



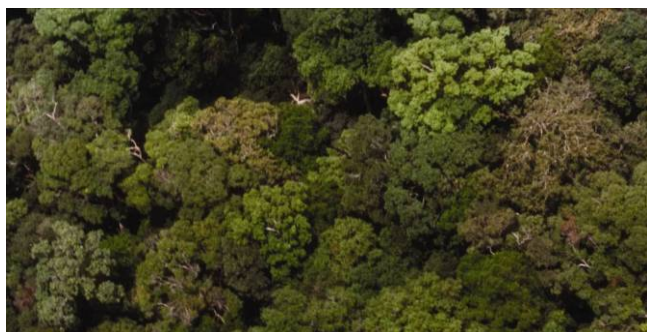
global witness

## INDEPENDENT FOREST MONITORING AND REDUCING EMISSIONS FROM DEFORESTATION AND DEGRADATION

A robust monitoring, reporting and verification system will be key to the success of the scheme for Reducing Emissions from Deforestation and Forest Degradation (REDD), currently being negotiated under the UN Climate Change Convention (UNFCCC). An essential part of it will be monitoring forest governance on the ground. Independent Forest Monitoring (IFM) programmes have already been implemented in four countries. By monitoring and reporting system failures throughout the entire forest estate, IFM has succeeded in improving forest sector governance. It has a proven track record of reducing illegal activity in the forest sector, combating corruption, and improving transparency and accountability within both industry and government. This paper outlines the concept and minimum standards for IFM, demonstrates how it can be readily transferred to all aspects of forest management and argues that such monitoring – and related improvements in forest sector governance – are essential pre-requisites if REDD is to have any chance of success.

### Background: The Independent Forest Monitoring concept

IFM was pioneered 10 years ago by Global Witness to assess and strengthen legal compliance in the forest sector. It centres on the establishment of a contractual relationship between an official 'host institution' (often but not necessarily) responsible for regulation and control in the forest sector and an independent monitoring organisation ("the Monitor"), and the use of a Reporting Panel for peer review. By providing robust evidence of where forest management and control systems, specifically forest law enforcement and governance, are failing, IFM encourages government agencies to find solutions to the issues raised by the Monitor.



The Monitor's contract provides clear terms of reference (see box: Minimum Standards for IFM). IFM typically starts by documenting illegal activity and observing the performance of government officials in the detection, reporting and suppression of illegal activity in the forest sector; both in the forest and through the analysis of official documentation. By complementing official forest law enforcement with the objectivity and public credibility of an independent third party, IFM can quickly improve transparency whilst at the same time contributing to improvements in the legislative and regulatory framework for

responsible forest management. Through monitoring forest sector activity and official management, control and forest law enforcement, IFM can identify illegal activity and corruption. Evidence of this supplied to the relevant authorities must be acted upon; failure to take appropriate measures will be reported by the Monitor.

### Minimum standards for IFM

#### Access to information:

- The Monitor needs access to concession, licence and title permits, maps and other contractual documents.
- The Monitor must also have access to relevant government departments and personnel, including the legal, statistical / database, remote sensing / GIS, revenue and law enforcement units.
- The Monitor must have the authority to inspect any relevant part of the forest estate, forest authority offices and files, and milling, processing, trading or export centres.
- The Monitor must maintain confidentiality and follow reporting protocols.
- At all times, the responsibility for formal law enforcement and the prosecution of offenders remains with the appropriate state authorities.

#### Freedom to investigate and monitor:

- As far as possible, the Monitor is accompanied by forest officials, on 'joint missions'. At the same time, the Monitor has the authority to undertake independent missions in order to detect illegal forest sector activity and verify the work of officials. Independent missions may also be appropriate in exceptional circumstances where it may be dangerous or inappropriate for officials to take part, but Monitors must avoid usurping official functions.

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## Minimum standards for IFM

### Reporting Panel:

- A Reporting Panel, or other peer review mechanism, checks that the conclusions and recommendations made in any report are fully in line with the evidence and the forest, environmental, social/labour, and tax laws and international commitments / agreements. This Panel enables authorities to share ownership of the reports and provides a forum for discussion of the implications of any IFM findings. Panel members take responsibility for agreed corrective actions.

### Freedom to publish:

- The Monitor remains independent and the Panel is not able to change the evidence base, nor suppress publication of reports.
- All the Monitor's reports are published with recommendations for improving the system of forest regulation and law enforcement.
- The Monitor must be transparent and justified in its selection of cases for investigation, and treat any tip-offs or denouncements with diligence, fairness and professionalism.

The Monitor's reports are submitted for peer review by a Reporting Panel comprising the forest authority, other key ministries and non-government stakeholders. The Panel validates the Monitor's findings or requests further information that will aid the validation process. The reports are then published. This creates political space which encourages the active participation of civil society in forest sector governance, leading to greater accountability.

## IFM monitors a system, any system

IFM was originally conceived in the context of concession-based industrial scale logging. As described in detail in the *Guide to Independent Forest Monitoring*<sup>1</sup>, IFM has the potential to monitor the entire forest estate and a full range of forest-related activities, including but not limited to:

- Monitoring competitive auctions and / or administrative permit allocations for rights to logging, other extractive forest products, and environmental services.
- Tracking disputes and legal cases to monitor the performance of investigative and judicial authorities, and monitoring community-level conflict resolution over rights, tenure, and illegal activity.
- Monitoring certification of legality such as the Forest Law Enforcement Governance and Trade (FLEGT) legality assurance systems due to come into force between Europe and selected timber-exporting countries. Independent Monitoring is one of five core components in the voluntary partnership agreements (VPAs) under negotiation.<sup>2</sup>
- Testing forest management database systems (including those which support extractive

operations, measure forest cover, assess carbon balances, and determine revenue flows), and monitoring additionality and linkage.

- Analysing international trade data through comparisons (similar to the EITI<sup>3</sup>) between what one party gives and the other receives, including physical timber products and the trade in non-tangible items such as carbon.
- Monitoring environmental and social issues related to the forest sector, including the impact of new regulations or management regimes.
- Monitoring revenue transparency and benefit distribution, including the relationship between the quantities (of products or services) sold and the revenues generated; and governance of such revenues at each level.
- Monitoring performance contracts, in particular where traditional public services are contracted out to the private sector, or in the context of industry-led voluntary certification schemes.



There has never been a monitoring contract which explicitly identifies all these aspects, although Monitors have had the potential to cover most of these areas of investigation if deemed appropriate. Most monitoring has combined field investigations with desk-based research; in both cases the right to information is a key condition for the Monitor to be able to function. Any change of target and scope of IFM will inevitably have an impact on the methodology and organisational set-up, for example a different mix of team members with different skills. The reference legislation may also be different.

But the basic competencies for effective monitoring are political and investigative as much as technical. 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. Whilst on the face of it IFM is an extra pair of ears and eyes, monitoring 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. In countries where there is a significant

gap between the rhetoric and the reality of forest policies, an international presence in the monitoring team, together with the backing of an international organisation, is recommended since a wholly local Monitor is likely to come under more pressure. Commercial / technical audit organisations, guided by their system of professional accreditation, may not be prepared to risk working beyond these boundaries and into the realm of politics.



## IFM and REDD

Finance for REDD might encompass a range of initiatives, such as national programmes on combating illegal logging; reduction of forest concession areas; determination of community rights over forest land held customarily; promotion of non-timber forest products (NTFPs) and associated development of community based enterprises; extension of conservation areas and bans on land use change; suspension of permits for conversion of forests into, for instance, palm oil plantations; the establishment of non-deforestation and environmental service laws; Payment for Environmental Services (PES) programmes; consolidated systems of protected areas and conservation concessions; and ecotourism concessions / projects.

In developing IFM specifically for these and any other new set of forest management objectives it is necessary to first understand the proposed system and then – drawing on the experience of IFM in other contexts – predict the kinds of risks and weaknesses in the system which might be the subject of IFM activities. REDD schemes are some way from being finalised, but a growing literature is identifying both opportunities and risks. Many questions need to be resolved to ensure that REDD finance achieves its goal of reduced emissions.

1. **Rights to the resource**  
Who owns the forest and therefore has the right to make decisions about its management and use? Similarly, who can legitimately exercise what rights over the carbon in the trees, or services provided by the forest?
2. **Transparency and participation in decision-making**  
What new policy and regulatory frameworks are required to regulate and implement REDD

schemes? What are the information flows? Who is informed? Who is participating?

3. **Product tracking**  
What products and services are being produced? By whom? How are they being quantified? Are they being transported? To where? What mechanisms to track them are in place?
4. **Law enforcement**  
What rules exist for the regulation and control of these products / services and prevention of forest crime? How well are they being implemented and enforced? Is there evidence of fraud, laundering, misrepresentation, circumvention, double-counting, corruption etc?
5. **Revenue distribution**  
Who is paying what, to whom, for what products / services? Is the money reaching the intended beneficiaries? What rules exist for the generation and redistribution of taxes on these products / services? How well are they being implemented?
6. **Accountability**  
What mechanisms exist for those governing the system to be held to account? How open and participatory are these arrangements? What incidences of administrative failure or illegal activity have been recorded and what actions taken?

IFM will play an essential role in answering these questions. The earlier it is established the better the chance of REDD's success. (Before or during REDD "readiness" programmes would be ideal.)

## Institutional arrangements

IFM could be embedded in a national REDD oversight framework in a similar way to the Independent Monitoring function of the EU FLEGT licenses<sup>4</sup>. A series of Monitors would be needed for specific subsets of activity such as financial flows, governance and deforestation monitoring. They could operate under one scheme, or as separate but complementary oversight mechanisms. In all cases formal Terms of Reference and contractual rights and responsibilities would need to document the scope and the mandate of the Monitors.

Development of local IFM capacity is an important consideration, and the role of the Monitor should ultimately be taken over by national and local governance structures that fully involve an empowered local civil society. Training and capacity building of a local non-governmental organisation to fulfil the IFM function should be an integral part of any monitoring function.

## Success of existing IFM schemes<sup>5</sup>

Since the first IFM contract in Cambodia in 1999, projects have been implemented in Cameroon, Honduras, Nicaragua, and Republic of Congo. In addition, feasibility studies have been undertaken in Tanzania, Ghana, Peru, Mozambique, and the Democratic Republic of Congo, and IFM training

courses delivered in Liberia and Indonesia. The World Bank, European Commission and a number of bilateral donors have all advocated IFM as a component of forest sector reform programmes, notably in the anticipated FLEGT systems.

The immediate impact of IFM is an increase in the quality and quantity of information about forest sector activity. In Cameroon, for example, the forest ministry started publishing lists of infractors and legal cases, based on evidence collected by their own officials under observation by the Monitor. Mission reports led to an increase in revenue, as fines in the range of US\$2,600 to US\$3.5 million were brought by the forest authority against individual infractors (US\$3.5 million is enough to fund an international provider of IFM in Cameroon for seven years)<sup>6</sup>. Other reports of improved procedures, transparency and accountability, law enforcement, and changes to the legal framework / operating environment include the following:

- In Cameroon, the adoption of a systematic way of selecting areas to inspect, aimed at full coverage over a period of time, has improved the motivation and conscientiousness of forest law enforcement staff.<sup>6</sup>
- In Honduras, investigations and reports produced by the Monitor document systematic underestimation of values and poorly defined areas, thus allowing operations beyond the authorised boundaries.<sup>7</sup>
- In Honduras, a forest authority-appointed commission has verified the Monitor's findings and taken appropriate actions including sanctions against the technical staff involved in the cases.
- In Cambodia, the Monitor's activities were crucial for the cancellation of at least two major contracts operating illegally on a large scale – the first time contracts had been stopped as a result of exposing illegal activity. IFM in Cambodia also clearly laid out the mechanisms by which corruption is institutionalised in the sector through detailed accounts in each of three major reports.<sup>8</sup>
- In Cameroon, the forest ministry published a comprehensive review of the official strategy for control of product flows, based on the evidence of weaknesses in the previous strategy provided by the Monitor.<sup>9</sup> (MINFOF 2005)

**Senior forest officer, Honduras** 'IFM provides the general public with an independent and more credible view: when AFE-COHDEFOR is doing things properly, it provides it with a source of information which allows AFE-COHDEFOR to correct internal flaws and to improve its actions. For those technical staff in AFE-COHDEFOR who are working well, IFM is of great support for detecting illegal logging. For those who work badly, IFM is a headache. IFM is of great support to AFE-COHDEFOR in terms of supervising the performance of the field staff of this institution.'<sup>10</sup>



## Acronyms

|          |  |
|----------|--|
| EITI     | Extractive Industries Transparency Initiative                |
| EU FLEGT | European Union Forest Law Enforcement, Governance and Trade  |
| IFM      | Independent Forest Monitoring                                |
| REDD     | Reducing Emissions from Deforestation and forest Degradation |
| UNFCCC   | UN Framework Convention on Climate Change                    |

## References

- <sup>1</sup> Global Witness, 'Guide to Independent Forest Monitoring', 2005; [www.globalwitness.org/ifm](http://www.globalwitness.org/ifm). This definitive guide to IFM, available in English, French and Spanish, covers all aspects of project design and implementation. Hard copies of this, and an associated video, are available from Global Witness.
- <sup>2</sup> FLEGT is a programme of the European Union in response to the problem of illegal logging and trade in associated timber products. A central pillar is a series of VPAs with timber-producing countries to put in place a legality assurance system for timber products exported to Europe. For further information see [www.loggingoff.info/background.html](http://www.loggingoff.info/background.html)
- <sup>3</sup> The EITI is a multi-stakeholder initiative to set a global standard for companies to publish what they pay and for governments to disclose what they receive. See [www.eitransparency.org/](http://www.eitransparency.org/) and [www.publishwhatyoupay.org](http://www.publishwhatyoupay.org).
- <sup>4</sup> European Commission, FLEGT briefing note on guidelines for independent monitoring; 2007; [www.loggingoff.info/media/articles/article\\_363.pdf](http://www.loggingoff.info/media/articles/article_363.pdf)
- <sup>5</sup> See 'Independent forest monitoring: seven years on' in International Forest Review Vol.9(1), 2007, pp. 563- 564 for a recent paper on the progress and impact of IFM; [www.loggingoff.info/media/articles/article\\_408.pdf](http://www.loggingoff.info/media/articles/article_408.pdf)
- <sup>6</sup> Global Witness, 'Forest law enforcement in Cameroon: Third summary report of the Independent Observer, July 2003 – February 2005'; [www.globalwitness.org/pages/en/cameroon.html](http://www.globalwitness.org/pages/en/cameroon.html)
- <sup>7</sup> Movimiento Ambientalista de Olancho, 'Como destruir la riqueza de Honduras', Press release no. 21; 2006.
- <sup>8</sup> 'Chainsaws speak louder than words' (May 2000); 'The credibility gap and the need to bridge it' (June 2001); and 'Deforestation without limits', July 2002; [www.globalwitness.org/pages/en/cambodia.html](http://www.globalwitness.org/pages/en/cambodia.html).
- <sup>9</sup> Ministère des Forêts et de la Faune, 'Document de stratégie sectorielle du contrôle forestier et faunique'; 2005.
- <sup>10</sup> Personal communication from a senior official in AFE-COHDEFOR, the Honduran forest authority; 2006.

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