different components of the package.
- One anticipated source of funds is the support

provided through EU legality licensing as a component in Voluntary Partnership Agreements (VPAs): "*To assist Partner Countries in meeting [VPA] commitments, EU technical and financial assistance could be included in Partnership Agreements*".⁵³

Costs will obviously vary with the size and make-up of the monitoring team, the scope of the ToR, and the size of the country or forest zone to be monitored. While it is important to agree a broad mandate for IFM that permits observation of the full range of forest-related activities, the monitor must have the financial and human resources to carry this out effectively. In the past, financial constraints have led monitors to prioritise, typically on industrial scale logging concessions, to the detriment of monitoring some of the other aspects suggested in Section 4.2.3.

4.4 Risks

RISKS CAN STEM from a number of sources. It is important to identify the risks of an IFM initiative during its design phase, although their impacts will affect different stages, and are therefore discussed in the relevant sections:

- The consequences of poor design are outlined in the next section.
- Inappropriate choice of monitor is discussed in Section 4.5.
- Negative side-effects of an otherwise valid design with positive outcomes are covered in Section 4.6.4.
- The consequences of conflicts with various stakeholders which may make implementation difficult are presented in Section 5.6.

Risks from poor design

One risk stems from the initial choice between official IFM and external monitoring. A reluctant host government may feel it will be easier to ignore an external monitor if it is ‘part of the NGO family’. On the other hand, it may feel better able to ‘remove the permission we gave IFM’ by suspending the contract at any time.

The more significant risk is from adaptations and misconceptions of IFM, which in one way or another subvert the requirement for transparency and independence in the interests of easier acceptability. These are some examples:

- The official mandate implies the monitor supports the overall trajectory of the host country’s policies. Potential providers of IFM should therefore decline an invitation to provide monitoring if policies to support sustainable forest management and the rights of the populace to benefit from the wealth of their common natural resources are absent or wholly inadequate, and

there is no commitment by the host organisation to change this .

- The host organisation feels it should control the monitor’s outputs, as its contractor. Thus the monitor may come under pressure to censor reports, or it produces reports but no action follows. Safeguards in the ToR should guard against this, but ultimately an IFM provider may feel obliged to resign if it is prevented from doing its job.
- In the absence of a properly functioning enforcement agency, the monitor slides into a replacement role, which is likely to sideline and further demoralise the official authorities. The ToR should proscribe this and make it clear that the primary object of the monitor’s observations is the enforcement agency. If, in the event, an enforcement agency lacks a minimum level of efficiency or the will to act, the monitor will need to adapt its role in order to seek improvements in the operating environment.
- Other systems of control, verification, or licensing being labelled as ‘monitoring’, but with less emphasis on independence, risk undermining the concept of IFM. The BRIK system in Indonesia, the FORCOMS system in Central Africa, and the IVLT⁵⁴ log-tracking system potentially all carry this risk unless IFM is included as a fully independent component (see Annexes 1 and 3).



Clear-cutting pine forests on steep slopes, Honduras. Legal devastation?

Risks for host organisations

Becoming a host for IFM, taking steps towards transparency and accountability can carry risks for a forest authority. The increased public availability of information on the forest sector in Ghana (through their Forestry Commission's website) and Cameroon (through the work of the monitor) are good examples. In the latter case, the fact that the ministry put in place and presided over a reporting panel that discussed sometimes critical field reports, and gave its stamp of approval to their publication, exposed the department's workings to public scrutiny. Inviting this level of scrutiny demonstrates the country's willingness to adopt transparency initiatives.

Where the host is not the line ministry, it may be wary of assuming the responsibility for solving seemingly intractable problems in the sector. For a

parliamentary committee, ombudsman, or multi-sectoral commission to host IFM implies recognition that a problem exists, but also raises expectations that they can do something about it. The risk of failure will be particularly significant for the reputations of elected members or senior officials.

Risks from donors

The role of donors in instigating IFM carries two significant risks. First, where IFM has been linked to aid conditionalities, the initiative is seen as imposed from outside and this does not send a message of constructive relations with the host government. Second, donor fatigue may be a systemic problem as their priorities change over time. The basis for IFM can subsequently be undermined, particularly if changing donor policies prematurely relax the aid conditionalities.

Tree felled and sawn up with mobile mill illegally



4.5 Matching providers of IFM to context

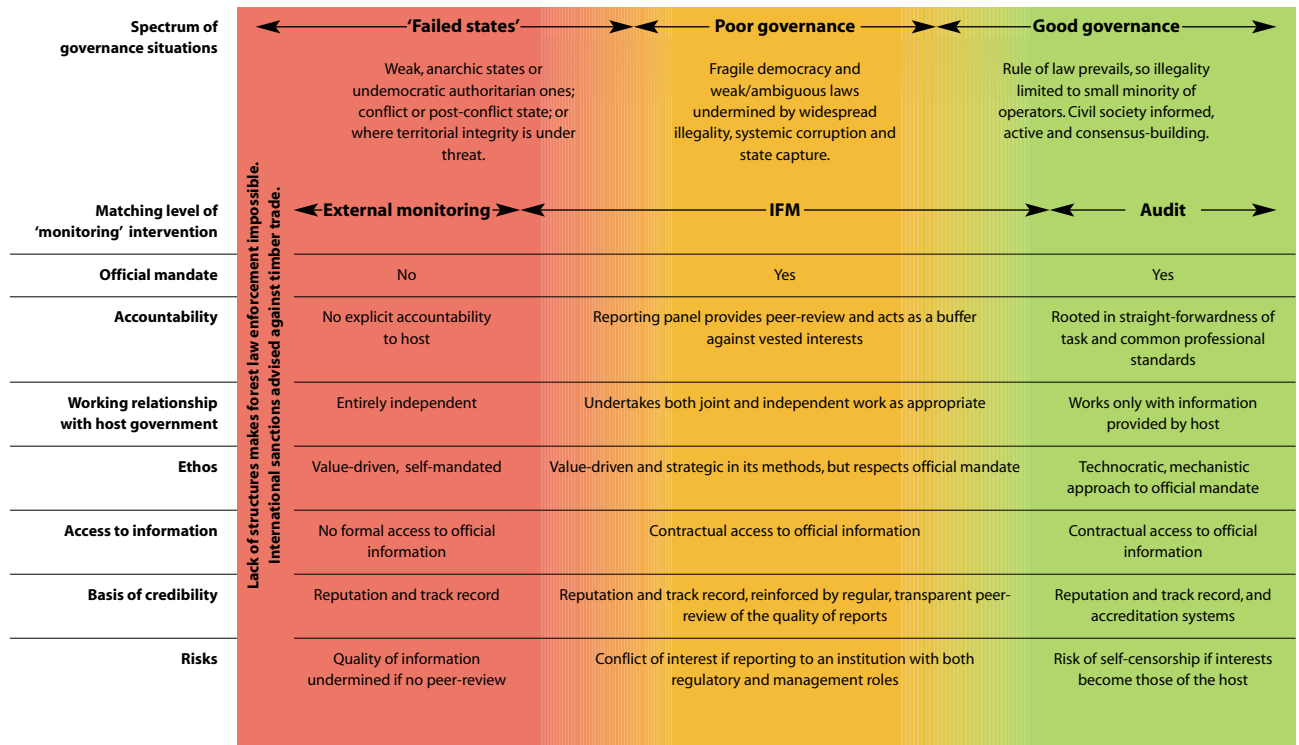
ONCE A HOST and funding have been identified and ToR agreed, the provider of IFM must be chosen. The principle of transparency should start with the selection of the monitor itself, so some form of competitive bidding process should be adopted. However, this can take some time to organise, and in the meantime it may be ad-

visable to invite an interim monitor rather than wait for the bidding process to be completed.

In most competitive tendering processes for IFM, it is preferable to invite tenders from a restricted list of potential providers instead of instigating a completely open process. Invitations to tender have in the past specified a not-for-profit organisation (including research or academic institutions), and/or an international one. As described in Section 3.3, there is a spectrum of governance scenarios where IFM might be appropriate, largely correlating with the strength of civil society. These are outlined in Figure 4.

As Figure 4 indicates, IFM is appropriate for a

FIGURE 4: Matching context with provider





broad range of applications in the central ‘poor governance’ arena and beyond. The applicability of IFM is limited on both sides of this centre ground. In some situations the risk of conflict with the host government is so high that an entirely external monitor is more appropriate (international external monitors currently operate in Indonesia and Cambodia). More often, the rule of law prevails and civil society watchdog organisations function to the extent that the audit approach has been considered adequate (as in North America and Western Europe for example).

Figure 4 also suggests why both an international, and a not-for-profit organisation should be appointed for IFM. Whereas auditing is a well-established and well-understood technical activity, IFM is neither well understood nor simply technical. It involves a great deal of political understanding and diplomacy, where personal security, both in a physical sense and in terms of personal integrity and professional exposure, may be challenged. As with election monitoring, an international presence in the monitoring team, together with the backing and support of an international organisation, is less likely to come under the same degree of pressure than a wholly local one. That said, the monitoring

team also requires local knowledge and expertise in order to understand the particular social, legal, technical and political conditions.

The need for a not-for-profit provider is indicated by the terms ‘value-driven’ and ‘risk of interests becoming those of the host’ in Figure 4. Value-driven organisations offer a level of integrity beyond that of meeting a minimum standard which fulfils a ToR, meaning that the monitor will make that extra effort to meet the goals of IFM. In contrast, straightforward consulting companies have as a primary driver the desire to deliver what the contracting party requires, and will strive to ensure their interests become those of the host. This will be successful only where the host is sufficiently separated from vested interests that it can genuinely work towards long-term policy goals. Where there is a significant discrepancy between the rhetoric and the reality of policies, commercial audit organisations, guided by their system of professional accreditation, may not be prepared to risk working beyond these boundaries, into the realm of politics. As pointed out in a different context, “NGOs are . . . capable of making sensitive or politically important information public – something that intergovernmental organizations often are reluctant or

loathe to do because of their dependence on member states for resources".⁵⁵ The same can be said of NGOs compared with private sector organisations, which depend on good relations with contracting partners for future contracts.

Independence

Whoever the provider, tensions may arise from the work of IFM. It operates in a political arena where decision-makers may be closely linked to illegal activity. In this context, IFM reports may well be 'bad news'. Thus, the question of matching provider with context becomes one of 'who is best able to respond to such challenges in a way that furthers IFM objectives?' An organisation lacking professionalism may be tempted to use emotive language and exaggerate. This will focus criticism on their own behaviour, and distract attention from the facts.

One that is easily bought off by vested interests will bring the whole concept of IFM into disrepute. IFM must occupy the middle ground through preserving independence and professional integrity even if this results in the curtailment of the monitor's contract.

A good track record of independence from vested interests, rigour and objectivity in reporting, and public credibility are all important in the selection of a monitor, but the structure of IFM also builds in mechanisms to maintain this credibility. Validation by the reporting panel followed by the duty to publish provides an opportunity to test the monitor. If reports are too emotive, or too weak, the monitor's reputation will suffer. Thus trust in a monitor's reports is tested by transparent assessment of how they are produced, not simply by the type of monitor that produces them.



4.6 *Indications of impact*

IFM INFLUENCES transparency, accountability and governance, each to varying degrees over time. Table 3 provides a summary list of indicators that might be used to assess IFM's impact in each of these areas, both in terms of the performance of the monitor alone, and the wider influence



of IFM. Often, it is difficult to differentiate between the two. A useful study by Kishor and Rosenbaum presents an “*extended though preliminary list of illegalities and associated indicators*”, which provides ‘ideal indicators’ as well as those which are currently available, for a range of 14 classes of illegal activity and corruption.⁵⁶

Assessing impact in governance reform, including in IFM, is difficult for two reasons. First, the very absence of information at the beginning of a programme makes it difficult to describe a baseline scenario from which quantitative assessments on, for example, numbers of infractions detected or payment rates of fines can be made. In some countries even the number of forest titles is in dispute. Second, better enforcement may close some loopholes but others may open, so assessment of an overall positive or negative impact can be difficult. Many indicators of immediate results and long-term impact are descriptive, and the only way to assess them is through regular stakeholder consultations.

4.6.1 **Information and transparency**

An early impact of IFM is often a substantial increase in the quantity, quality and credibility of information on forest management and control systems, illegal activity and sanctions. A range of information on forest title-holders is put into the public domain – including names of concessionaires and sub-contractors; nature, location and duration of permits; and annual felling quota by species and volumes. This information is checked for quality by the monitor, as well as validated by the reporting panel. It provides credible data for decision-making in both the forest sector and related government agencies (customs, trade, finance, economic planning etc).

Evidence based on official information is authoritative and harder to dismiss by those who

TABLE 3: *IFM indicators*

Output-related indicators: what can IFM achieve?	Outcome-related indicators: what changes should occur beyond this?	
Information and transparency: <i>The published findings from IFM, both individual field mission reports and periodic summary reports, give government, industry, international donors and civil society tools to assess the state of the forest sector.</i>		
<ul style="list-style-type: none"> Recommendations contained in each report Observations of any systemic weaknesses recorded in reports Observations of trends from series of reports recorded Public availability of reports 	<ul style="list-style-type: none"> Availability of laws and regulations to the public (in lay-persons terms) Public availability of permit data Enforcement visits documented Robust evidence collected on infractions 	<ul style="list-style-type: none"> Issuance of official statement of offence reported Publication of outcome from legal cases brought against infractors
Accountability and professionalism <i>in the regulations, systems and procedures the forest authority adopts. As a public service, it must show that it is effectively providing services to a range of 'customers', including forest-dependent communities and businesses (small and large), among others. Perhaps most important in the long term are impacts beyond the immediate control and discipline of the various actors.</i>		
<ul style="list-style-type: none"> Training in monitoring, enforcement, evidence gathering and reporting etc. Fairness of reporting towards e.g. industry vs. communities Relationship and networks with all stakeholder groups 	<ul style="list-style-type: none"> Number of infractions detected Issuance of official statements of offence taking place when appropriate Clear programme of enforcement work Occurrence of field missions as planned Competence and professionalism in the field and in reporting Conformity of sanctions to the law 	<ul style="list-style-type: none"> Conviction rates for offenders Prompt and full collection of fines, to the right place Public opinion of the forest authority Estimates of bribes being paid Ability of industry to move towards certification (of legality and then of sustainability)
Governance and leverage <i>in the political environment, including broader and stronger momentum for reform, the role of civil society and global processes.</i>		
<ul style="list-style-type: none"> Understanding of different sources of leverage Denouncements made in confidence to the monitor Functionality of the reporting panel 	<ul style="list-style-type: none"> Occurrence, foci and venues of debate on forest issues Involvement of e.g. judiciary, finance, economic and social development ministries Regional (multi-state) action against illegality Public awareness of the law 	<ul style="list-style-type: none"> Civil society engagement with forest authority Morale of reform-minded officials Policy-makers understanding of the issues Interaction with other national planning work (e.g. PRSP) Changes to donor forest and governance policies

Validated by the Reading Committee



provided the information. Public awareness and scrutiny of the evidence compels enforcement action against those suspected of forest crimes. Where necessary, such action may go beyond immediate legal action against infractors, and tackle administrative deficiencies. For instance, IFM has revealed where companies already implicated in illegal activities continue to be allowed to bid in public auctions; where boundaries of parcels of timber have been altered after a public auction; and where types of permit have been issued despite previous ministerial decisions that they should be discontinued.

Making such connections between individual occurrences and a systemic pattern is an important part of a monitor's ability to provide an understanding of the political economy of the sector. It is carried out in a wholly evidence-based and practical way. Thus a series of field reports, followed by an assessment of the extent to which recommendations are acted upon, can provide firm evidence of the progress or otherwise of policy measures carried out by the government and donors.

IFM can also help develop the skills, knowledge and effectiveness of local actors, as these examples show:

- There is a need to know what is legal in order to determine what is illegal. Producing a handbook on forest law helps people recognise when the rules are broken (see Box 13).
- Public or local NGO participation in workshops and on enforcement missions develops skills in identification and definition of illegal activities; and in preparing petitions, reports, proposals and action plans. Specialist training might be offered on how the judicial system works and the requirements for legally admissible evidence. It is important to know how video, photographic or GPS data will be treated by the courts before making use of these methods.
- Developing a case-tracking system and other management information software, and provid-

ing training in its use (see Section 5.3), enables timber-buyers, service-providers and the public to know when an area of forest was visited and what issues were noted. Some countries have already placed lists of concession-holders, and the prices they bid for concessions, on official websites.⁵⁷ Elsewhere, bi-annual official statements are released that list infractions reported and progress in response.⁵⁸ Ultimately, both forest title information and case-tracking systems should be made available on the internet.

4.6.2 Accountability and professionalism

The primary target group for IFM is the enforcement agency, particularly where the monitor is able to work closely with them. This relationship would be expected to measurably improve the professionalism and motivation of the enforcement agency in both the field and follow-up work. At all times, however, the separate roles of officials (responsible for law enforcement) and monitors (who observe and recommend improvements to a system) must be clear. For these impacts to be sustainable, the monitor must avoid performing the role of the enforcement agency. By the same token, since monitors do not have full control over the enforcement agency, these impacts are not inevitable consequences of IFM. The status of the enforcement agency within the wider forest authority, levels of remuneration and job security, and any reform programme underway, will also be significant. These factors may provide a supportive environment for the monitor to work closely with progressive enforcement agents. Alternatively, where other factors undermine reform, or if IFM is not carried out in a sensitive way, motivation may even decrease.

In the field

With better data and improved management skills as a result of IFM, the enforcement agency can ex-

pect to be significantly more organised and systematic in its work. It should have a clear programme of missions aimed at full coverage of the forest over time, and at eliminating accusations of partiality. A joint programme with the monitor increases the frequency of field missions by obtaining shared commitment to the programme from the planning stage onwards, demonstrating that fieldwork is possible if the political will exists.

Improvements in the enforcement agency's technical skills arise through better selection of team members, formal training, increased experience and peer-support alongside the monitor in the field. In particular, the use of GPS and digitised maps enables the enforcement team to check boundaries and other features much more effectively, and to resolve any discrepancies that might exist on older maps.

Above all, enforcement agents should acquire a professional conscience to carry out their duties with increased commitment and motivation. A simple indicator of this is the consistency with which they apply the legal and regulatory procedures, for example issuing statements of offence against infractors.

Following up on infractions

The transparency and efficiency introduced by IFM promotes faster delivery and higher quality of statements and reports. The improvements produce evidence that is sufficiently robust to obtain convictions. This in turn demonstrates the value of collecting information diligently. A consistent style of report is established so that key information is not omitted. Accurate, comprehensive reports are more likely to be acted upon.

By validating findings to a reporting panel (see Section 4.1.2), enforcement work is made public and followed up by legal action (see Box 12). As sanctions conform to the law and the collection of fines becomes more transparent, state revenues are less likely to be fraudulently diverted. Public ac-

BOX 12: *Impact on forest crimes – Cambodia and Cameroon*

Cambodia

Between 2000 and 2003 the Independent Monitor produced over 50 individual 'crime reports' documenting evidence of illegal activity. Its activities were crucial for the cancellation of at least two major logging concessions operating illegally on a large scale – the first time concessions had been stopped as a result of exposing illegal activity.

IFM in Cambodia has clearly laid out the mechanisms by which corruption is institutionalised in the sector, through detailed accounts in each of three major reports.⁵⁹ The monitor's work led to a national moratorium on logging operations and related log-transportation in January 2002. Prior to this, the legal trade provided a cover for fraudulent activity, but an outright ban has made it clear that all logs are illegal. The scale of log movement has been significantly reduced, as operators of heavy machinery and lorries fear detection. As the industry changed its approach, so did officials colluding with it (their activities had ranged from ignoring obvious evidence to allowing concessionaires a private view of documentation on crimes). The government is expected to lift the moratorium only when sustainable practices are fully installed.

Illegal activity involving small amounts of high-value timber, cut in the forest and transported by oxcarts or pick-up trucks has become more apparent, although it is not clear whether it has increased, or simply attracted more attention now that more obvious large-scale illegal activity has been suppressed. Another worrying trend has been the use of agro-industry, ecotourism and mining concessions to legalise logging activity.



Cameroon

Between 2000-2004, 120 field missions were carried out and reported, the majority conducted jointly with the enforcement agency. During this period, a total of 168 concessions, sawmills, community forests and other titles were inspected, of which 99 included at least one infraction. Of these, 56 resulted in the issuance of official statements of offence by the forest law enforcement agency.

The most recent summary report on IFM in Cameroon indicates that since August 2003, at least US\$7.5 million has been charged in penalties, damages and interest for offences (less than 40% of which has been successfully collected to date).⁶⁰ This is 15 times the annual cost of the monitor, and can be compared to the US\$86 million lost in tax unpaid from illegal logging (see Annex 4).

There is consensus in Cameroon that forest crimes have reduced and the management of concessions now follows the rule of law to a greater extent than in the past. In response, the nature of illegality has become more sophisticated, as described in Section 4.6.4.⁶¹

countability of the forest authority is strengthened as a result.

Changing behaviour in the industry

Poor publicity, especially in international markets, can lead to a loss of market share, so exposure of illegally acting and underperforming companies can act as a powerful deterrent. The forest industry responds to vigilance in the sector by increasingly respecting the law. The nature of corruption therefore changes, and ultimately loses ground.

Forest certification is a clear aspiration for some in the industry, and legal compliance is an important precondition to certification. An independent assurance that permits are valid, management plans have been properly instigated and that the law is increasingly respected, are welcomed as steps towards attaining certification, first of legality and then also of sustainability.⁶³

“The better industrial operators are exhibiting a seriousness of purpose which was rarely evident previously, and this is a refreshing and commendable development.”⁶²

—ODI



4.6.3 Governance and leverage in the political environment

The major and most sustainable impact of IFM is in opening up debates about governance in the sector and beyond. A ‘political space’ is created where all stakeholders feel able to speak about the issues. The state, including the forest authority, is strengthened in its desire to share responsibility, both among government agencies and with citizens. IFM provides civil society with a channel to communicate its concerns, thus boosting the momentum for reform, political organisation and democratic participation.

Shared responsibility

As an immediate outcome of IFM, the reporting panel becomes a focus for discussion. The principle of shared responsibility in the panel (see Section 4.1.2) provides a buffer from individuals or stakeholder groups. This promotes a constructive approach where debates take place within the panel, but once agreement has been reached and reports published and validated, the panel takes collective responsibility for its contents.

By investigating the linkages in illegal activity, IFM can involve other state agencies, for example, the judiciary and the finance ministry. Economic and industrial development planners will be better informed on issues such as over-capacity in timber-processing industries. The extent to which community forests meet, or fail to meet, their expectations in improving livelihoods will be of interest to social development organisations.

Increasingly, shared responsibilities cross national borders, as is recognised by the various FLEG initiatives. These initiatives have the potential to provide the following components, either through mutual voluntary cooperation (e.g. FLEG Action Plans) or through binding international or regional agreements (e.g. EU VPAs):⁶⁴

“The project changed the political environment in which forest governance related issues are being addressed ... [It] has helped to create an environment where local and international stakeholders have increased opportunity to engage in the forest management debate and [are] able to scrutinize the government agencies in charge.”⁶⁴

—PROJECT COMPLETION REPORT

- Forum for debate, consciousness-raising, information-sharing and exchange of best practice.
- Mechanism for capacity-building and technology transfer.
- Data collection and exchange system, both on legal and illegal activities.
- International tracking and/or licensing system to guarantee legality, with independent third party monitoring.
- Framework for enforcement cooperation, including cross-border operations.
- Non-compliance mechanism incorporating trade sanctions.

Citizen participation

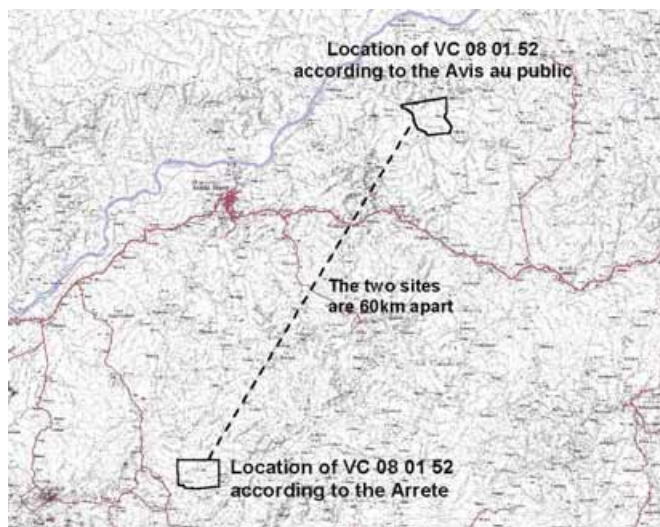
Most [protection committee] members considered the elevated awareness of forest protection and conservation issues gained by the local communities as their main achievement. This was demonstrated in the greater willingness of the people to participate in forestry conservation programmes, and greater vigilance in warding off illegal natural resource use. The [forest authority] also benefited from the reputational gains that came from greater public appreciation and trust.⁶⁶

State officials alone cannot control forestry activities, legal or otherwise. The public must be involved in a variety of ways, ranging from reporting suspicious activity to participating in policy formulation and holding governments to account.

Until denouncements can be made in confidence and acted on with professionalism, they are unlikely to be made or followed up. Initially, the independent status and credibility of the monitor makes it a trusted depository for denouncements, tip-offs etc. Anybody can pass on information, and the

monitor has a duty to follow it up. The monitor’s independence ensures that subsequent verification missions determine the facts and protect against malicious denouncements.

Subsequently, as IFM leads to redressing weaknesses in systems and procedures, and complaints and denunciations are acted upon, people are further motivated to gather evidence and to hold the authority to account. Both the IFM processes and its reports create a dynamic where issues previously hidden are brought into the open. People are emboldened to make demands of the forest authority: pressing for criminal investigations; demanding access to documents used in forest administration; and claiming their right to scrutiny of forest management plans.



“[M]any [anti-corruption] programs are simply folk remedies or one-size-fits-all approaches and offer little chance of success. For programs to work, they must identify the type of corruption they are targeting and tackle the underlying, country-specific causes, or “drivers,” of dysfunctional governance.”⁶⁷

—IMF NEWSLETTER



Momentum for reform

The monitor can demonstrate sound methodologies, due diligence in reporting and a robust defence of the need for transparency and accountability. Thus their presence provides a substantial boost to latent aspirations for progress towards good governance within the forest authority and elsewhere.

Investigations into different mechanisms of illegality demonstrate where the system is failing, and provide guidance on how to fix it. For example, in some cases, monitors have recommended that discretionary powers be rescinded because they are being abused, and have pinpointed where certain industrial concessions seem to be ‘out-of-bounds’ to visits by the enforcement agents.

IFM can also link reform in forestry to wider agendas on good governance, corruption and the equitable distribution of revenues. By raising the public profile of forest governance in this way IFM helps integrate it into national development processes such as Poverty Reduction Strategies.

On an international level, IFM provides case studies to inform the forest policies of development banks, bilateral and NGO donors and international organisations such as the ITTO. Some widely promoted good governance and anti-corruption policies are poorly implemented. IFM can make policy-makers aware of the complex nature of the disjuncture between current policies and practices.

4.6.4 Possible unintended consequences

There is a real risk of negative side-effects of otherwise positive outcomes when tackling illegality, particularly if the measures such as IFM are effective but too narrowly mandated. This is illustrated by the following examples from Cameroon and Cambodia:

Cambodia

- Illegal activity moves away from large concessions and into community forests or protected areas. Because of widespread illegality, a moratorium was imposed on commercial logging, which effectively closed down most of the mills. Illegal logging shifted *“from commercial to small sized wood, from large to small scale operators, from a few players to many and from export to domestic markets.”*⁶⁸
- Illegal activity may move into other countries or sectors with less scrupulous law enforcement: *“[T]he view was expressed that several investors had merely moved their resources from the sensitive forest sector to other less high-profile ones, such as fisheries.”*⁶⁹

Cameroon

- Illegal activity becomes increasingly informal, with many more small-scale operators who can move quickly in and out of different areas and so avoid detection: *“...the nature of offences is shifting. For example out-of-boundary logging is decreasing, whereas ‘in-boundary’ logging of under-sized stems, as well as over-logging of allotted quantities and species seem to play an important role in acquiring timber without authorisation.”*⁷⁰ New problems arise, for example: *“... over-cutting volumes / species within a concession is more difficult to control (and monitor) because it can only be detected by complementing field inspections with checking of information against ... other records.”*⁷¹

- Better law enforcement squeezes supply, but market demand remains high. The rapid expansion of illegal exploitation *“can only be understood by reference to three emerging dynamics: the introduction of attempts to regulate exploitation through management plans ... over-capacities of processing ... [and] the increased use of the informal route of wood supply for domestic use.”*⁷² As IFM successfully exposes illegal activity, it can in fact stimulate the paying of higher bribes because increased scrutiny makes companies' collusion with officials more difficult. A stronger market in bribes may then draw in people who were otherwise 'champions' of reform.

Perhaps the biggest undesired impact is that better law enforcement may consolidate forest policies that are fundamentally flawed. As the above examples demonstrate, it is important to link IFM into the policy process so that wider implications are predicted and addressed. Links need to be made with both the policy-makers, to support reform, and with civil society to strengthen their ability to hold government to account (see Section 4.6.3).

To avoid becoming part of the problem of flawed forest-related policies, monitors need to be aware of broader implications of law enforcement and, where appropriate, engage in more fundamental debates on land use. These might include, for example, conversion from forest to agricultural land uses, roads, infrastructure and mining development, and the role of indigenous peoples and local communities in controlling their land and forests. A monitor will need the freedom to shift its focus to such areas in a timely manner. It may need to support the forest authority in changing regulations or laws, for example by proper zoning of forest land between production and conservation, or by introducing greater community involvement in control.



5

Implementation

5.1 First steps

5.2 Missions and reports

5.3 Case-tracking systems

*5.4 Inception phase review and
summary reports*

5.5 Mediating relationships

5.6 Obstacles to implementation

THIS CHAPTER details the practical workings of IFM. It follows on from the previous guidance on design and provides practical advice on planning and undertaking field missions, on writing high quality reports and following up subsequent legal cases. In implementing IFM, it will be important to refer back to Section 3.2, on the nature of illegality and common weaknesses in laws, enforcement, and logging operations as these are the things a monitor needs to look for in the field.

IT IS IMPORTANT to bear in mind that every country is unique. The activities in Section 5.2 are based on field missions to forest concessions in Cameroon, but monitors will need to adapt all advice and guidelines according to their mandate and the evolving needs of the local situation.

The chapter also contributes important advice on handling relationships between the various players, promoting cooperation with the forest authorities and building confidence and trust among diverse stakeholders. Inevitably, obstacles will arise, however carefully IFM has been designed and the ToR have been drafted. Resolving weaknesses and ambiguities retrospectively can consume a disproportionate amount of time. The effectiveness of IFM will depend on the monitor's relationships with its partners and on their joint commitment to overcoming such obstacles.

Illegal sawmill in a Wildlife Sanctuary, Cambodia



5.1 *First steps*

THE FIRST FEW months are crucial for a monitor, as they will set the tone for the future. It is essential to use that time to gain a thorough understanding of the context of the work. The ground work undertaken in the course of designing an IFM programme – devising the institutional arrangements and formulating the ToR – should indicate some of the problems that will be met in the sector.

Initial fieldwork activities should therefore inform more diagnostic work. While recognising that it can not take on all the ills that afflict the forest, the monitor will also appreciate that the problems it identifies may be symptomatic of others that also require attention.

Pressure to commence field missions may well come from the host organisation (wishing to demonstrate its efforts to improve governance), from civil society (with high expectations of the monitor's power and influence), and from donors viewing IFM within a short three-year time frame. During this first phase, field missions and other work should address three main requirements: understanding the political and organisational environment in which forest law enforcement operates; gaining a sound knowledge of relevant laws; and communicating with key stakeholder groups to gain support for what IFM aims to do.

Political and organisational environment

The institutional arrangements for IFM will have been established during the design stage, and the monitor will know its contractual partner, funder(s) and counterpart responsible for law enforcement. It is less likely to know what negotiations and power relations lie behind this arrangement. Unless the monitor has explicitly been expected to work along local civil society organisations, it will also

need to forge links with local NGOs and wider civil society, as IFM designed by a host government and donor partnership is unlikely to have done this in advance.

Hence the monitor should become familiar with who is who within these structures, in terms of both formal organisation and real power. Within any institution there will be reform-minded people and those more resistant to change, and these stances may change depending on the situation and who else is present. Knowing who has the authority to do what, and in what circumstances they may be more or less likely to use that power, is the key to managing relationships. Work by IIED on policy analysis tools provides useful guidance on this.⁷³

The establishment and orientation of the reporting panel is an important stage in developing relationships. The membership of this panel may or may not be pre-determined, but either way it will need to be briefed on its role and responsibilities. An introductory document, produced by the host organisation and based on Section 4.1.2 would be useful in this regard.

Other monitors may also be operating in the sector. In Cameroon there are three monitors: one covering the allocation of permits, another focussing on forest cover change and mapping, and the IFM monitor. In such situations, it is important to agree from the start how information will be shared and how relevant activities will be coordinated, in order to build synergies and prioritise the work of each, and to avoid duplication.

A significant amount of misinformation and rumour is often present, especially in a sector that has historically been non-transparent. In developing a strategy and set of priorities for IFM (see Section 5.2.1), the monitor must be wary of the quality of current information, and maintain a healthy scepticism of why some people want to focus on, or away from, certain aspects.

Laws, regulations and procedures

A thorough understanding of the country's social, political, historical, administrative and economic context, as well as relevant information about the forestry sector and forest control procedures, are key to enabling the monitor to present itself as a credible and professional organisation. As discussed in Section 4.5, it is therefore useful to include qualified foresters and lawyers with country-specific expertise in the team. An understanding of the administrative procedures that the enforcement agency will have to follow is also important. If the monitor itself is not subject to these, it will be useful to reconfirm procedures as laid out in the ToR, such as the exchange of information, preparations for field missions, attendance at reporting panel meetings etc.

The legislative framework may not be clearly defined, or documented systematically, or entirely understood. Over-complicated, contradictory and even impracticable legal frameworks are not uncommon. For example, Honduran law requires a management plan for all felling activity or commercial use of the forest. The forest authority is legally responsible for developing and implementing these management plans in national forests, yet does not have the resources to do so.

In other cases, there may be ambiguities about where or how some rules should be applied, or conflicts between a number of rules. Different views may exist on how responsibility is delegated, or what permissions or protocols are required in order to



BOX 13: *A guide to the forest law*⁷⁵

Legal Guide for the Control of Forest Activities in Cameroon

Summary of Contents

- Chapter 1:* Approval to carry out forest exploitation activities
- Chapter 2:* Access to the resource
- Chapter 3:* Logging activities
- Chapter 4:* Transportation of timber
- Chapter 5:* Timber-processing
- Chapter 6:* Marketing of timber
- Chapter 7:* Forestry taxation
- Chapter 8:* Players and their role in the control process and the implementation of penalties
- Chapter 9:* Methods of appeal

undertake a particular activity. Monitors must therefore be persistent in acquiring all knowledge and information necessary to fully comprehend the laws, decrees, regulations and procedures in place in the host country.

It is also imperative to build the fullest possible knowledge of the broad range of activities that happen in the forest sector, in order to pursue all the relevant official information. A monitor that knows how to access a wide range of documents, such as that listed in Box 10, will be able to adapt as the areas of concern, geographically or thematically, change over time.

Summarising forest law in an easy-to-follow handbook (an example is outlined in Box 13) can be a useful output from this initial information-gathering phase. The handbook can be widely disseminated to local communities, providing them with valuable information the law. Many forestry officials, both in the ministry and on the ground, have found such books indispensable. In some cases, interactive versions have been produced on a CD.⁷⁴

Public relations and the media

It is important to publicise the initiative, especially in the early stages, so that people have an opportunity to respond. They may provide confidential information on suspicious activity, or simply make good use of the monitor's reports. A publicity campaign might include a press release and a press conference, and workshops tailored to the needs of different stakeholders.

In order to manage expectations it is also important to clarify the monitor's mandate, limits, rights and responsibilities to different stakeholders. A lack of awareness of the scope of IFM at the beginning will be a major obstacle to building confidence and trust among stakeholders. If decentralised government administrations, police forces, local NGOs or community leaders in remote regions are unaware of the monitor, they may be suspicious of what a monitoring visit implies when they later en-

counter one. Modern media and internet access are not available to everyone, and people in remote villages in the forest are unlikely to learn about the monitor in this way. Alternatives should be considered, for example direct dissemination of leaflets through grass-roots organisations and local NGOs, and radio, informative events and workshops.

Misunderstandings about the role of IFM are likely to result from inadequate early dissemination of information. To avoid this, both the host organisation and the monitor should be proactive in explaining IFM. If the host organisation agrees to publicise the role of the monitor, it is a good early indicator of their determination to tackle the issues. Immaterial of whether this happens, it is in the interests of the monitor to publicise its own presence.

Early contacts with the media will be useful in communicating the opportunities presented by IFM, and in building a long-term relationship with them. Supportive local media may be able to provide information to the monitor on suspicious activity, how it works and who is involved. Local and international media should be identified and briefed so that they can also play a role in disseminating accurate information about IFM, as well as take up issues raised by the monitor's work. Subsequent publication of the monitor's field reports provides an opportunity for the media to pursue public interest stories further, thus helping to inform and encourage debates about forest governance.

On the other hand, the monitor must ensure information is not released to the media prematurely. The reporting protocol agreed in the ToR should be adhered to. The role of the media is to ensure wide dissemination and comment on reports only as they are published.



Overflights reveal hidden logging area

5.2 Missions and reports

PLANNING, IMPLEMENTING, and reporting field missions, or ‘ground truthing’, is a core part of many forest law enforcement regimes, as officials make inspection visits, and therefore complement and extend the value of desk-based audits or satellite data. The technique is also key to IFM, where an *independent* organisation makes field visits. It involves visiting a location (in the forest, sawmill, factory, port etc) either in a programmed, systematic way or to validate previous suspicions (for example, those obtained from an overflight, from desk studies or from a tip-off).

The following sequence of activities typifies a field mission to a forest concession, but is easily adapted to other arenas. Box 14 provides a more generalised checklist.

BOX 14: *Field mission and follow-up checklist*

Preparation

- Make a justifiable decision about where to go, balancing the requirement to monitor all areas equally, with that of responding to information about areas under suspicion.
- Plan a schedule of missions jointly with the enforcement agency, unless there are good reasons to undertake independent missions.
- Collect all relevant maps, documents related to titles, permits, transport permits and licenses for processing plants; a copy of the IFM contract and ToR, a copy of any Mission Order; and letters of introduction, contact details etc for local level officials, community leaders and private companies involved.
- Notify any local individuals or organisations if appropriate to do so.
- Prepare equipment and team.

Implementation

- Meet with local traditional, government and forest authorities, local community representatives, timber- and other permit-holders, NGOs and any protagonists for the particular case.
- Visit the forest, taking care to document the mission activities and findings fully.
- Use the missions to assess and assist in the development of knowledge skills of the enforcement agents (and where possible timber- and other permit-holders, local people and officials), in order that rights and responsibilities in law enforcement are clear.
- Note the details of any infraction, where the enforcement agency issues an official statement of offence (or where they fail to do so, deliberately, by omission or by misjudgement), and if other investigations are required.
- Consider making follow-up independent missions to verify information.

Follow-up

- Obtain copies of official statements of offence, any other pertinent documents and the enforcement agents’ own field report where one exists.
- Discuss mission findings within the monitoring team and possibly with the enforcement agents.
- Prepare a mission report and a dossier of supporting evidence.
- Submit the report to the reporting panel in good time before the panel meets to validate the report.
- After any changes agreed by the reporting panel, and its validation, publish the report, ensuring that the timber- and other permit-holders, local community and NGOs, and local officials receive a copy where appropriate.
- Monitor any follow-up action by the enforcement agency, wider forestry authority or judiciary in response to the report’s recommendations, highlighting where recommendations are or are not followed.

Confiscated mahogany planks being collected, Perú



5.2.1 Planning and preparing a mission

There are two complementary approaches to selecting an area for fieldwork. The monitor may work systematically through all areas where forest activities are occurring, or focus attention on particular areas of concern. Desk-based studies to identify irregularities in data help decide which is appropriate. These might indicate the need for further investigation. Some examples demonstrate the kind of glaring irregularities in data that demand a closer look:

- In Perú there are reports of degraded forest being cleared for agriculture and yielding 65m³ per hectare of valuable mahogany timber. However, ecology studies in untouched forest show that mahogany can be found at only one-tenth of this yield. This suggests extensive

laundering of mahogany from other forest areas into agricultural land where permits are issued for clearance.

- In Cameroon, a desk-based analysis compared data on volumes authorised and those harvested, according to concessionaire and species, so could help in identifying with whom and where the problems are most likely to be encountered (see Annex 4).
- Also in Cameroon, an NGO has been contracted to analyse satellite images in order to highlight areas of deforestation that may not be immediately apparent on the ground (see Annex 1).

Where to go

The decision about precisely where to target inspections is central to law enforcement and therefore to monitoring operations.

Systematic inspections Often the mandate of the enforcement agency is to inspect all forest title areas systematically, and this will provide an even assessment of the whole sector. A programme of joint missions, where the monitor also aims to cover all locations systematically, will emphasise the role of monitoring the function of the enforcement agency over that of independently detecting illegal activity. However, systematic inspections risk building in a predictability which those operators who wish to avoid detection will be able to work around. Simply focusing on lists of known current felling coupes also risks not allowing enough time to check for possible illegal activities in areas outside the title areas, or in those recently finished or soon-to-be-started coupes. Making incidental visits to such areas and to nearby places of relevance during the course of a planned mission can often be included within a programme of regular missions and is a cost-effective way of keeping up-to-date on the range of forest activity in an area.

Targeted inspections It is similarly important to target the monitor’s resources towards areas of greatest concern. Requests for such missions often come from sources other than the enforcement agency: other forest officials, NGOs or local community representatives. The monitor should maintain the capacity to respond rapidly to such requests, to allocate time to such missions, and to have a flexible timetable to follow up on findings. However, there is a risk that responding to tip-offs,



perhaps from competitors, may leave a sense that some operators are being unfairly targeted. The monitor must develop through demonstrable objectivity, and this trust may be undermined if a ‘campaign’ of inspections for no good (or fair) reason is suspected.

Monitoring visit to an unofficial port

Where a choice has to be made between a number of requested missions, a crime investigation decision matrix can be a useful tool. It ensures that selection and prioritisation are transparent and justifiable. Table 4 presents a simplified example. The scoring can be done in a number of ways, for example by giving more weight to some decision-making criteria than others. A complete example of a form previously devised for Cambodia is in Annex 5.

TABLE 4: *Investigation decision matrix*

	Threat <i>(how much damage if left to continue)</i>	Input <i>(time and money required to respond)</i>	Chance of success	Security <i>(risk to investigators)</i>	Score
Case 1	High	Low	High	Low	1st priority
Case 2	Low	High	Low	High	3rd priority
Case 3	Low	Low	Low	Low	2nd priority



BOX 15: *Tiers of bureaucracy*

This is the list of officials and other representatives who might be involved in mission preparation and execution in Cameroon:

- Ministre
- Inspecteur Générale
- Unité Centrale de Contrôle
- Délégué Provincial
- Chef de Brigade Provinciale de Contrôle
- Délégué Départemental
- Chef de Poste Forestier
- Chef de Terre (Préfet, Sous-Préfet, Chef de Village)
- Chef de Chantier or other representative of the permit holder
- Denunciator, Informant

Scheduling missions

Careful planning will allow both the monitor and the enforcement agents the time to prepare missions properly. This is particularly important where joint missions are being undertaken by the monitor and enforcement agents. Before going into the field, dates and locations to be visited should be jointly agreed. Ideally, planning meetings will be held regularly (for example, every three months) and cover all forest title areas that require inspection. In any case, planning should be kept confidential in order to maintain the surprise element in law enforcement. The schedule of missions will need to take account of a number of factors:

- **Seasons** Logging and / or transportation may not be possible in certain seasons.
- **The administrative year** Logging companies may have to wait at the start of the year before agreed annual permitted volumes to be cut are issued.
- **The fiscal year**, if different from the administrative year (companies may not be able to operate legally at the beginning of the tax year unless they have paid all their taxes for the previous year).
- **New title areas** New permits may exist on paper but not be operational, either because the permit-holder has not yet chosen to start, or because they have not yet fulfilled all the necessary prerequisites, for example an approved management plan.
- **Budgetary constraints** The enforcement agency may only be able to budget for a finite number of days in the field each year.
- **Logistics** It is impractical to devise a programme of missions scattered over a large area.

It would be wrong to assume that these factors prevent logging completely, so scheduling must take account of the possibility that logging may still be happening in breach of some of these constraints. The periods when logging companies *should not* be

operating are precisely those times when missions that verify suspicious activity might be advisable.

In addition to deciding *when* to go, it is important to consider *how long* to go for. Sufficient time needs to be made available to inspect the area thoroughly. Lack of time should not force inspectors to overlook problematic issues, or mis-estimate the damage of any illegal activity they detect.

Time for independent missions must also be built into the monitor's schedule. IFM can only fulfil its mandate if it is able to confront complicity between officials and loggers, or cover-ups by officials. Independent missions provide an opportunity to test for this; they give a baseline level of illegality to compare to official reports and actions.

Pre-mission information gathering

To be successful, a mission team must know what to look for, so all documents necessary for conducting the mission should be gathered in advance. The team will need maps which show the forest title area boundaries (preferably including UTM* coordinates for use with a GPS handset), a route map to reach the location, and a plan of how to access and investigate the relevant parts of the area. Often the field staff of a logging company are more likely to have maps and felling plans to hand than are the forest administration officers.

Both the enforcement agents and the monitor should have the right to inspect any relevant site at any time. However, an official document may be required by the enforcement agents for administrative purposes, or to request them and the monitor to carry out a particular inspection. Even where these documents are not required, the monitor should carry a copy of its contract and ToR. Copies of any letter or petition from a local community representative or official requesting a mission should also be carried. The monitor should

* Universal Transverse Mercator. UTM is the most commonly used system for expressing the location any point on the globe using GPS and GIS

not assume that the enforcement agents will arrive at the mission fully prepared, so as far as possible all documents should be obtained in advance of committing to the mission.

Preparing personnel and equipment

Depending on the size and composition of the monitoring team, not all members need to go on all missions. Team members with particular legal or field skills may be more appropriate for missions that focus on legal or technical aspects. Some may also have local knowledge to help with route-finding or other practicalities.

Obvious logistics include ensuring that the means of transport, typically an all-terrain vehicle, is well prepared for the mission – checking tyres, ensuring there is enough petrol etc. The relevant equipment should also be checked – documents, notebooks, batteries, GPS, still and video cameras, satellite phones, laptop computers, torches, first aid kit and camping equipment etc. Make plans for a worst case scenario: identify the nearest vehicle repair and fuel stations, take spare equipment and batteries and ensure that the mission has, at all times, a contact back in the office who knows where they are meant to be and who can take action if anything goes wrong.

Many of these preparations will come as second nature to experienced field-workers. However, some staff in the enforcement agency may not be accustomed to the technical or logistical requirements of a successful mission, or of prioritisation and management of their own work. Improving the practices and procedures of the enforcement agency is often an explicit component of IFM. Through discussion and peer support with the monitor enforcement agents can ac-

quire a professional conscience to carry out their duties with increased motivation and efficiency.

5.2.2 Carrying out a mission

The way in which a mission is carried out will depend on local circumstances and, in particular, whether or not the mission is to be undertaken jointly with the law enforcement agents – where protocols are likely to be more stringent – or independently by the monitor alone. The following sections describe a mission in a forest concession, but are easily adapted to other kinds of mission.

Meeting local officials

On joint missions the monitor is likely to have an authorisation from a central office to carry out a mission. It should not assume, however, that officials in the field will have advance notice of the mission. An important step in responsibility and ac-

Observing the work of law enforcement



countability at this local level is to make sure all the relevant people play their appropriate role in any official mission. The monitor needs to be perceived as working in support of government and the rule of law, not against them. Observing protocol typically means that each tier of the bureaucracy needs to be visited in turn, from the central ministry to the most local outpost. The list of potential people in Cameroon, for example, is shown in Box 15.

Visiting other stakeholders

Missions may also involve other stakeholders, such as village or community chiefs, permit-holders or their agents and sub-contractors, local NGOs etc. It is particularly important to visit any protagonist when the mission is based on a tip-off or dispute. Communication difficulties may often mean that some of these stakeholders have no advance notice of the mission, and some might be suspicious (either out of ignorance or because they have something to hide) or absent altogether. Again, the monitor must take time to explain its mission and treat all contacts with respect.

After fieldwork, the enforcement agency and the monitor should meet the people involved once more in order to discuss questions that have arisen in the field. The primary role of the monitor is to observe the conduct and performance of the enforcement agency, but any advice it can give to timber- or other permit-holders, local communities or local officials on the interpretation of forest law and the rights and responsibilities of different actors will help to increase wider participation in law enforcement.

Independent and verification missions

As described in Section 4.2.2, the monitor should also be entitled to undertake verification missions (to check a previous visit by the enforcement agency) and completely independent missions to follow up reports of suspicious activity, including collusion and corruption. These provide an oppor-

tunity for the monitor to make surprise visits, and to check against any cover-up. Depending on the nature of the suspicions, some stakeholders should not be contacted in advance, although others, for example those who made the initial report, may be. The monitor may decide it is appropriate to operate undercover, using some kind of pretext for visiting the forest and questioning people they happen to meet – employees of logging companies, local people, nearby shops, bars, fuel stations etc. In some cases it may be necessary to make extended independent (and perhaps undercover) missions over a period of time in order to build up a clear picture of the individuals involved in complex illegal activity.

Verification missions follow-up investigations after an initial official mission, which has followed all the protocols, and are similar to the approach taken by the Red Cross when undertaking prison visits (see Box 1). The Red Cross always meet the prison authorities first, and they tour the prison together. But they also insist on the freedom to make unannounced and unaccompanied visits to any part of the prison subsequently. However, the experience of IFM in Cambodia and Cameroon shows that certain particularly sensitive situations require the initial investigations to be carried out independently. Once the full details of a forest crime are known, the monitor can then bring senior officials to see the evidence for themselves.

In the forest

Documentation Comprehensive documentation of findings in the forest is the core of IFM. Before executing a mission all relevant UTM coordinates of the permit area to be inspected should be inputted to a GPS handset so as to create a map on the GPS display, which will serve as reliable guide in the field. Thus, any boundary crossing can immediately be established and thoroughly investigated. The handset should be switched on and used to track from a point of reference such as a village, forestry office or turning off a main road. The co-

ordinates of key landmarks on route, such as logging trail junctions, log ponds and depots, current logging operations and machinery should all be entered into the GPS handset. This way a record of the precise route of the mission into the forest can be kept, and subsequently used to indicate which parts of the forest were visited (and which were not). Figure 5 shows a simple example of the kind of route plot GPS can produce.

If evidence of suspected illegal activity is found, detailed photographs, video recordings, GPS referencing and careful notes will be required. Photographs from digital cameras have at times not been recognised as valid evidence because of the ease with which they can be altered; this is much more difficult with traditional cameras using negatives.

A voice recorder can be a good way to keep notes, especially in wet weather. It is also useful when visiting the forest with a representative of the permit-holder or a local official, so that they can be interviewed as the mission progresses. While collecting evidence, the monitor should be thinking about how it will be used to build a legal case. In the case of joint missions this means careful observation of the enforcement agents in order to ascertain that they diligently collect all possible evidence. It may not be possible to answer all the questions in the field, but the more details gathered, the stronger the case. For example, it is important to fit an image of both the GPS handset and the damage into the same photograph in order to show the precise location, time and date of the photograph.

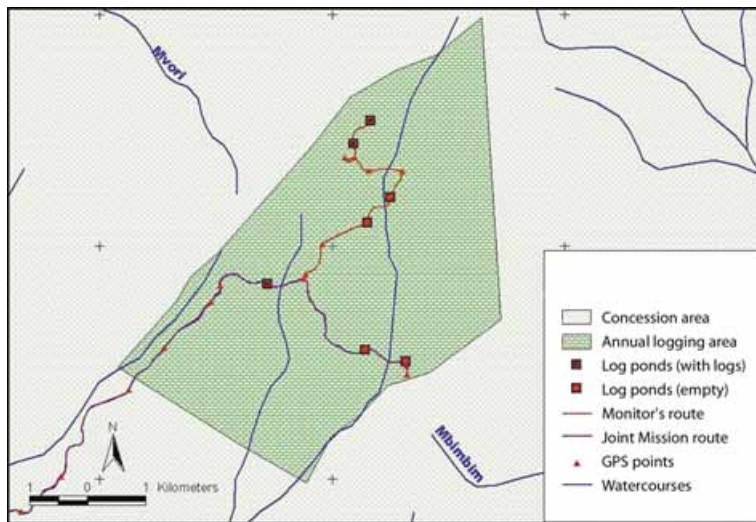
Keeping clear, comprehensible notes will provide important source material in any dispute over the content of a subsequent report. On joint missions, the monitor and the enforcement agency should, as far as possible, agree on the evidence gathered and its implications. Having a common understanding of the situation will make it easier to agree on the content of any reports and subsequent action.



GPS handset and evidence of illegal logging in one photograph

FIGURE 5:
Example GPS plot

Example GPS plot showing inspection routes and GPS points



Evidence of fraud: two logs with the same identification tag



Statements of offence A list of typical infractions is given in Box 5. Some of these breaches may be quite apparent in the field: logging out of boundaries or beyond the expiration of a permit, logging non-authorized or proscribed species or under diameter; using a permit which relates to another part of the forest etc. In such cases, and where both the competent forestry officials and a representative of the infractor are present, an official statement of offence or similar action to initiate sanctions under the law should be issued by the officials.

In cases where the infractor is absent, they must be summoned later. In other cases – perhaps volumes fraud, laundering, mislabelling and concealment of timber or other products – it will be necessary to undertake further investigations in the central forest authority or elsewhere before it is clear who has broken which law. On an initial visit it may not be possible to ascertain the scale of the illegal activity or who is responsible for it. These are matters for the enforcement agency, and the monitor can make recommendations to them for this kind of follow-up.

5.2.3 Mission reports and follow-up

After the fieldwork, other supporting documents may need to be obtained. If an official statement of offence was issued, a copy should be provided to the monitor. Other data such as official records of the volume harvested to date, transport permits or any letter received by the forest authority from the permit-holder immediately following the mission may also need to be obtained.

As soon as possible after the mission is finished, internal discussion within the monitoring team will help to consolidate findings in the field and put these into a wider context. Questions posed might include: have the same kinds of infractions been carried out by the same logging companies elsewhere? and what recommendations were made at the time? There may be key information, such as the destination of illegally cut timber (names of a buyer, sawmills, middlemen etc) which cannot be proven and is inappropriate for an official report. Nonetheless, an accurate record needs to be retained by the monitor. Such intelligence-gathering is invaluable for understanding the broader and changing nature of illegality.

Compiling the report

Depending on the nature of the mission and the relationship with the enforcement agency, the report could be a joint one or written by the monitor alone. Reports should follow a consistent format, and an outline of suggested contents is given in Box 17. A monitor's report provides a case study of one particular investigation and at this stage does not try to draw wider conclusions. It should include observations on respect for procedures (including those of the enforcement agency and other officials), respect for limits and standards of forest operations, general observations and recommended actions, which typically fall into three categories:

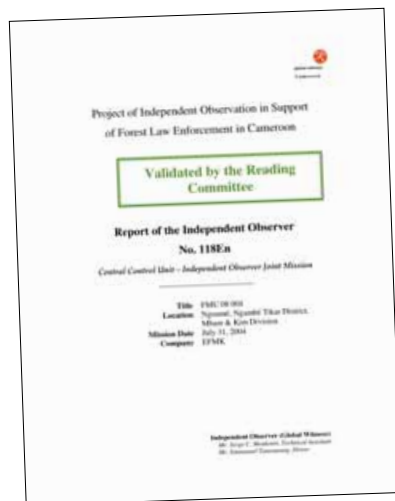
- **Punitive** where the monitor has observed that an infractor has not yet been charged, that the calculation of penalties has not been completed, or illegal operations have not yet been suspended.
- **Investigative** where the monitor acknowledges that further investigations are required before charges can be brought.
- **Procedural** where the monitor notes the performance of the enforcement team has been inadequate, administrative procedures have not yet been followed or have been bypassed. The monitor may recommend disciplinary action against officials.

Submitting the report to the reporting panel

It is important to reiterate that the panel's role is not to question the facts, but to check that the evidence is presented objectively and that the conclusions

follow logically from them. They may request clarification and expand on the recommendations in the report. After changes agreed by the reporting panel are made, the panel validates it (see Section 4.1.2). The forest authority or enforcement agency may be required to countersign the report, as an acknowledgement that action is needed. This provides an agreed checklist to ensure that actions are taken, and is similar to the Corrective Action Requests used in forest certification audits.

Report cover showing validation stamp



Publishing the report

The monitor and/or host organisation publishes the final report. Where appropriate, copies will be supplied to timber- and other permit-holders, local community and NGOs, and local officials. Publication makes clear what issues have been identified and who has taken responsibility to act on these. It strengthens public demand for the forest authority to ensure such actions are carried

out, including assigning responsibility, setting a time frame and reporting back.

Follow-up

Finally, the monitor should observe any follow-up action by the enforcement agency, wider forestry authority, or judiciary in response to the report's recommendations, highlighting where recommendations are or are not followed. This could be facilitated by some form of case-tracking database. Alternatively the monitor will have an opportunity to follow progress at each subsequent reporting panel meeting, and in Summary Reports. These are discussed in the next sections.

5.3 Case-tracking systems

IT CAN BE DIFFICULT to follow multiple cases through sometimes laborious judicial and administrative procedures. A systematic case-tracking mechanism will make it that much easier. A case-tracking system will help the monitor follow up the details of each case: the calculation of dam-

BOX 16: *Typical data requirements for a case-tracking system*

- A definition of each 'case'. This might be an inspection visit, an infraction suspected, an infraction proven for example. Each case is then given a unique reference number.
- The permit-holder's details.
- Typology of infractions, including minimum and maximum fines applicable and any formula for calculating damages.
- Typology of recommendations contained in the monitor's mission reports.
- A 'journal' which automatically records the date/time and user associated with each data entry or amendment on the database.
- Details of each field mission: date, location, team members, infractions observed and recommendations made.
- Details of each initial statement of offence: date, statement reference number, official issuing and infractor receiving the charge, locality, infraction, full details of any items seized.
- Administrative follow-up: date of meeting and any further recommendations from reporting panel; date and official responsible for implementing mission and reporting panel recommendations.
- Details of any follow-up notification: date, official issuing the notification, level of fine and damages, payment deadline.
- Payment history: date and official involved for receipt of interim payments, method of payment and details, outstanding fines, damages and interest due.
- Judicial process: date and official involved in referring case to the courts, date(s) of outcome of hearing(s), judgement and reference number.
- Court-case follow-up: date and official involved in implementing injunctions, seizures, forcible recovery of fines, damages and interest.
- Restitution following full payment: date and official involved in return of seized assets, reinstatement of permits and rights suspended.

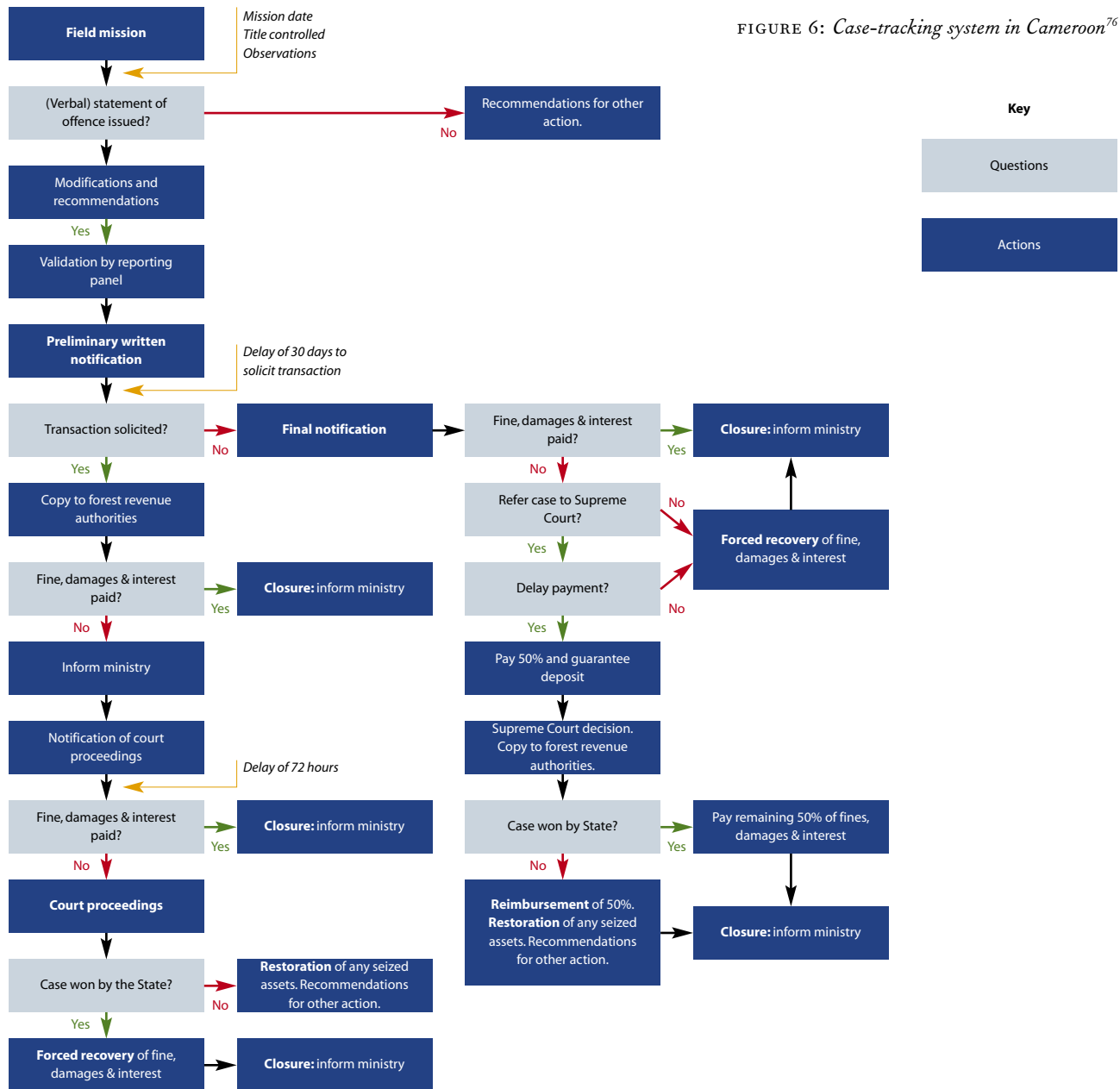
ages, assessment and collection of any fines, damages and interest, brought through either the administrative or legal process, and court decisions.

The form the system will take depends on the local legal process, but will comprise two components, typically combined in a computer database. The first is an understanding of the sequence of actions that will take place; an example of this is given in Figure 6. Often a lack of clarity in the law means that a substantial consultation and consensus-building process with the forest authority, judiciary, industry and civil society groups is required to reach agreement on this sequence.

The second is a list of the data required to monitor each step in the sequence. The kind of data which may be required is given in Box 16. Even where a comprehensive database cannot be built immediately, a simple spreadsheet of key data about each mission, report, infraction and recommendation should be developed from the beginning of the monitoring process. The data must be kept up to date and strong security mechanisms, such as limiting the number of people with access to it, must be built in to ensure the data are not manipulated in an unauthorised way.

A case-tracking system, owned by the forest authority but monitored through IFM, can provide regular updates on progress and inform the public of the outcomes of cases brought against infractors. Publishing this information is important, as no matter how much evidence the enforcement agency produces and the monitor verifies, it is of little use if it is not seen to be acted upon. Lack of follow-up also sends a message to illegal operators that they can continue their activities with little risk of sanction, even if apprehended.

FIGURE 6: Case-tracking system in Cameroon⁷⁶

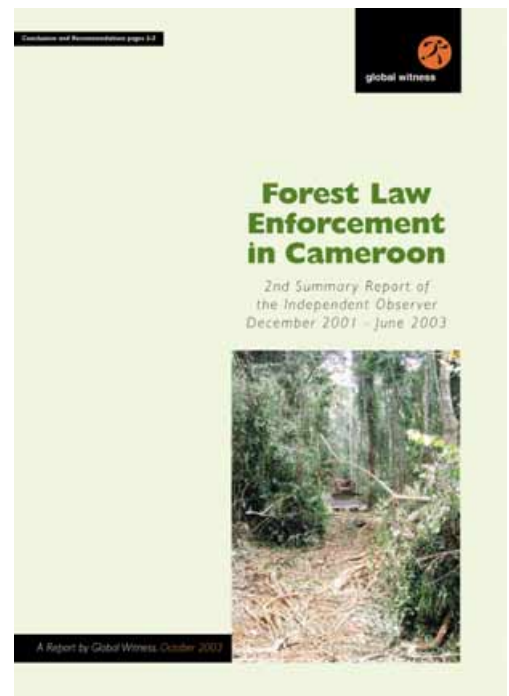


5.4 *Inception phase review and summary reports*

AFTER A FEW MONTHS of operation, a review of the inception phase should be undertaken to reconfirm the activities, working methods and protocols. The review will provide a baseline assessment against which future evaluations can be judged. It should therefore provide basic quantitative and qualitative data. Where possible it should include estimates of the time the enforcement agency devoted to fieldwork prior to the IFM initiative, the number of forest crimes detected and the proportion of those followed up by sanctions, and the recovery rate of fines actually collected. The report should also describe the working practices of the enforcement agency and forest authority, the status of any related but separate initiatives in the forest sector, and the perceptions of other stakeholders, in particular the logging industry and civil society.

Thereafter, an annual participatory process of reviewing the monitor's work and reporting progress in summary reports will be able to compare progress made with this baseline assessment. These reviews might reveal the need to pursue some particular investigations (such as those listed in Section 4.2.3), not identified in the original ToR.

Contributions from the enforcement agency and the forest authority to each summary report are important mechanisms for promoting their reforming efforts. They can, for example, comment on the rate at which cases against infractors are being processed, and the extent to which the monitor's recommendations on training, procedures and possibly policy and law reform have been acted upon.



The summary reports bring together the work of a number of missions and mission reports, commenting on governance issues that may be relevant to other sectors. They are thus relevant to a wide national and international audience. For this reason the tone of the reports should be less technical and more generalist. Ideally, they should be well designed and attractively published. The monitor should be the sole publisher of these reports and they should be made available on the monitor's website.

Early results that might be expected in the performance of enforcement agents include more systematic planning and an increase in the frequency of field missions. Technical competence and the quality of evidence gathered, and then documented, should also be enhanced. These and other, longer term impacts are described in Section 4.6.

5.5 *Mediating relationships*

THIS SECTION HIGHLIGHTS the attitudes and perceptions relevant to IFM as well as relationships with other actors in enforcement and reform. It may also be useful to refer back to Section 3.2, where weaknesses in policies, institutions and processes that might provide opportunities for illegal activity are discussed. While investigating individual cases the monitor must also understand and influence the broader governance environment in which it is working. Illegal activity is often the result of systemic weaknesses, so too narrow an interpretation of its role will not significantly change the wider operating environment.

5.5.1 **Cooperation with the forest authority**

The relationship between the monitor and the host organisation (usually the forest authority) is crucial to the success of IFM, and the monitor must take steps to build confidence and trust. Where IFM is an emergency donor intervention in the face of a near complete collapse of governance, the subsequent relationship between monitor and host is likely to be strained from the start. It is important not to exacerbate the intrinsically problematic nature of such a relationship, since it could well impinge on the monitor's activities and objectives, as well as the host's view of its integrity.

Good cooperation starts with the joint planning of a systematic programme of missions, for which regular meetings should be held. The monitor must avoid assuming incompetence or dishonesty in the enforcement agency. The counterpart relationship

with the monitor which focuses on the effectiveness of the enforcement agency, rather than identifying individual illegal loggers, does not always provide a comfortable position for either party. But a low-key, ongoing approach, based on relationship-building, peer support and respect for their separate roles should build mutual respect and trust.

Possible difficulties

An appropriate level of confidentiality should develop from a trusting relationship. Care must be taken to ensure information about forthcoming missions does not reach those suspected of illegal activity. This could be difficult if the usual procedure is to give advance notice to local officials, since they themselves may be under suspicion of colluding with illegal loggers. Conversely, enforcement agents may be reluctant to carry out unannounced missions jointly with the monitor. If they do participate in such missions, they may be unwilling to produce their mission report, fearing that it will cause them trouble.

If the monitor is alone in the field, it may lead local officials to think that the monitor has had problems with the forest authority. Instances have occurred where the enforcement agency and monitor have been denied access because the necessary warrant had not been issued or was not respected at the local level. In an extreme case a logging company tried to sue the enforcement agents for trespass.⁷⁷ This underlines the need for the right of access for inspection purposes (by both enforcement agents and monitors) to be written into concession agreements and sawmilling licences, for example.

Initially the monitor might be guided by the enforcement agency towards some parts of the forest and away from others. This might be legitimate (e.g. the 80-20 rule: working with the 'top' 20% might result in 80% of the problem being tackled), or it might be based on some prejudice, such as a natural bias of traditional foresters against commu-

nity forestry. At its worst, it is the result of powerful figures colluding with the enforcement agency. In some ToR the monitor has been mandated to follow up only on those crimes reported to it by the forest authority. In other situations, more subtle ways of directing the monitor have been used, for example by making certain permit documents and maps unavailable.

In such situations, the monitor has a strong case to insist on full access to information, to visit parts of the forest hitherto unvisited, to undertake independent missions and to make its findings available to the public. It will often be easier to press for these rights once a level of understanding and confidence between the host organisation and the monitor has developed. In others, the only option for the monitor will be to publicise the inertia and obstructiveness of the authorities, and allow the public to draw their own conclusions about corruption and complicity. Carefully written ToR will permit this course of action in extreme circumstances.

5.5.2 Keeping reports factual and objective

Like fieldwork, report-writing is a key area for shared learning: an international monitor is able to apply its knowledge and tailor IFM to the particular context of the country concerned, while the enforcement agents can improve their skills and professionalism in analysis and due diligence. Confidentiality is important at this stage too, as evidence should be protected against publication before it has been validated, and should be carefully retained for use in any legal proceedings. However close the relationships between the monitor and any stakeholder group, reporting protocols must be upheld. The slightest hint that some groups may have privileged access to information is damaging to the monitor's credibility.

The quality of the monitor's reports is key to its

credibility. Here are some recommendations for compiling them:

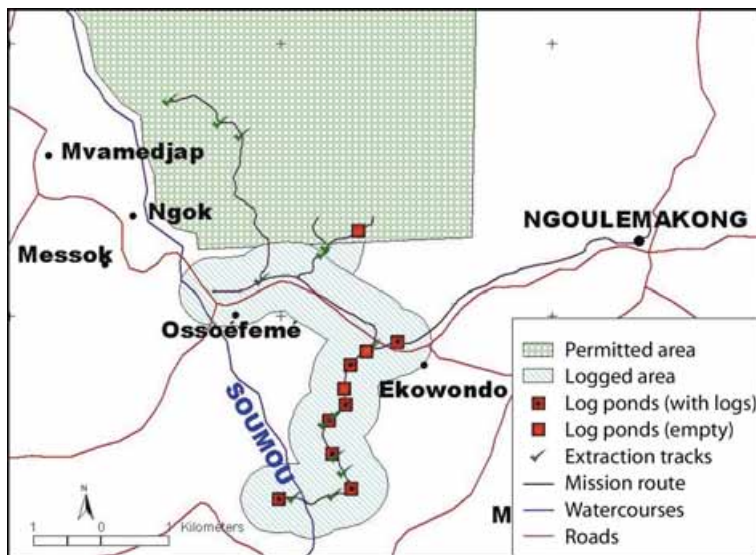
- **Work to criteria** The law is the main criterion against which to measure observations, so reports should not say 'felled trees were observed and this is illegal'; they should say 'stumps were seen at UTM ..., outside the permitted coupe, contrary to ... provision of the forest law and ... provision of the contract'. Other criteria may be invoked if appropriate, for example where there are weaknesses in the law, or where activities by the forest ministry contradict binding international commitments, such as CITES. Official statements of intent can also be a source of influence, even if they are not legally binding. For example, FLEG statements support the need for a wider look at forest-related laws, the need to deal with land tenure and the need for reforms to meet social development objectives.
- **Avoid assumptions** If the record of volume harvested exceeds the volume authorised, do not assume this means too many logs have been cut. It could be due to inconsistencies in data entry. These possibilities need to be highlighted and subsequently investigated. It may then be possible to conclude 'the apparent overcut cannot be entirely attributed to failures in data collection' – still not the same as saying a law has been broken.
- **Separate fact from opinion** It is very important that reports contain a strictly factual section, where evidence is presented, and then, clearly separated from it, a section on analysis, conclusions and recommendations.
- **Use a consistent layout** This will serve as a reminder to keep sections separate, and to include all details (names, dates, locations etc). A consistent layout (see Box 17) will also facilitate drawing broader conclusions from a series of reports.
- **Keep background material** A dossier of documents obtained prior to the mission, video and audio recordings, notes, photographs and maps

BOX 17: Mission report checklist

The report should contain:

- A unique reference number.
- The date and type of mission (joint, independent etc), and any information on who requested the mission.*
- Details of the timber permit or forest area, including location, all relevant dates, title number, owner and any sub-contractors.
- Names of the IFM team members, the enforcement agents, and any other (i.e. local) officials involved.*
- The resources used in the mission: vehicle, GPS, photographic equipment, computers.
- Details of findings, including what inspections were carried out (for example, access and extraction roads, boundaries and their markings, logs and stumps, operating documents).
- Analysis of any illegal activities discovered and a discussion of legal implications leading to clear and objective conclusions.
- Any constraints which prevented a full inspection.
- Any legal action initiated by the enforcement agents during the mission.
- Recommendations and any follow-up action agreed with the enforcement agency. These should be written in a consistent format so that over time it is easy to draw broader conclusions and establish trends, for example to see which kinds of recommendations are commonly made but rarely implemented.
- A comparison of the report from the enforcement agency (if it is available) with the monitor's own findings and make comments.
- Annexes containing copies of relevant maps, data, permits, letters etc.

* The identities of some individuals may need to be protected if their safety is at risk.



with GPS readings associated with each report should be kept and made available if required.

- **Brief the reporting panel carefully** Make sure all members of the panel are well acquainted with the law and with their role. The monitor must be able to justify to the panel that all evidence presented is fact, and that the conclusions are drawn from the reported facts. The panel has no authority to change the facts, or assert conclusions or recommendations if these contravene the law or which relate to issues about which they have no direct knowledge.

The illegally logged area is estimated, based on a 1km band around the logging tracks

5.5.3 Maintaining relationships during report publication

The strength of IFM lies in delivering information to the public in an accessible way. Release of information is nevertheless a sensitive issue, which is why the procedure needs to be detailed in the ToR. Publication should also be consistent with the objectives of IFM. The monitor does not want to

alienate the host, nor to be unable to publish for political or administrative reasons. Realistic time frames for publication should be established: too little time and the reporting panel will feel pressured to validate the reports; too much time and the information will become obsolete.

Sooner or later, the monitor will need to make careful decisions about the release of information likely to touch vested interests. If the monitor is too quiescent, the status quo will not change; too emotive and it risks focussing criticism on itself, ultimately rendering it dysfunctional. Where the message conveyed is uncomfortable for some stakeholders, the temptation will be to blame the messenger. Illegal loggers may consider the monitor to be the easiest target among those working to suppress illegal activity.

In order to avoid criticism of its behaviour the monitor must consider the style and language of reports. Emotive language will distract attention from the content of reports. But the monitor also should realise that criticism directed at itself or its work is a natural defensive action by those with a different agenda. Pressure on the IFM team and its individual members is always in danger of becoming personalised. Monitors need clear support to act as a well-coached and -managed team, with regular feedback from their organisations.

The public release of information about commercial logging activities will raise particular concerns if the logging industry fears adverse publicity. Monitors must make clear to companies operating within the law that IFM is a positive initiative to 'level the playing field', from which only illegal loggers have anything to fear.

While the right to make information publicly available is not negotiable, the need to work with considerable political and strategic sensitivity cannot be overstated. The monitor can expect to be challenged. In the face of powerful criticism, it must differentiate between times when it has genuinely acted inappropriately, and occasions where

vested interests are attempting to undermine its work. In extreme cases, the host organisation may even be pressurised to rescind the monitor's agreed rights to enquiry and publication.

5.5.4 Points of leverage

A lack of real will on the part of the host government to eliminate illegal and corrupt practices can be a serious obstacle to the implementation of IFM. With each decision on what to investigate, how and when to publish, it is crucial to anticipate the likely reactions of different stakeholders and consider how they can be garnered constructively to support reform. Acceptance of the concept of IFM by the government is vital to ensure that the key concepts of transparency and governance are accepted and internalised.

Incentives and deterrents

Sections 3.2 and 3.3 outline the common weaknesses in forest law and enforcement, and the potential drivers for IFM. During implementation it is useful to refer back to them to see how they might be brought into play in order to generate and maintain commitment to improved governance. In particular, the monitor should look for incentives to garner support for those stakeholders most likely to be benefiting from the status quo and resistant to change.

Most of these incentives combine both a positive and negative component. Increasing the quantity, quality and credibility of information in the public domain in itself provides a powerful deterrent against illegality and corruption. Reports with clear achievable recommendations reinforce a forest authority's efforts to improve governance, but subsequent inaction by the same authority must be noted and reported.

If they are exposed by the monitor, public officials may lose face and private loggers risk losing

markets. These are not necessarily effective deterrents, as careful manoeuvring can mitigate both these penalties. The monitor has no power to enforce the law per se. However, IFM enables stakeholders to know better what the law is, while at the same time facilitating the more effective use of the justice system. A good example of this is where companies making proactive moves towards sustainable forest management comply with the law. Where they may once have complained that it is impossible to operate without paying bribes, they come to respect the ‘level playing field’ that IFM brings about, and welcome the move towards the rule of law. To reinforce such positive changes of attitude the monitor can, over time, analyse the number of infractions each company has committed and highlight those where there has been a clear improvement.

Once evidence gathered through IFM has been published, a powerful feedback mechanism provides a deterrent to illegal operators. They are pressured in producer countries by more effective law enforcement and in consumer countries by alterations in timber traders’ purchasing policies. These are ‘locked-in’ changes, which are difficult to reverse. The monitor needs to look for similar ways to maintain momentum. For example, a well-run review workshop should leave everyone feeling positive and motivated. The monitor’s job from then on is to keep them on track.

Finally, the very presence of a state-mandated monitor provides a source of leverage. The monitor is working in the public interest, and acting as a conduit for public concerns to reach decision-makers. A dogged determination to see reports validated and published will eventually ensure that officials publicly acknowledge illegal and corrupt activity.

Sanctions In some extreme circumstances, the monitor has certain sanctions available. Aid conditionalities are an effective but crude mechanism,



which rely on the sustained political will of donors. The ultimate sanction would be for the monitor to suspend its work and publicise the reasons for doing so. This is less effective than it might sound as it can be hard to reverse. A more constructive approach is to develop automatic stepwise sanctions and a dispute resolution mechanism. Where these are clear and predetermined, conflict and recriminations are less likely. Examples of such sanctions include a ‘work to rule’, where no tolerance is given on deadlines; disengagement with joint missions; or a deliberate focus on areas of greatest political resistance.

5.5.5 The role of donors

International donor assistance can provide powerful leverage for reform in many different sectors. It has been used to introduce IFM as an emergency measure where governance of the sector has completely broken down. Good governance remains a dominant theme in donor thinking. In introducing a tool as potentially powerful as IFM, donors are explicitly saying that local civil society is insufficiently powerful to achieve reform of its own government without outside help. In such situations, donors are positioning themselves as spokespersons for the needs of powerless local citizens, so it is essential that they remain active and supportive of IFM.

“[A] strong donor community presence is ... required to ensure both that the monitor works to a national agenda, and also that no party uses its purchasing power or other advantage to distort the transparency and accountability of the information flow.”⁷⁸

—ODI

Any centres of power within the host administration that benefit from corruption will be suspicious of an initiative likely to impinge upon their ability to profit. Where such links between illegal logging and the government become apparent, the donor community has a crucial role to play in mediating the relationship between the monitor and the host.

Donors have met the challenge of the potential disjuncture between speaking for powerless citizens and maintaining good relations with the host government, in the context of IFM, in several ways:

- Supporting IFM’s need for an official mandate, which compels honest discussion of the issues during the ToR negotiations with host organisations.
- Pooling funding from multiple sources (such as through a basket or trust fund), combined with presenting a collective point of view. This demonstrates international support rather than reflecting one donor’s agenda. It should also avoid disruption when different funding streams start or stop.
- Playing an active role, sustained over the long term, including in the reporting panel, periodic reviews, upholding the ToR, adapting to changes of host government and senior officials, and crisis mitigation.
- Including IFM as part of a package of wider sector reforms, including more explicit legislative reform, capacity-building and material support carried out by other agencies alongside the monitor.
- Building on success, by working to improve the scope and quality of IFM initiatives.
- Maintaining continuity during changes in donor representation, by ensuring any new representa-

tive is fully briefed on his/her responsibilities to IFM, and through coordination of relevant donor activities.

As these examples indicate, there is a need for a fully coordinated donor approach. Donors need to speak with one voice about IFM to the host country. Any disagreements may be exploited by opponents of genuine transparency and accountability.

Donors need to acknowledge that IFM may be required for considerably longer than a typical three-year project period. Transparency is less an end in itself, and more a means of achieving sustainable improvements in good governance. Such changes take a long time. When a monitor is more assertive, reform is likely to be faster but more uncomfortable. Donors must strike a balance between seeing the kind of reform they advocate take place quickly and maintaining cordial relations with the host government.

5.5.6 Building confidence and trust among stakeholders

Like many reform initiatives, IFM will face a natural resistance to change. A monitor is something new and strange and may well be reluctantly received by some stakeholders initially. An organisation or country that hosts IFM is taking a bold step to tackle entrenched problems, so is also making itself vulnerable to the monitor’s findings. The relationship with some stakeholders may not automatically be cordial, but must be worked on over a period of time. By actively pursuing constructive and professional relationships with government, industry, and different civil society interests, the monitor can help diffuse these kinds of tensions.

Objectivity may be undermined if the monitor works too closely with those whom some perceive as being their ‘natural partners’. In the case of not-for-profit providers of IFM, these natural partners might be local NGOs and other civil society organisations. In the case of for-profit providers, the natural partners might be their other commercial interests in the country. Whatever the nature of the provider, a monitor that operates too closely with the forest authority risks compromising its independence. A professional and even-handed approach will avoid accusations of taking sides with any faction. The political sensitivity required of a monitor will help them to spot when accusations of unfairness are motivated by people with something to hide. It will also help them avoid being inadvertently drawn into partisan disputes.

All actors need to maintain professional respect and dialogue. The views of each party need to be acknowledged and taken into account, even if the other party does not share them. The monitor should seek to understand the constraints, perceived or real, under which others are operating. An example is where industry, government and donors appeal to the monitor to encourage and praise good practices as well as reporting bad ones, with more open discussions and less criticism. While the monitor should be willing to enter into discussions, the law provides a clear limit to the extent to which it can negotiate and compromise. The role of the monitor, prescribed by its ToR, is to discover and report illegal activities by both the private and the public sector. Enforcement officers, who carry out a similar role, do not have the same duty to report every *legal* activity they see, and nor should monitors.

The use of equipment provides another example of the need to build trust on an individual and institutional level. Clearly, the enforcement agency should be adequately equipped in order to do their job properly. In cases where the political will is lacking to make this provision, the monitor may



well have more sophisticated equipment – GPS handsets compared with traditional compasses, for example. This can produce some practical discrepancies in the field but may also lead to challenges in proving the validity of permits on the basis that GPS and compass data are not compatible. The monitor must deal with such cases sensitively and avoid being patronising.

Training and skill-sharing are ways of developing a good relationship with interested parties. They provide people with useful additional skills and also help identify individuals who are more strongly motivated. Balance can be maintained by making training opportunities equally available to all appropriate stakeholders. Technical training in GIS is a clear example where both state officials and NGO staff can benefit. Where the ToR allows scope to organise workshops and other more systematic capacity-building activities, plans for these also should be carefully explained from the outset in order not to raise expectations.

5.6 Obstacles to implementation

THE MONITOR may meet obstacles to implementation, and should adapt its work to meet the challenges and changing circumstances. These are some typical examples:

- **Out-of-bounds** Some parts of the forest appear to be ‘out-of-bounds’ to joint missions, possibly just in the short term (“there’s no activity there at the moment” or “there’s no access – the bridge is down”). The monitor is free to conduct independent missions, but in doing so risks a direct confrontation with the enforcement agency and/or the hierarchy above it. These missions may in any case be thwarted by resistance on the ground. A gradual approach may be more constructive and sustainable. The monitor should initiate a systematic sequence of joint missions, thus gaining an understanding of the reasons for the reluctance of the enforcement agency to visit certain places.
- **Information not shared** The host organisation is unable or unwilling to seek information from other parts of government, for example on tax or trade, which makes it difficult to investigate some infractions. Where appropriate, the monitor will have to probe the different ministries, first to obtain information directly, and also to locate any systemic failures which explain why information is not shared. Advice can be offered on changes in regulations and working practices so that government departments work together and information is publicly available.
- **Cooperation is withdrawn** As a result of reports highlighting politically sensitive issues, the forest authority seeks to withdraw cooperation with the monitor. It may deny access to information

or prevent the enforcement agency from conducting joint missions. A series of step-wise counter-measures, with the full support of donors and other stakeholders, should be introduced to gradually increase pressure on the forest authority to abide by the ToR (see Section 5.5.4).

- **Censorship** Some reporting panel members seek to censor the monitor’s reports. The monitor will need the support and guidance of other reporting panel members, in particular donors, to prevent the reporting panel from becoming dysfunctional.
- **No separation of powers** The enforcement team is required to give advance notice to many tiers in the bureaucracy, suggesting that enforcement is insufficiently separate from forest administration. The monitor should have the freedom to investigate this and make recommendations on restructuring the forest authority.
- **Change in circumstances** The political relationships which are key to successful IFM are not static, and can be disrupted when key personnel change. The political priorities of the relevant ministers – in both host and donor governments – will shift in response to events well outside the sector, and to elections for example. These will not necessarily present obstacles to IFM, and the monitor needs to look out for changes that may provide opportunities to improve forest governance. For example, new local government structures in South Africa provided an opportunity to install forestry in local development plans and to get small-scale growers represented in the main private sector business association.⁷⁹

In the context of widespread illegal logging and corruption, and minimal control, it is likely that straightforward and obvious infractions will be easy to detect and report. In other situations, or as IFM evolves, the initial tasks may become less pressing and unforeseen needs become apparent. If

the monitor fails to take account of such circumstances and adapt its work accordingly, it may be sustaining a false impression that compliance has improved, when in fact illegality has shifted elsewhere.

The annual reviews provide an opportunity, if required, for the monitor and host organisation, in consultation with other stakeholders, to re-prioritise the activities of the monitor, and possibly those of the relevant law enforcement agents.

Monitors have been obstructed by deliberate placing of logs across access roads





6 Conclusions

BY ITS VERY NATURE IFM is not an easy task, because it challenges those with a vested interest in the status quo (corruption, illegal logging, tax evasion). “[W]hile forest resources have global public goods aspects, they function within the territories of sovereign states. Thus, whatever the legitimacy of some of the broader interests in question, they exist within a political hierarchy which cannot be circumvented”.⁸⁰

RELATIONSHIPS BETWEEN the monitor and the forest authority are likely to be delicate, but many problems can be avoided by clear communication, good diplomacy and clear ToR. Those with a genuine interest in reform (government, donors, the private sector, NGOs, and communities, as well as the monitor) need to coordinate their activities and sustain mutual support, during the design of the IFM initiative and throughout its operation.

Acceptance of the concept of IFM by host governments is vital to ensure that the key concepts of transparency and governance are accepted and internalised. However, IFM alone is not able to deliver good laws and fully effective enforcement. Often, broader reform in forest governance (and beyond) is required. Perhaps the most significant challenge in this regard is where the legislative regime itself is not conducive to responsible or sustainable forest management:

[L]egal and illegal logging are often closely linked and ... legal logging can be highly destructive. The illegal aspect of the current timber trade is only part of the wider problem of a timber industry that has largely been unable to regulate itself and is destroying forests and peoples' livelihoods on a grand scale. Actions addressing the illegality of operations can therefore not be seen as separate from actions addressing the wider issue of destructive logging practices. It is ultimately the issue of forest sustainability that needs to be addressed. As many forestry legal regimes permit or even encourage corporate malpractice and deny the rights of forest dependent peoples, it is vital that ... initiatives do not reinforce inappropriate laws.⁸¹

The future

IFM should be complemented by other initiatives. These would begin with a participatory forest assessment process to consider the relative value – economic, social and environmental, for the majority of people – of commercial logging and other forms of management. Consultation and prior informed consent in land use planning decisions

would ultimately define control over natural resources, thereby building genuine ownership over and responsibility for law enforcement.

Following such an assessment, complementary systems of verification could be identified. These might comprise a separation between forest regulation and management, a technology-based system of verification of legal origin and compliance, and voluntary progress towards full forest certification. An Independent Forest Monitor would ensure these systems conform to national standards and have public legitimacy.



Checking
the location
of a
boundary
marker

Current moves towards such complementary systems, at least for industrial concessions, have political support through such processes as G8 initiatives and the EU and other FLEG(T)s. They are also supported by elements in the industry, which are sensitive to international market reputation. All this is likely to increase demand for IFM. It may also utilise the considerable potential for the techniques and approach of IFM to go well beyond the monitoring of forest operations, thereby improving transparency and accountability in industry-community relations, and revenue/benefit distribution, for example.

In the end, holding those in power to account is the role of local citizens, not external forces. Whilst IFM has in the past been constructed as a project with a finite time scale, the functions it performs should be considered as a permanent component of good governance, either explicitly (for example as an ombudsman), which is funded through the sector, and/or through a range of self-mandated watchdog NGOs. The role of an external monitoring expertise should eventually be taken over by domestic governance structures that fully involve an empowered local civil society.

Annexes

ANNEX I: *Other initiatives related to forest monitoring*

ANNEX II: *EU Voluntary Partnership Agreements (VPAs)*

ANNEX III: *Tools for forest monitoring*

ANNEX IV: *IFM in Cambodia and Cameroon*

ANNEX V: *Cambodia forest crime monitoring project
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ANNEX VI: *Statistical comparison of selected countries*

ANNEX I: *Other initiatives related to forest monitoring*

THERE ARE SEVERAL initiatives to monitor forest law enforcement by organisations other than government agencies. All the schemes described below differ from what is referred to in this guide as IFM. Schemes are included here in order to distinguish them from IFM, and not by way of recommendation. The schemes range from governments contracting virtually all the responsibility for forest law enforcement to outside agencies (Ecuador), to out-sourcing the auditing of adherence to the law (Canada), to independent monitoring not involved with the government in any way (external monitoring in Indonesia).

Forest certification

Forest certification, based on voluntary participation by industry, seeks to encompass standards in environmental, labour, sustainable forest management, economic and legal aspects. Certifiers provide verification of compliance, and in turn are accredited by a standard-setting organisation. Forest managers request, and pay for, a certification body to assess whether their management practices meet the required standards.

A variety of standards are in operation. The better known are the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification schemes (PEFC), both with an international scope; the Malaysian Timber Certification Council (MTCC), applicable in Malaysia; the Sustainable Forestry Initiative (SFI), applicable in the US and Canada; and the Canadian Standards Association scheme (CSA), applicable in Canada.*

Certification schemes generally aim to identify products that come from sustainably managed forests and in most cases the process also assures compliance with applicable laws.⁸² The way certification works is explained in Box 18.

* The CPET programme in the UK has assessed the ability of these five certification schemes to meet UK government procurement criteria for sustainability and legality. All five schemes met the criteria for legality, whilst only the FSC and CSA met sustainability criteria.

All certification schemes have governance structures that, to varying degrees, have built-in checks. They all involve inspections, by a certification body, of operations in the forest and of each step in the chain of custody from the forest normally to the final retail outlet. In addition, independent third party monitoring of the process takes place through an accreditation system for the certification bodies.

IFM can be compared to these accreditation systems, as they ensure that the certifier (analogous to the regulator) is working according to the 'rules'. In Cameroon, some in the industry regard IFM as a precursor to certification, but this may indicate some confusion about what each system intends to deliver. Others have questioned the ability of certification to assure legality:

BOX 18: *How certification works*⁸³

Certification has been widely used in a range of sectors as a tool for providing independent verification that a defined set of requirements is being met. Certification schemes, including those for forestry, are usually made up of four elements:

- **Standard** This sets out the requirements which must be met and against which certification assessments are made. Standards are developed by standard-setting bodies.
- **Certification** This is a process of establishing whether or not the standard has been met, usually carried out by a certification body or certifier (also referred to as a registration body or registrar especially in North America).
- **Accreditation** This is the mechanism for ensuring that the organisations which undertake certification are competent and produce credible consistent results, sometimes described as 'certifying the certifiers'. Accreditation is undertaken by an accreditation body.
- **Product claims** If the scheme is going to be used as a basis for identifying products from certified forests and for making product claims then a mechanism for controlling this also needs to be in place. This requires:
 1. *Tracing* The material may go through many production and logistical stages between the forest and the final product. There must be a mechanism for tracing it from the certified forest through each stage to provide certainty that the product or product line about which the claim is being made is linked to a certified forest. This process is often referred to as 'chain of custody'.
 2. *Claims and labelling* It is essential to ensure that any claims made about a forest or a product or any labels are clear, credible and honest. This requires a set of rules to be followed by those making claims or labelling products.

*Voluntary certification systems will never stop the widespread uncontrolled logging in tropical forests. These 'quality assurance' systems have not been designed as tools to enforce the law and to be made compulsory. They are not based on regular and unannounced audits and on continuous sampling and they ... do not provide the level of confidence that is likely to be required to demonstrate legal origin.*⁸⁴

IFM has the flexibility to be broader than certification systems in terms of the things that need to be checked, in that the monitor is not bound to a fixed checklist of criteria, but can investigate a wide range of issues. But it is also narrower, in that IFM focuses primarily on checking for legality, rather than legality and sustainability. In contrast to the voluntary nature of certification, IFM is mandatory, works in partnership with government, and is often donor- or government-funded. It cannot work if monitors are only given access to forests whose managers request monitoring.

Cameroon and Congo Brazzaville: monitoring by mapping forests

Global Forest Watch (GFW), an initiative of the World Resources Institute, is running forest-monitoring projects in two countries, Cameroon and Congo Brazzaville. They aim to map the forest resources of the country and detect changes, for example by monitoring the development of forest road networks.

In Cameroon, GFW was contracted to provide services to MINEF at the same time as Global Witness was contracted to provide IFM. They are thus seen as complementary initiatives. The GFW 'Cameroon Charter' has three objectives:⁸⁵

- **To map** the boundaries of various forest regions (logging concessions and annual coupes, community forests, national parks etc).
- **To monitor** intensive logging and the building of access roads into the forest by analysing satellite images.
- **To inform** forest management and practices through the use of GIS analysis to identify potential discrepancies within MINEF planning documents, and improve enforcement on the ground through the identification of target areas.

GFW was commissioned to produce a map of concessions and protected areas, an annual report on the status of such conces-

sions and a map detailing the evolution of road development, each of which is updated yearly.

GFW has trained MINEF staff and partners to use remote sensing and satellite images to analyse forest condition and detect logging roads.⁸⁶ In the first edition of the Interactive Forest Atlas, published in 2005, the annual coupe boundaries were not made available, making interpretation of the development of the forest road network almost impossible.⁸⁷

In Congo Brazzaville, GFW is working with the Ministry of the Forest Economy and the Environment to use satellite images to map all Congo's logging roads, forest concessions, community forests and protected areas, and compare these data with existing forest legislation. It is also hoped to produce an interactive forest atlas for Congo.

GFW's monitoring activities are similar to IFM in that they aim to publish accurate information about certain aspects of the forests. The type of information published by GFW is essential to the activities of IFM: for example, knowing the boundaries of a concession or coupe, or helping to focus monitoring work on the basis of information about logging roads obtained from satellite imagery. However, unlike IFM, this kind of monitoring does not attempt to monitor law enforcement activity, and does not include ground truthing – checking on the ground that the information gained from satellites is correctly interpreted – to identify who is working in the forest and whether or not they are following the management plan and other regulations.

Central Africa: voluntary forest monitoring scheme

In Central Africa, Global Forest Watch and the World Conservation Union (IUCN) are working with the Inter-African Forest Industries Association (IFIA) to promote a voluntary forest monitoring scheme. The scheme aims to document companies' efforts toward legal and sustainable forest management. A trial of the Forest Concession Monitoring System (FORCOMS) will be run in three concessions in each of three different countries in Central Africa. FORCOMS is currently being developed; it is not envisaged that the scheme will be formally launched until the autumn of 2005.^{88,89}

The scheme relies on self-selected 'progressive' forest-concession-holders voluntarily providing the data needed to assess behaviour to an independent body. It is not yet clear who this in-

dependent body might be. The independent body would assess performance in relation to a set of criteria and indicators measuring legality and progress towards SFM. Logging companies will input into the choice of criteria and indicators. The independent body would carry out limited field verifications. A steering committee would be formed to oversee the process. It is proposed that the steering committee be comprised of representatives from international NGOs, institutions, donors and the private sector.

There are two differences between this and the IFM project currently running in Cameroon, both based on the fact that the forest law exists to define legality. First, criteria are not negotiable, but are taken directly from forest law. Second, the reporting panel has no directorial role over the monitor, but simply acts as a peer-review group to validate the technical competence of the monitor's reports.

It is proposed that, like IFM, the independent body make its findings public through a website and hard copy reports. It is not yet clear whether *all* findings would be made public, how frequently the publication would be (for example case by case reports or an annual league table), or what role the steering committee would have in permitting publication.

The FORCOMS scheme intends to certify the “*lowest acceptable level of forest management*”.⁹⁰ In other words, the certificates would testify that individual shipments of timber have been harvested legally and that progress is being made towards sustainable forest management. There are two concerns with this proposal: first, that the certification scheme needs to be independent and transparent; and second, that such a low-level certificate may detract from more demanding forest certification schemes. Once a company obtains a certificate under such a scheme the risk is that it becomes the end goal rather than the first step.

There are five key differences between FORCOMS and IFM:

- The close relationship between the monitoring system and the industries being monitored risks a significant conflict of interest.
- FORCOMS will not be working under contract with government.
- Industry participation in the FORCOMS scheme is likely to be voluntary.
- Field verifications within the FORCOMS scheme are likely to be limited.
- FORCOMS is considering a certification scheme for legally produced timber.

Some of the risks in the FORCOMS scheme are also apparent in the BRIK system already running in Indonesia, as described below.

Indonesia: industry-initiated monitoring

An industry-initiated, but government-supported monitoring system has recently been set up in Indonesia. A non-profit organisation run by timber industry representatives, the Forest Industry Revitalisation Body (BRIK – Badan Revitalisasi Industri Kayu), was set up by the Ministers of Trade and Industry and Forestry in December 2002.

Since October 2003, all companies wanting to export timber from Indonesia have had to apply for a license referred to as an ETPIK. To receive the license, a company must join BRIK, for which they have to supply three documents: a report showing the volume of timber consumed from 1 January 2003 until the application date; a copy of all transportation documents; and the total volume of plywood, sawn timber or mouldings manufactured at the year end.

BRIK enters all this information into a computer system, making it possible, potentially, to check that a company has sufficient transport permits and is not producing more timber than it is allowed to process. BRIK can inspect wood-processing factories, and can remove a company from its membership if it fails to report any changes in access to timber sources or if it is shown to be exporting ‘illegal timber’.⁹¹

However, international timber importers are far from convinced. Official transportation documents are said to be available for purchase on the open market. The information collected on BRIK's database is not available to the public and is therefore not open to scrutiny.⁹² The UK's Timber Trade Federation has disputed BRIK's figures, and stated that BRIK's plans to use their own certificates of legality were unlikely to satisfy buyers in the UK. They concluded, “*For the UK trade to remain involved [in Indonesia], independent verification of legality will be required*”.⁹³

Indonesia's BRIK system therefore differs widely from, and is no substitute for, IFM. BRIK is predominantly a paper-based monitoring system with infrequent factory monitoring and, importantly, no possibility of forest monitoring. As such, even discounting the allegations of corruption, the BRIK system would not be able to monitor all aspects of legality.

Indonesia: external monitoring

The UK-based NGO, the Environmental Investigation Agency (EIA), and Indonesian environmental NGOs, such as Telapak, have been monitoring Indonesia’s forests for illegal logging since 1997. But unlike IFM, they have no official relationship to the government of the country.

EIA-Telapak’s activities are donor-funded, their aims being “to equip groups working on forest issues with the skills and technology needed to campaign effectively for forest protection and the rights of indigenous communities [through providing] training in the use of cameras to document forest crimes along with the equipment necessary to do the job”.²⁴ In other words, the emphasis of the work is on training local partners to carry out forest monitoring rather than carrying out the majority of the monitoring themselves. EIA-Telapak have mainly worked in and around selected national parks in Indonesia. As well as publishing information on illegal logging in these areas, EIA-Telapak have also lobbied donors and government to achieve change and have often used the international media to great effect.

In contrast to IFM, this is self-mandated or ‘external’ monitoring, where EIA-Telapak operate without any contract with the

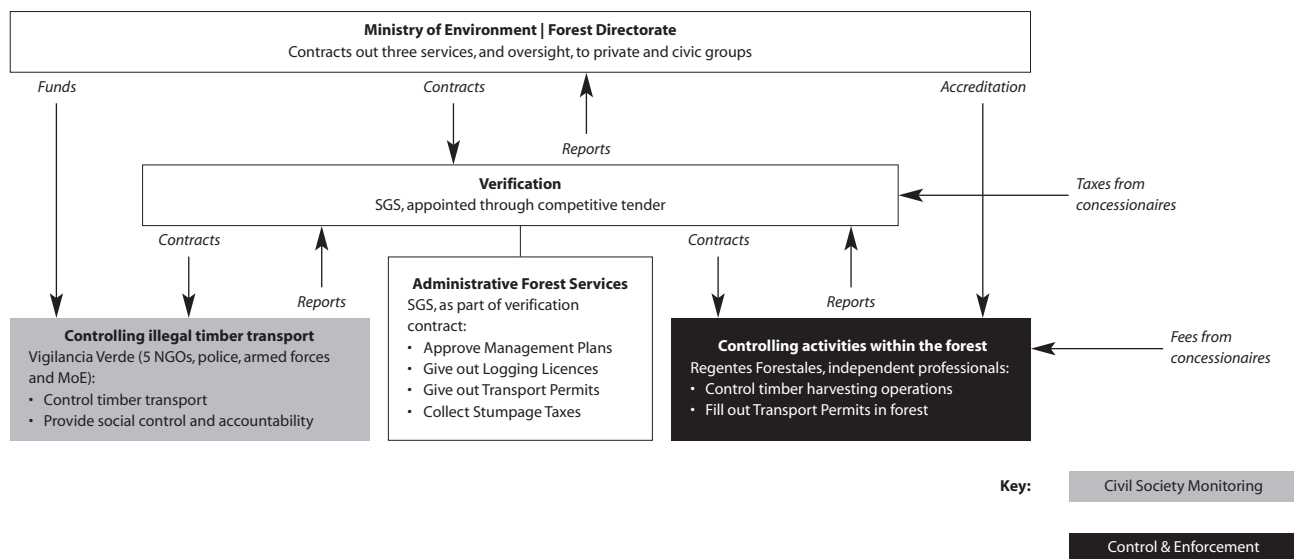
Indonesian government. However, to the extent that a foreign organisation is able to conduct its activities in the country concerned, and is funded by international governmental donors, they also enjoy a degree of formal recognition, and have an impact on markets.

In the context of increasing decentralisation of government functions, the (inter)national profile of the project has coincidentally facilitated the provision of information to the central ministry over and above the normal information flows from local level officials. By working in national parks where all logging is illegal, EIA-Telapak do not need to make reference to timber permit documents or forest management plans to demonstrate illegality, as IFM undertaken in concessions must.

Ecuador: out-sourcing of law enforcement

Ecuador initiated an innovative scheme in 1999 to out-source responsibility for forest monitoring to three groups: one controlling illegal timber transport; one monitoring activities within the forest; and administrative forest services (see Figure 7). All groups can verify the specific activities of the other groups and report any irregularity. A management information system

FIGURE 7: Ecuador – Out-sourcing law enforcement



(MIS) began operations in July 2003 and proved highly effective, but was declared unconstitutional in 2003 and since then has not been fully operational.

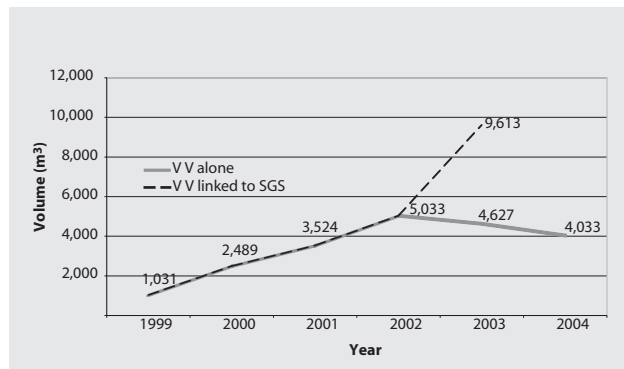
The idea of delegating and out-sourcing forest monitoring and verification activities to the private sector and civic groups first appeared in 1999 as part of Ecuador's Forest Strategy.⁹⁵ It was an effort to rationalise and strengthen the forest authority held by the Ecuadorian environment ministry.

Controlling illegal timber transport Responsibility for this was given to *Vigilancia Verde*, a public/private entity established in early 2000 and consisting of five local NGOs, the police, the armed forces and the Ministry of Environment.* The team run twelve fixed and six mobile road checks, which operate 24 hours a day. When integrated into the MIS installed in 2003, each road check had the computer-based on-line capacity to verify and validate transport permits on the spot.⁹⁶

There are four staff at each of these road checks, and teams are re-arranged and transferred between check points every 15 days.⁹⁸ By the end of 2002, *Vigilancia Verde* had seized approxi-

* The NGOs in *Vigilancia Verde* are Fundación Ecuatoriana Populorum Progreso, Fundación Natura, CARE Ecuador, Fundación Maquipucuna, and the Forest Management Corporation COMAFOR.

FIGURE 8: *Illegal wood seized at checkpoints in Ecuador*



Note: Until 1999 the state acted alone under a traditional scheme. In 2000 *Vigilancia Verde* began operations. The figure of 9,613 m³ for “VV linked to SGS” corresponds to an annual projection from the time the work of *Vigilancia Verde* was integrated with the MIS. This figure was not realised because SGS was suspended in October 2003.⁹⁷

mately five times more illegal timber than the state acting alone in 1999 (see Figure 8).⁹⁹ With the benefit the MIS during 2003, the volume of illegal wood seized doubled this figure, predicting an annual seizure of nearly 10,000m³.

Vigilancia Verde is funded by 50% of the value of all illegal timber detected, seized and auctioned. Besides limited grants from donor agencies and the private sector, in 2003 they also received significant funding from Petro-Ecuador, the state oil company. Some felt the independence of *Vigilancia Verde* was thus to some extent undermined, because this funding was managed by the Ministry of Environment.

Monitoring activities within the forests This responsibility was delegated to *Regentes Forestales*, professional foresters who are individually appointed by the Ministry of Environment. The foresters are responsible for monitoring the legality of processes in the forest. Not only are they personally responsible for the correctness of their reports, but they also stand to lose their accreditation (and, until a change in mid 2004, a sizeable cash bond) if they act unprofessionally.¹⁰⁰

The *Regentes Forestales* were implemented in mid-2000 through the enactment of the ‘Forestry Guidelines’. They are paid by whoever requires their services, not by the Ministry. Until 2003, the Ministry organised 25 capacity-building courses for 433 foresters interested on becoming *Regentes Forestales*. By January 2005 only 51 of them were awarded such qualification, and three have been suspended for unprofessional acts. There are earlier examples of *Regentes Forestales* in Costa Rica in the mid 1990s, and similar initiatives in Mexico and other countries in following years.

Administrative forest services This was contracted out to a private company, SGS, following an open competitive bidding process in 2002.¹⁰¹ It entailed providing certain administrative forest services to the Ministry of Environment (such as checking forest management plans, log tracking, collecting stumpage taxes and granting cutting and transport permits), also verifying the whole production chain and establishing a geo-referred MIS. SGS began operations in June 2003. It was also responsible for verifying the activities of the other two parts of the system and of the loggers.¹⁰² SGS received US\$2.50 for every cubic metre of wood legally harvested and transported.¹⁰³ As a result of its work,

SGS has been the target of violent protests: staff have been attacked, offices ransacked and computers stolen.

In October 2003, the country's Constitutional Tribunal, under pressure from timber companies, ruled that the delegation of public duties to SGS, a foreign private sector provider, was unconstitutional. Its contract and activities were suspended and the integrated system significantly weakened.¹⁰⁴ However, some have taken the view that the Tribunal's decision was not legally correct. CEDENMA, an umbrella organisation of Ecuadorian environmental NGOs representing more than 80 institutions, has publicised the issue, in the hope of getting the suspension removed.¹⁰⁵ Donor governments have expressed serious concern to the Ecuadorian government and the German government has suspended release of \$3.25 million of funds earmarked for sustainable forest management. The funds will not be released until a credible monitoring system becomes operational again.¹⁰⁶

In the meantime, in November 2003, the Ministry of Environment took over the supervisory duties contracted to SGS, and negotiations have been underway since January 2004 between the Ministry, the timber industry, SGS, environmental groups and the country's foresters' association to find a solution to the problem. Consensus between all these actors was reached in mid 2004 but since then there has been neither the political will nor stability from the Ecuadorian government to re-establish the system. Four Ministers of Environment have held office in the last two years.

In December 2004, the Attorney General's office spoke in support of the project's continuation. This led CEDENMA and others to request that the Minister of Environment sign an addendum to the contract with SGS, incorporating the consensus reached, to allow the monitor's activities to resume. This decision is currently being assessed by the Ministry's legal advisors. SGS has stated that it would be ready to resume activities within 15 days of signing an amended contract.

Thus, at least up until 2003 in Ecuador, there were three different groups who were conducting control activities. The in-built check and balances, whereby all are responsible for checking each other's activities, appears to avoid the need for IFM in the way it has been conceived elsewhere. However, the model in Ecuador is highly dependent on successful cooperation and thus equal power and influence within the civil society / law enforcement agency / ministry partnership of Vigilancia Verde.

Ecuador enjoys political freedoms and a freer press than many of the countries under consideration. Elsewhere, the evolution of the political economy, and in particular the power and role of civil society may not have developed sufficiently for the concept to be anything but viewed with deep suspicion from all sides.

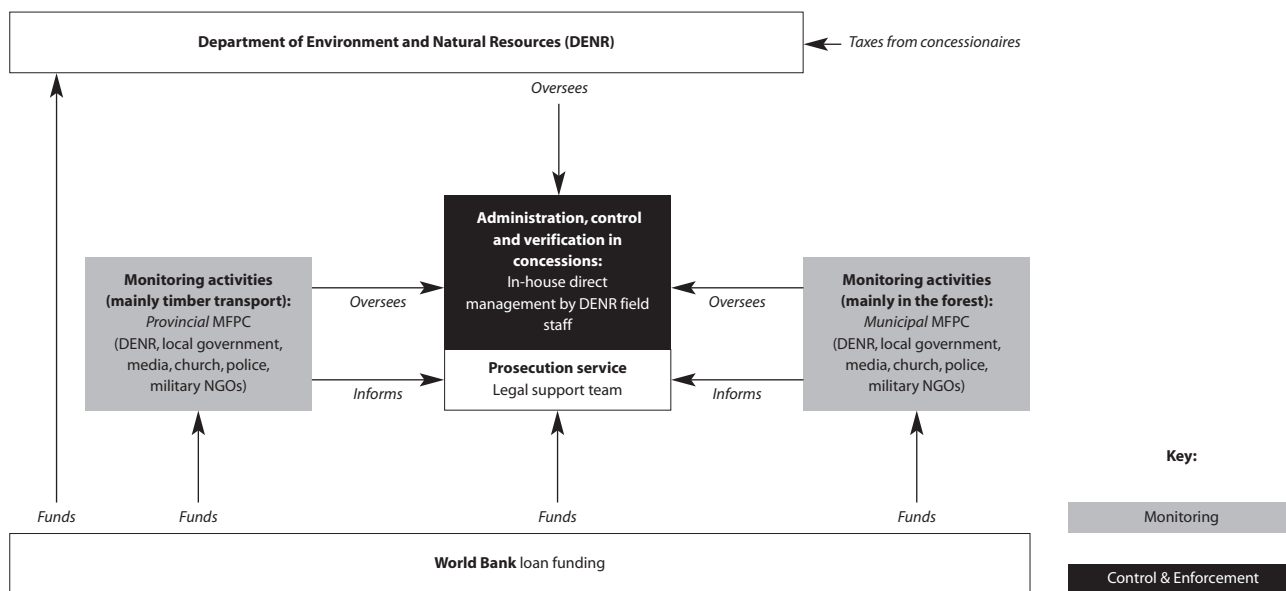
Philippines: community-based law enforcement

As part of a structural adjustment loan in 1992, the World Bank and the Philippine Government created Multisectoral Forest Protection Committees (MFPCs) to act as the monitoring arm of the Department of Environment and Natural Resources (DENR). Committees were established at the village, provincial, regional and national levels, and included representatives from a broad range of stakeholders: DENR, local government, media, church, police, military and various NGOs. NGOs were quite active in most MFPCs, and all members were screened for a genuine interest in forest conservation. In 1993 there were 15 pilot committees, but by 1999 there were 314 committees working from community to national levels, with committee members being paid for their time.¹⁰⁷

The committees act as a centralised collection point for information on illegal logging, including from official agencies such as field offices of the DENR. They have proved useful as a trusted vehicle for whistleblowers. Verification of such information, however, remains the responsibility of the DENR field offices. The committees are expected to provide reliable information on illegal forestry activities; to discuss reports from the DENR with regard to routine and special monitoring, apprehension and prosecution activities; and to advise the DENR and other relevant parties on those activities.¹⁰⁸

They receive requests to monitor particular forestry violations either through official channels through the DENR or through unofficial channels. The value of robust evidence-gathering is highlighted in a summary report: "*the major accomplishment of the MFPC programme was the collection of critical information and intelligence reports that led to the neutralisation of 919 out of 1321 illegal logging hotspots in the country between 1995 and 2001*".¹⁰⁹ The groups have contributed to the confiscation of large volumes of illegal wood, destruction of illegal small sawmills, closure of large sawmills and arrest and prosecution of large-scale illegal loggers. Of the 360 cases contested in the courts, 285 resulted in convictions, some of them involving important operators.

FIGURE 9: *Philippines: Multisectoral Forest Protection Committees (MFPCs)*



Different committees are responsible for law enforcement at different levels. For example, village committees track activities in and around concessions, whereas provincial committees track shipments between provinces. The committees were backed by a legal team, funded by the World Bank, which has prosecuted thousands of violators for forest crimes, including several mayors and well-connected businessmen. When apprehended, the violators have had their vehicles immediately confiscated.¹¹⁰

The operational mandates of MFPCs extend committee activities beyond merely monitoring to include policy review and enforcement as well as development. They are involved in information and education work, and they publicise their findings, except where confidentiality is required.

Since the end of World Bank funding, many of the committees ceased to exist. The few which continued relied on funds through the different groups in the committee, and this put them at risk of ‘capture’ by sectional interests. The most successful have been supported by local government leaders with the political will to stop illegal logging.

As is the case in Ecuador, a particular political context in the Philippines has contributed to the willingness and effectiveness with which civil society has been able to participate in monitoring activities, including the use of legal recourse. The creation by DENR of genuinely multi-sectoral committees sent a strong message that it is serious about stopping illegality. Other contributory factors, which may not be present elsewhere, were the relatively degraded state of the forest, which provided a stronger incentive to protect what is left, and of course donor funding. Nonetheless, major illegal logging continues and corruption and lack of real influence remain problems for the DENR.

The logging ban introduced by Philippines President Gloria Arroyo in December 2004 following extensive landslide damage underlines the seriousness with which citizens and government take the consequences of environmental degradation.¹¹¹ By comparison, IFM projects have been promoted where widespread local popular concern has yet to be an effective driver, perhaps because of less pressure on the resource, or because of constraints on the ability of people to organise effectively. The example of

the Philippines also serves to highlight the potential problems of a collapse in donor-funding – obviously a potential problem for IFM too.

Canada: Ombudsmen and auditors

*“The role of the ombudsman is to protect the people against violation of rights, abuse of powers, error, negligence, unfair decisions and maladministration in order to improve public administration and make the government’s actions more open and the government and its servants more accountable to members of the public.”*¹¹²

In British Columbia, the Forest Practices Board combines the roles of ombudsman and auditor. By assessing how well the government and forest industry are adhering to British Columbia’s Forest Practices Code, it can hold both of them publicly accountable for forest practices.¹¹³ The Board commissions audits, investigates complaints, reviews legal decisions and special investigations, and makes recommendations to government and industry. Board membership encompasses law, medicine and sociology in addition to forestry, thereby providing a broad overview of the sector. The Board is entirely funded by the Provincial Government of British Columbia.

The Board commissions three types of audit: ‘limited or full scope’ audits, which look at the auditees’ management practices; ‘thematic’ audits, which look at specific forest values (e.g. soil or visual quality); and ‘enforcement’ audits. The Board hires professional foresters for each mission. The foresters undertake a field investigation in which they assess performance against a set of standards. The team then reports to the Board, which in turn reports to the public and to the Provincial Legislature through the government ministers responsible for the Forest Practices Code.

During its first six years, the Forest Practices Board made

over 270 recommendations in over 120 reports. Government and industry implemented the majority of the Board’s recommendations.

A similar audit system operates in Ontario, but without an overseeing board. All production forests are required by law to be audited at least once every five years. Audit teams have to be independent of the Ontario Ministry of Natural Resources. The results of the independent forest audits are reported to the legislature annually, and then published. The audit is used to monitor compliance with the approved Forest Management Plans.¹¹⁴

These Canadian schemes use professional foresters who undertake one-off audits independently but on behalf of the authority. Unlike in the forest sector in many developing countries, a cadre of such people is available in Canada. Freelance employment opportunities and the existence of professional standards and reputation enable them to maintain a distance from those they are auditing, in government or industry.

The scheme has some factors in common with IFM: a degree of freedom of choice exists over which issues are investigated, credibility is strengthened by following a rigorous methodology, evidence is validated by some sort of overseeing group, and findings are made public. In both British Columbia and Ontario the audits, as contracted agents of the regulator, may be expected to focus their investigations on the industry as opposed to the regulator itself. However, particularly in the case of the Forest Practices Board’s enforcement audits, the regulatory function – that of law enforcement – is also being assessed. Of course, the plethora of environmental watchdog organisations in existence in Canada and other richer countries provides further safeguards against collusion or bias. IFM, when conducted by an external organisation for a fixed project period, provides this function in developing countries until local civil society is strong enough to perform this function effectively.

ANNEX II: *EU Voluntary Partnership Agreements (VPAs)*

*Countries attempting to tackle illegal logging can find their efforts frustrated by the fact that once illegally harvested timber is shipped abroad there is no simple means to prevent it entering the supply chain and providing profits for those involved. Similarly, importers purchasing timber from countries alleged to have problems of illegal logging often are not able to ensure that they only purchase legally harvested timber, unless there is a credible chain of custody system going back to the forest.*¹¹⁵

IN MAY 2003 the European Commission adopted an EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT). The Action Plan proposed a series of Voluntary Partnership Agreements (VPAs) with timber-producing countries to ensure that only legal timber is imported from countries that participate in the scheme. The agreements would include licensing schemes in the timber-producing countries to identify legally produced timber. EU customs agencies would then be able to distinguish between legal and illegal imports from partner countries and allow entry only to legal imports.¹¹⁶ In 2005, following the anticipated adoption of the relevant Regulation by the Council of Ministers, a number of pilot partnership agreements will be negotiated with timber-producing countries. Thus, the detailed nature of both the negotiation process and the final agreements has yet to be finalised.

Governments can choose whether or not to enter into the VPAs. An alternative, mandatory approach would be to use trade controls. However, this approach has not been adopted as it is thought to contravene the fair trade regulations adopted by member countries of the World Trade Organisation.¹¹⁷ The European Commission expects that the timber industry's increasing aversion to poor publicity and the adverse market consequences of dealing in illegal timber (in particular, emerging public procurement requirements for legal timber) will provide strong incentives for producer countries to negotiate agreements voluntarily.¹¹⁸

The Commission intends that the credibility of any licensing scheme will be maintained by periodic independent audit and third-party monitoring to be agreed with partner countries. It defines 'third party monitoring' as a "system of independent monitoring or auditing which provides assurance that FLEGT licences are issued only for legally harvested timber products".¹¹⁹

In the past, IFM has collected evidence to identify *illegal* timber, and the systemic failures that permit this. This function is expected to expand to encompass activities surrounding the licensing of *legal* timber. While licences will not be issued on the basis of an IFM report, monitors will check the integrity of the whole licensing process, from verification in the field through issuance of licences to export. It will remain the responsibility of the producing country government to issue licenses of legality, possibly by contracting this out to a service provider.

Even so, it is difficult, if not impossible, to say with absolute confidence that timber has been produced legally. All that can be said is that no evidence of any illegality exists. Government-issued certificates do not come from an independent organisation; a producing country government may have an interest in ensuring that enough certificates are issued to maintain export earnings. It is, therefore, anticipated that VPAs will generate considerable demand from producer country governments for IFM to assist in the observation and investigation that will provide the required public credibility for the licensing system.

In the absence of final guidance on VPAs, some are concerned that the IFM component will be under-resourced and narrowly defined as an infrequent, desk-based exercise. For example, they might be asked to audit the management system for issuing licences, or check that documents have the correct signatures on them and add up to the same volume of timber as has reportedly been exported). This narrow definition of their remit would undermine the strength of IFM to undertake thorough investigations any aspect of the legality of timber production, from forest to sawmill to factory to place of export.

ANNEX III: *Tools for forest monitoring*

A NUMBER OF TOOLS are appropriate for agencies monitoring forest law compliance. Some are suitable for government agencies and some for independent monitors. No one agency is likely to use all these tools; agencies should choose ones that suit their needs and budget. The tools available to the monitor range from those that can be used simply as desk studies to ones involving direct field observation, and remote sensing using satellite technology. Some other technologies are appropriate to chain-of-custody systems. Summaries of their qualities are provided below. More comprehensive descriptions may be found in the following publications:

- *Monitoring for Impact*, volumes I and II.¹²⁰ These summarise the activities of environmental NGOs which provide independent information about natural resources and government and industry activities. They discuss how each addresses the need to provide credible information. Volume I gives an overview of monitoring and Volume II focuses on case studies.
- *Controlling the International Trade in Illegally Logged Timber and Wood Products*.¹²¹ This paper contains a good description of each of the systems available for log-tracking and its advantages and disadvantages.
- *Technologies for Wood Tracking*.¹²² This analyses various potentially useful technologies for wood tracking, including materials management, information systems and labelling technologies. The book is aimed at a broad range of readers, from forest authorities to timber traders and consumers.
- *Feasibility of and Best Options for Systems for the Identification, Verification, Licensing / Certification and Tracking of Legality of Timber and Related Products for Imports into the EU*.¹²³ This study contains useful technical information on different management systems for log tracking.

Production and trade statistics

Comparisons of production and trade statistics have been used to detect irregularities and imbalances in supply and demand. They

can help provide a sense of the overall extent of the problem in a given country. Three examples illustrate what such studies can do:

- ITTO in 2003 undertook a study of international trade, comparing what one country reports as exports with what another reports as imports. Using 2001 trade figures, the study showed for example that Cameroon reported industrial roundwood exports to France of 20,000m³ yet France reported imports from Cameroon of 55,000m³. The trade figures between Indonesia and China were 6,000m³ against 1,137,000m³ respectively.¹²⁴
- In Honduras, data for sawn pinewood for the period 1997-99 show a difference of 304% between Honduran export data and import data from El Salvador, and a 207% difference from import data from Nicaragua.¹²⁵
- In 2004 Global Witness in Cameroon undertook a study of the official forest information management database (SIGIF: Système Informatique de Gestion de l'Information Forestière) which compared the permits issued with the volumes harvested for the year 2002-2003. Irregularities were found in the records of 58 companies: they had reported extracting 245,000m³, but were authorised to cut only 172,000m³. This represents an apparent over-cut of 73,000m³ or 30%.¹²⁶
- At least five studies on assumed legal wood volume compared with consumption in Indonesia were undertaken between 1997 and 2003. Each study reports a different rate of illegal harvest, ranging between 0% and 82%. Such a huge variation in results would suggest significant methodological problems, if not bias.¹²⁷

It is important to note that the discrepancies indicated by these kinds of studies do not always and automatically mean illegal activity has taken place, although the likelihood increases with larger discrepancies. Often, they point to weaknesses in data collection methods, and in particular the absence of any published or agreed standard methodology or acceptable margin of error. However, these concerns stimulate debate and demands from all sides to improve data quality.

Audits of licences and concession agreements

A forest monitor may use an audit of harvest rights, such as licenses and concession agreements, to check that the correct rights exist. The audit should check that the rights have been issued in accordance with the country's legislation; that the title docu-

ments are not out of date; that they include legible, accurate and original maps which do not overlay any other title or land-use (a protected area, or a village, perhaps); and that all details are complete regarding the title-holder's name and contact details and those of the official responsible for issuing the title document.

Global Forest Watch Cameroon (2000) conducted various assessments and found that over 50% of older timber concessions were operating illegally and that the legality of the majority of newly issued concessions was also questionable.¹²⁸ In Ghana, Forest Watch has calculated that in 2004 only 5.4% of lands used for forest concessions have a timber utilisation contract, as required by law.¹²⁹

A serious limitation of such audits is that documents which are irregularly or illegally issued by the forest authorities are difficult or impossible to detect. There is unlikely to be a clearly documented system for issuing them, nor an audit trail revealing that the correct steps were not followed. In many cases no such system exists or, where it does exist, the system is bypassed on 'executive order', or steps are fraudulently signed off. In Cameroon there are cases of the same 'legal' permit being issued for four different geographical areas.¹³⁰ It is only by carrying out investigations on the ground that it has been possible to work out which permits have been utilised and by whom.

Overflights

Over a large area, the use of a small low-flying aeroplane or helicopter in combination with video, photographic equipment and GPS can quickly determine points worthy of further investigation. A GPS handset is used to write down the location of signif-



icant points so that the locations can later be linked to the video footage. Boundaries of concessions, coupes and protected areas, and logging tracks can later be plotted onto a map, but GPS readings from an overflight are only accurate to about 200m, depending on the altitude of the plane. Thus overflights have a limited value as evidence in themselves; they should be backed up with subsequent checking on the ground that the information gained from overflights is correctly interpreted. However, they are particularly useful for identifying and photographing centres of activity such as log ponds and sawmills. IFM in Cambodia has often used overflights to determine the best places to conduct field investigations.

Remote sensing

Satellite images can be used to visualise large areas of forest, although the interpretation of such images is a specialist skill. The image can be calibrated so that it can be compared with an underlying map showing concession boundaries etc. It can also indicate the quality of the forest, and therefore deterioration in that quality can be monitored over time. Logging roads can also sometimes be spotted, thus indicating where they penetrate areas where logging operations should not be occurring.

In 2000, under a previous Governor in Mato Grosso State, Brazil, the State Foundation of the Environment (FEMA) made satellite images and GIS systems a central component in a system they described as "*noteworthy for its ease of application, ... integration of public and private sectors and partnerships established with organised civil society, ... ensuring in an integrated and participatory manner, environmental quality to all those who directly or indirectly benefit from the environmental services provided by the forest*".¹³¹

The World Resources Institute has made extensive use of satellite image interpretation, including through its GFW projects on forest concession monitoring in Cameroon and Congo Brazzaville (see Annex 1).

Studies in northern Congo have demonstrated that it is possible to use satellite images to detect logging roads and, if the image is taken within a few weeks of activity, also the skidding trails left by pulling logs out of the forest. They have also indicated that illegal operators try to limit (illegal) road-building activities and instead build skidding tracks that are much longer than is standard practice in legal operation: "*Illegal operations often prove to have longer skid trails ranging from 1.5 to 2.5 km, especially if com-*

panies responsible for these operations know they might be observed through satellite imagery".¹³² At present, satellite coverage for any given area is too infrequent to be able to use the images to alert enforcement agents to newly cut logging tracks or sudden depletion of tree cover. Although the cost of satellite images will eventually come down and the frequency of coverage improve, evidence from remote sensing will continue to need back-up from verification and further investigation work on the ground.

Log tracking and chain-of-custody auditing

Log-tracking involves the tracking of timber from its point of harvest through to its final destination. The ultimate aim of the process is for an accurate record of the original source of each log to be obtainable by any subsequent user of the timber.

Tracking systems using paper documentation and paint markings have been in existence for many decades, but these are very easy to forge. Reliable tracking systems which can trace logs back to the stump are possible in theory (for example high-tech tags which transmit their own radio frequencies), but prohibitively expensive.¹³³ Generally, log-tracking starts from the forest and title. For example, many of the major importers of Russian timber in Sweden and Finland have developed and implemented systems to ensure timber is not being sourced from protected areas, old-growth areas or under defunct felling licences.¹³⁴

Another weakness depends on the ease with which logs from illegal sources can be given legitimate tags. So effective systems usually involve a combination of databases, the physical tagging of logs, and a series of 'critical control points' such as road checkpoints. Together they aim to ensure either that all material meets a required standard (e.g. legal), or that handling and processing systems guarantee segregation between logs meeting the standard and those that do not.

Chain-of-custody auditing involves checking the effectiveness of the above systems, including sample examination of input/output records and where possible matching consignment records from the previous point in the chain:

*Producers and traders along the Chain of Custody are responsible for data collection. An independent agency collates and analyses the data submitted by producers and traders. Databases are used to store and analyse the data collected and data from different sources is routinely cross-checked to verify accuracy.*¹³⁵

Clearly, the use of computer technology, such as bar-code readers, interconnected databases, and internet communications, can greatly enhance the robustness of log-tracking systems, and thereby eliminate some of the opportunities for fraud which exist under simpler systems. SGS in particular have promoted such schemes, labelling them Independent Verification of Legal Timber (IVLT)¹³⁶ or Verification of Legal Origin and Verification of Legal Compliance (see Box 19). Technology might simplify chain-of-custody auditing, but as their proponents acknowledge (and like the legality licensing scheme anticipated by the EU VPAs), these systems will require independent monitoring in order to provide public accountability.

BOX 19: Verification of Legal Origin (VLO) and Verification of Legal Compliance (VLC)¹³⁷

VLO provides the assurance that timber being sold derives from a legal, valid and locally approved source.

VLC requires the producer to respect all regulations relating to forest management and logging.

If a producer has both the VLO and VLC, the products can qualify as 'Validated Legal Timber' and customers are assured that the timber has been obtained entirely legally.

VLO/VLC is the verification by an independent third-party, on behalf of a government, of both:

- the legal origin of logs and timber products.
- the compliance of log and timber sources with relevant legislation and regulations.

Key elements of VLO/VLC include:

- It is established at the national / provincial level.
- It is a compulsory programme for all producers (although a self-imposed programme on large producer groups is an option to be considered).
- It can be out-sourced to large credible independent verification organisations – either permanently or is the first phase of a 'Build Operate Transfer' process where the system is eventually transferred to the host government.
- It can be monitored by 'fourth' parties i.e. an independent observer.

Mainly a detection tool, VLO/VLC also contributes to the other two arms of law-enforcement policies:

- Prevention of illegal activities (through its deterrent effect).
- Suppression of illegal activities when the market only recognises 'Independently Validated Legal Timber'.

ANNEX IV: *IFM in Cambodia and Cameroon*

IN CAMBODIA IN 1999 an independent monitor was sought by the Royal Government of Cambodia (RGC) and donor community to ensure that the relevant ministries complied with promised provisions regarding management of forests and the elimination of illegal forest activity. Global Witness had already been reporting on illegal logging in Cambodia for four years, and was invited to apply for the post of Independent Monitor within the newly-established Forest Crime Monitoring and Reporting Project (FCMRP).

Within a year of the contract as an official monitor in Cambodia being granted, Global Witness was invited to take on a similar role in Cameroon for the Ministry of Environment and Forests (MINEF). A fulltime project started in May 2001, following two short scoping missions in the previous year. This annex details these first two IFM initiatives.

A4.1 Global Witness and Cambodia

Cambodia's forest cover is estimated to have diminished by about one-third over the last 30 years. Much of this loss was linked to years of conflict, largely fuelled by logging. Political and military leaders on both sides of the conflict made personal fortunes from logging.

Previous Global Witness activity

Global Witness started its own investigative and campaign work in Cambodia in 1995 with investigations along the Thai-Cambodian border. It presented evidence of Thai complicity in the trade through import documents for Khmer Rouge-sourced timber signed by the Thai Interior Minister.

The border was closed, but the following year, Global Witness uncovered documents, signed by Cambodia's co-Prime Ministers, authorising the export of logs from territory held by their battlefield enemy the Khmer Rouge, to Thailand, in return for an

authorisation fee. The impact of this information played a role in ensuring the border remained largely closed to the cross-border timber trade, thereby starving the Khmer Rouge of much of its funding.

Independent Forest Monitoring

Continued corruption and a seriously flawed concession system led to large scale illegal logging throughout Cambodia. In February 1999, at an international meeting of donors held in Tokyo, Cambodian Prime Minister Hun Sen announced a crackdown on illegal logging. The Tokyo meeting also stated the need for an Independent Monitor, and Global Witness was appointed.

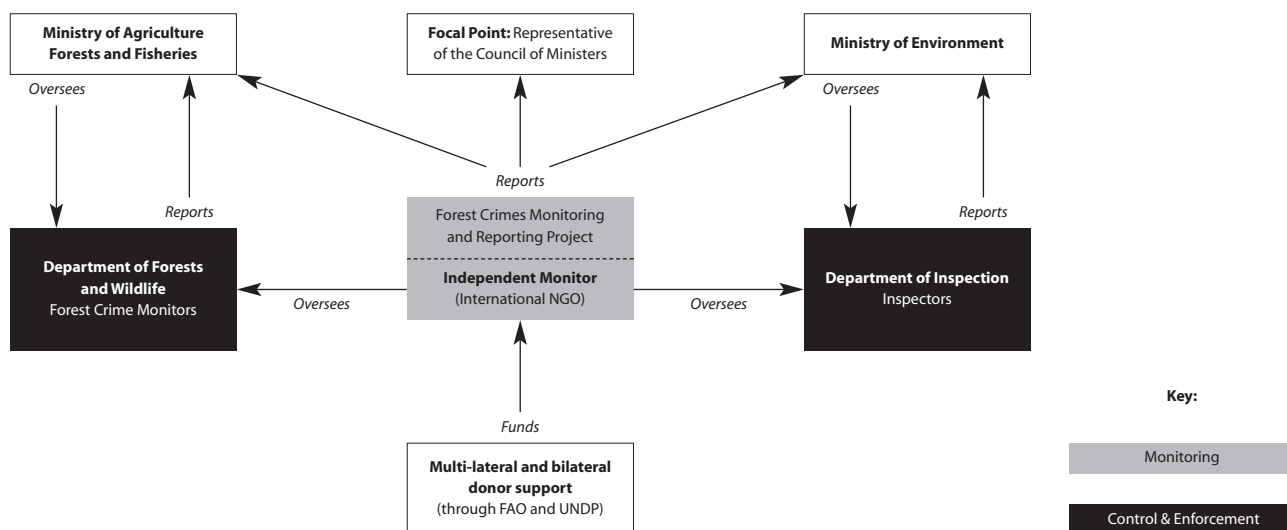
Global Witness as the Independent Monitor was one component of the three that comprised the Forest Crime Monitoring Unit (FCMU, funded by the FCMRP), namely:

- 1 The Forest Crime Monitoring Office (FCMO), an office in the Department of Forestry and Wildlife (DFW), in charge of monitoring forest crimes in production forests.
- 2 The Department of Inspection (DI), an office in the Ministry of Environment, in charge of monitoring forest crimes in protected areas.
- 3 An Independent Monitor charged with monitoring the performance of the above agencies.

The concept of independent forest monitoring was groundbreaking. Its main objective was to monitor government performance and help improve crime detection and suppression, and transparency and accountability in the forest sector. It had four functions:

- (a) *“Provide independent oversight to ensure that the Ministry of Environment and Ministry of Agriculture Forestry and Fisheries are in compliance with all provisions of the [Prime Minister’s] 25 January 1999 Declaration on Management of Forests and the Elimination of Forest Illegal Activity.*
- (b) *Provide for audit and monitoring mechanisms to ensure compliance with established guidelines in eliminating forest illegal activities.*
- (c) *Provide to the Royal Government of Cambodia and the public factual activity reviews of achievements by MoE and MAFF.*
- (d) *Provide the international community with documentation of achievements, weaknesses, constraints and/or instances of non-compliance.*”¹³⁸

FIGURE 10: *Institutional arrangements for IFM in Cambodia 1999-2003*



To this effect, Global Witness opened an office in Phnom Penh and hired local staff. Funding was provided through a UNDP trust fund administered by FAO, and to which AusAid and DFID contributed. Following lengthy delays in this funding arrangement, Danida provided financial support to Global Witness from December 2000. Forest Crime Reports documenting individual cases were to be submitted to three state institutions: MAFF (the minister and the head of DFW), MoE (the minister and the head of DI), and the ‘Focal Point’, who was a member of the Council of Ministers. Periodic reports on the monitor’s assessment of the enforcement agencies’ performance were submitted through the FCMU.

The Everbright case During inspections in 2001, Global Witness gathered evidence about a concession logged by the Chinese State-owned Everbright company. This company was found logging illegally in its own concession and in a neighbouring concession belonging to another logging company, Pheapimex. Loss

of royalties to the government from Everbright’s coupe was estimated to be in the region of US\$250,000. Global Witness’s staff were threatened and forced by armed security guards to leave the site.

This evidence was presented to DFW, who in turn sent an investigation team, inviting a representative from Global Witness to join them. Further evidence of illegal logging was gathered until the company was granted an injunction preventing any further inspection (by Global Witness or DFW) of their plywood factory. Five days later, DFW had the injunction lifted, by which time most of the evidence was gone. When Global Witness made a follow-up visit to the concession, they were, once again, refused the right to enter, as well as threatened.

The Everbright case followed a typical investigative pattern with three components. This began with an overflight of the area, to gauge broadly where the problems were. Independent observations in the forest were then carried out, and sometimes included investigations in processing factories. Lastly, the evidence

was presented to DFW. Sometimes DFW senior staff were taken into the field, together with the two expatriate consultants on the FCMRP, to see the evidence.

New Protocols Following the launch of a Global Witness report ‘The Return to Large Scale Illegal Logging’, which coincided with a Government of Cambodia and donor meeting, previously nonexistent reporting protocols were formalised. (See inside the back cover for a full list of Global Witness’ publications in Cambodia and elsewhere.)

The initial ToR gave the Independent Monitor a mandate to oversee the inspection agencies, and to do fieldwork on its own, but the lack of cooperation of the agencies resulted in Global Witness *de facto* undertaking mainly independent missions and reporting on them. The reporting protocols, produced in 2001, acknowledged and accepted this proactive approach.

After delivery of each report to the three state institutions, a period of five days followed, where each had to reply to the monitor. The DFW or DI then had 30 days to submit a report containing their own findings and any plans for follow-up, and should then report on a monthly basis on the status of the case, until completion was achieved. On the right to publish, the reporting protocol was clear:

The independent monitor may release the information with consultation with the concerned authority to the greater public after the above described time periods.... The independent monitor may disseminate findings at any given time there is non-compliance with the above-mentioned protocols or when the independent monitor has adequate justification that information sharing is failing or the investigation is seriously flawed.¹³⁹

Obstacles to implementation Access to information and to concessions was a recurrent problem of the project. Although the ToR granted access to all the relevant information, the agencies consistently refused to cooperate in providing this. Global Witness also met problems from concessionaires when trying to access concessions in the field, despite having a letter from the Focal Point granting them access.

The chronic lack of assistance from the FCMO to the Independent Monitor and the DI, together with the DFW’s failure to report any illegal activities by concession companies, resulted in the project not achieving the expected results. Indeed, most cases of suspected illegality have been reported only by the monitor,

and follow-up by DFW has been disappointing. In all but one case they have failed to take appropriate action against the relevant company.

In January 2002 the government imposed a logging moratorium. However, in an investigation carried out later in the year, Global Witness found the Malaysian company GAT International carrying out logging operations during this moratorium. Following intense diplomatic pressure from the donor community, GAT’s timber-harvesting license was eventually revoked.

Finally, in April 2003, following the suspension of the FCMRP, including the departure of two expatriate FAO consultants from the project, and a breakdown in the working relationship between Global Witness and MAFF, the latter broke off cooperation.

The current IFM contract

A new monitor, SGS, started operations in 2004, with a three year contract but funding secured only for the first year. A new contract incorporates a number of changes including working directly for the Forest Administration (the renamed DFW), and a simplified function: “*To validate that all forest crimes are being reported and that reported actions have been accomplished by the competent agencies of the RGC*”. The term ‘independent overseeing’ is absent and the approach has been largely limited to validating information provided by the forestry officials, rather than proactively seeking evidence independently. SGS have produced Quarterly Reports which reflect the extent to which recommendations are acted upon by the forest authorities.

Global Witness in Cambodia has assumed an external monitoring role. It has continued to investigate and expose forest crimes and instances of corruption and bad practice in the forest sector. This evidence has been made available to the relevant government authorities, the new monitor and to the public. This work aims to increase transparency and accountability in the forest sector and to support a wide-ranging national forest protection programme. This includes support for implementation of the recommendations from an Independent Forest Sector Review, undertaken in 2004.¹⁴⁰ The Review endorsed an independent assessment of Cambodia’s existing forest cover and a comprehensive valuation of Cambodia’s forest assets, as a prelude to any decision that industrial concessions are an appropriate forest management system.

A4.2 Global Witness and Cameroon

Over the last decade, the forestry sector in Cameroon has experienced significant reforms both in the legal and institutional framework. Many of these changes are closely linked to broader processes and initiatives. Box 20 summarises the relevant milestones in the sector from the late 1980s.

Monitoring-related initiatives in Cameroon

Since the mid 1990s, various initiatives related to the monitoring or verification of different points in the timber chain of custody have been implemented in Cameroon. Despite each having a clearly differentiated mandate and scope, they have all frequently, and confusingly, been referred to as IFM.

SGS In the first of such initiatives, in October 1994, SGS was directly appointed by the Government of Cameroon to carry out a Log Export Verification Programme. It was aimed at verifying all logs exported from Cameroon's ports (Douala, the main port, and other ports such as Kribi, Campo and Limbé), which generate 80% of forest taxes.¹⁴¹ The project aimed to improve MINEF's poor tax recovery record. In addition, since April 2003, SGS has been assisting MINEF to establish and run a unit specifically devoted to monitoring log flows from forest sources through the production chain up to ports. However, this second project was put on hold in early 2005 due to the failure of the government to fulfil its financial obligations under the contract.¹⁴² For the same reason the full implementation of a software developed by SGS is a year overdue.

Public auctions In 1997 concession titles were allocated by public auction for the first time. This replaced the previous administrative allocation system, which was criticised as uncompetitive, non-transparent, and not reflecting the true value of the resource. However, this first round was boycotted by industry, and only five bids were received for the 42 concessions offered.

The root of the industry's disapproval of the process was the increase in the minimum area tax to FCFA2,000 (US\$3.6) per hectare. This was exacerbated by the fact that the increase had come about through an administrative procedure rather a change in the Finance Law, which would have involved parliamentary scrutiny. A second attempt at public auction was made later in the

BOX 20: *The forestry sector in Cameroon: milestones*

- 1988** Preparation of the Forest Law, supported by the first Structural Adjustment Credit (SAC I)
- 1989** World Bank ties forest policy reforms to structural adjustment lending.
- 1992** Economic crisis and surge in demand for logs from Asia; timber production increases.
- 1994** New Forest Law: substantial changes in forest concessions allocation, forest taxation and management. Communities granted the right to benefit directly and financially from their forests' resources. Ministry of the Environment and Forests (MINEF) created. 50% currency devaluation.
- 1995** Ministry of Economy and Finance (MINEFI) appoints SGS to undertake official registration of log exports.
- 1996** SAC II launched. Highly Indebted Poor Countries (HIPC) Initiative launched by the World Bank and the International Monetary Fund.
- 1997** February: first concession auction aborted after an industry boycott. August: first concession auction: 26 concessions, 190 companies bid; 16 not awarded to the best bidder.
- 1998** SAC III launched including requirement for detailed concession auction criteria and an Independent Observer to report on auction proceedings; preparation of a strategy for concession allocation; preference given to community forests over sales of standing volume in non-permanent forests (pre-emption rights); implementation of an effective tax recovery programme.
- 1999** Government approves new concession auction rules; appointment of an Independent Observer to monitor concession allocation process.
- 2000** Cameroon qualifies for Enhanced HIPC Initiative. Independent Observation in support of Forest Law Enforcement commenced with two preparatory, or Scoping missions (See Box 21).
- 2001** Decree on reform of PSRF (*Programme pour la Sécurisation des Recettes Forestières*, the Programme for the Securitisation of Forest Revenues): external auditing is henceforth of all their annual reports.
- 2002** June: GFW signs contract with MINEF to develop geo-referenced maps of all Forest Management Units, Sales of Standing Volumes and Community Forests with detailed information and road network in Cameroon's forests, to be updated on a yearly basis. September: new MINEF Minister appointed.
- 2003** October: First ever AFLEG (Africa Forest Law Enforcement and Governance) inter-ministerial meeting, held in Cameroon.
- 2004** December: MINEF is split into a Ministry of the Environment and Nature Protection, and the Ministry of Forests and Fauna (MINFOF). New Minister for the latter appointed.
- 2005** February: COMIFAC Heads of State meeting in Congo Brazzaville, giving political commitment to implement measures that lead to sustainable forest management. Practical measures included a recommendation that a certification scheme be introduced.

same year, this time with a minimum tax of FCFA1,500 (US\$2.7) per hectare. 190 companies bid for the 26 concessions offered by the government.

Subsequent auctions were overseen by an independent observer, an initiative praised for improving transparency and fairness. The ‘Independent Observer – Auctions’ role was provided by two local law and auditing companies, Cabinet Behle, and Cabinet Okalla, the second of which won the contract through competitive tender.

Global Forest Watch (GFW) The third initiative was launched in 2002 to undertake the digitisation of maps, other GIS-related information provision and monitoring change in forest cover over time. This has been provided by GFW, a remote sensing and satellite image analysing programme of the US not-for-profit organisation World Resource Institute (WRI). The specific project objectives included the production of boundary maps of logging concessions, community and communal forests, and short-term cutting permits known as Sales of Standing Volume, national parks and forest reserves. In addition, they were to monitor intensive logging and access roads into the forest by digitising them on a yearly basis from satellite images.¹⁴³ See Annex 1 for further details of GFW’s approach.

IFM in Cameroon

IFM based on field inspections began in Cameroon in 2000 when Global Witness responded to a request from the Government of Cameroon and DFID to carry out two Scoping Missions in July and October of that year. Their aim was to identify the nature and scope of illegality in the Cameroonian forestry sector. The second mission was also supported by the EU and the French and German Development Cooperation Agencies.

Both Scoping Missions confirmed widespread illegal activities being carried out by various leading forest companies in Cameroon, as well as high levels of corruption within the forestry administration. Furthermore, the missions proved that efficient fieldwork and professionalism produced objective information on forest crimes that could make cases for prosecution, hence sending a strong deterrent to illegal operators. Subsequently, Global Witness was appointed the Independent Observer in support of Forest Law Enforcement in May 2001 for a transition period of six months, with financial support from the

World Bank, DFID and the EU. It was reappointed for a further six months in February 2002. During this time MINEF and the donors agreed on the principle that the Independent Observer should be appointed through a competitive process, and in May 2002, Global Witness and MINEF signed a two-month renewable contract until an international bidding process was launched. Global Witness operated on this basis until March 2005.

The overall objective of the project was “*to ensure the objectivity and transparency of monitoring operations undertaken by MINEF through the participation of an independent observer with international credibility, the reports and recommendations of which will be made public*”.¹⁴⁴

In practical terms, this translates into:

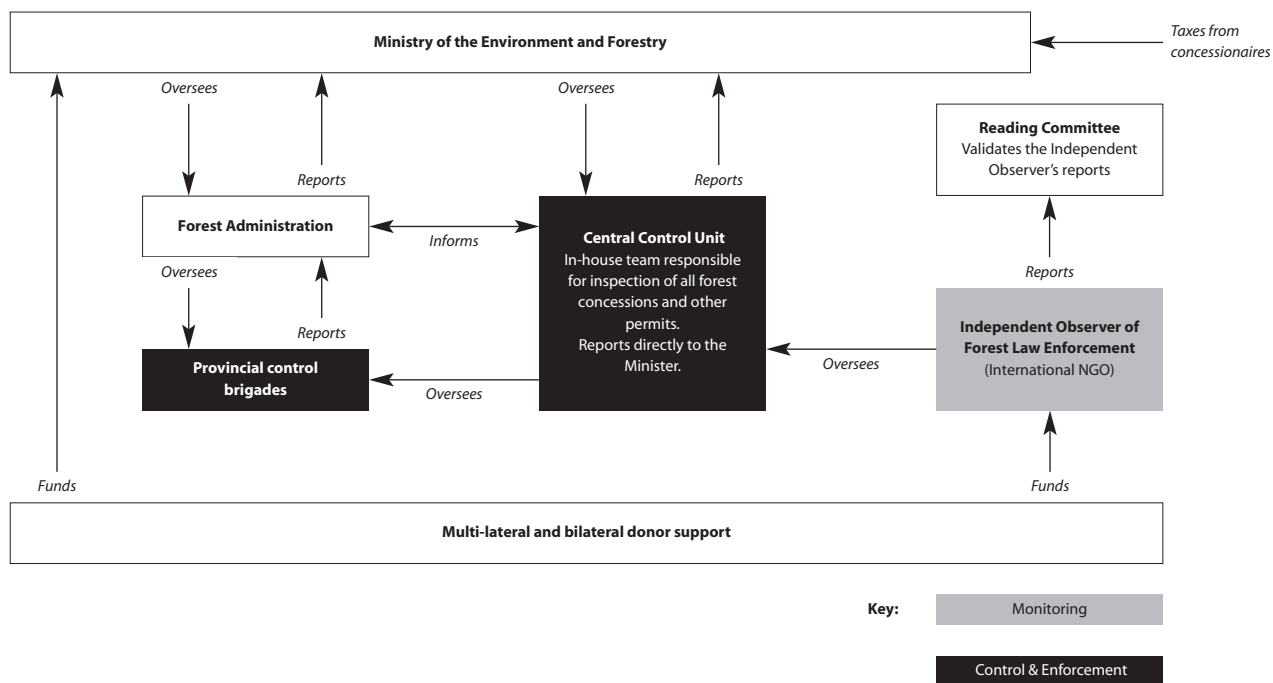
- Accompanying forest officials on field missions and monitoring their performance in controlling forest extraction activities.
- Detecting non-compliance with the forest law and related regulations.
- Establishing criminal reports (official statements of offence).
- Documenting the observed cases of illegality, thus ensuring that it is done in an objective and transparent way.

Mission reports were produced and subsequently presented to a reporting panel known as the Reading Committee, comprising ministerial staff, donors and the Independent Observer team. They examined the reports for consistency and accuracy of conclusions and recommendations based on the reported facts. (See Figure 11 for the full institutional arrangements for the project.)

The Terms of Reference of the Independent Observer set the conditions of publication of its reports, either at the conclusion of the Reading Committee’s meeting or, on failure to convene a meeting of the reports’ validation session, 30 days after its scheduled date. In any case, all reports are made publicly available on Global Witness’ website.¹⁴⁵ Only Reports N^o. 000 to 012 were not subjected to the validation procedure, as the Reading Committee had not been established at the time of their publication.

Reports Since the beginning of the project, 120 mission reports have been published. Three periodic summary reports have also appeared as has the first-ever analysis of the official forestry information management system, SIGIF (Système Informatique de Gestion de l’Information Forestière). This is a digitised forest

FIGURE 11: *Institutional arrangements for IFM in Cameroon 2000-2005*



information management system, which contains all logging authorisation and production data. Both the government and donors have been updated on a regular basis about the activities of the Independent Observer, including field missions, workshops, successes, difficulties and any other relevant information.

In 2002, DFID, the World Bank and the IMF in Cameroon commissioned work on a series of IFM reports which estimated that some US\$86 million has been lost in unpaid tax from illegal logging. Unpaid taxes are not the only loss; the damages and interest paid were these cases all to be brought to court would amount to US\$621 million. This work helped inform the Forest Revenue Enhancement Programme which started in 2000 and aims to bring together MINEF and the Ministry of Finance and the Budget (MINFIB) for better collection of fiscal revenue generated by forestry activities.¹⁴⁶

Trust-building Early reluctance among the MINEF's officials who work most closely with the Independent Observer has been overcome through the development of joint activities and trust building. Progress has gradually been made in communication and the willingness of the former to cooperate with the latter. Joint missions, planned jointly by the Independent Observer and the Central Control Unit (CCU) of MINEF on a regular basis, have become the rule rather than the exception. Only where MINEF officials have been unable or unwilling to carry out missions has the Independent Observer resorted to undertaking independent missions, which are legitimised by its Terms of Reference.

Raising awareness The Independent Observer's work also involves raising awareness and undertaking a participative evaluation of the work. A workshop on the progress achieved by the

BOX 21: *Global Witness in Cameroon*

July/August 2000 First and second IFM Scoping Missions.

May 2001 Global Witness appointed Independent Observer for six months.

February 2002 Global Witness reappointed for a further six months.

May 2002 Global Witness and Government of Cameroon sign contract appointing the former as the Independent Observer until an international bidding process is put in place.

June 2002 The single largest fine for illegal activity is levied against Société Forestière Hazim for non-authorized forest extraction in FMU 10 030. FCFA 2.5 billion (US\$3.5 million at that time) in fines, damages and interests is requested. As of April 2005 the case is still pending in court.¹⁴⁸

November 2002 First Summary Report published.

December 2002/January 2003 First Reading Committee meeting – followed by regular meetings every three months (March, June and September 2003, January, April, July and December 2004).

March 2003 First mission planning developed with CCU. No further planning meetings followed.

October 2003 Second Summary Report published.

March 2004 Project review workshop in Mbalmayo.

April 2004 DFID steps in after other donors fail to fund the project in a timely way, and agrees to fully fund the project for a year.

February 2004 SIGIF Report submitted to MINEF and Reading Committee.

May 2004 International bidding process to select a new Independent Observer launched by the EC and the Government of Cameroon.

July 2004 SIGIF report validated and published.

November 2004 New Independent Observer contract awarded to Resource Extraction Monitoring (REM), announced in the Cameroonian press.

December 2004 MINEF divided into Ministry of Forestry and Wildlife (MINFOF) and Ministry of the Environment and the Protection of Nature (MINEP); new ministers appointed.

February 2005 New Independent Observer appointment finalised; Global Witness notified that their contract will end in March.

April 2005 Case-tracking System delivered to MINFOF.

April 2005 Third Summary Report published.

April 2005 REM starts as new Independent Observer.

project took place in Mbalmayo in March 2004, and in April 2005 a case-tracking system was delivered. It followed a design validated in a participatory workshop comprising competent staff from MINFOF and the Ministry of Justice, and held in Limbé in February 2005. Ongoing analysis and regular updates will increase transparency in pursuing legal cases resulting from forest crimes.

Donors Since its inception, the donors funding the Independent Observer have included DFID, the World Bank, the EU, the Canadian International Development Agency (CIDA) and the French and German agencies for development assistance. However, donor support has decreased through time and, for the final year of the programme, the project was entirely funded by DFID. Donor commitment in non-financial terms, that is, supporting and applying leverage when needed, has also diminished with time, due partly to the failure of other Cameroonian Ministries to comply with the various conditionalities of donor support for the Government of Cameroon.

The future The next three years of the project have been secured through the launch of an international bidding process in May 2004. This next phase, supported by the EU STABEX fund, began in April 2005. Eleven not-for-profit organisations, including Cameroonian and international, academic and development organisations, were invited to submit bids; only one did.

The relative weakness of the new ToR, combined with the insufficient budget offered, were cited by some of those who declined the invitation. The project objective is notably vague: “*to contribute to the implementation of the principles of good governance in forestry activities and the improvement of forestry control*”.¹⁴⁷ In addition, there is a discernible shift in power away from the independence of the monitor and towards greater control by the ministry. This touches on the monitor’s right to undertake independent missions, the need for ministerial approval of reports in addition to the reporting committee function, and the emphasis on information (on the progress of litigations, for example) being made available to the monitor only on request, not by right.

A4.3 Comparisons

Both programmes have entered a new phase (Cambodia in 2004 and Cameroon in 2005), with revised ToR and new implementing organisations. As the first incarnation of IFM in each country ends, it is useful to draw some comparisons between the initial projects in each country:

In design and operating environment:

- Both projects operated in countries with severe governance issues not limited to the forest sector. Transparency International rates Cameroon as “*rampantly corrupt*”.¹⁴⁹ Freedom House rates both countries at 6/7 for political rights and civil liberties, where 7 means ‘least free’.¹⁵⁰
- Consequently, both projects were largely donor initiatives in the face of a near complete collapse of governance in the sector. Both projects were linked to some form of aid conditionality.
- Both host governments had voiced commitments to address these issues, and were in the process of making structural changes to policies, institutions and processes, of which IFM was one component.
- In Cambodia, the monitor complemented a larger programme of training and financial support to forest law enforcement activities, the Forest Crime Monitoring and Reporting Project.
- In Cameroon, two other monitoring projects designed operated alongside IFM. One was independent observation of the public auction of timber permits, and the other was satellite-based monitoring of forest cover. Various financial audit requirements (not necessarily fulfilled) were also requested, including an annual audit of the PSRF’s collection and use of forestry revenues.

In the activities of the monitor

- Both projects focussed mainly on concession operations.
- Both projects set out to monitor the operations of the enforcement agency rather than usurp them. Law enforcement always remained the responsibility of the agency and not of the monitor.
- In Cambodia, most fieldwork was carried

out independently of the enforcement agency, although officials were at times subsequently brought to forest crime scenes to see for themselves. This enabled the monitor to be flexible and adaptive, selecting investigations on the basis of the importance and representativeness of forest crime cases.

- In Cameroon, a strategic decision was made by the monitor to prioritise working alongside the official forest law enforcement agencies in a systematic series of ‘joint field missions’. This enabled a low-key, ongoing approach, which was based on relationship building, peer support and respect for the separate roles.

In the relationships between stakeholders

- Both projects have suffered from a degree of donor fatigue, where either funding or political support has dissipated. This is in part due to the way they were perceived as ‘projects’ as opposed to necessary ongoing functions, and therefore subject to funding horizons.
- In Cambodia, there were two host ministries and a ‘focal point’ representative from the Council of Ministers.
- In Cameroon, there was only one host ministry, but this was complemented by a reporting panel – the *Comité de Lecture* (Reading Committee) – which validated the objectivity and technical competence of field mission reports prior to their publication.



ANNEX V: *Cambodia forest crime monitoring project investigation rating scale**

Allegations:

PART 1: <i>Prioritisation criteria</i>	Rating
1 Quality of evidence:	
a) Age (1=old, 5= within the last year)	_____
b) Credibility (1=not credible, 5=very credible)	_____
2 Number of overt illegal acts: (1=none, 5=more than 5 acts)	_____
3 Revenue loss to Government: (1=less than US\$100,000, 5=more than US\$500,000)	_____
4 Years remaining on statue of limitations: (1=less than 1, 2=1, 3=2, 4=3, 5=4 years)	_____
5 Potential need for Special Operation (1=low, 5=high)	_____
6 Political impact of investigation (sensitivity): (1=low impact, 5=high impact)	_____
7 Environmental losses from illegal activity: (1=low impact, 5=high impact)	_____
8 Complexity of investigation (number of parties/geographic scope): (1=least complex, 5=most complex)	_____
9 Probability of criminal conviction (strength of evidence and jurisdiction): (1=low probability, 5=high probability)	_____
10 Probability of recovering investigation expenses: (1=low probability, 5=high probability)	_____
11 Probability of continuing illegal acts: (1=low probability, 5=high probability)	_____
12 Estimated cost of investigation and court proceedings: (1= less than US\$100,000, 5=more than US\$100,000)	_____
13 Investigation cost to date: (1= less than US\$1,000, 5= more than US\$5,000)	_____
14 Estimated length of investigation: (1=more than 4 years, 2=4 years, 3=3years, 4=2 years, 5=1 year or less)	_____
15 Personnel safety and security risk: (1=high risk, 5=low risk)	_____
Total Preliminary Recommendations	_____
15-30 Do not pursue at this time (LOW)	
31-45 Hold, continue to collect intelligence (LOW)	
46-60 Pursue along with other investigations (MODERATE)	
61-75 Pursue aggressively (HIGH)	

PART 2: *Probability of success* %

The probability of success rating represents the evaluator's best estimate. Success may be defined as cost recovery of damages, halting illegal logging on the site, prosecution of offenders, heightened publicity leading to suppression of other illegal offences etc. The probability rating takes into account all the criteria listed above, as well as any additional criteria the evaluator believes is relevant.

Final recommendation

Approved by: _____ Date: _____

* This form was developed by the FAO-Global Witness project, operating from 1999 to 2003, for use by forest law enforcement agents. Since the change in project management in 2004, the form is no longer used.

ANNEX VI: Statistical comparison of selected countries

Countries arranged by GDP per capita	Congo (DRC)	Democratic Republic of Liberia	Mozambique	Cambodia	Ghana	Cameroon	Congo	Indonesia	Honduras	Philippines	Ecuador	Peru	Gabon	Malaysia
Economic Data														
GDP (US million) ⁱ	5,527	562	3,495	3,680	6,150	10,089	3,014	172,911	6,426	77,954	24,572	56,430	4,558	94,989
GDP per capita (US) ⁱⁱ	107	170	196	303	312	627	811	817	971	989	1,898	2,116	3,846	3,905
Agriculture, hunting, forestry and fishing as % of GDP ⁱ	50%	77%	24%	35%	35%	23%	7%	17%	11%	15%	9%	7%	8%	10%
Aid per capita (US) ⁱⁱⁱ	16	16	112	37	33	40	115	6	64	7	17	18	55	4
Total aid (US million) ⁱⁱⁱ	807	53	2,053	488	653	633	425	1,308	435	571	216	490	71	86
Forests														
Land area (km ²) ^{iv}	2,267,600	96,320	784,090	176,520	230,940	469,440	341,500	1,826,440	111,890	298,170	276,840	1,280,000	257,667	328,550
Forest area (km ²) ^v	1,352,065	34,812	306,014	93,346	63,352	238,580	220,601	1,049,861	53,825	57,888	105,568	652,153	218,262	192,915
Protected forest area (% of total forest) ^{vi}	6.6%	2.9%	7.5%	25.6%	7.1%	6.0%	4.4%	20.9%	18.3%	5.2%	23.9%	5.1%	3.6%	11.7%
Other forest area (%) ^{vii}	93.4%	97.1%	92.5%	74.4%	92.9%	94.0%	95.6%	79.1%	81.7%	94.8%	76.1%	94.9%	96.4%	88.3%
Annual deforestation rate (% of total forest) ^v	-0.4%	-2%	-0.2%	-0.6%	-1.7%	-0.9%	-0.1%	-1.2%	-1%	-1.4%	-1.2%	-0.4%	-0.01%	-1.2%
Forest Products														
Total forest production (000 m ³) ^{viii}	70,938	5,470	18,043	9,862	21,782	10,556	2,437	115,552	9,681	16,017	6,187	8,769	2,208	21,141
Industrial roundwood production (000 m ³) ^{viii}	3,653	337	1,319	125	1,104	1,300	1,251	32,997	971	2,689	913	1,434	1,688	17,913
Sawnwood & panels production (000 m ³) ^x	101	168	31	237	749	736	127	11,007	388	525	2,498	648	251	11,155
Sawnwood & panels exports (000 m ³) ^x	24	2	9	221	350	324	97	8,664	213	80	96	80	152	8,077
Population Data														
Human population (million) ⁱ	51.6	3.3	18.4	13.2	19.9	15.8	3.7	211.7	6.8	81.5	12.8	26.7	1.3	24.3
Annual population growth (%) ⁱ	3%	2.5%	2%	1.8%	1.7%	2.1%	2.9%	1.3%	2.5%	1.9%	1.6%	1.5%	2.2%	2.1%
Population per km ² of forest ^{ix}	38	95	60	141	314	66	17	202	126	1,408	121	41	6	126
Population per km ² of unprotected forest ^x	41	98	65	190	338	70	18	255	155	1,485	159	43	6	143
Political and Social Climate														
Corruption Perception Index ^{xi}	2	Not listed	2.8	Not listed	3.6	2.1	2.3	2	2.3	2.6	2.4	3.5	3.3	5
Free or not free ^{xii}	Not free	Partly free	Partly free	Not free	Free	Not free	Partly free	Partly free	Partly free	Free	Partly free	Free	Partly free	Partly free
Political rights ^{xiii}	6	5	3	6	2	6	5	3	3	2	3	2	5	4
Civil liberties ^{xiii}	6	4	4	6	2	6	4	4	3	3	3	3	4	4
Press freedom rank ^{xiii}	113/167	109/167	70/167	71/167	67/167	88/167	69/167	57/167	Not listed	111/167	20/167	36/167	58/167	110/167

Notes

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Acknowledgements

This Guide was realised with financial support from the UK Department for International Development (DFID).



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Design by Dan Brown
(design@dbrown.co.uk)

Printed on 100% unbleached recycled paper.

Global Witness Ltd.
P O Box 6042
London N19 5WP
United Kingdom

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ISBN 0-9768481-5-5

