

Comments of United Nations Office on Drugs and Crime on the Indonesian National Strategy on REDD+: Making STRANAS safe from corruption and illegal logging

Background

The new REDD+ programme, the hope of the world to save forests in critical regions is fraught with several risks, challenges and uncertainties that could undermine REDD+ national response in Indonesia. There are risks that can undermine REDD+ response owing to poor governance, like corruption, weak law enforcement, compromised judiciary, crime and fraud. In this context there are several questions that need consideration. Can REDD related funds strengthen governance mechanisms and institutions? In the alternative, should REDD funding be linked to governance performance for instance better law reform and enforcement? Is this an opportunity to incentivise good governance? How will incentivised law enforcement work? How compensation to communities and authorities can be legally worked out.

Since the REDD+ programme envisages a payment scheme, involving a consistent cash flow to compensate for activities aiming at the reduction of deforestation, it is very likely to invite corruption and fraud. Corruption could impede fair and transparent distribution of funds, the risk being that the same mechanism today involved in illegal logging could engage in fraudulent conservation and forest development activities. The question therefore is how can anti-corruption and anti-fraud tools be in built in the REDD+ architecture of payment mechanism and the relevant officials trained in it?

Illegal logging is a grave risk to REDD since a substantial part of deforestation occurs illegally. Addressing illegal logging is of prime importance in mitigating climate change through REDD. How can this be achieved? How can Indonesia address this issue both at a national and sub-national level? How can crucial stake holders like forest rangers, police, prosecutors and judges be involved in this?

These are some of the areas that in UNODCs view needs to be built up and addressed through the National Strategy on REDD+ (STRANAS hereafter). We point out to each of the relevant paragraphs from the STRANAS and propose comments/changes.

- **Para 2.4.4.2 Poor Law Enforcement**

The first two paragraphs require rewriting as the meaning conveyed is not clear. Suggestion on what can be substituted is:

Indonesia is home to the world's third largest tropical rainforest and contains 10% of global forest cover. This important natural resource has enabled Indonesia to become a key timber supplier for the legal world market. However, growing demand, falling supply and inadequate law enforcement and management have led to Indonesia also becoming a major source for illegally produced and exported timber.

Inadequate law enforcement continues to increase Indonesia's vulnerability to forest crimes. Arrests of perpetrators have been carried out from time to time, but only a very small percentage of illegal logging cases have been effectively prosecuted. Although Indonesia's forest law stipulates a penalty of up to 15 years in jail for buying, selling, or receiving illegal timber, offenders are more likely to receive light jail sentences or small fines.¹

The Indonesian Ministry of Forestry estimates that in recent years Indonesia has been losing 1.6-2.8 million hectares annually (equivalent to 3-5 hectares a minute) to illegal logging and land conversion due to a lack of effective management and law enforcement². This in turn has been contributing majorly to the greenhouse gas emissions affecting global climate change.

One of the key structural drivers of the illegal logging trade in Indonesia has been excess timber processing capacity relative to sustainable timber supply.³ Government subsidisation during the Suharto era witnessed the proliferation of paper and pulp mills in the 1980s and 90s without a reciprocal investment in forest growth to cater for production needs. This, combined with the willingness of banks to extend credit to fund paper and pulp mills, has led timber processing capacity in Indonesia to significantly exceed the volume of legally harvested timber. According to the Indonesian Department of Forestry, data from 2002 reveals that authorised log production was approximately 10 million cubic metres whereas the total volume of processed wood in the same year exceeded 50 million cubic metres.⁴

- **Para 2.4.5 Governance**

- The word corruption/anti-corruption needs to be added here.

- **Para 2.5.1. Steps that have been taken**

- Mention must be made of UNODC-CIFOR study on the relation between REDD+ and Governance including corruption and fraud.
- Corruption and Fraud is also addressed through another Illegal Logging project of UNODC in Papua province.

¹ Abstracted from Casson, et.al., 2008 (draft) quoted by Agus Setyarso.

² Power point presentation by Department of Forests, Indonesia during USDOJ organized training on "Combating illegal logging and illegal timber trade in Indonesia," Aug 11-13, 2008 Jakarta. This is equivalent to 3-5 hectares a minute, that is about the size of 3-5 soccer fields being lost to degradation every minute.

³ 'Illegal Logging in Indonesia – Causes, Progress to Date and Further Steps', Krystof Obidzinski, Centre for International Forestry Research:
http://www.cifor.cgiar.org/Highlights/illegal_logging.htm

⁴ 'Strengthening Forest Management in Indonesia through Land Tenure Reform: Issues and Framework for Action', Forest Trends and World Agroforestry Centre, 2005, p 5:
http://www.forest-trends.org/documents/publications/IndonesiaReport_final_11-4.pdf

- Total funding is USD 2.5 million.
- **Para 2.5.2.2. Enabling Conditions Fulfillment**
 - Point number **6** needs to be added which is “Strengthening accountability, transparency and anti-corruption measures.”

- **Para 3.2.2. Basic Reformation and Law Enforcement Program**

Effective law enforcement is an integral part of sustainable forest management.

UNODC's recommendation in addition to the proposed STRANAS components is to adopt a holistic approach to forest crimes by focusing on five varied but linked solutions to the problem: anti-corruption and anti-money laundering efforts, strengthening of the legal environment through law reform and training of forest, police, prosecution and judicial officers, initiatives to secure citizen involvement and deepen international cooperation. The aggregate effect of these initiatives will be more robust law enforcement capacity in Indonesia, which will in turn contribute to sustainable management of the country's forests and thus significantly contributing to the challenges of REDD.

UNODC proposes a concentration of activities involving enhancing general law enforcement capacity to detect, apprehend and prosecute perpetrators of forest crimes, strengthening cooperation between relevant law enforcement agencies and empowering civil society to also counter forest crimes through “barefoot investigators”. It also proposes to tackle the problem from an anti-corruption perspective, focusing on building the capacity of Indonesia's anti-corruption agencies, police, prosecutors and judges to investigate and prosecute corruption cases linked to forest crimes. Use of the anti money laundering regime to target the kingpins behind forest crimes will be key. More particularly;

- Capacity of SPORC and other law enforcement agencies and officials enhanced (forest rangers, Indonesian National Police)
- Capacity of judges and prosecutors to handle forest crime cases is enhanced
- Local communities effectively involved in forest protection efforts
- Anti-corruption bodies agencies strengthened
- Investigators in Ministry of Forestry, KPK, AGO, PPATK and INP trained in detecting and investigating corruption cases related to the forestry sector and in investigating forest crimes generally
- Increased capacity of prosecutors to successfully bring forward forest crimes related corruption cases to court and increased capacity of judges to make necessary orders and hand down convictions on these cases.
- Increased capacity of agencies to detect forest crimes and consequent corruption through the anti-money laundering (AML) regime.
- Sensitisation of judges to climate change, illegal logging, conversion of forest land, environmental laws and matters relating to corruption in the forest sector.

- **Para 3.2.5. Management Strengthening Program**

- The title should here be Governance instead of the above as governance is the term consistently used in the document.