



**TRANSPARENCY  
INTERNATIONAL**  
the global coalition against corruption

**KEEPING REDD+ CLEAN**  
A STEP-BY-STEP GUIDE TO  
PREVENTING CORRUPTION



**Transparency International is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.**

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Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of October 2012. Nevertheless, Transparency International cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

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This publication will be revised at a later date to incorporate lessons from its piloting in Indonesia, Vietnam and Papua New Guinea.

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## HOW TO USE THIS MANUAL

## PURPOSE

Forest carbon accounting is relatively new and very complex. As international discussions and agreements continue the policy landscape is rapidly changing. It is within this challenging context that this manual has been developed, to help interested parties to understand and address associated risks.

Users will learn how to identify corruption risks and instruments to help address these risks within the:

- Development of national Reducing Emissions from Deforestation and Forest Degradation (REDD+) action plans and strategies
- Implementation of REDD+ and other forest carbon projects

The manual's scope does not extend to corruption risks at the international level. Rather it is deliberately focused on processes that occur in country, to facilitate the participation of national and local groups in informing national policy, planning and project implementation.

This tool is principally designed for civil society actors who may work with other NGOs, governments and the private sector to help design systems that are transparent, accountable, responsive and thus effective. It will help inform and guide forest carbon risk assessments, but should be adapted by users to fit their country contexts. The timeframe and scope of this process will vary from place to place, but it is important that all users clearly identify their objectives prior to starting it.

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## STRUCTURE

The manual is divided into four Modules. Modules one and two provide background information on national REDD+ and forest carbon processes, the main corruption risks they present, and a range of instruments that could be used to counter them. Modules three and four provide a step-by-step guide for users to identify and assess corruption risks in their particular contexts, and offer advice on developing an anti-corruption action strategy.

## MODULES

- 1 Brief introduction to understanding corruption risks and associated practices, with examples from the natural resource sector.
- 2 Overview of the concepts of REDD+ and forest carbon and some of the challenges that exist in developing a system at the country and project level.
- 3 Introduction to designing and conducting a corruption risk assessment in the development and implementation of national REDD+ strategies and forest carbon projects.
- 4 A structured and practical guide to walk users through conducting an assessment of corruption risks for national REDD+ development processes and/ or forest carbon projects. This comprises five steps:

## STEPS

- 1 Establishing a risk assessment's purpose, scope and approach
- 2 Identifying and prioritising existing and potential corruption risks
- 3 Analysing these risks to identify common actors and root causes of corruption
- 4 Identifying existing instruments intended to address corruption risks, assessing current application and effectiveness, and pinpointing gaps
- 5 Developing an integrity strategy: prioritising what actions should be focused on for advocacy, mitigation and monitoring risks, and generating support for further action.

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## EXERCISES

For ease of access and application the Workbook exercises are divided into two types:

**Type A** comprises the active templates which relate directly to guidance in the text in Modules 1-4. They can serve as a foundation for users' own customised research.

**Type B** is a series of resources intended as additional information to complement the manual.





# MODULE ONE

## INTRODUCTION TO ASSESSING CORRUPTION RISKS



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## OBJECTIVES

### USERS SHOULD:

- Understand the impacts of corruption
- Become familiar with key concepts within a corruption risk assessment
- Identify a number of instruments that can be used to address corruption risks

Natural resources play a vital role in the economy of many countries. The extent to which those resources profit the well-being of populations, however, varies extensively. Some states exploit their forests, minerals or fossil fuels in a way that supports poverty alleviation and economic and social development. Meanwhile other resource-rich countries suffer economic stagnation, social conflict and in some cases civil war. Reasons behind this differ and continue to be debated. What is certain, however, is that corruption in natural resource management hampers their efficient and equitable allocation, thereby reducing their potential to drive green, sustainable development.

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## DEFINING CORRUPTION

Corruption means different things to different people. The World Bank's definition - the abuse of public office for private gain - is one of the most commonly used. Yet this limits corruption to the actions of public officials. In the context of natural resource extraction and management, the state is often just one of many actors involved. Transparency International's definition - the abuse of entrusted power for private gain - is more broadly applicable.

Economic corruption can be defined as the exchange of tangible goods such as cash, official positions or material goods. Social corruption may include the exchange of favours, social status or power that cannot easily be translated into material resources. What counts as corrupt or legitimate behaviour, however, will depend on the context in which it takes place. Where the rule of law is well established, citizens can hope to rely on the impartiality and effectiveness of formal institutions. Where this is ineffectual, these institutions may have little value and other means such as bribery or gift-giving may become accepted to ensure access to goods or services. In such contexts, corruption may only be perceived as abusive once it passes a certain level.

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## PREVENTING CORRUPTION

Some of the main elements of a corruption-resistant environment are:

### INTEGRITY

Refers to behaviours and actions consistent with a set of moral or ethical standards that create a barrier to corruption. Principles of integrity are enshrined in codes of conduct and conflict of interest policies for staff, which can cover such issues as vulnerability to political influence or vested business or professional interests.

### TRANSPARENCY

Openly disclosing information relating to rules, plans, processes and actions. Government officials, public servants and the managers and boards of companies all have a duty to act transparently. This allows people outside an institution to monitor its work and to take action when something is not as it should be. It also means that duty-bearers have to answer for the actions and decisions they take.

### ACCOUNTABILITY

Is the concept that individuals, agencies and organisations are held responsible for executing their powers properly. Public officials can be held to account by courts or ombudsmen, who can take action against them for improper conduct. NGOs often act as watchdogs to keep decision-makers in check. Citizens can also help hold decision-makers to account when circumstances allow them to, in situations of information disclosure and a free and fair press, for example.

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## IMPACTS OF CORRUPTION

Corruption is damaging for the simple reason that important decisions are determined by ulterior motives with no concern for the wider community. The forest sector has been particularly susceptible to the impacts of corruption and illegality. The World Bank estimates that up to US\$23 billion worth of wood is illegally cut each year.<sup>1</sup> This results in lost revenue of US\$10 billion. As many of these primal forests are in the developing world, it robs these societies of precious revenue, thwarting development goals and keeping people in poverty.

Given that logs are large and need infrastructure to be cut, transported and sold, illegal logging can only survive with the connivance of many people. Thus, corruption plays a key role. Such corruption can be high-level: politicians can decide who gets land concessions, give contracts to friends and relatives, or allow logging without appropriate permits. But even low-level officers can turn a blind eye to trees being cut, or ignore illegal transport.

Corruption also undermines conservation by siphoning off funds meant to protect our forests. Although still under development, there are concerns that the US \$29 - 33 billion per year projected to flow to protect forests could be skimmed by the same corrupt actors. Beyond wasting huge sums of public money, corruption threatens to deter future investment, with firms reluctant to invest in risky or uncertain business environments. Donors can similarly hold back development finance due to concerns that funds will not go to their intended projects.

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## ELEMENTS OF A CORRUPTION RISK ASSESSMENT

The first step in developing an anti-corruption strategy is to conduct a corruption risk assessment. This should help stakeholders understand existing and potential corruption risks, their root causes, what instruments currently exist to address them and whether or not those are effective. Answering these questions will help users to prioritise where their time, energy and finances can be put to most effective use.

### IDENTIFYING CORRUPTION RISKS

#### ACTIVITIES

Risk assessments first need to identify the activities that are taking place which are to be assessed. Within the natural resources sector, activities will involve a wide range of stakeholders and areas of government, from the local to national level. It can be useful when identifying different activities to think through the full life cycle of any natural resource use. Five basic thematic areas can be used to help this process.

When identifying activities it is also beneficial to identify the actors and stakeholders that will be involved with each one as it is these groups that will be able to provide the most valuable information regarding the respective corruption risks.

#### CORRUPTION RISKS AND CORRUPT PRACTICES

Corruption risks refer to the challenges that corruption can cause in the implementation of a given activity. Within each corruption risk a number of associated corrupt practices may take place. These are the physical manifestations or actions of corruption that occur and are often the focus of specific legislation.

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<sup>1</sup> World Bank (2006) Strengthening Forest Law enforcement and Governance: Addressing a Systemic constraint to Sustainable development (Washington DC)



TABLE 1 THEMATIC ACTIVITY AREAS

| Thematic area                             | Description of activity  | Example  |
|---|--|--|
| <b>Policy, legislation and regulation</b> | Activities relating to the overarching policies that govern the sector and the country   | Officials have to decide where a resource can be harvested and how much can be harvested at any time |
| <b>Financial and economic flows</b>       | Activities relating to financial and economic flows including the paying and collecting of taxes and provision of donor finance                              | Tax collection from a logging company corresponding to the volume of timber cut                      |
| <b>Application activities</b>             | Activities relating to the actual application of activities relating to the resource   | Harvesting of timber from a specific concession  |
| <b>Monitoring and reporting</b>           | Activities relating to the monitoring of all other thematic areas to ensure that they are being conducted in accordance with legal and voluntary regulations | Monitoring that the timber is harvested in accordance with quotas allocated                          |
| <b>Enforcement</b>                        | Activities relating to the enforcement of both legal and voluntary regulations   | Punishment of operators who fail to comply with regulation   |

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## OVERVIEW OF CORRUPT PRACTICES

### BRIBERY

Giving someone a benefit (such as money or services) to persuade them to do something in return. Bribes can also be referred to as kickbacks, hush money or protection money.

### FRAUD

Behaviour designed to trick another person or entity for one's own benefit or that of a third party.

### EMBEZZLEMENT

The taking or conversion of money, property or valuable items by an individual who is not entitled to them but has access to them by virtue of their position.

### FAVOURITISM, CRONYISM, NEPOTISM

The favourable treatment of friends, business associates (cronyism) and family (nepotism) in the distribution of resources and positions, regardless of their objective merits.

### EXTORTION

The process of coercion, where a person or institution forces another party to pay in exchange for doing or saying something, or not doing or saying something.

### ABUSE OF DISCRETION

When people in positions of entrusted power use their authority to give undue preferential treatment to people.

### COLLUSION/ COMPLICITY

An arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party. The most common form of collusion is when bidders agree among themselves on prices and on 'who should win'. The practice of collusion likely involves a hefty bribe or promise thereof in order to induce the other party to sidestep the expected and legitimate behaviour. If that brings a gain to the companies and/ or individuals taking part in that activity it is corruption.

### RENT

An excess earning above normal profits. Rents within natural resources are common as the price of the resource may not directly reflect the cost of extraction.

### LEGALISED CORRUPTION

Occurs when those with entrusted power create a legal system that either supports corruption, tries to hide corruption, or legalises a certain behaviour which would otherwise qualify as corrupt.



TABLE 2 EXAMPLE OF ACTIVITIES, CORRUPTION RISKS AND CORRUPT PRACTICES WITHIN THE FORESTRY SECTOR

| Example activity   | Example corruption risk  | Example corrupt practice  |
|--|--|---|
| Officials have to decide where a resource can be harvested and how much can be harvested at any time | Forest zoning is not done in a way that reflects best environmental, public and economic interests | <b>BRIBERY</b><br>To change zoning to allow logging in a new area   |
| Tax collection from a logging company corresponding to the volume of timber cut                      | Insufficient tax is collected and entered into the system  | <b>FRAUD</b><br>Lower levels of timber extraction are reported to reduce tax bill<br><b>BRIBERY</b><br>Bribes are paid to reduce tax bill |
| Harvesting of timber from a specific concession  | Over-harvesting of timber leading to long-term damage to the concession area                       | <b>FRAUD</b><br>Timber extraction volumes are under-reported<br><b>BRIBERY</b><br>To accept false timber inventories                      |
| Monitoring that the timber is harvested in accordance with quotas allocated                          | Failure to fully report on income from timber extraction   | <b>EMBEZZLEMENT</b><br>Forestry revenue embezzled   |
| Punishment of operators who fail to comply with regulation   | Failure to punish operators for not complying with regulations                                     | <b>BRIBERY</b><br>To avoid reporting non-compliance   |





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## ANALYSING ROOT CAUSES OF CORRUPTION RISKS

Analysis of the root causes of corruption is the next stage of the risk assessment covered in this manual. These causes will be country-specific and based on the interaction between the characteristics of the natural resource itself and the existing political, economic and social context. Identifying underlying contexts in which corruption is taking place can be done by looking at the various motivations and opportunities for the actors associated with the corruption risks. This analysis can be guided by a framework of structures, institutions and political processes.

**Structures** refer to the fundamental factors that shape the situation. They tend to change only slowly and cannot be readily influenced in the short to medium term. Examples will include levels of natural resource endowments and the extent to which income from these provides revenue for the government relative to other sectors of the economy. The physical location or nature of a resource would also be included within structures.

Example analysis questions:

- What proportion of national income comes from natural resources?
- What effect does regional security have on the political stability of the country?

**Institutions** are formal and informal rules and relationships, including cultural norms, that govern the behaviour of actors. These are susceptible to change over the medium term. A governance regime describes the nature of the state and the extent to which it works according to formal rules and whether more personalised and informal arrangements are more important (such as patronage). Informal institutions can complement, reinforce or undermine formal institutions. The value of understanding the balance between the formal and informal institutions in the exercise of power is that it will provide information on the likely effectiveness of various types of preventive measures to mitigate the risk of corruption. For example, where the rule of law is weak, proposing new legislation or enhanced implementation of existing laws may not be a useful short term remedy.

Example analysis questions:

- What type of state exists? Democratic, autocratic?
- What is more important in the running of the state? Formal regulations or informal alliances?

**Political processes** are concerned with the contestation among social groups and between social groups and the state over the use, production and distribution of resources. They occur within the constraints established by institutions and structures.

Example analysis questions:

- What other social groups do the ruling elite have to listen to?
- What international actors matter on the domestic stage?

## ANALYSING INSTRUMENTS TO ADDRESS CORRUPTION

There are a number of international and national normative instruments and initiatives that can be used to support efforts to address corruption. These can be divided into four different categories as presented below. A more detailed list of instruments is provided in Exercises A5 and A6.

TABLE 3 EXAMPLES OF INSTRUMENTS AND INITIATIVES TO ADDRESS CORRUPTION

| Instrument category                                   | Sub-category                         | Examples of instrument  |
|---|--------------------------------------|---|
| <b>Legal instruments</b>                              | International conventions            | <ul style="list-style-type: none"> <li>• United Nations Convention Against Corruption</li> <li>• United Nations Convention Against Organised Crime</li> <li>• OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions</li> </ul>  |
|   | Regional conventions                 | <ul style="list-style-type: none"> <li>• The Council of Europe Criminal Law Convention on Corruption</li> <li>• The African Union Convention on Preventing and Combating Corruption</li> </ul>  |
|   | National legislation and regulations | <ul style="list-style-type: none"> <li>• Lacey Act</li> <li>• Freedom of information legislation</li> <li>• Whistleblower legislation</li> <li>• Public procurement and concession regulations that require competitive bidding</li> <li>• Political campaign finance laws restricting undue influence</li> <li>• Anti-corruption legislation</li> <li>• Laws regarding requirements for public consultation including Free Prior and Informed Consent</li> </ul> |
| <b>Non-legal international standards/ initiatives</b> | International initiatives            | <ul style="list-style-type: none"> <li>• The Extractive Industries Transparency Initiative</li> <li>• Voluntary Partnership Agreements produced under the Forest Law Enforcement Governance and Trade Initiative</li> <li>• The Kimberly Process</li> </ul>   |
|   | Third-party standards                | <ul style="list-style-type: none"> <li>• Forest Stewardship Council</li> <li>• Programme for the Endorsement of Forest Certification</li> <li>• The Verified Carbon Standards</li> <li>• Climate, Community and Biodiversity Alliance</li> <li>• Plan Vivo Forest Carbon Standards</li> <li>• Fair trade</li> <li>• Roundtables and industry codes of practice</li> </ul>   |

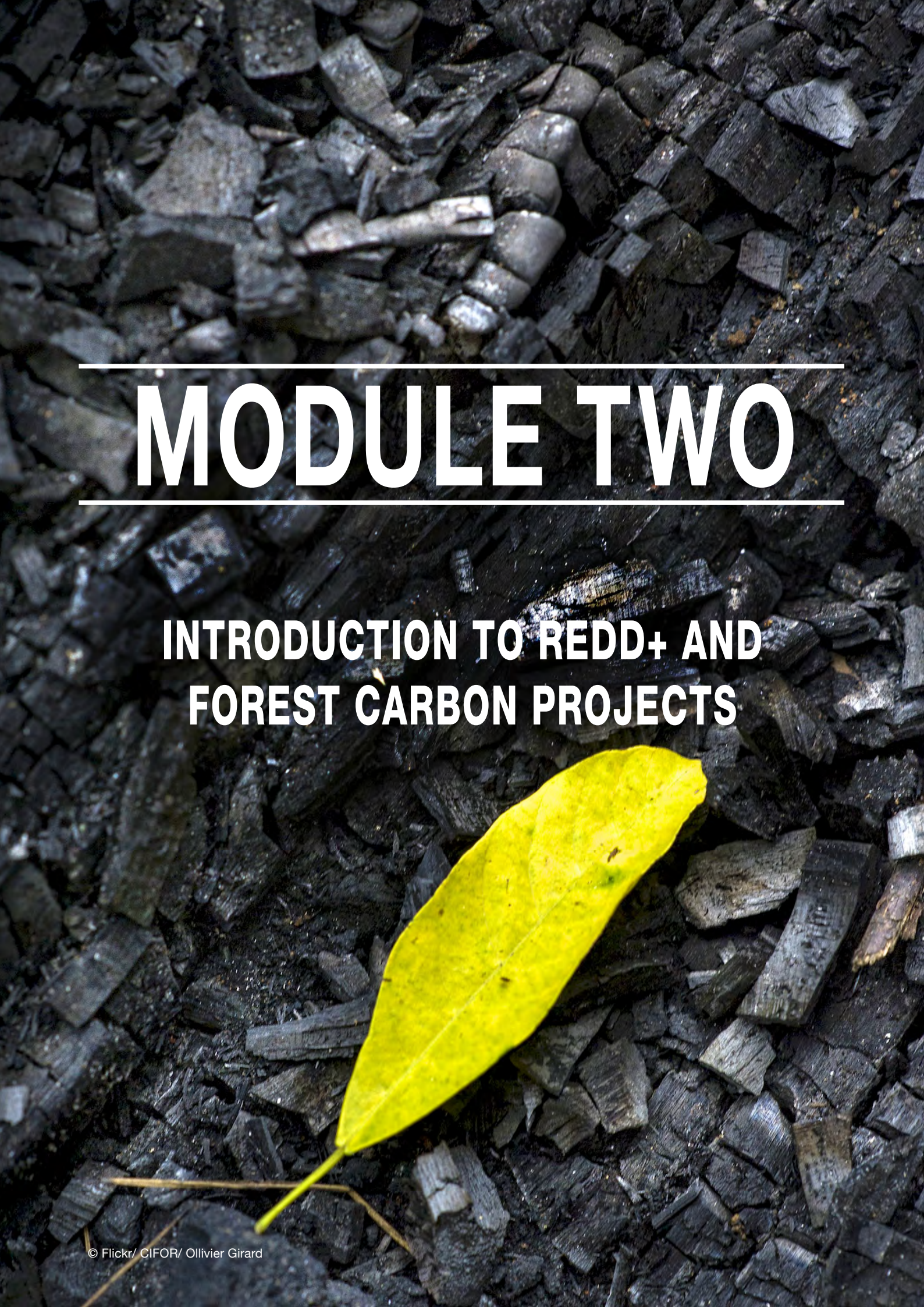


TABLE 3 CONTINUED

| Instrument category  | Sub-category                         | Examples of instrument  |
|--|--------------------------------------|---|
| <b>Independent monitoring and research</b>                     | International third-party monitoring | <ul style="list-style-type: none"> <li>• Transparency International's National Integrity System</li> <li>• The Global Integrity Report Assessments</li> <li>• Global Corruption Barometer</li> <li>• Freedom House Reports</li> <li>• Freedom in the World Report</li> </ul>                |
|  | National third-party monitoring      | <ul style="list-style-type: none"> <li>• Domestic NGOs</li> <li>• Independent Forest Monitor</li> </ul>   |
| <b>Citizen-centred anti-corruption programmes and projects</b> | Nationally specific actions          | <ul style="list-style-type: none"> <li>• Citizen report cards and indicators</li> <li>• Transparency International's Advocacy and Legal Advice Centres</li> <li>• Whistleblower hotlines</li> <li>• Training workshops</li> <li>• Transparency International's Development Pacts</li> </ul> |

Choosing which instruments to focus on will depend on the specific social, economic and political context. The factors that influence the risk of corruption and the various types of associated corrupt practices will influence which instrument to use, as well as its expected effectiveness in that context. It will also depend on the human and financial resources available to those looking to address corruption and what role they play in society, i.e. government, private sector or civil society.





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# MODULE TWO

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## INTRODUCTION TO REDD+ AND FOREST CARBON PROJECTS



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## OBJECTIVE

### USERS SHOULD BECOME FAMILIAR WITH:

- The overall concepts of REDD+ and forest carbon projects
- Interactions between international and national levels within both processes
- The overall process of national REDD+ development and readiness
- Forest carbon projects funded through the voluntary carbon market

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## BACKGROUND ON REDD+

### OVERVIEW OF THE CLIMATE CHANGE CHALLENGE

Climate change is probably the most significant challenge facing the world at this time. The Intergovernmental Panel on Climate Change in 2007 published a report stating that global warming is unequivocal and that over 90 per cent of the observed increase in temperature is very likely to have been caused by man-made greenhouse gases. The panel predicted that this warming will, if no action is taken to reduce emissions, result in an overall global temperature rise of 6.4°C by the end of this century. This would cause a stark increase in the occurrence of severe weather events, rises in sea level and decreases in precipitation in the tropics and sub-tropics, likely widespread habitat loss, species extinction, and human migration, as well as impacts which we may not yet be able to foresee.

At the UN Conference on Environment and Development in Rio de Janeiro in 1992 the United Nations Framework Convention on Climate Change was established. This remains the cornerstone of international climate policy, committing developed country parties (listed in Exercises 1 of the convention) to reducing their greenhouse gas emissions according to the 'common but differentiated responsibilities' of developed and developing nation states. The Kyoto Protocol, which entered into force in 1997, is an agreement under the convention requiring Annex I countries to reduce their levels of emissions against their 1990 levels. The first commitment period of this agreement ends in 2012.

Parties to the convention meet every year at the Conference of Parties to review its implementation. Climate action can be broadly divided into strategies: to mitigate climate change by reducing greenhouse gas emissions and increasing their storage, and to adapt to the effects of climate change. Funding for certain elements of these strategies is being made available by national governments through both bilateral funding and multilateral funds.

### WHAT PART CAN FORESTS PLAY?

Forests cover approximately 31 per cent of the earth's surface. When left undisturbed, they absorb carbon dioxide (a greenhouse gas) thereby acting as a natural store for it. Forests, however, represent a valuable resource, and cover land which could be converted to agriculture and other uses. This explains the fact that forests are being both degraded and removed at a rate of close to 13 million hectares each year - the equivalent of over 18 million football pitches. When woodland is destroyed, much of the carbon stored in the trees is released into the atmosphere. Deforestation and degradation currently accounts for between 15 and 20 per cent of greenhouse gas emissions globally.

Limiting deforestation and degradation plays a dual role in climate change mitigation, both by reducing terrestrial carbon emissions and maintaining a sink for fossil carbon released elsewhere. Forests also support efforts towards adapting to climate change, for example by protecting watersheds and maintaining habitats for biodiversity.



## WHAT ARE REDD AND REDD+?

A mechanism for reducing emissions from deforestation and forest degradation (REDD) was initially based on a simple proposal. Each country would identify its current rate of deforestation and degradation – and corresponding carbon dioxide emissions – and project this into the future. Countries would then take measures to reduce this level and would receive payments for the emission reduction that they achieved.

Since it was first presented at the Conference of Parties in 2005 this proposal has evolved to include other elements of forest conservation and maintenance, so as to ensure that countries are rewarded for being effective stewards of their forests, and that logging is not just displaced from one location to another. In the 2007 Bali Action Plan, REDD was expanded to include:

- Conservation of forest carbon stocks
- Enhancement of forest carbon stocks
- Sustainable management of forests

These elements are collectively referred to as the + in REDD+ and are outlined in a decision agreed at the 16th Conference of Parties in Cancun in 2010. Negotiations are underway on the details of the mechanism, with many questions still outstanding.

## REDD+ AT THE NATIONAL LEVEL

In anticipation of a future agreement, a number of programmes and funds have been established to help countries get ready for REDD+ (REDD+ readiness), and to pilot different approaches to achieving REDD+ outcomes at national, sub-national and project scales. The most prominent of these are the Forest Carbon Partnership Facility (FCPF) and the UN-REDD Programme. A number of other donors and multilateral funds are also working to support either specific elements of REDD+ readiness globally, or specific country efforts, one of largest of which is the Forest and Climate Initiative established by the Norwegian government.

FIGURE 1 THE ORIGINAL CONCEPT OF REDD

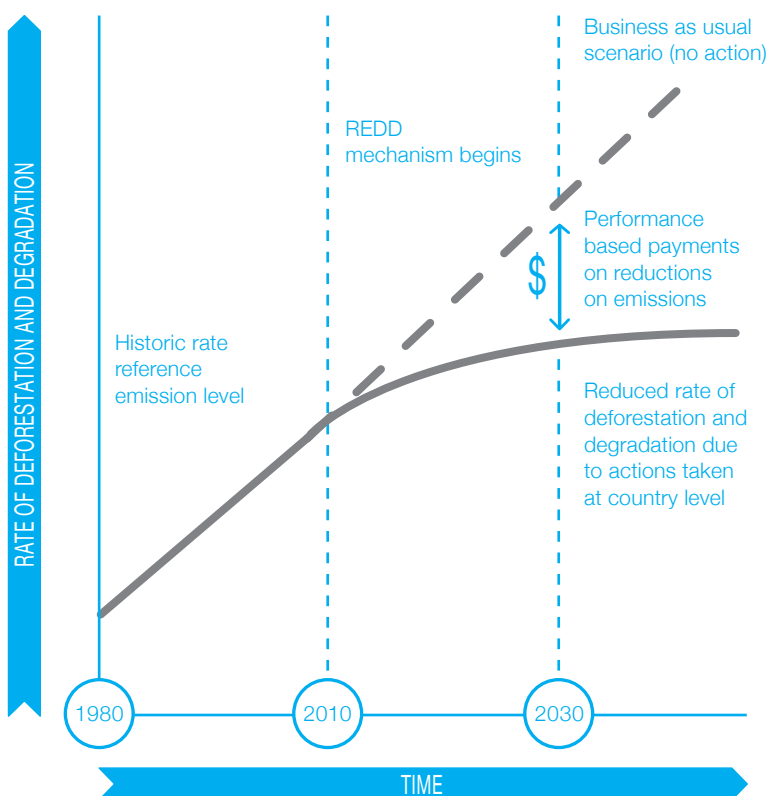
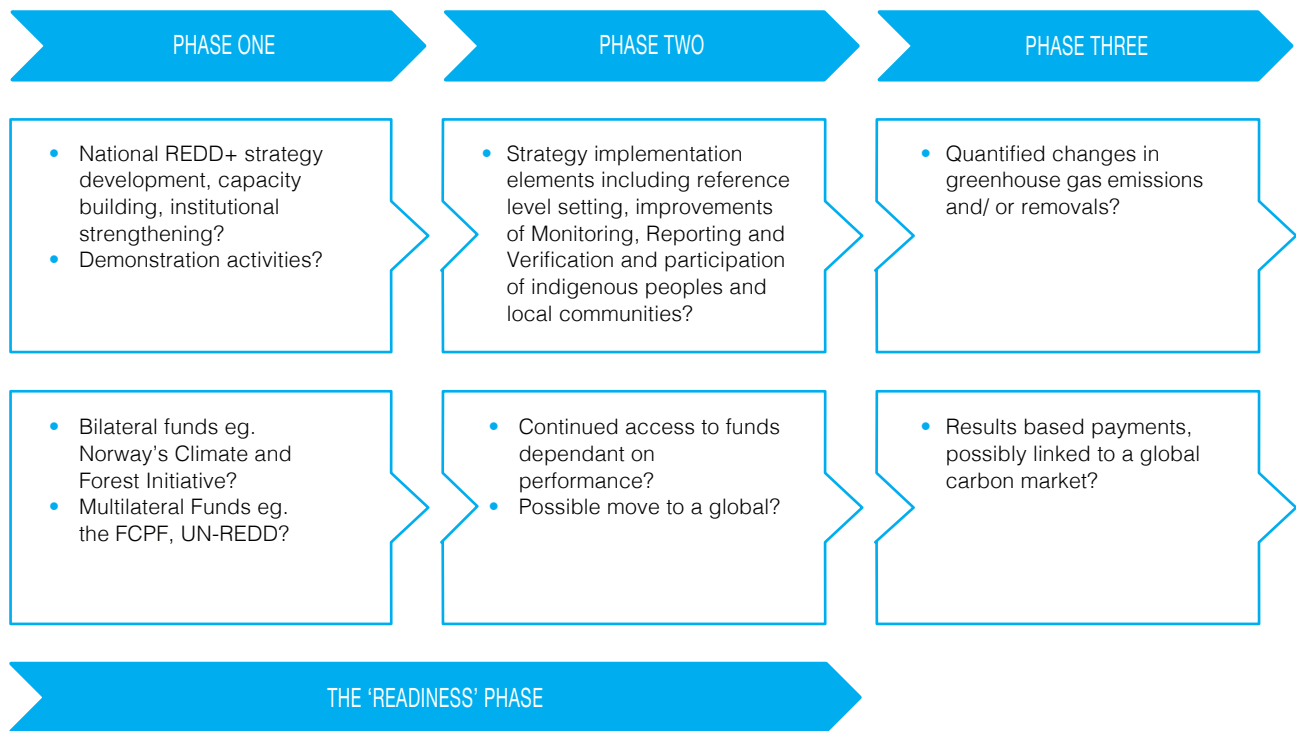


FIGURE 2 PROPOSED PHASES OF REDD+ DEVELOPMENT



This manual is intended for use prior to or during the 'readiness phase', which relates mainly to phases 1 and 2. It is intended to help users identify corruption risks during the development and implementation of national strategies for REDD+ readiness, and the implementation of demonstration REDD+ projects that are both part of these strategies as well as being part of the voluntary carbon market. In so doing, it will also help to improve preparations for phase 3 (results-based payments) by increasing awareness of the corruption risks that may occur when this phase is reached and what instruments can be used to help manage them.

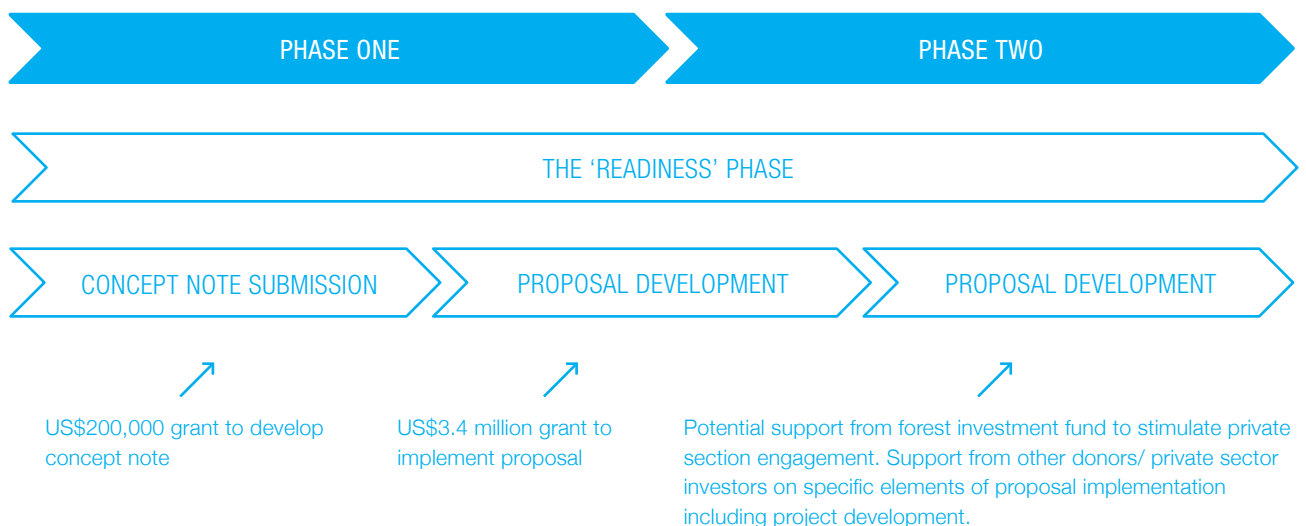
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## NATIONAL REDD+ DEVELOPMENT

### WHAT IS A NATIONAL READINESS PROCESS?

There is no formal definition of readiness and it is recognised that a country's progress is likely to gradually evolve between the three phases. Overall, readiness is seen as needing to address current issues in forest governance structures, land tenure, law enforcement and engagement with forest dependent communities, so that a country will be able to implement REDD+ activities in an effective, equitable and efficient way. These changes will need to focus on providing incentives for reductions in emissions from deforestation and degradation to occur alongside the conservation and enhancement of forest carbon stocks and the sustainable management of forests. Systems will also need to be put in place to measure and monitor these changes.

FIGURE 3 PHASES OF REDD+ READINESS



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Within both the UN-REDD and the FCPF systems, the development of a national roadmap towards readiness is one of the most significant steps towards mapping out how readiness will be achieved. FCPF calls this a Readiness Preparation Proposal and UN-REDD calls it a National Programme Document. Both are based on the same template, consisting of six sections which represent many of the decision and action areas necessary in a country's early progress towards REDD+ readiness.

Depending on the country, progress may have been made on some components but not on others. When submitting the document, countries therefore need to explain both decisions that have been taken as well as decisions that will be taken and the process that will be followed in doing so. It is the process by which these decisions are made and their outcomes that are the most vulnerable to corruption during the national REDD+ strategy development stage.



TABLE 4 COMPONENTS OF THE JOINT FCPF AND UN-REDD READINESS PREPARATION PROPOSAL WITH ASSOCIATED DECISION AREAS

| Component and sub-components   | Overview of key decision areas  |
|--|---|
| <p><b>Organise and consult</b></p> <ul style="list-style-type: none"> <li>• National readiness management arrangements</li> <li>• Information sharing and early dialogue with key stakeholder groups</li> <li>• Consultation and participation process</li> </ul>  | <ul style="list-style-type: none"> <li>• Who will be involved in managing the REDD+ process?</li> <li>• What will be the roles and responsibilities of various levels of management, and the relative hierarchy between institutions across sectors?</li> <li>• What will be the mechanisms for managing disagreement between working group members or across sectors/ institutions? (e.g. potential use of legislative provisions, ultimate decision making authority, level of transparency etc.)</li> <li>• What consultation processes occurred for the development of the Readiness Preparation Proposal document and what will occur afterwards, what will they focus on, who will be involved and how will consultations happen?</li> </ul>  |
| <p><b>Prepare the REDD+ strategy</b></p> <ul style="list-style-type: none"> <li>• Assessment of land use, forest law, policy and governance</li> <li>• REDD+ strategy options</li> <li>• REDD+ implementation framework</li> <li>• Social and environmental impacts during readiness preparation and REDD+ implementation</li> </ul> | <ul style="list-style-type: none"> <li>• What are the underlying causes of deforestation and degradation?</li> <li>• How successful have previous programmes and activities to address these been?</li> <li>• How good is the existing forest governance framework?</li> <li>• What are potential strategies for REDD+?</li> <li>• Which forest areas, types and sizes are considered for involvement?</li> <li>• Who owns the forests? (who owns the carbon?)</li> <li>• Who authorises, manages and monitors activities, transactions and reductions in emissions and what are their current capacities?</li> <li>• How will benefits and costs be shared between different actors?</li> <li>• How feasible are these strategies?</li> <li>• What impacts will they have on different stakeholder groups?</li> <li>• What could be the checks and balances to be included in the implementation framework to ensure transparency, accountability and equity?</li> <li>• What other institutional and governance reforms might be needed? (e.g. anti-corruption laws and measures, national best practices for fiscal transparency, clarifying roles and responsibilities within a decentralised forest management system, role and capacity of governmental and non-governmental institutions, including local and traditional institutions)</li> </ul> |

TABLE 4 CONTINUED

| Component and sub-components  | Overview of key decision areas  |
|---|---|
| <p><b>3 Develop a reference level</b></p>   | <ul style="list-style-type: none"> <li>• What are the historic levels of deforestation and degradation</li> <li>• What national circumstances could affect a reference level in terms of social and economic development or climatic factors</li> </ul>   |
| <p><b>4 Design a monitoring system</b></p> <p><b>4A Emissions and removals</b></p> <p><b>4B Multiple benefits, other impacts and governance</b></p> | <ul style="list-style-type: none"> <li>• Who will be responsible for monitoring activities, emissions reductions, transactions and other impacts</li> <li>• How will monitoring fit with existing monitoring, reporting and enforcement activities at the national level</li> <li>• What mechanisms will exist for independent monitoring and review, involving civil society, indigenous peoples and other stakeholders, to enable feedback of findings to improve REDD+ implementation</li> <li>• What systems/ structures will be required for monitoring and review, transparency, accessibility and sharing of data both nationally and internationally</li> </ul> |
| <p><b>5 Schedule and budget</b></p>   | <ul style="list-style-type: none"> <li>• How much funding will be required for each of the components</li> <li>• Where will this funding come from</li> <li>• How will it be allocated to different institutions/ groups</li> </ul>   |
| <p><b>6 Design programme monitoring and evaluation framework</b></p>  | <ul style="list-style-type: none"> <li>• What indicators will be used to measure progress towards REDD+ readiness</li> <li>• Who will do the monitoring</li> </ul>  |

## FOREST CARBON PROJECTS

### THE VOLUNTARY CARBON MARKET

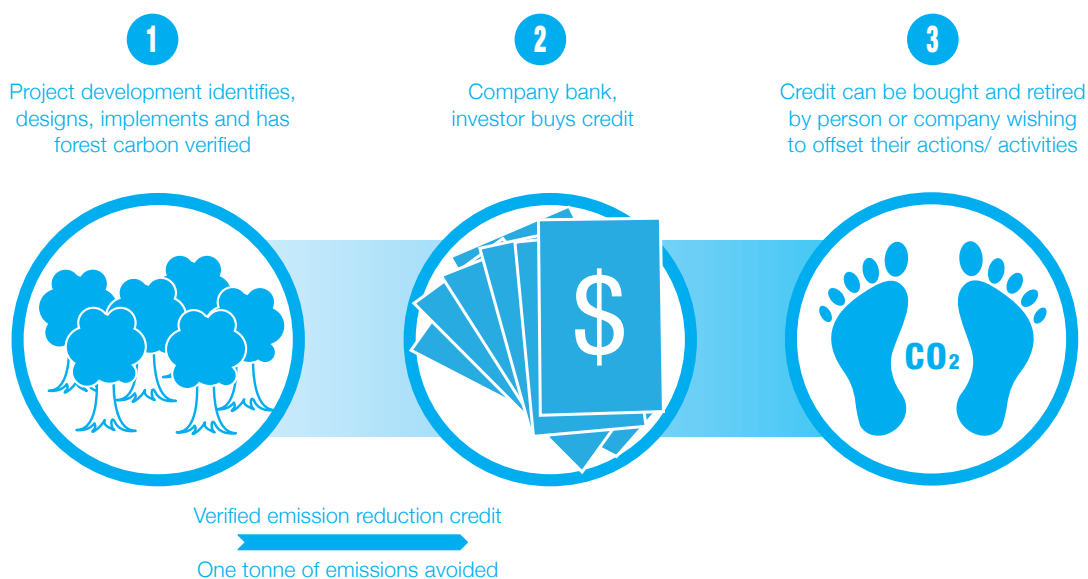
In the absence of a new international agreement on climate change, many individuals and companies are taking action by voluntarily offsetting their greenhouse gas emissions. This has created what is referred to as the voluntary carbon market, where people buy carbon credits to compensate for their own or their company's emissions. When an individual takes a flight, for instance, they can buy credits from a company to offset the amount of emissions that they are responsible for as a result of flying. The money paid by the consumer for the credit should be used to finance an emissions reduction project, such as schemes to reduce deforestation and degradation.

In 2010 the voluntary carbon market represented less than 0.1 per cent of the share of the global carbon market, with 99.9 per cent made up by compliance markets driven by regulatory emissions caps such as

those created by the Kyoto Protocol. Under the compliance market system, the only forest-related carbon credits included are those from plantation projects.

What the voluntary carbon market lacks in size, however, it makes up for in flexibility and innovation in the way that projects are financed, monitored and the methodologies that are used. Within this market there has been rapid progress in the development of voluntary standards which are intended to verify that emissions reductions have occurred, and in some cases that the project has produced additional benefits. The vast majority (over 86 per cent) of reported credits in the voluntary market are verified by a third-party or internal standard. Many of these innovations have also been brought across into the various compliance markets. REDD+ pilot projects are thus being used to test approaches and methods.

FIGURE 4 PASSAGE OF CREDIT FROM PRODUCER TO CONSUMER WITHIN THE VOLUNTARY MARKET





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## FOREST CARBON PROJECTS

Within the voluntary carbon market, there are three main types of project that are intended to conserve or increase levels of forest carbon.

### AFFORESTATION AND REFORESTATION

- Planting trees in degraded forest area (reforestation) or new areas not formerly forested (afforestation)
- Credits are generated through carbon sequestration during the growth of new trees, additional to the baseline credit stock level.

### REDUCED EMISSIONS FROM DEFORESTATION AND DEGRADATION

- Activities are proposed which will reduce the likelihood of deforestation or degradation of existing forest.
- Credits are generated through emissions that are now avoided, additional to the baseline, which reflects a trend in decreasing stock level.

### IMPROVED FOREST MANAGEMENT

- Existing natural forest is put into a sustainable and improved management system. Exact activities will depend on the objective of the individual project.
- Credits are generated through a combination of factors, depending on the individual project, i.e. increasing the growth rate of trees, reducing the harvest level, replanting with native species, extending rotation age.

Projects that relate to reduced emissions from deforestation and degradation have been growing in importance and were responsible for 29 per cent of credits sold on the voluntary market in 2010, when that market is estimated to have been worth US\$424 million. Afforestation or reforestation projects accounted for 6 per cent, while improved forest management accounted for 5 per cent. The remaining 60 per cent came from non-forestry sectors.

Within these projects, there will almost always be other objectives in addition to core carbon ones. These are frequently more closely related to the mission of the organisation managing the project, and often define the fundamental nature of activities undertaken, for instance poverty alleviation and rural development (developmental NGOs), biodiversity conservation (conservation NGOs) or corporate investments (private firms).

The scale at which forest carbon projects are implemented can vary enormously, from small individual landholdings of 100 hectares to large blocks of forest area within a region or province comprising 100,000 hectares. To date, all forest carbon projects have been conducted at the sub-national or local level as there are no active national level carbon accounting schemes to oversee national level projects. This, of course, is one of the main objectives of national REDD+ strategies.

## WHAT DOES A FOREST CARBON PROJECT LOOK LIKE?

In all projects the generation of financial return, whether for local resource holders, private investors or both, will be a key feature. This is needed for the long term viability of the project and is frequently combined with additional income-generating activities which result in a more resilient and sustainable project structure. Examples include sustainable timber harvesting and the production of non-timber forest products.

### REDD PILOT PROJECT IN TAITA TAVETA DISTRICT, KENYA

#### Name

The Kasigau corridor REDD project, Coastal Province, Taita Taveta district, Kenya.

#### Objectives

The project area is primarily low-density forestland, shrubland and grassland savannah and functions as a critical wildlife corridor between two parks. The land is a private leasehold estate given by the government of Kenya to Rukinga Ranching Company Ltd., which granted a conservation easement to Wildlife Works Inc. Major activities in the project area include the protection of the wildlife habitat and carbon stocks, greenhouse-based tree production, agricultural outreach, employment and the construction of schools. The project lifetime and crediting period is 30 years.

#### Project Developer

Wildlife Works Inc.

#### Project Type

REDD+

#### Location

Taita Taveta district, Kenya

#### Size

30,168 hectares

#### Forest/ land cover type

Sparse trees, grassland, shrubland

#### Total Reductions

6,000,000 tonnes of carbon dioxide per year

#### Crediting Period

30 years

#### Credit Status

Actively selling

#### Investors

Wildlife Works Carbon LLC

These projects regularly involve alliances between conservation groups, government, local communities and private sector actors. This brings a host of opportunities and also complexities in terms of relationships, responsibilities and transparency.

### HOW ARE FOREST CARBON PROJECTS CURRENTLY BEING DEVELOPED

In a similar way to national level REDD+ development, the process of forest carbon project development can be split into a number of different steps.

FIGURE 5 GENERIC PROJECT DEVELOPMENT PROCESSES

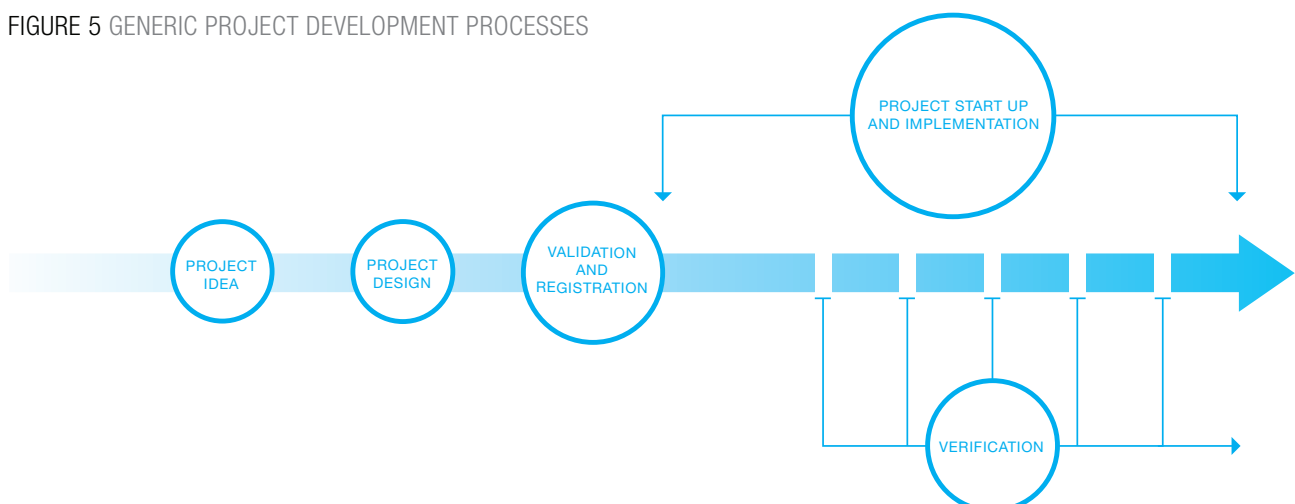








TABLE 5 PHASES OF FOREST CARBON PROJECT DEVELOPMENT AND ASSOCIATED DECISIONS AND ACTIONS

| Phases   | Phase Overview   | Decisions/ actions  |
|--|--|---|
| <p><b>Project idea</b></p> <p><b>Output: Project Idea Note (PIN)</b></p>         | <p>Developing an initial outline of the project, its scope geographically and technically, who will be involved, and how it will be implemented</p>  | <ul style="list-style-type: none"> <li>• What type of project will it be?</li> <li>• Where will it be?</li> <li>• Who will be involved?</li> <li>• What is the legal situation? (who has rights to the land and carbon)</li> <li>• Who will be affected?</li> <li>• How will it be implemented?</li> <li>• What consultations have taken or will take place and with whom?</li> </ul>   |
| <p><b>Project design</b></p> <p><b>Output: Project Design Document (PDD)</b></p> | <p>Provide a detailed outline of the project, what activities it will undertake, how it will be managed, what it will achieve (emissions reductions and other benefits), what it will cost</p> | <ul style="list-style-type: none"> <li>• What will be used to protect the forest?</li> <li>• Who will do what with regard to management and implementation?</li> <li>• How will greenhouse gas benefits be measured and monitored?</li> <li>• What emissions reductions are likely?</li> <li>• What social and environmental impacts will occur and for whom?</li> <li>• What are the project's upfront costs and expected financial flows?</li> <li>• How will revenue be used throughout the project and who will manage and have access to it?</li> <li>• What agreements need to be signed?</li> <li>• What consultations have taken or will take place and with whom?</li> </ul> |
| <p><b>Project validation and registration</b></p>                                | <p>Third party auditor identifies whether the project is viable and is likely to achieve objectives</p>  | <ul style="list-style-type: none"> <li>• Has the project used the right methodology to calculate potential reductions in emissions and applied it properly?</li> <li>• Has the project taken the right steps including consultation and adherence to laws?</li> <li>• Has the project reference emission level been determined correctly?</li> </ul>  |
| <p><b>Implementation</b></p>   | <p>Complete agreements with involved parties (financiers, communities, NGOs).</p> <p>Begin implementation of project activities and monitoring</p>   | <ul style="list-style-type: none"> <li>• Sign agreements for access to land, benefit sharing, defining roles and responsibilities?</li> <li>• Implement forest protection activities?</li> <li>• Patrolling or monitoring, fire prevention, conservation incentive agreements etc?</li> <li>• Design alternative livelihood and community benefit activities?</li> <li>• Monitor deforestation rates in project site?</li> <li>• Monitor and mitigate leakage?</li> <li>• Monitor social and ecological impacts?</li> </ul>   |
| <p><b>Verification</b></p>   | <p>Third party auditor undertakes periodic verifications throughout implementation</p>   | <ul style="list-style-type: none"> <li>• Has the project been implemented according to the project design and methodology?</li> <li>• Did the project do what it said it would?</li> <li>• Has monitoring occurred as planned?</li> <li>• Quantity of real emissions reductions?</li> <li>• Leakage monitored and/ or mitigated?</li> <li>• What social and environmental impacts (expected or unexpected) have occurred and have the negative ones been compensated for?</li> <li>• Have the project benefits been achieved?</li> </ul>  |



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## KEY ISSUES TO BE ADDRESSED WITHIN ANY FOREST CARBON PROJECT

Any forest carbon project relying on finance from trading units which allow for the release of an equivalent amount of carbon dioxide emissions will need to address a number of key issues. These are also crucial for decisions on what strategies should be adopted to achieve REDD+ at the national scale. They include:

### ADDITIONALITY

The project must be additional to a business-as-usual scenario. The project developer must therefore be able to demonstrate an ability to reduce emissions beyond levels that would otherwise have occurred.

### PERMANENCE

The project must be able to guarantee greenhouse gas mitigation over the stated time period.

### LEAKAGE

The project must not transfer emissions to another locality, i.e. to prevent people from stopping cutting trees in one location and starting five miles down the road.

### DOUBLE COUNTING

No more than one organisation can take credit for the offsets. This is particularly difficult when calculating national changes and project level changes.

### ACCOUNTING

Whether the credits can be sold before they are produced.

### CO-BENEFITS

Whether the project provides additional benefits such as job creation and protection of watersheds.

### SAFEGUARDS

The project must address and mitigate direct and indirect negative impacts to communities and ecosystems.

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**Dealing with these issues requires careful thought and actions to address the social, economic and political incentives and structures both within and surrounding a project.**

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## WHAT STANDARDS EXIST TO SUPPORT THE IMPLEMENTATION AND MONITORING OF PROJECTS?

Forest carbon standards refer to a set of rules and guidelines that a forest carbon sequestration or emission reduction project should comply with to ensure that it is generating real and measurable net carbon gains. The standards governing projects on the voluntary market are most often set up and enforced by recognised professional organisations or through consensus for voluntary adoption.

There now exist numerous standards and guidelines for forest project development. These cover the way in which emissions reductions are measured and monitored, the way in which the project is developed (including what co-benefits it brings) or both. Overall, standards are aimed at providing guidance to developers and piece of mind to buyers that the key challenges of additionality, permanence, leakage, double counting, accounting and co-benefits have been addressed.

**TABLE 6** EXAMPLES OF VOLUNTARY FOREST CARBON AND SOCIO-ENVIRONMENT STANDARDS

Voluntary carbon standards certify carbon accounting methods and guarantee that each credit they issue corresponds to an emission reduction of one tonne of carbon dioxide.

| Standard                               | Overview   |
|--|--|
| <b>American Carbon Registry (ACR)</b>  | A private voluntary greenhouse gas registry and standard, ACR is an enterprise of Winrock International, USA. It accepts Afforestation and Reforestation, Improved Forest Management and REDD projects anywhere in the world.  |
| <b>CarbonFix Standard (CFS)</b>        | CFS is managed by CarbonFix, a non-profit organisation registered under German law. It aims to increase the amount of sustainably managed forests and decrease global carbon dioxide levels. It accepts Afforestation and Reforestation projects anywhere in the world and supports projects with demonstrated commitment to socio-economic responsibility.  |
| <b>Chicago Climate Exchange (CCX)</b>  | CCX was a voluntary yet legally binding greenhouse gas cap and trade system in the USA that closed down recently. However, the CCX standard for issuing voluntary carbon credits to offset projects continues to operate. Afforestation and Reforestation and Sustainable Forest Management projects in the USA and in developing countries are eligible.  |
| <b>Plan Vivo Systems and Standards</b> | This standard is managed by the Plan Vivo Foundation, a registered Scottish charity. Eligible projects include agroforestry and afforestation, including small-scale timber, fruit or fuel-wood plantations, restoration and reforestation of degraded or damaged ecosystems, and avoided deforestation. The projects should be in rural areas in developing countries and on lands where smallholders or communities have ownership, lease or use rights. |
| <b>Verified Carbon Standard (VCS)</b>  | The VCS Program is managed by the VCS Association, an independent, non-profit organization headquartered in Washington DC. Until February 2011 it was called the Voluntary Carbon Standard. Eligible forestry projects include Afforestation, Reforestation and Revegetation, Agricultural Land Management, Improved Forest Management, REDD and Peatland Rewetting and Conservation anywhere in the world.  |

TABLE 6 CONTINUED

Voluntary socio-environmental standards are also referred to as multiple-benefit carbon standards. These include broader environmental and social aspects. At present these standards need to be combined with one of the above system in order to sell a credit on the voluntary market.

| Standard   | Overview   |
|--|--|
| <b>Climate, Community, and Biodiversity Standards (CCBS)</b> | <p>CCBS is operated by the Climate, Community, and Biodiversity Alliance (CCBA) of research institutions, corporations and NGOs. CCBS identifies land-based climate change mitigation projects that simultaneously address climate change, support local communities and conserve biodiversity. Projects can occur anywhere in the world. Once a project is designed, third-party evaluators validate the projects against CCBS criteria. To earn CCBA certification, projects must satisfy all fourteen required criteria and earn gold level status by satisfying any of the three optional gold level criteria.</p> |
| <b>SocialCarbon</b>  | <p>This standard was developed by the Ecological Institute, a Brazilian non-profit organisation. It certifies voluntary emission reduction projects for their social and environmental performance and contribution to sustainable development. Projects can occur anywhere in the world.</p>  |

TABLE 7 DIFFERENTIATING FOREST CARBON PROJECTS AND NATIONAL REDD+ DEVELOPMENTS

|                  | Forest carbon projects   | National REDD+ strategies   |
|------------------|--|---|
| <b>Scale</b>     | Projects are implemented at the sub-national or local level, involving discrete and defined land areas. Current examples of forest carbon projects range from 1000 hectares to 700,000 hectares and upwards in size. | Strategies are developed for an entire country. This may include specific strategies for different regions as well as discrete pilot projects designed to test strategies and methodologies (these pilot projects can also be referred to as REDD+ projects and can either form part of the voluntary carbon market or be fully donor funded).  |
| <b>Financing</b> | Start-up costs covered through private finance, multilateral, bilateral or NGO funding.<br><br>Emissions reduction credits can later be sold on the voluntary carbon market to provide further finance.              | Multilateral and bilateral support, particularly for national level governance and approaches as well as strategy development. Private or third party finance often sought for pilot projects. There is no market yet for national level emission reductions but there are moves for them to be included within a future agreement and thus a compliance market. Pilot projects are included in the voluntary market. |
| <b>Standards</b> | Projects can adhere to a number of voluntary standards such as the Voluntary Carbon Standards.   | Standards have yet to be finalised but UN-REDD is developing social and environmental principles, and FCPF are developing safeguards which include a requirement to abide by World Bank safeguards (see below). Reference levels, Monitoring, Reporting and Verification and others are being established on a country-by country basis.  |

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## DEVELOPMENT OF REDD+ SAFEGUARDS

The implementation of REDD+ actions could pose a number of risks or negative impacts, including the conversion of natural forests to plantations and other land uses of low biodiversity value; loss of traditional territories resulting in displacement; erosion or loss of rights; disruption and loss of traditional and rural livelihoods; social exclusion and elite capture in the distribution of benefits from REDD+ and discrimination in delivery of benefits.

The seven Cancun safeguards cover a range of social, environmental and governance issues including the need for consistency with national objectives and priorities, transparent forest governance structures, respect for indigenous peoples and local communities, effective participation of relevant stakeholders, conservation of natural forests and biodiversity, permanence and leakage. REDD+ activities have to be implemented in accordance with these safeguards.

Framed by the Cancun safeguards, more specific provisions on safeguards are being developed by a number of parties.

**The UN-REDD Programme's Social and Environmental Principles and Criteria (SEPC):** These are being developed with the aim of promoting social and environmental benefits and reducing risks from REDD+.

**World Bank Safeguards and Strategic Environmental and Social Assessment (SESA):** These two mechanisms are used to incorporate relevant environmental and social considerations into REDD+ readiness programmes.

**REDD+ Social and Environmental Standards (REDD+ SES):** A voluntary initiative coordinated by CCBA and Care, this initiative is developing standards that can be used to design and implement REDD+ programmes that respect the rights of indigenous peoples and local communities and generate significant social and environmental co-benefits.

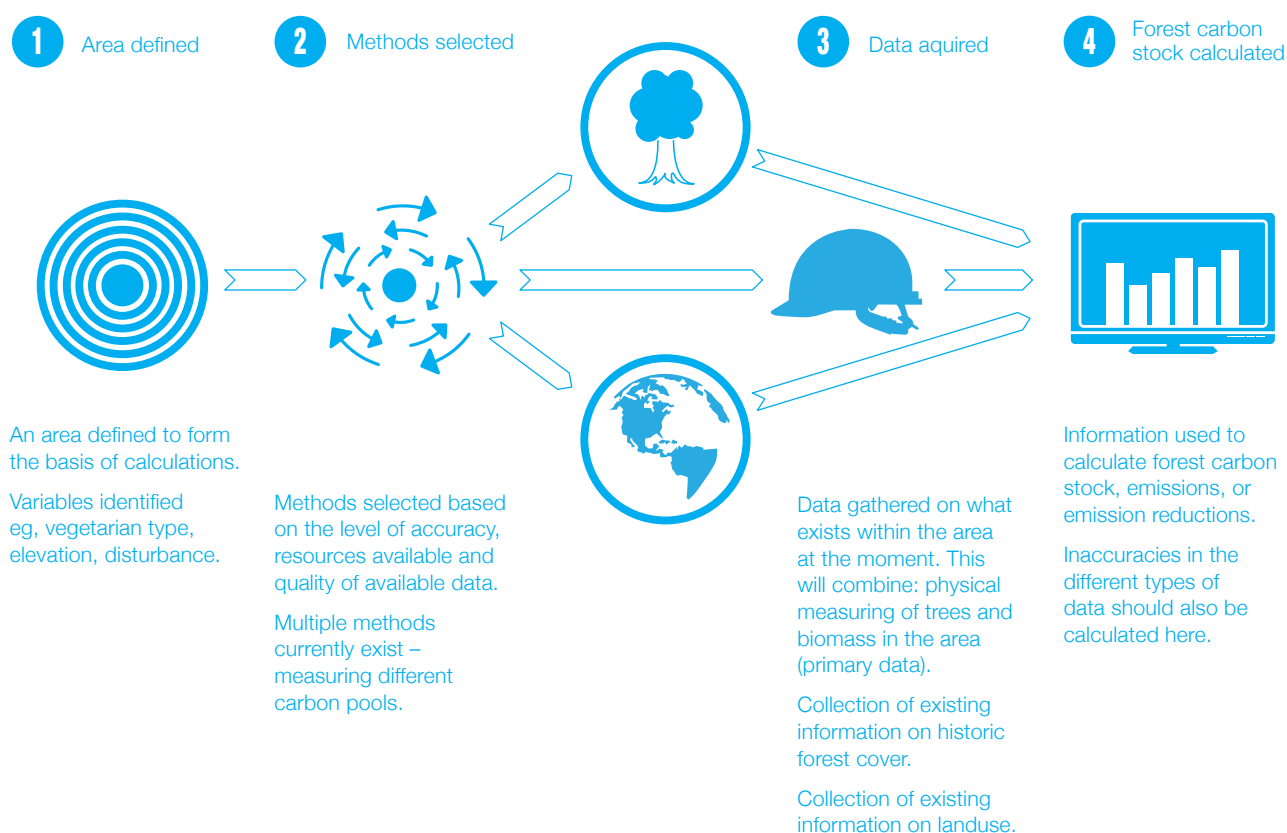
The Cancun agreement further obliges countries to develop a safeguards information system, which should encompass effective reporting, broad stakeholder participation and transparent decision-making. At the UN 17th Conference of Parties in Durban negotiators adopted a decision on REDD+ that requires parties to report on how these safeguards are being addressed and respected throughout the implementation of REDD+ activities.



## HOW IS FOREST CARBON MEASURED?

The current proposed mechanisms for REDD+ and the existing voluntary carbon market rely on calculations of forest carbon to measure success in reducing emissions. These calculations follow a basic four-step process.

FIGURE 6 STEPS IN THE CALCULATION OF FOREST CARBON



A carbon credit or offset credit is often referred to as the unit that is traded on a carbon market. With REDD+ development and forest carbon projects, an offset credit is equivalent to an emission reduction of one metric tonne of carbon dioxide achieved through reducing deforestation or forest degradation, calculated as described above. In the context of REDD+, it is yet to be determined if payments will be based on tonnes of carbon dioxide alone or in combination with other performance criteria.



A photograph of a large stack of cut logs, likely from a forest, in a dry, open landscape. The logs are stacked horizontally, with a single vertical log standing upright in the center. The background shows a dry, dusty ground with sparse, dry vegetation and a few trees in the distance under a clear sky. The text is overlaid on the image.

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# MODULE THREE

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## INTRODUCTION TO CORRUPTION RISKS IN NATIONAL REDD+ AND FOREST CARBON PROJECTS



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## OBJECTIVE

### USERS SHOULD UNDERSTAND:

- Why REDD+ may present corruption risks
- The five activity areas for assessing the integrity of REDD+ developments and forest carbon projects
- Who can and should participate in the assessment

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## CORRUPTION RISKS IN REDD+ AND FOREST CARBON PROJECTS

The forestry sector has traditionally faced many corruption challenges. For any REDD+ mechanism to be successful in the future, it is important that readiness efforts establish structures and a culture that supports transparency, accountability and integrity.

### SUSCEPTIBILITY TO CORRUPTION

Current support for REDD+ can be seen to be very similar to the early stages of any natural resource exploitation. There are large influxes of upfront capital related to actors who support the development of infrastructure, increase capacity and generate revenue flow from resource harvesting and management. In the case of REDD+, these occur particularly at the national level to build capacity to measure and monitor forest carbon and subsequent emissions reductions from REDD+ activities, but there are also promises of large future revenue at both national and project levels.

Natural resource management often brings with it a need to develop new legislation and processes for governing and allocating the resource and revenue from it. For REDD+ this relates to the potential development of new government bodies at the national level, allocation of potential REDD+ project areas at sub-national levels, allocation of carbon rights, and development of benefit sharing mechanisms. There are significant learning curves to be overcome with regard to knowledge of the resource (carbon) and its value. This is particularly true in the case of REDD+ at the national level, as the exact mechanisms for designing REDD+ and eventually generating income from emissions on the compliance market is still evolving, with complex methodologies for measurement and monitoring carbon.

TABLE 8 EXAMPLES OF ROOT CAUSES OF CORRUPTION IN REDD+ AND FOREST CARBON PROJECTS

| General characteristics                          | Examples of root causes of corruption in REDD+ and forest carbon projects   |
|--|---|
| <p><b>Geographical location of resources</b></p> | <p><b>Remoteness of many forest carbon and REDD+ pilot project areas</b></p> <p>Forest resources are often remote in their location. This has a dual impact on their vulnerability to corruption and poor governance. Forest-dwelling populations are likely to be geographically, culturally, and politically distant from decision making processes with regards to language, education and understanding of state systems. Remote locations also make the monitoring of resource use difficult to undertake.</p>   |
| <p><b>Physical characteristics</b></p>           | <p><b>Forest carbon remains an intangible commodity to be traded</b></p> <p>Although trade in emissions reductions has, in principle, all the characteristics of trade in timber, there is one critical difference; there is no tangible asset being transferred. If a buyer were to purchase 30 cubic metres of mahogany from a timber company, when it arrived they would be able to verify whether or not it was mahogany of the specified amount. This cannot be done conclusively with emissions reductions without a lot of time, effort and knowledge and might consequently be prohibitively expensive. This is why verifiable adherence to standards is a pivotal issue within national REDD+ developments and forest carbon projects. The robustness of the standards themselves is also essential.</p>   |
| <p><b>High rents</b></p>                         | <p><b>Large influxes of funding from international development community, frequently coupled with short timeframes for delivery of results</b></p> <p>Large influxes of funding at the outset have created high potential rents from REDD+, particularly at the national level. This influx has created interest across government, the private sector and NGOs but may also result in rent seeking as actors try to gain access to funds. These levels of financial input will be dwarfed should REDD+ be included within a compliance market with a sustained carbon price. As such it is important that good systems are developed early.</p>  |
| <p><b>Complex institutional processes</b></p>    | <p><b>Technical complexity of terminology used, forest carbon emission reduction calculations, monitoring and management</b></p> <p>Forest carbon and REDD+ are new concepts with an extensive vocabulary of technical terms as well as a large number of different standards and guidelines that are being updated regularly.</p> <p>This creates and maintains a situation of information asymmetry between those with REDD+ knowledge (often project developers) and those without (often those responsible for forest management and governance either nationally or locally). These information asymmetries can affect:</p> <ul style="list-style-type: none"> <li>• Levels of support for REDD+ by politicians, which may be inappropriately high due to vested interests</li> <li>• Allocation of land rights</li> <li>• Development of national strategies</li> <li>• Design of methodologies and procedures for national level carbon accounting</li> <li>• Agreements between project developers, governments and forest communities</li> </ul> |

TABLE 8 CONTINUED

| General characteristics             | Examples of root causes of corruption in REDD+ and forest carbon projects   |
|-------------------------------------|---|
| <p><b>International nature</b></p>  | <p><b>‘Carbon cowboys’ and international finance</b></p> <p>REDD+ has the potential to stimulate considerable private capital. Significant numbers of forest carbon projects have already been developed and implemented, in many cases resulting in credits being available for investors on the voluntary market. Without existing domestic legal frameworks and international guidance to govern REDD+ and project development there is the potential for international investment to be driven by rent seeking behaviour to capitalise on information asymmetries and undertake corrupt practices within countries. For example, private sector investors may try to gain access to community owned forest land by promising rent from forest carbon sales without community understanding of this revenue system and the resulting impact on their use of forest resources.</p> <p>On the other hand international investment also has the potential to improve domestic standards should firms look to international best practice during project development and work with national partners to overcome information asymmetries.</p>  |
| <p><b>Political uncertainty</b></p> | <p><b>Uncertainties over future finance and access to markets</b></p> <p>The future of a mechanism for REDD+ is still uncertain, as are the technical details on how actions can and should be undertaken. Uncertainty at the international level regarding political will and financing has led many countries to see existing efforts as a one-time chance to access funds, with little certainty that they will be sustained.</p> <p>The speed with which the international community want to get these processes underway is a legitimate concern with regard to the potential impacts of climate change. However, this leads to tight timeframes that put pressure on actors to design and implement REDD+ activities rapidly. In some cases this can reduce oversight, weaken consultation and engagement processes and limit potential to develop required understanding of appropriate approaches to governance and risk mitigation. Key elements of an integrity system may also be overlooked, leaving loopholes that could be exploited in the future. The need for speed also gives implementing bodies insufficient time to assess and respond to proposals. This can jeopardise prospects for REDD+ in countries where it is most needed (i.e. Brazil and Indonesia) for climate change mitigation.</p> |



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## EXISTING LEVELS OF CORRUPTION

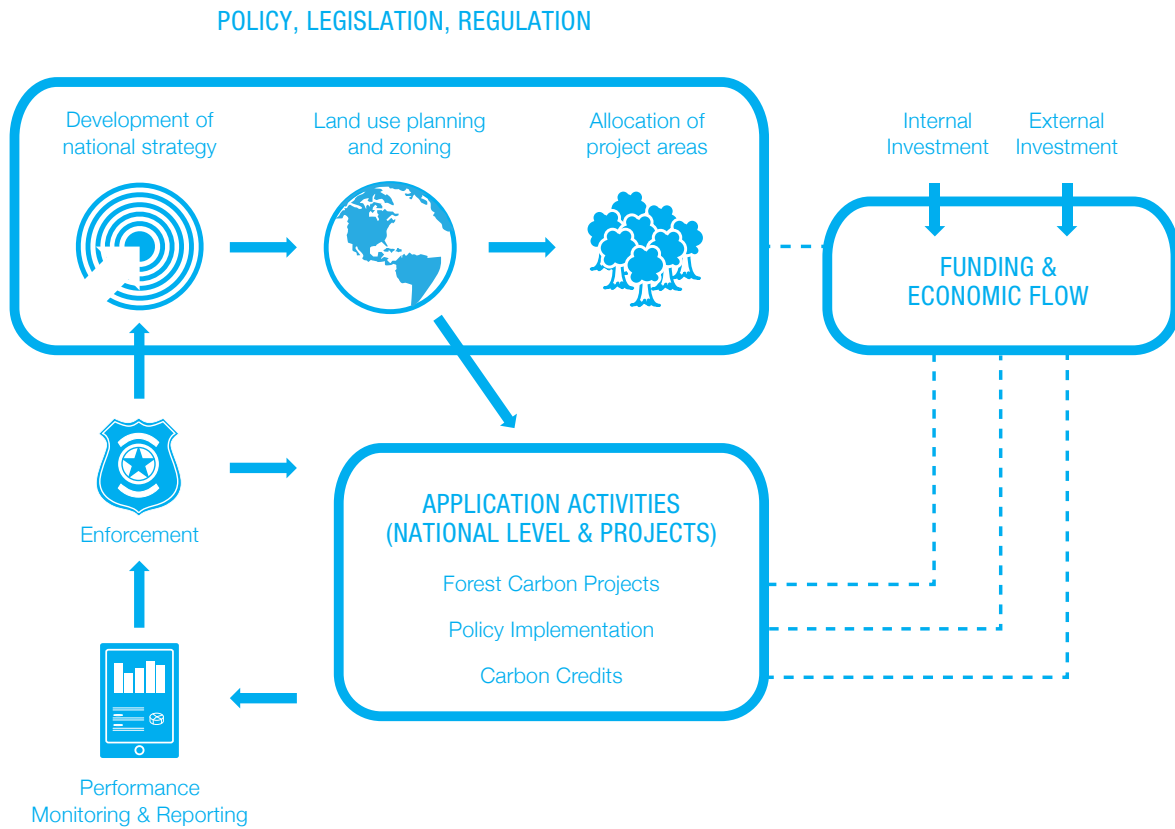
REDD+ is intended to be a mechanism to conserve and enhance stocks of standing tropical forest. Target countries are often those with large areas of remaining forest, frequently coupled with high pressure on those resources for deforestation and forest degradation. Transparency International's *Global Corruption Report on Climate Change* assessed 10 of the most rapidly deforesting countries against a number of global governance indicators. They suggest that support for national REDD+ process and forest carbon projects in these countries will have to work within and address some significant governance challenges.

Any assessment of corruption risks within national REDD+ and forest carbon project development and implementation must look at how the incentives being offered will impact on and interact with the existing social, political and economic context. Assessing this can be a complex process as there are many variables to consider. This manual looks to provide a simplified framework to support this assessment, by dividing actions into five different thematic areas: policy legislation and regulation; funding and economic flows; application activities; performance monitoring and reporting and enforcement. This is by necessity a simplification, but provides an initial framework to begin the mapping of corruption risks. Exercises A3 and A4 provide a more detailed overview of potential risks for each thematic area.

TABLE 9 SUMMARY OF RELEVANT COUNTRY DATA

| Country                          | FAO global forest resource assessment annual change in forest cover 2000-2005 (million hectares per year) | Transparency International's 2011 Corruption Perceptions Index (0 = highly corrupt, 10 = very clean) | World Bank Ease of Doing Business 2010 (ranking out of 183, 1 = easiest) | World Bank Control Of Corruption Indicators (-2.5 to 2.5, 2.5 = best) |
|----------------------------------|---|--|--|---|
| Bolivia                          | - 0.27  | 2.8  | 161  | - 0.5   |
| Brazil                           | - 3.1   | 3.8  | 129  | 0.0   |
| Cambodia                         | - 0.22  | 2.1  | 145  | - 1.1   |
| Democratic Republic of the Congo | - 0.32  | 2  | 182  | - 1.3   |
| Ecuador                          | - 0.20  | 2.7  | 138  | - 0.8   |
| Indonesia                        | - 1.87  | 3  | 122  | - 0.6   |
| Malaysia                         | - 0.14  | 4.3  | 23   | 0.1   |
| Myanmar                          | - 0.47  | 1.5  | -  | - 1.7   |
| Nigeria                          | - 0.41  | 2.4  | 125  | - 0.9   |
| Venezuela                        | - 0.29  | 1.9  | 177  | - 1.1   |
| Zambia                           | - 0.45  | 3.2  | 90   | - 0.5   |
| Mean                             | - 0.7   | 2.7  | 129  | - 0.8   |

FIGURE 7 A FRAMEWORK FOR ASSESSING CORRUPTION RISKS IN NATIONAL REDD+ DEVELOPMENT AND FOREST CARBON PROJECTS



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## POLICY LEGISLATION AND REGULATION

This refers to the overarching policies that govern how actors within the sector operate. This area is fundamental to national REDD+ development where policy and regulation will be developed and will have a significant impact on forest carbon projects. New legislation may also be introduced to address carbon trading schemes. Exercise A3 provides examples of potential activity areas and corruption risks within this thematic area.

FIGURE 8 EXAMPLE ACTIVITIES UNDER POLICY AND REGULATION

| Activity areas                    | Areas of potential corruption risk   |
|-----------------------------------|--|
| Allocation of carbon rights       | Decisions on who owns the carbon held in forests and who has the right to buy and sell carbon credits.                           |
| Changes to land tenure            | Potential reforms to existing land tenure legislation. This will likely be coupled with decisions on how carbon rights are held. |
| Land-use zoning plans             | Developing plans of where actions for REDD+ and forest carbon projects can take place.   |
| Contractual and legal obligations | Quality and equity of contracted agreements.   |



## FINANCIAL AND ECONOMIC FLOWS

The economic flows for REDD+ (either from donors or the voluntary carbon market) are intended to provide compensation to the state or land/ carbon owner for the loss of potential lost revenue. They should also cover the costs of managing and maintaining the standing forest (including building capacity to govern and monitor these resources at national and local levels), and provide further incentives for activities that enhance the environment and are in the public interest.

The revenue chain within forest carbon and REDD+ relates to four main streams: the funding provided up front for project or strategy development (from donors, NGOs or private actors), the revenue that should occur once proof of performance has been established, the fees and taxes

paid on this revenue, and how funds from all three are used to benefit those currently relying on the forests for their livelihoods.

Diversion of these revenues by corrupt actors compromise the objectives of REDD+ and can lead to perverse incentives to continue degrading forests, or result in the exclusion of vulnerable groups from the potential benefits as well as damaging their existing livelihoods. Unregulated and poorly reported revenue flows allow for the laundering of the proceeds of crime (i.e. illegal logging and other associated crimes) which may have a wider effect on the economy and social conditions of a country.

FIGURE 9 EXAMPLE ACTIVITIES UNDER ECONOMIC AND FINANCIAL FLOWS

| Activity areas                                 | Areas of potential corruption risk  |
|--|---|
| <b>Use of donor funds</b>                      | Donor funds are entering countries to support readiness activities. There may be pressure to use these rapidly to meet deadlines.   |
| <b>Sale of credits on the voluntary market</b> | Some credits are being sold to the voluntary market from projects. How are these credits calculated and by whom, how many are being created, who is selling these and to whom, and what happens to the revenue? |
| <b>Benefit sharing within projects</b>         | Benefit sharing mechanisms have been developed in a number of projects. How are these funds being used and who gains access to them?  |
| <b>Due diligence of external investments</b>   | Many new firms are entering the market for climate investment, some will be reputable, others potentially corrupt.  |

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## APPLICATION ACTIVITIES

In developing and implementing both a forest carbon project and a national level strategy, many decisions and activities must be undertaken. These decisions include the setting up of governance systems, the hiring of staff, the implementation of safeguards etc.

Of particular relevance is the implementation of safeguards within national REDD+ development processes, and voluntary carbon standards within the development of a voluntary carbon market project. Safeguards are activities that are designed to mitigate direct and indirect negative impacts to communities and ecosystems. They are critical to ensuring that REDD+ initiatives take into consideration values beyond carbon credits alone, such as fair treatment and benefit distribution to impacted communities. One example of a safeguard activity is the application of a Free, Prior and Informed Consent process to ensure affected people give their consent for the proposed initiative.

---

FIGURE 10 EXAMPLES OF APPLICATION ACTIVITIES

| Activity areas                                   | Areas of potential corruption risk  |
|--|---|
| <b>Establishment of a regulatory agency</b>      | A regulatory agency may be developed to manage and monitor developments at national and project levels. Who is responsible for this and its relationship with the government will be key to the credibility of REDD+ and forest carbon projects.  |
| <b>Development of reference emissions levels</b> | Reference levels (which may be based not only on tonnes of CO2 emissions but also forest area, ecosystem values, etc.) need to be developed by project developers and at the national level. This requires transparent measurements and calculations, trusted data sources and means of verification methodology against a standard as there is a lot of room for manipulation at this point. |
| <b>Implementation of consultation processes</b>  | Consultations on both national and project developments should form integral parts of both processes and must include safeguard activities.   |

## PERFORMANCE MONITORING AND REPORTING

The reporting chain, with transparency as a mechanism of accountability and a fundamental component of good governance, should help ensure the operation of the other four chains. Within both forest carbon projects and national REDD+ development, there will be some reporting on carbon sequestration at the international level as well as (if required) at the national level.

FIGURE 11 EXAMPLE ACTIVITIES UNDER PERFORMANCE MONITORING AND REPORTING

| Activity areas  | Areas of potential corruption risk  |
|---|---|
| <b>Monitoring of changes in emission levels</b>                           | Changes in emission levels are the core element of REDD+ and forest carbon projects. It is essential that these are effectively monitored and reported on.  |
| <b>Monitoring of financial flows</b>                                      | Monitoring and reporting on financial flows will be critical to maintaining an effective and transparent system.  |
| <b>Monitoring of adherence to standards (carbon projects)</b>             | Voluntary standards exist at present with others being debated at international and national levels. Monitoring that these standards are adhered to and reporting on successes and failures will be critical.   |
| <b>Monitoring and reporting on safeguards (national REDD+ programmes)</b> | Once REDD+ begins to operate, countries will be required to develop a safeguard information system. This will identify potential negative impacts of REDD+ activities, and identify and operationalise measures to minimise or mitigate negative impacts. The implementation of this will have to be reported on and monitored. |

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## ENFORCEMENT

This process is fundamental to both good governance and the sound functioning of all other thematic areas. Robust enforcement relates not only to forestry or carbon based regulations but also wider labour and environmental regulations. It involves a large number of actors including forestry agencies, zoning boards, the police, customs, finance ministries, government auditors and the judiciary.

Equitable implementation of the rule of law is fundamental to the success of each activity. Without it, there would be little incentive for actors to adhere to legislation and to forego corruption. A lack of enforcement means loggers, project developers, public officials and donors have little incentive either to invest in proper management of the sector or to participate in it.

FIGURE 12 EXAMPLE ACTIVITIES UNDER ENFORCEMENT

| Activity areas  | Areas of potential corruption risk  |
|---|---|
| <b>Prosecution of illegality</b>                      | Prosecution of illegality is the most fundamental element of enforcement. It can be broken down into more specific areas but will require an effective and appropriately trained police force and judiciary.  |
| <b>Removal of award of performance based payments</b> | Standards are issued to provide guarantees of quality. If these are not met, certifications and subsequent performance based payments must be retracted.  |
| <b>Retraction of donor funds</b>                      | Donors are looking to provide initial incentives to promote action. This will shift increasingly to performance based payments. If these payments continue without evidence or contrary to agreed performance targets, they will cease to be effective. |



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## FOREST CARBON PROJECTS ARE NOT ALWAYS WHAT THEY SEEM

Just as happens with all new market opportunities and innovative ideas, there are instances where these ideas fail drastically in implementation, and can in turn taint the reputation of the concept as a whole.

This is true for forest carbon projects and there have been instances where project developers, due to a lack of experience, poor judgement, or motivations of personal gain, attract investors and create projects which do more harm than good. These projects can be divided into two main areas:

- Projects that were purely fraudulent from the start (i.e. there never was a project in practice, only on paper)
- Projects that do not generate any additionality (i.e. the offset would have occurred anyway) and emissions credits are fraudulently marketed.

The most common manifestation of these fraudulent project development activities is when individuals or companies, often created specifically for the purpose of trading forest carbon, pressurise local communities and villagers to sell land or forest rights. The sales are conducted under the pretence of being a 'quick win' for the communities, and may come with the promise of a percentage in royalties from future carbon sales. In practice, land rights are often sold by individuals without consulting the communities who live on and manage the land, or fraudulently by individuals who do not actually own the rights in the first place.

The added risk in the case of carbon projects is that they are trading in something that is not visible, namely the absence of an emission. This avoided emission is calculated indirectly, using conversion and default factors and only a small amount of direct field measurements. But even the data collected in the field will go through many modelling and conversion processes, and uncertainty ranges for all of these measurements and calculations are significant, usually above +/- 50 per cent and can go up to +/- 100 per cent. This creates a unique situation where a field visit cannot enable a direct verification of whether the calculation of the tonnes of carbon dioxide that the project claims to have saved, in the way that an auditor can verify if a hectare of forest has been cut, or a stream has been destroyed.

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# WHO'S WHO IN FOREST CARBON PROJECTS AND REDD+ DEVELOPMENT

## ACTORS AND STAKEHOLDERS

In order to conduct a risk assessment, it is important to identify who is responsible for the activities that are being assessed. We must also seek to understand the impacts that an activity or decision may have on other individuals or groups, to establish who might have an interest in the outcome of the activity even though they are not directly responsible for its execution.

In this manual, the term 'actor' is used to describe an individual or entity who is directly responsible for the functioning of a system, and the implementation of a practice or activity. The term 'stakeholder' is applied to individuals or entities who have some interest in the system or activity, but are not necessarily directly engaged in it. Actors are also stakeholders, but the latter term includes a wider range of parties who might otherwise be left out if attention is focused only on those with direct responsibility in a particular process.

### WHY IDENTIFY ACTORS AND STAKEHOLDERS?

The framework for conducting a risk assessment described in the sections above offers a guide for capturing activities that will be assessed. In order to identify these activities, it is essential to consult with a focused yet wide range of interested parties who will have the knowledge and experience required to provide valuable input. Likewise, when prioritising corruption risks, it is vital to understand where the activity will have the greatest impact, and on whom. In these stages of the assessment it is important therefore to draw on a group of selected stakeholders, and engage them in stakeholder consultations either individually or in groups.

The next and equally important step in an assessment is to identify where the responsibility for that activity lies – who is executing it. In this part of the exercise, the actors need to be mapped along with the risks in order to identify where the corruption risk lies and therefore enable an understanding of how and why the risk occurs.

In these aspects the groups of stakeholders and actors may be distinct, and the field of consideration should be expanded to include all relevant parties.

Three examples are presented below for illustration. Further information on stakeholder identification is provided in Exercise B2.

### EXAMPLE 1

Villagers living within forest areas are stakeholders in REDD+ as decisions relating to it may have significant impacts on their lives. If villagers are able to engage in discussions on REDD+ and influence this process, possibly through democratic pressure, they are actors. The strength of their influence may however be limited by their number and political connections.

### EXAMPLE 2

A logging company is a stakeholder in national REDD+ developments as it has financial interests within the forest. It becomes an actor by formally engaging in REDD+ consultations and providing inputs. It may have significant impacts if it employs a large number of people and contributes significant tax revenues. It may also be able to influence decisions by paying significant bribes to decision makers.

### EXAMPLE 3

A conservation NGO would be an actor if it supports the development of a REDD+ project. It would also be a stakeholder if it had significant interests in being one of the first organisations to develop a project, or to protect a specific species within the forest. This may make the NGO more vulnerable to taking decisions that are in the best interest of these stakes as opposed to the project itself.

# MODULE FOUR

IDENTIFYING, PRIORITISING, ANALYSING  
AND ADDRESSING CORRUPTION RISKS  
IN FOREST CARBON PROJECTS AND REDD+

This Module uses with a five-step approach to identifying ways to promote transparency, accountability and integrity in the development and implementation of forest carbon projects and/ or national REDD+ processes.



- ACTIVITIES**
- Internal discussion
  - Identification of and consultation with stakeholders
- OUTPUTS**
- A map of key stakeholders in forest carbon project/ REDD+ development in-country
  - A clear outline of the objectives and scope of the assessment
  - A clear outline of potential approaches to the assessment

- ACTIVITIES**
- Introduce assessment to those who will be involved, including internally
  - Provide training and information sharing
  - Engage with other stakeholders through workshops, small group meetings and expert groups to identify key corruptions risks
- OUTPUTS**
- An initial risk map for users' focus area (forest carbon projects, national REDD+ development and implementation or both) including an initial ranking and prioritisation of risks

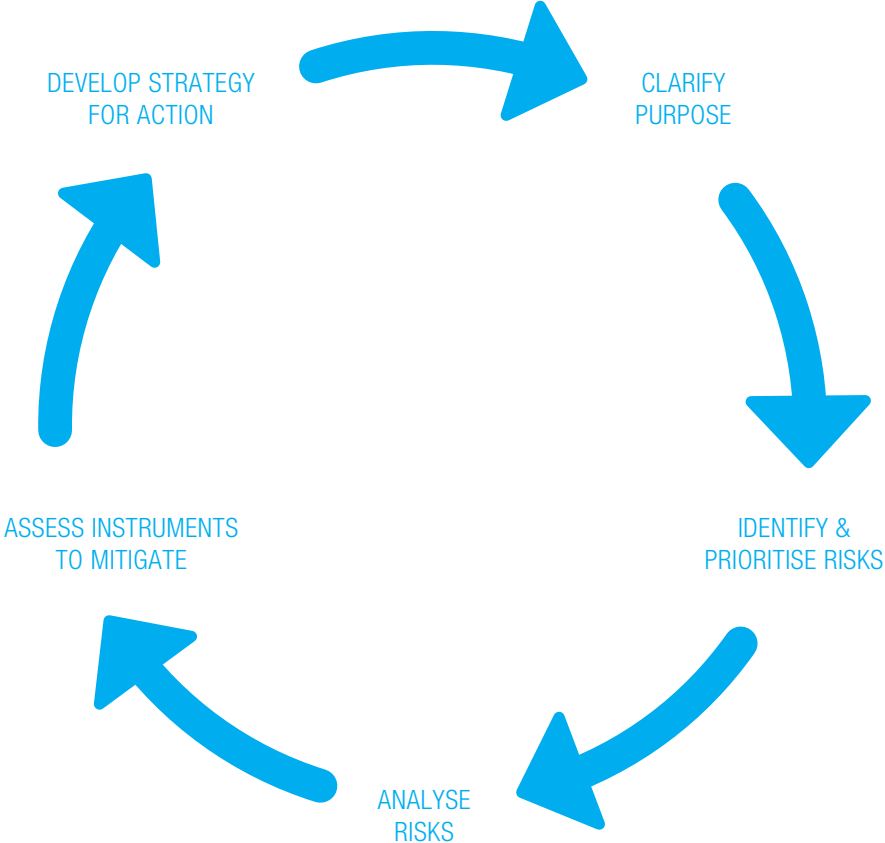
- ACTIVITIES**
- Looking at risk map(s) developed in Step 2 and priority risks:
- Identify commonalities between different risks
  - Identify potential causes of corruption behind the priority risks
  - Identify stakeholders that may support or undermine proposed actions to address the risks
- OUTPUTS**
- Outline of key potential causes of corruption
  - Indication of common causes between different risks

- ACTIVITIES**
- Using list of priority risks and key causes:
- Identify what instruments currently exist to address these risks, as well as new ones which might be required
  - Identify what can be done to make existing instruments work more effectively and adapt to their changing context
- OUTPUTS**
- Outline of existing instruments to support transparency, accountability and integrity and their usefulness
  - Identification of gaps in existing instruments and associated needs

- ACTIVITIES**
- Identify key entry points into process which will have maximum impact towards the objectives stated in Step 1
  - Identify actions to be taken by whom and when
- OUTPUTS**
- A clear plan of action for your organisation (and others) to support demands for and the implementation of instruments that support integrity, transparency and accountability



FIGURE 13 ASSESSING INTEGRITY IN FOREST CARBON PROJECTS AND REDD+ DEVELOPMENT



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## STEP 1

### IDENTIFY PURPOSE, SCOPE AND APPROACH

#### ACTIVITIES

- Internal discussion
- Initial consultation with stakeholders/ key informants

#### OUTPUTS

- Map of key stakeholders in forest carbon project REDD+ development in-country
- Clear outline of the objectives and scope of the assessment
- Clear outline of potential approaches to the assessment

National approaches to REDD+ and forest carbon projects are issues that have both a broad geographical and technical scope. You must have a clear idea of both the purpose of the assessment and the scope of what you want to assess. This will help to ensure that the outputs developed are relevant to your needs and will achieve maximum impact.

#### THIS STEP WILL HELP USERS TO THINK THROUGH

- What it is you want to assess
- What changes you are hoping to achieve
- What approaches (method for generating feedback/ capturing information/ engaging stakeholders) would be most relevant

This Step should be done before circulating information to others and will help you to think through how and when to engage different actors and stakeholders. It should also be linked closely to the ideas covered in Step 5 as the level of engagement of different actors will form a critical element of your strategy.

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## WHY DO YOU WANT TO DO THE ASSESSMENT?

Clearly identifying why you want to do an assessment is the first and most critical element of any assessment. Think through the answers to some of the questions below within your team.

### INTENDED USERS

Is the assessment for internal use within your organisation to develop your own strategy for action?

Do you hope to bring together a range of actors to increase consensus on what needs to be done on REDD+ and/ or forest carbon issues amongst a wider community?

### SCOPE OF ASSESSMENT

Is your assessment being conducted in response to a specific situation at either the national or local level which you wish to explore further?

Is your assessment a desire to better understand the challenges related to forest carbon projects and REDD+ developments in general?

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### PURPOSE OF ASSESSMENT

Will results of the assessment be used directly to inform and empower other actors to better understand a specific risk and what they can do about it?

Do you anticipate results of an assessment will be circulated for wider publication and advocacy?

### TARGET AUDIENCES

Who are the target audiences for the assessment, including those who will undertake it, disseminate the results and act on the recommendations that come out of it?

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By answering these questions you will begin to develop an idea of what type of approach to take to generate the information and understanding required for an assessment. An assessment for a community looking to sign an agreement with a forest carbon project developer will be different from one developed for senior government officials responsible for national REDD+ strategy development, for example.

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## ADDITIONAL RESOURCES

### WHAT IS HAPPENING WITH REGARDS TO REDD+ IN YOUR COUNTRY?

In developing a clear idea of the scope of the assessment, it is important to gain a good understanding of what is happening at present in your country, and who the key actors are. This can be done at both the national and project level. A number of key information areas are highlighted below.

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#### NATIONAL LEVEL

- Has a national REDD+ readiness process started in your country?
- Has your country already entered an agreement with a multilateral or bilateral donor to support REDD+ readiness?
- Is there an agreement which charts what will be done under this agreement?
- Who has been engaged in the process so far?

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#### PROJECT LEVEL

- What projects exist in your country at the moment?
- Where are these projects?
- How big are they?
- Who is involved in developing them?

Exercise A1 and Exercise A2 provide an overview of this process and templates for capturing the information. Information might be sourced from National Forestry Ministry/ Environment Agency websites or officials.



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## WHO SHOULD BE ENGAGED IN THE ASSESSMENT?

Identifying key actors and other stakeholders can be done through a simple brainstorming exercise. It can be useful to organise stakeholders by organisational background, geographical area, and thematic issues so as to get a broad spread of representatives.

### STAKEHOLDERS

- Government Officials
- Donors
- NGOs/ INGOs
- Civil society
- Private sector
- Media
- Specific ethnic/ social groups
- Gender

### GEOGRAPHICAL LOCATION

- International
- National
- Regional
- Local
- Specific regions (e.g. areas of high forest cover)

### ISSUE/ THEMATIC AREA

- National REDD+ developments
- Forest carbon projects
- Finance
- Corruption
- Agriculture

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## PRIORITISE ACTORS AND STAKEHOLDERS

At this point it will be important to reflect on the objectives you identified at the beginning of Step 1. Who should you engage with to fulfil these objectives? You should consider who has access to specialist information and knowledge, whose views will shape decisions, and who you want to influence with the outputs of the assessment.

Make sure that you take time to identify the correct individuals within a relevant organisation. It is important to remember that your map of actors and stakeholders may be a living document which you will be adding to and amending throughout the risk assessment as and when new parties are identified. As the field of climate change and forest carbon initiatives is relatively new, there may be more stakeholders in particular to consider which are not immediately obvious. For example, the forestry sector is not the only one where individuals are impacted by REDD+ developments and forest carbon projects, very often the agricultural sector plays a key role too.

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## WHAT APPROACHES WILL YOU USE TO GENERATE THE INFORMATION YOU NEED

Once you have identified key actors and stakeholders you want to engage with, you should decide how best to engage them. Examples of different approaches include:

|                                    |  |
|------------------------------------|--|
| <p><b>Expert analysis</b></p>      | <p>This can be useful to increase the credibility of the assessment or to act as a starting point/ resource during the assessment.</p> <p>For instance a group of experts in the natural resource sector could work with you to develop an initial risk map (Step 2) and outline of instruments existing in the country (Step 4). These could then be used as a resource to prompt discussion in a broader stakeholder workshop which discusses both issues.</p>   |
| <p><b>Workshops</b></p>            | <p>Increasing participation by stakeholders increases awareness and understanding of the issues amongst participants. It is of course also the most transparent way of conducting the assessment.</p> <p>Workshops require more time and resources to conduct and will require good management to ensure that opinions of different stakeholders are heard and that discussion can be held. Issues may be contentious, in this way small group meetings may be better to prepare participants for a wider meeting.</p>         |
| <p><b>Small scale meetings</b></p> | <p>The issues being addressed within the manual can often be seen as contentious and difficult to address.</p> <p>Small scale meetings with key stakeholder groups can increase their understanding of the issues and allow them to discuss them in an environment in which they feel comfortable, and in which it is easy to facilitate their inputs. These meetings can then be used to inform expert analysis and/ or a broader workshop.</p>   |
| <p><b>Expert working group</b></p> | <p>A number of experts, both national and international, may be willing to engage with the process over a longer period and provide regular inputs as needed.</p> <p>By bringing together a group including experts in corruption, REDD+, forestry and natural resources there is the potential for more in-depth analysis than through one-off interviews.</p> <p>They will also be able to provide valuable information that will help with wider consultation and may provide additional credibility to the assessment.</p> |

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It is unlikely that you would use just one type of approach during all five steps but it will be important to think through:

- What approaches might be most relevant for the stakeholders you hope will participate?
- What information will they need to know versus what they already have at hand?
- What information do you want from them?
- How can your approaches contribute most effectively to the achievement of your objectives?

#### BE PREPARED FOR THE FACT THAT ALL STAKEHOLDERS MAY NOT GET ALONG

Corruption is a difficult issue to talk about with many stakeholders, particularly those who may feel that they are being implicitly accused due to their existing positions of authority. Think through how you will discuss these issues with them. One of the benefits of forest carbon and REDD+ is that you can emphasise the 'future' element of it in that we are building a new system that will be good rather than looking to find problems in an existing one.

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## EXPERIENCE FROM THE FIELD

### IMPLEMENTATION OF FORESTRY SECTOR CORRUPTION ASSESSMENTS IN PAPUA NEW GUINEA AND MALAYSIA

#### EXPERIENCES

- Stakeholders needed help to understand the objectives of the assessment and their inputs needed to be facilitated either in one-to-one or group meetings. An independent facilitator can aid large meetings
- Stakeholders needed initial basic training on the key issues e.g. corruption, corruption risk assessments and/or key concepts of REDD+. This could be achieved in a morning workshop or introductory session
- Gaining initial input from specialists to identify an example framework that other stakeholders could comment on helped discussion with some groups, particularly with government
- Teaming up with a well-respected government institution or individual (such as the Ombudsman or another minister) at an early stage increases levels of participation and the legitimacy of the outputs
- Corruption was a sensitive issue with many stakeholders and it needed to be introduced slowly along with a discussion of possible improvements in forest governance and transparency
- Having a variety of stakeholders in the same meeting may have limited responses from some groups. Holding a number of small focus group meetings for specific stakeholders could increase input, potentially with a final validation meeting that includes more people.

#### GETTING EVERYONE ON THE SAME PAGE

REDD+ and forest carbon projects are complex issues that include a lot of technical issues (carbon measurement and trading) as well as governance ones (who owns what, who manages what). These can be confusing to newcomers and many people may have strong feelings about them. As such it will be important to think carefully about the level of detail you introduce. At the very minimum, before moving to Step 2 you should spend time with stakeholders to ensure that they know 1) why a corruption risk assessment is useful; 2) the elements of a corruption risk assessment; 3) the main components of REDD+/ forest carbon projects and the current status in their country of each; 4) the objectives of the assessment; 5) the assessment's planned approach and timeframe; and how you expect them to participate.

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## STEP 2

### IDENTIFY AND PRIORITISE CORRUPTION RISKS

#### ACTIVITIES

- Introduce assessment to those who will be involved, including internally. Provide training and information sharing
- Engage with other stakeholders through workshops, small group meetings and expert groups to identify key corruption risks and stakeholders' perceptions of their importance

#### OUTPUTS

- An initial risk map for users' focus area (forest carbon projects, national REDD+ development and implementation or both) including an initial ranking and prioritisation of risks

#### QUESTIONS

1. What are the corruption risks?
2. Who is likely to be engaged in the associated activities?

Having decided why you are doing the assessment, what you are focusing on and what approaches you will use you can start identifying the corruption risks and ranking them to identify priority risks. This can be done through the process of a rapid risk assessment, which is the focus of Step 2.

This Step will take you through the process of:

- Identifying potential and existing risks using the idea of a 'risk map' divided into thematic areas
- Identifying key actors engaged in the activities where risk occurs
- Ranking those risks based on likelihood and impact

A number of guiding questions are provided below to help you think through these issues combined with the outputs of Step 1.



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## WHAT ARE THE ACTIVITIES WHERE CORRUPTION MIGHT OCCUR?

A basic risk map framework can help structure both discussions of the corruption risks with different stakeholder groups and the presentation of those risks at the end of the assessment. The overall framework is introduced in Module 3 and is based on a division of the processes that surround national REDD+ and forest carbon development and implementation into five thematic areas which are shown below.

### POLICY LEGISLATION AND REGULATION

- What policies and regulations exist and how are they developed and by whom?

### FINANCIAL AND ECONOMIC FLOWS

- Where do financial flows occur and who do they go to?

### APPLICATION ACTIVITIES

- What activities will be undertaken as part of the national/ project process?

### PERFORMANCE MONITORING AND REPORTING

- What is being monitored, how is it being monitored and by whom?

### ENFORCEMENT

- Enforcement of laws and regulations

Within each of these thematic areas, a number of activities can be identified that will be undertaken during the development and implementation of national REDD+ processes and/ or forest carbon projects. Filling out Exercises A1 and A2 for your country would form a good basis from which to begin the corruption risk assessment. More inspiration can be found in Exercises A3 and A4 which have a list of sample activities. This breakdown of activities will then be discussed with stakeholders to generate input regarding the corruption risks associated with each one.

## WHAT ARE THE CORRUPTION RISKS?

Exercises A3 and A4 provide examples of the types of corruption risks that may arise, but again these may be specific to individual country situations. Risks can be captured through stakeholder consultation, workshops and individual interviews, depending on the approach selected in Step 1.

It is also helpful to identify the corrupt practices that are associated with risk, such as bribery, fraud or undue influence.

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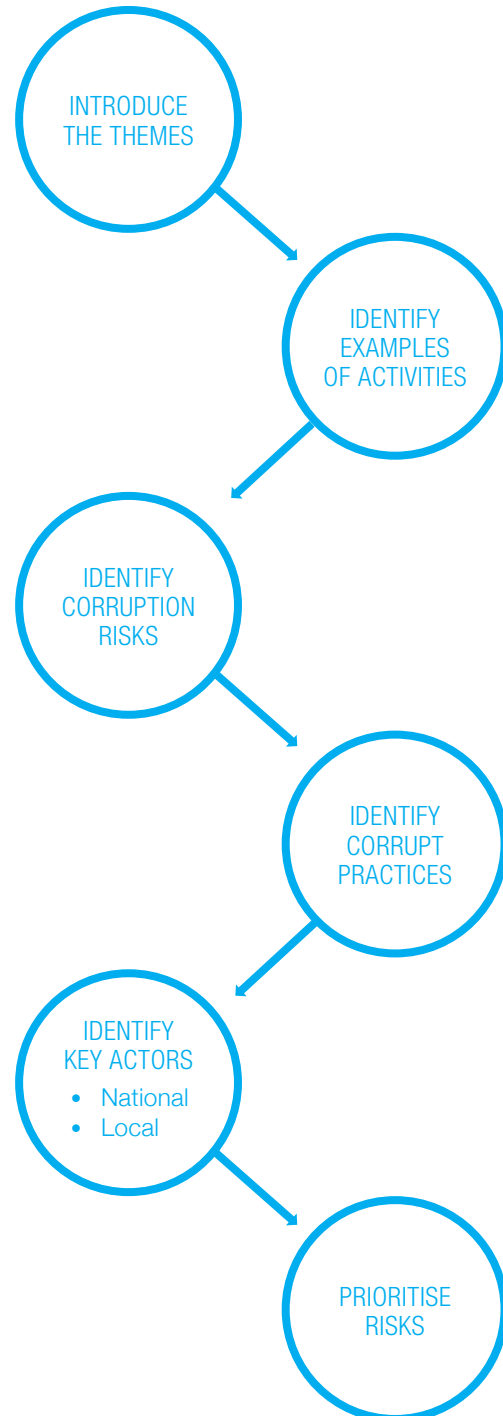
## WHO ARE THE ACTORS DIRECTLY INVOLVED?

Depending on where the corruption risk occurs, actors can be identified at national, sub-national or local levels. Examples of actors who may be directly involved in the activities under review are provided in Exercises A3 and A4. For example, these are likely to include national authorities responsible for assigning land use rights, traditional authorities where applicable, private companies, project developers, and local communities. You will already have generated a detailed list of actors and stakeholders in Step 1. This Step will now clarify the specific actors associated with each activity under review.

A snapshot of Exercise A3 is provided below to demonstrate how these steps result in information that can be captured in tabular form. The corruption risks identified here will then be prioritised and further analysed in Step 3. For the purposes of creating a single table that can capture information through to the analysis stage, the columns do not necessarily follow the process in a linear manner but this should not affect the way it is used. As this is intended to be a guidance tool, users may adapt the table to meet their particular needs.

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FIGURE 14 CORRUPTION RISK ASSESSMENT PROCESS



**FIGURE 15 BASIC RISK MAP CAPTURING ACTIVITY, RISKS, CORRUPT PRACTICES AND ACTORS**

Policy, legislation and regulation – areas of policy formulation required during the readiness phase

| Activity                                | National  | Sub-national/ local  | Corruption risk   | Associated corrupt practice  |
|---|---|--|---|--|
| Allocation of carbon rights - licensing | Ministry of Forests and/ or Ministry of the Environment/ other relevant authority, political elites, international and national logging companies | Project developer, local elite, indigenous communities, forest dependent communities | Inequitable allocation of carbon rights to favour political elites.<br><br>Implementation compromised by regulatory agency activity already present, i.e. forest management, public sector auctions | Undue influence or bribery to link carbon rights to state-owned land titles or logging concessions excluding customary rights or communities from having control over the carbon and potentially the revenues. |

## HOW SERIOUS ARE THOSE RISKS?

FIGURE 16 SEVERITY OF RISK TABLE

Once corruption risks have been mapped, it is important to draw on stakeholders to assess the severity of each risk identified. This can be assessed by analysing the two components of severity; impact and likelihood. Each of these will now be considered in turn.

|          |               |             |                |
|----------|---------------|-------------|----------------|
| IMPACT ↑ | MEDIUM RISK   | HIGH RISK   | VERY HIGH RISK |
|          | LOW RISK      | MEDIUM RISK | HIGH RISK      |
|          | VERY LOW RISK | LOW RISK    | MEDIUM RISK    |
|          | LIKELIHOOD →  |             |                |

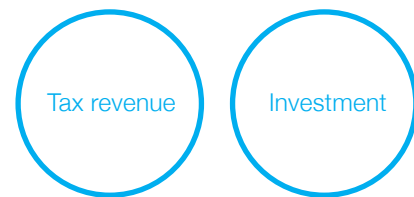
## ASSESSING IMPACT

### DIFFERENT IMPACTS OF CORRUPTION

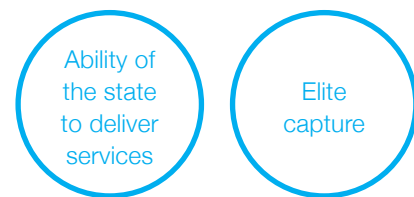
#### HUMAN IMPACTS:



#### FINANCIAL IMPACTS:



#### IMPACTS ON THE POLITICAL PROCESS:



Assessing the impact that corruption could have is not an easy process. Relatively little objective information exists and where data does exist, it can often be heavily influenced by personal experiences or organisational bias. Identifying these differences can be an important element of the assessment, providing a learning opportunity for different stakeholders to understand the impacts of corruption on each other.

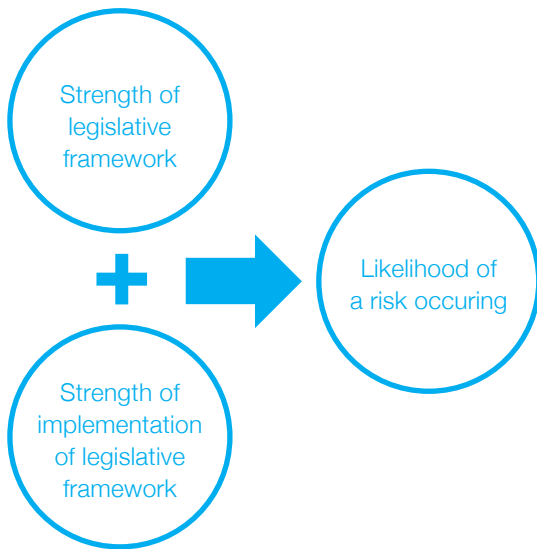
It is not suggested that you try to cover every different area and perspective on the impacts of corruption. However, it is important that a range of views on impact are considered within the assessment to ensure that rankings are accepted by your target audience as legitimate. An example of ranking a corruption risk from 1-5 on the basis of its impact is presented below. The highest score of the three elements: governance, human and financial should be taken as the combined score for 'impact'.

TABLE 10 EXAMPLE OF IMPACT RANKING

| Rank | Level of Impact    | Consequence   |                                |                           |
|------|--------------------|---|--------------------------------|---------------------------|
|      |                    | Governance  | Human                          | Financial                 |
| 1    | Insignificant/ nil | No impact   | No impact                      | US\$0                     |
| 2    | Minor              | Not undermined  | Few individuals                | < US\$ thousand           |
| 3    | Moderate           | If stopped, would recover rapidly                     | Many individuals               | US\$ thousands - millions |
| 4    | Major              | Even if corrected, would be compromised for some time | Significant part of population | US\$ millions - billions  |
| 5    | Catastrophic       | Irreparably undermined                                | National                       | US\$ billions             |



## ASSESSING LIKELIHOOD



The likelihood of a corrupt practice happening is often a combination of two elements; the strength of the legislative framework and the strength of the implementation of that framework. While other factors may play a part they are often difficult to quantify.

An example of ranking a corruption risk from 1-5 on the basis of its likelihood is presented in Table 11. The combination of the two elements of assessing severity (impact and likelihood) are presented in Table 12. A risk level is calculated by multiplying the ranking for likelihood by the ranking for impact. The resulting risk figure is an indication of the severity of the risk.

TABLE 11 EXAMPLE OF LIKELIHOOD RANKING

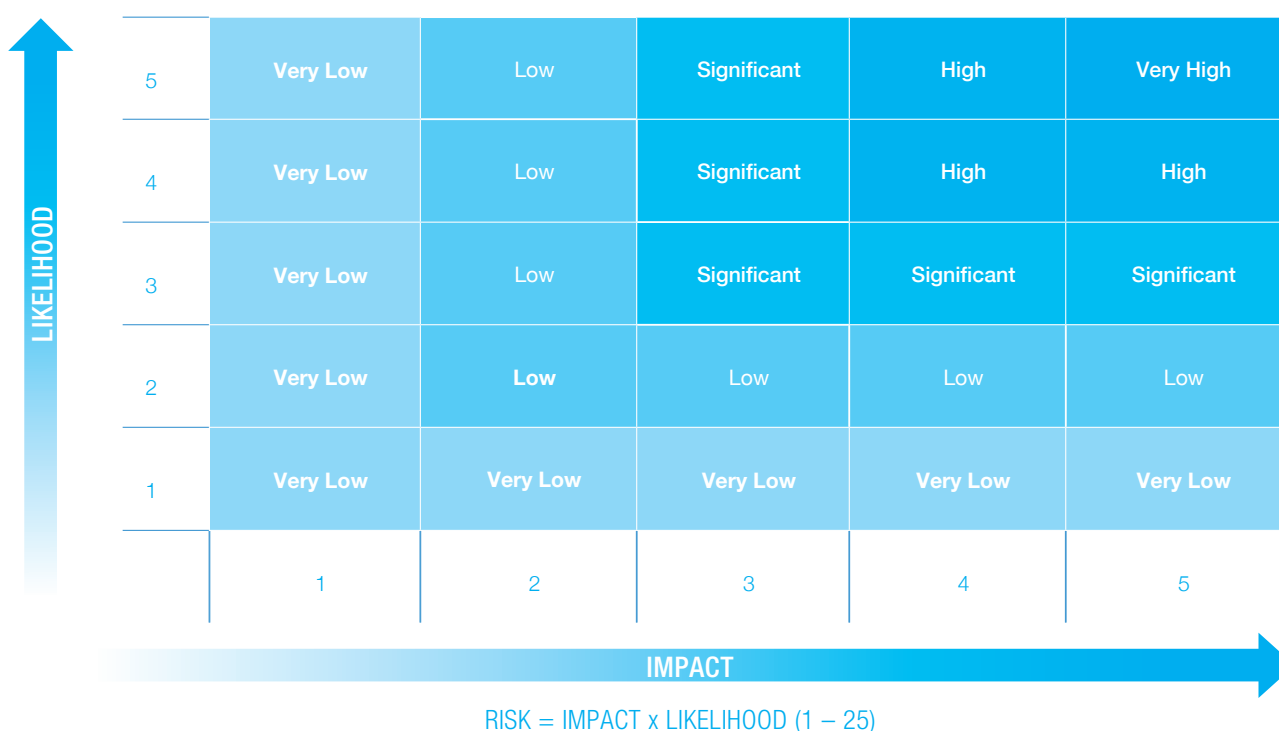
| Rank | Occurance      | Description                       |
|------|----------------|-----------------------------------|
| 1    | Rare           | Do not believe will ever happen   |
| 2    | Unlikely       | Do not expect to happen           |
| 3    | Possible       | Believe it may occur occasionally |
| 4    | Likely         | Believe it will probably occur    |
| 5    | Almost certain | Believe it will certainly occur   |

At this stage of the assessment of the strength of the framework and its implementation, the analysis should still be conducted in a rapid way with stakeholders providing an aggregate score for the two elements to provide an indication of likelihood.

## KEEP TRACK OF WHY A CERTAIN MARK IS ASSIGNED

When stakeholders discuss both impact and likelihood, besides noting the final score, you should keep detailed comments as to why a particular score is being awarded. What were the critical factors which led to the score finally recorded? What were the perceived human, financial and governance impacts? What was said about the strength of the legislative framework? What was felt about the implementation of that governance framework? What were the elements of disagreement between stakeholders? This information will be important both to demonstrate where the final marks came from and in the case of the likelihood score, to carry out a deeper assessment in Step 3.

TABLE 12 RISK RANKING OVERVIEW



|                 |   |          |          |             |             |             |
|-----------------|---|----------|----------|-------------|-------------|-------------|
| LIKELIHOOD<br>↑ | 5 | Very Low | Low      | Significant | High        | Very High   |
|                 | 4 | Very Low | Low      | Significant | High        | High        |
|                 | 3 | Very Low | Low      | Significant | Significant | Significant |
|                 | 2 | Very Low | Low      | Low         | Low         | Low         |
|                 | 1 | Very Low | Very Low | Very Low    | Very Low    | Very Low    |
|                 |   | 1        | 2        | 3           | 4           | 5           |

IMPACT  
→

$RISK = IMPACT \times LIKELIHOOD (1 - 25)$

## VALIDATING THE RESULTS

Having conducted an initial ranking on the severity of the different risks it can often be good to conduct an initial validation of the results, either at the end of a workshop if you have time to compile the results or through a subsequent stakeholder meeting. This can help build consensus on where efforts should be made to address corruption.

## EXAMPLE OF OUTPUT

**FIGURE 17 INITIAL RAPID CORRUPTION RISK MAP WITH RANKING COLUMNS**

Policy, legislation and regulation – areas of policy formulation required during the ‘readiness’ phase and how they interact with existing policy and regulation

| Activity                                 | Actors Involved  |  | Corruption risk  | Associated corrupt practice   | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|--|--|--|--|---|--|------------|---------------------|
|  | National   | Sub-national / local   |  |   | Impact                                   | Likelihood | Impact x Likelihood |
| Design and development of national REDD+ | Political elites, international and national logging companies, agribusiness (oil palm, sugar cane, jatropha etc.), military | Logging and agribusiness companies, local and international, political elite | Design a REDD+ strategy that is preferential to specific actors. Can result in identification of strategies favourable to particular interests only. Skewing land use policy | Undue influence. Bribery of officials to ignore information. Bribery or fraud by international consultant to influence REDD+ planning and gain contract | 5  | 3          | 15                  |

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## APPROACHES TO GAINING DATA. PERCEPTION VERSUS 'OBJECTIVE' INFORMATION

Objective and reliable information on the impact and likelihood of corruption within a sector is difficult to obtain and will be very difficult to quantify for new topics such as national REDD+ developments and forest carbon projects. However, some basic information can be gained from looking at information on the existing sector such as statistics on forest sector production levels, tax receipts, revenue flows, and enforcement actions. Equally existing analysis by independent monitors such as NGOs, the World Bank, World Resources Institute, Chatham House, Global Witness and Transparency International or certification bodies such as Forest Stewardship Council or Voluntary Carbon Standards can all provide useful resources to help inform analysis/ debate. This information should be combined with information on stakeholders' perceptions of corruption, and can be used in more detail in Step 3 and 4 to analyse the causes of the corruption risks and to develop a way of communicating the risks to the target audiences.

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## EXPERIENCE FROM THE FIELD. CORRUPTION, INTEGRITY AND TRANSPARENCY: PERCEPTION OR FACT

The nature of corruption makes it difficult to accurately quantify its occurrence and impacts. People will, however, have their own perceptions of corruption, transparency, accountability and integrity. These perceptions may vary widely depending on specific experiences or areas of interest. For example, if you asked a forest community, a legal logging firm, and the government what the impacts of illegal logging are, you would get three very different answers. The community may say it destroys the forests that they use to collect traditional medicines, making them more vulnerable to illness. The legal logging firm may say that it makes it impossible for them to make a profit as people are undercutting them. The government might say that it results in a loss of revenue making it more difficult for them to provide other services.

The perception of the severity of impact would also vary. For instance, if corruption led to the destruction of one small area of forest only in a remote area of the country it may not be seen as a significant issue by government officials or the private sector, who would identify it as an isolated incident. For the community that relied on that area for their livelihoods, however, the impact would be very severe.

Collecting different perceptions on the likelihood and impact of corrupt practices can help in a process of dialogue between different actors with different interests and can lead to better policy or enforcement outcomes. Careful management of this interaction, however, is vital to ensure that everyone is able to contribute effectively. It is also essential to gain balanced information before presenting it to other stakeholders. An analysis of the impact of corruption based solely on the villager mentioned above would be useful to highlight issues in their area but would be of little value if it was presented as an analysis of all forest management in the country. It is therefore important to consider how the ranking is done, by whom and for what purpose.

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## STEP 3

### ANALYSING ROOT CAUSES OF PRIORITY CORRUPTION RISKS

#### ACTIVITIES

Looking at risk map(s) developed in Step 2 and priority risks:

- Identify potential causes of corruption behind the priority risks
- Identify commonalities between different risks
- Identify stakeholders that may support/ undermine proposed actions to address the corruption risks

#### OUTPUTS

- Outline of key potential causes of corruption
- Indication of common causes between different risks

#### QUESTIONS

This Step will be structured around a series of key questions:

1. What are the causes behind the priority risks?
2. What are the commonalities between the priority risks identified?
3. Who might be important in addressing these risks?

Having identified priority risks, the next step in the assessment is to identify why they occur. Analysis at this stage will be strengthened by discussions with key experts in the natural resources sector, in corruption and in national REDD+ development/ forest carbon projects. This information can then be used within facilitated group discussions to gain feedback and to validate outputs. At this stage, many elements that are being discussed may be sensitive and therefore difficult to discuss in an open forum, so ways of approaching the analysis must be carefully considered.

### WHAT ARE THE ROOT CAUSES BEHIND THE PRIORITY RISKS?

Analysing root causes facilitates the identification of strategies to address corruption at its base. Root causes of corruption will be country specific and based on the interaction between the characteristics of the natural resource itself and the existing political, economic and social context. Root causes of a corruption risk may be quite complex and involve a number of different factors. While personal gain may appear to be the most obvious cause for an individual to engage in a corrupt practice, there will be other external factors which influence whether or not the corruption can take place. Causes can be broadly divided into:

- Motivations (what can be gained)
- Situational factors (what allows motivation to be acted on)



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Motivations are by nature subjective and very difficult to change through collective action. Personal and organisational gain, political power and influence are the most immediate motivations likely to be encountered. For each actor that has been identified in the corruption risk assessment, it is worth a rapid brainstorming with the stakeholder groups to capture some of the key motivations that might drive each actor to engage in corrupt practices.

For the purposes of this manual, it is most useful to focus on situational factors which influence whether or not an individual can act on their motives for corruption. As discussed in Module 1, to identify situational factors or nation-specific causes of corruption, it is helpful to look at the underlying context in which corruption is taking place through analysing structures, institutions and political processes that are in place in the country, and particularly in the sectors engaged in REDD+ development and forest carbon projects.

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## STRUCTURES

Fundamental factors that shape the situation, such as role of the resource in national revenue; access to resource (endowments), etc.

## INSTITUTIONS

Refer to the formal and informal rules and relationships, including cultural norms, governing the behaviour of actors.

## POLITICAL PROCESSES

Relationship between social groups and the state regarding use, production and distribution of resources. They occur within the constraints established by the framework of institutions and structures.

Discussions with experts in the field of corruption, REDD+, forest carbon projects and the natural resources sector will add further depth to the analysis and may broaden understanding of the challenges.

## EXAMPLE QUESTIONS TO SUPPORT ANALYSIS OF CAUSES OF CORRUPTION

### MOTIVATION

- Whose interests are served by a corrupt practice continuing/ being stopped?
- How powerful is the key actor identified as associated with this risk? Who do they influence?

### SITUATIONAL FACTORS

#### STRUCTURES

- What is the governance structure impacted by this risk?
- Where is the resource located and how important is it to national/ regional economics?
- What effect does regional security have on the stability of the political situation of the country?

#### INSTITUTIONS

- What type of state exist? Democratic/ autocratic?
- What is more important in the running of the state, formal regulations or informal alliances?
- What type of capacity is there/ is lacking? (e.g. technical capacity, operational capacity)
- Which specific activities are affected by a lack of capacity? (e.g. detection, investigation, enforcement/ levying of sanctions)

#### POLITICAL PROCESSES

- What are the political barriers to the implementation of legislation?
- Where does the power to maintain/ stop corruption come from? Economic support, political support, social ties?
- What trends can influence this power?
- What other social groups do the ruling elite have to listen to?

In order to capture the causes identified in this part of the analysis, it is helpful to use a table format. Exercise A7 provides an example template that can be used for both Step 3 and Step 4, and will be referred to again in the following section.

FIGURE 18 EXAMPLE OF TABLE CAPTURING ROOT CAUSES  
Policy, legislation and regulation

| Priority corruption risk  | Level of risk | Possible root cause(s)   |
|---|---------------|--|
| Design of a REDD+ strategy<br><br>Strategy designed that is preferential to specific actors with vested interest, skewing land use policy | National      | Highly valuable resource with complex management as it is not physical (situational)<br><br>Institutions/ authority for managing REDD+ not clearly defined (institutional) |

Priority risks with associated actors are used as the foundation for identifying root causes. This can start to be captured in tabular form as shown in Figure 19 above.

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## WHAT ARE THE COMMONALITIES BETWEEN THE PRIORITY RISKS IDENTIFIED?

In order to identify what strategies should be used to address potential corruption risks and build transparency, accountability and integrity, it is helpful to look at what commonalities exist between the different risks with regard to actors, corrupt practices, existing instruments and their implementation.

Investigating these commonalities will allow users to identify key cross-cutting issues within the risks that can be addressed in an action strategy. This will be further explored in Step 5.

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## STEP 4

### IDENTIFY AND ASSESS EXISTING INSTRUMENTS TO SUPPORT INTEGRITY

#### ACTIVITIES

Using list of priority risks and key causes:

- Identify what instruments currently exist to address these risks and new ones which might be required.
- Identify what can be done to make existing instruments work more effectively and adapt to their changing context.

#### OUTPUTS

- Outline of existing instruments to support transparency, accountability and integrity and their usefulness.
- Identification of gaps in existing instruments and associated needs.
- List of additional instruments that can be used to address gaps in the existing framework.

#### QUESTIONS

1. What instruments already exist at national and international levels to address priority risks?
2. How effective are they?
3. What else is needed to fill the gaps?

Having prioritised the corruption risks and analysed their potential root causes, the next step towards building an effective anti-corruption strategy is to determine what instruments exist to address these risks and how well they are working? Are there gaps in the available 'toolkit' and if so, how can they be filled?

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## WHAT ANTI-CORRUPTION INSTRUMENTS CURRENTLY EXIST?

Module 1 first introduced the concept of instruments to address corruption, and Table 3 cites examples. A legal framework that supports transparency, accountability and integrity is not all that is needed to prevent corruption, but it is necessary as a basic instrument to support anti-corruption efforts. It may be helpful to start with an in-depth review of the existing legal framework, including motivations for failings in its implementation.

Questions to help guide the analysis of current legal instruments include:

- What are the current laws/ regulations? Exercise A6 provides a guide to legislative instruments that may be present in the assessed country, and can facilitate this analysis
- Have they been recently (re)formed?
- How are they available to the public?
- Who makes the laws and who enforces them?

This legal framework may also be supported by a number of different non-regulatory instruments. In summary, instruments can be identified as falling into four categories, which are elaborated in Exercise 5:

- Legal instruments
- Non-legal international standards/ initiatives
- Independent monitoring and research
- Citizen centred anti-corruption programmes and projects

Identifying which of these instruments are currently in operation in your country will be important in order to identify whether it is a weakness in the existing framework (i.e. a gap in the instruments available) or the implementation of the instrument itself that leads to corruption risks.

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## WHAT IS AN INSTRUMENT?

An instrument is a general term referring to a written guideline, process or contractual obligation that guides the implementation of a practice. Instruments may also be known as tools as they guide and direct a practice, and collectively form a toolkit for application to a process. There are a number of different international and national normative instruments and initiatives that can be used to support efforts to address corruption and these fall into four categories as described above. Your assessment team may come up with a number of examples of instruments within these categories which we have not captured here.

Once a number of instruments have been identified, it is helpful to review the following aspects of all types of instruments, to better understand the reasons why they may not be working effectively.

### WHAT IS THE CURRENT SITUATION?

The exercise above will have generated a picture of the current situation regarding existing instruments both legal and non-legal. For each instrument:

- What types of instruments are in place to oversee the processes and activities associated with the particular risk you are assessing?
- How long have they been in place?
- Is information regarding these measures readily available to the public?
- Has there been any criticism about the effectiveness of these instruments?

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### WHO IS INVOLVED WITHIN EACH MEASURE?

The different motivations, interests and capacities of each actor group are critical in assessing how well oversight measures including laws and regulations are developed and implemented.

- Who developed these measures?
- Who is responsible for implementing or enforcing them? Are these the same people who developed the measures in the first place?
- How high is their capacity/ political will?
- Where there are significant capacity constraints to implementing the measure is this lack of capacity operational (not enough people, resources) or technical (lack of understanding of the issues)?

### WHAT HAS BEEN DONE SO FAR TO ADDRESS ANY WEAKNESSES IDENTIFIED?

Has there been any review or critical assessment to date on the implementation and enforcement of these measures/ laws and regulations, perhaps by a third party? What role does civil society play?

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### WHAT NEW INSTRUMENTS MAY BE NEEDED?

Through the above questions you should have begun to identify key areas of weakness in the legislative framework and other instruments that may guide or monitor the respective activities being analysed. In addition, you should have an understanding of the challenges that exist regarding the incentives influencing the actors responsible for developing and implementing these instruments.

National REDD+ development and forest carbon projects are new initiatives intended to adjust the incentives for actors within the forestry sector, and the existing oversight measures may not be sufficient to address all the potential risks of corruption that can arise as they are implemented. It is therefore important to identify what additional instruments may be required to address the specific weaknesses in the current system, and fill the gaps. The lists of instruments provided in Exercise A5 and A6 can help to guide this discussion, and it will be greatly assisted by input from stakeholders and experts.

Exercise A7 provides an example template that can be used for both Step 3 and Step 4, and builds on the information gathered in the previous Step.

## EXAMPLE OF OUTPUT

FIGURE 19 EXAMPLE OF TABLE CAPTURING ROOT CAUSES, EXISTING INSTRUMENTS, EFFECTIVENESS AND GAPS  
Application activities – to cover all activities likely to be part of implementation of the forest carbon project, including safeguards

| Priority corruption risk  | Level of risk | Possible root cause(s)  | Instruments to address cause                   | Effectiveness of Instrument   | Change required (new instrument/ improved instrument)   |
|---|---------------|---|--|---|---|
| <p>Development of project baseline reference emission levels:</p> <p>False baseline given to enhance emissions derived from project</p> <p>Provision of false information or monopoly of national or local data</p> | Project level | <p>High potential market value of resource and complex methodology for measuring (situational)</p> <p>No qualified national institutions for oversight (institutional)</p> <p>No legislation specifically addressing carbon measurement (political)</p> | Voluntary standards for forest carbon projects | <p>Methodology still in development</p> <p>Standards are voluntary and methodology complex so difficult to assess</p> | <p>Independent monitoring to ensure standards are followed</p> <p>Agreement or treaty on methodology for establishing reference levels.</p> |



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## STEP 5

### DEVELOPING A STRATEGY FOR ACTION

#### OBJECTIVES

- Identify a number of possible advocacy areas for strengthening the governance of REDD+ and forest carbon projects
- Prioritise objectives and develop a set of activities based on importance and likelihood of success
- Pinpoint key stakeholders in relation to each objective
- Develop communications plans to implement activities
- Identify key monitoring activities that can be undertaken to support advocacy actions

Before completing Step 5 it is advisable to have worked through all previous sections of this manual, including all exercises in the Workbook. Once you have done so, you should be able to answer the following questions:

- What is your country's status with regards to REDD+ and forest carbon developments? (Exercises A1 and A2)
- Which corruption risks could exist at the various stages of planning and implementation, from policy development through to enforcement? (Module 3, Exercises A3 and A4)
- Which are the priority risks which should be addressed in your countries? (Module 4 Step 2, Exercises A3)
- What anti-corruption instruments could be used to mitigate these risks? (Module 4 Step 4, Exercises A5 and A6)
- Does your country need to strengthen the enforcement of existing anti-corruption instruments and/ or introduce new ones? (Module 4 Step 4)
- Who are the relevant actors and stakeholders in your countries, their level of influence and the likelihood that they would support your anti-corruption agenda? (Module 3, Exercise B2)

If you can answer these questions you will have a clear idea of the potential or real risks that your country is facing. The next step is to come up with an action plan for trying to mitigate or prevent those risks.

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## WHAT DO YOU WANT TO CHANGE?

In Module 4 Step 1 you asked yourselves why you were carrying out a risk assessment. Now that you have established the priority risks in your country, what is it that you want to change? Try to make a list of these things. They might include, for example:

- Preventing undue influence in the design of REDD+ benefit sharing mechanisms.
- Stopping fraud in the development of national reference levels.
- Strengthening the enforcement of international carbon standards.
- Bringing an end to bribery in the allocation of forestry concessions.

### WHAT EXACTLY DO YOU WANT TO CHANGE?

It is useful to make these 'whats' as specific as possible. 'Preventing undue influence in the design of REDD+ benefit sharing mechanisms', for example, could be broken down into a number of smaller, clearer aims. To do this it might help to refer to the guiding principles of a corruption-resistant environment that were outlined in Module 1.

So what you are trying to achieve might look something like this:

- Ensuring that decision-making over REDD+ benefit sharing mechanisms includes affected communities, is overseen by independent technical experts, that records of meetings and decisions are made publicly available and that decision-makers are held accountable in instances when these conditions are not met.

### WHAT SHOULD YOU AIM TO CHANGE?

Initially you will want to brainstorm a large number of possible improvements to laws, policies, institutions, systems and behaviours, but you will need to bear in mind that not all of these will be desirable or achievable. To focus your thinking on where best to invest your time and resources you should ask yourselves whether the objectives you have in mind meet the SMART criteria:

#### SPECIFIC

Objectives should be clear and unambiguous, indicating exactly what is expected, why it is important and who is involved.

#### MEASURABLE

Objectives should include specific criteria for measuring progress towards their attainment.

#### ACHIEVABLE

Objectives should be realistic and reachable within the given timeframe and with the available resources.

#### RELEVANT

Objectives should address the scope of the problem and feature clear steps that can be implemented within a specific period of time.

#### TIME-BOUND

Objectives should include a specific timeframe, indicating by when the objective will be met.

The following questions might also guide your thinking:

- Is there a clear link to your overall aim of reducing corruption risks in REDD and forest carbon projects?
- Does this objective draw on your previous experience, strengths and contacts as an organisation?
- What would you be your added value contribution in pursuing this objective? Would you be a well-placed leader on this issue? Are there other groups working on this that you might want to consider teaming up with? Would you be alienating yourself from other groups by 'competing' with them?
- Do you have the financial and human resources required to implement the proposed action from beginning to end? If not is there a way of securing additional funding to carry out the activities?

In order to choose which objectives are most suitable you might like to rank them from 0 - 5 in the table below (0 = do not agree at all, 5 = agree very strongly)

|  |  |
|--|--|
| <b>Objective</b>                                   |  |
| <b>Financial resources available?</b>              |  |
| <b>Human resources available?</b>                  |  |
| <b>Achievable in timeframe?</b>                    |  |
| <b>Partners available and willing?</b>             |  |
| <b>Success will bring about important changes?</b> |  |
| <b>Strong chance of success?</b>                   |  |
| <b>Total</b>                                       |  |
| <b>Ranking</b>                                     |  |

### EXPERIENCE FROM THE FIELD: LOW HANGING FRUIT OR MAXIMUM IMPACT?

When identifying an approach to addressing corruption, you will have to decide how to use your resources most effectively. Part of this will be to decide whether to opt for an approach that tackles some of the core issues and whose impact would be large if difficult to achieve, or to go for actions that are easier to achieve but may only make a small difference. The two may not be mutually exclusive, however, with progress towards small goals often facilitating discussion on and the achievement of larger ones. As such it is important to see what can be achieved in the short term while not losing track of your long-term goals. Which of these, for example, would you consider low hanging fruit and which maximum impact goals?

- Your government publishes details of the transfer of all REDD+ funding on its website: at national, district and local levels.
- An independent hotline is put in place to respond to reports of corruption in REDD+ and forest carbon projects.
- You visit three-five forest communities to inform them about their rights, the risks and opportunities in relation to REDD+
- You hold a small number of workshops with local government officials to educate them on how to guard against corruption in forest carbon projects.
- Integrity pacts become mandatory for REDD+ project selection processes, with an independent monitor overseeing the award or rejection of all proposals.
- All staff working in connection with REDD+ are obliged to sign codes of conduct that take into account possible conflicts of interest.

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## WHO CAN HELP OR OBSTRUCT YOU?

You should now have a better sense of what it is that you want to achieve: objectives that are both desirable and realistic within your specific country and organisational context. For each objective you will need to devise a specific action plan for how you intend on achieving it.

In Exercise B2 you conducted a stakeholder mapping analysis to establish which actors wield most influence and which might be interested in your agenda, be that for positive or negative reasons. You should repeat this exercise for each of your objectives, being as specific as possible. 'The media', for example, is not an actor. It is comprised of many different organisations and actors, each of whom may play a different role or exercise different degrees of influence in your context. A government ministry, a political party or a company will similarly be comprised of many elements. Break these down as best you can, ie. are we talking about the Ministry of Justice or the Ministry's Permanent Secretary? This will help you to gain clarity over:

- Who are the key decision-makers in relation to your objective?
- Who are the biggest obstacles to your achieving it?
- Who are potential allies that you should seek to combine forces with?
- Are there any groups who are indifferent to your aims that you could win over?
- Can you take a 'stepping stone' approach to use actors you know to reach actors you lack access to?
- Should you seek to increase or decrease the influence of particular actors?

## HOW WILL YOU ACHIEVE IT?

There are a number of approaches that you might like to take to achieving your objectives. You should consider which one(s) best matches your objectives, and your strengths, capacities and contacts as an organisation.

**Networking** is about making contact with people and organisations for the purpose of sharing information and possibly working together for greater effectiveness. Networking can be done informally - through individual relationships - or it can be done more formally through joining or forming a network.

For networking to assist the advocacy work, it is useful to ask the following questions:

- Who shares the same values?
- Who is already working on the issue?
- Who can provide something that is needed?
- Who would co-operate?
- Who has the capacity to act?

**Campaigning** is the process of mobilising people to join together to take action to challenge those in power. It is directed against a target to achieve a specific result. Examples of campaigning activities that can be undertaken:

- Newspaper articles or adverts
- Newsletters – paper or email
- HTML emails
- Radio programmes or adverts
- Phone-ins with TV programmes
- Campaign videos
- DVDs, televised interviews
- Speeches
- Websites articles
- On-line petitions
- Campaign postcards, leaflets
- Fact-sheets or petitions
- Theatre/ drama/ performance
- Music/ songs/ music videos
- Meetings, workshops or events
- Posters
- Public solidarity events
- Wearing symbols, badges or stickers

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**Education** and awareness raising are central to empower people to act on new information and understanding. It is important to understand how adults learn in order to think about the most appropriate and effective ways of awareness raising for advocacy. Useful methods for passing on information to those who have an understanding of the issues but do not necessarily know all of the facts are:

- Public meetings and rallies
- Information leaflets
- Radio broadcasts
- Newspaper articles
- Press releases
- Open air films
- Slide shows
- Newsletters
- Community meetings
- Posters

**Mobilisation.** There are two types of groups that can be mobilised for action:

- Those who are directly affected by the problem
- Those who are concerned for others, such as churches and supporters of environmental groups

Examples of mobilisation activities:

- Public rallies or meetings
- Parades
- Collection of signatures
- Vigils, demonstrations and protests
- Supporters meeting decision-makers
- Production of materials (reports, briefings)

**Lobbying.** The ultimate aim of a large part of advocacy work is to influence decision-makers, whether they are the local mayor, government officials, business leaders, church leaders, members of parliament, trade unions or other groups. This is the essence of lobbying. In the context of REDD+ and forest carbon you may want to lobby decision-makers to reform or strengthen existing laws, policies or practices, or to introduce new laws, policies or practices.

There are a number of possible approaches to lobbying, including:

- Writing a letter or sending a position paper
- Making a phone-call
- Arranging a visit or a meeting
- Participating in a public meeting or conference
- Taking the opportunities that arise, such as a chance meeting
- Using the courts

**Media** includes radio, television, newspapers, magazines and the electronic media such as email and the internet. It is a powerful force that can build awareness and shape public opinion and influence policy decisions. If media is used well it can enhance the advocacy work and increase the chances of bringing about the desired change. Possible methods to work with the media include:

- Radio broadcasts and interviews
- Newspaper articles
- Press releases
- Internet articles

Important elements to consider:

- Be clear about why you want media coverage
- Stick to a clear, easy-to-understand message
- Target key people
- Remember that no news is unbiased
- Put yourself in the shoes of the media

This list should help you to formulate a series of activities which you will set out to undertake. For each activity you should establish who will be responsible for it, what resources are needed to complete it, and a timeline for its execution.

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## DESIGNING A COMMUNICATIONS PLAN

Your various advocacy objectives need to be backed up by a strong communications strategy. Key elements of this are:

- **Message** - what do you want to say?
- **Audience** - who are you saying it to?
- **Planning** - are you saying the right thing to the right people at the right time?
- **Medium** - are you delivering it in the right way?

Messages should be focused, clear and unambiguous. They should be consistent, coherent and tailored to the specific audience. Basic principles for the development of good messages are as follows:

- Keep it simple - easy, understandable language that people will remember
- Avoid jargon - words like transparency, accountability and integrity are not commonly understood so you should only use them when talking to specialists
- Use facts and numbers creatively - statistics can help back up your points, and anecdotes or case studies about real life people and situations are a good way of helping people to understand your issues
- Present a solution if possible - don't simply scare people about risks, give them something to do or support which will help improve the situation.

Messages are built around a proposition. A proposition is the specific single statement that defines what all communication is about. This should be a short phrase (no more than 8 or 10 words) which specifies the key message that you want your audiences to remember. For example:

*Who profits from your forests? You decide.*

Will probably attract more attention than:

*Transparency International Indonesia would like to invite you to attend a consultation on civil society's role in defining and monitoring benefit distribution mechanisms.*

Messages should also be tailored to the specific audience. This involves analysing:

- What is most persuasive for the audience
- What information the audience needs to hear
- What actions the audience should be mobilised for.

The results of this analysis allow for audience segmentation, meaning that the audience is divided into smaller groups of people who have similar communication-related needs, preferences and characteristics. Messages are received differently by different audiences. Hence, although the meaning of each message has to be centred on the same proposition, the way it is communicated need to be targeted to the specific audience.

For each group, it is important to understand what it already knows and thinks about a specific issue, what it cares most about, what are the factors that will encourage or hinder it from changing behaviour. This information will inform the communication strategy. Examples:

- **Decision-makers and opinion formers** - they are powerful individuals, they have knowledge of the issues and/ or reasons to listen. They are most receptive to detailed but concise messages, supported by rational arguments and evidence. Communications with this group should be personalised.
- **Activists** - they are powerful catalysts for change, they have some knowledge of the issue. They are most receptive to detailed messages, supported by emotive arguments.
- **Public** - communication should focus on simple messages, supported by emotive arguments.



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## ACTING AS WATCHDOGS

Your action plan may now include activities aimed at advocating for reforms to existing laws, policies or practices, calling for new ones, and raising awareness about risks and opportunities. Civil society also has a crucial role to play in monitoring whether, how and how well those laws, policies, practices and behaviours play out.

A number of monitoring activities already exist in relation to REDD+ and forest carbon. Others are operating in different fields but could be easily adapted to these ones. Some examples of these include:

### LAW ENFORCEMENT

**The Program on Forests (PROFOR)**, Brazil: Scorecard system for forest law enforcement, compiling information on numbers of arrests, prosecutions, convictions and sentencing. This compares jurisdictions with a view to highlighting failures to prosecute cases fully and potential corruption hot spots in the enforcement apparatus.

### ACCESS TO INFORMATION

**Global Witness:** ‘Making the Forest Sector Transparent’ is a project which supports local partners in using an annual report card to assess levels of public access to information in each country, identifying room for improvement and good practices that could be applied elsewhere. The standardised nature of the report cards allows for easy comparisons across countries according to a number of different transparency themes and indicators.

### PROCUREMENT

**Transparency International:** Our Integrity Pacts are a tool for preventing corruption in public contracting. They are essentially an agreement between the government agency offering a contract and the companies bidding for it that they will abstain from bribery, collusion and other corrupt practices for the extent of the contract. To ensure accountability, Integrity Pacts also include a monitoring system typically led by civil society groups. Pacts could be applied in forest carbon project contracting processes, during the allocation of licenses.

**The Program on Forests (PROFOR)**, Ecuador: Country-specific website with information on advertised and active forest concessions, allowing members of the public to judge whether particular concessions have been awarded fairly and whether the terms of the concessions are being followed.

### CITIZENS' COMPLAINTS

**Transparency International:** Our Advocacy and Legal Advice Centres provide free and confidential legal advice to witnesses and victims of corruption. They also help identify corruption hotspots that demand reform or official action. Some centres are already handling complaints of forestry sector corruption. Outreach work can be done to help sensitise members of the public to corruption risks in forest carbon projects and REDD+ and offer counsel if and when corruption occurs.

It will be important to establish whether anyone is already working on projects like this in your countries or regions, or whether local partners could support you in initiating them. Capacity building will be integral to the success of these initiatives, to ensure that staff working on them have the necessary skills, expertise and thus legitimacy. Investment in this will likely be resource-intensive so should be very carefully considered, but could prove very beneficial to the achievement of your long-term aims.



# WORKBOOK



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## WORKBOOK

For ease of access and application the exercises are divided into two types:

- **Type A** comprises the active templates which relate directly to guidance in the text in Modules 1-4. They can serve as a foundation for users' own customised research.
- **Type B** is a series of resources intended as additional information to complement the manual.

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### ACTIVE TEMPLATE WORKBOOK:

- **A1** Checklist for determining status of country regarding REDD+ readiness developments, and key actors
- **A2** Checklist for determining status of forest carbon project developments and key actors in-country
- **A3** Generic map of corruption risks in national REDD+ development
- **A4** Generic map of corruption risks in forest carbon projects
- **A5** Existing anti-corruption instruments
- **A6** Checklist for legislation (laws and regulations) related to governance of the forestry sector
- **A7** Mapping root causes of priority corruption risks

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### RESOURCE WORKBOOK:

- **B1** Current discussion on linking forest carbon projects and national REDD+ processes (ref. Module 3)
- **B2** Stakeholder mapping (ref. Module 3)
- **B3** Useful references/ resources

**EXERCISE A1 CHECKLIST FOR DETERMINING STATUS OF COUNTRY REGARDING REDD+ READINESS DEVELOPMENTS, AND KEY ACTORS**

Note: Examples are for guidance purposes only. Users should replace this with information relating to their context

| Decision point or activity   | Status   | Actor(s)  |
|--|--|---|
| <b>National Preparation</b>  |  |   |
| Has the country entered into an agreement regarding REDD+ development (eg. signed a partnership agreement with FCPF)?  | Name of agreement/ entity that country is entering into partnership with, and date signed  | <ul style="list-style-type: none"> <li>Ministry responsible for agreeing to REDD+</li> </ul>  |
| Has the country received a grant to develop a national REDD+ plan and to implement readiness activities?   | Check the UNFCCC website   | <ul style="list-style-type: none"> <li>Bilateral or multilateral donors</li> <li>National body designated responsible for REDD+ developments (see below)</li> </ul> |
| <b>National coordination and management of REDD+</b>   |  |   |
| Has a national body been established to address climate change issues in general?  | Relevant information for this, ie. <ul style="list-style-type: none"> <li>Date formed</li> <li>Where located in government</li> <li>Who oversees body</li> <li>Objectives</li> </ul> | <ul style="list-style-type: none"> <li>Name of body and composition</li> <li>Structure of governance for this.</li> <li>Who reports to who</li> </ul>               |
| Is there a national body or alliance specifically to address forests and climate change?   | Relevant information for this, ie. <ul style="list-style-type: none"> <li>Date formed</li> <li>Where located in government</li> <li>Who oversees body</li> <li>Objectives</li> </ul> | <ul style="list-style-type: none"> <li>Name of body and composition</li> <li>Structure of governance for this.</li> <li>Who reports to who</li> </ul>               |
| Is there a national REDD+ Working Group?   | Usually located within ministry responsible for forests  | <ul style="list-style-type: none"> <li>Composition of Working Group and governance restructure</li> </ul>   |
| Is there a REDD+ Task Force or similar group?  | A Task Force is often a cross-sector, cross-agency coordinating mechanism for implementation of REDD+ associated actions and information exchange. May be donor driven               | <ul style="list-style-type: none"> <li>Composition of Task Force and governance structure</li> </ul>  |
| Any other national level entity addressing forests and climate change?   | As above, cite details   | <ul style="list-style-type: none"> <li>Name of body and composition</li> <li>Structure of governance for this</li> <li>Who reports to who</li> </ul>                |
| <b>REDD+ framework developments and policies</b>   |  |   |
| Has a National REDD+ Action Plan been developed (Readiness Preparation Proposal/ National Programme Document or other)? Has it been submitted to the funder? Has it been approved? | Who prepared it, date when submitted and when approved (if applicable)<br>Refer to FCPF website, UN-REDD website, individual donor websites  | <ul style="list-style-type: none"> <li>Body or agency responsible for submitting Readiness Preparation Proposal</li> </ul>  |

EXERCISE A1 CONTINUED

| REDD+ implementation policies and related measures  |  |  |
|---|--|--|
| Has a grant management facility been developed?   | A facility may be established specifically to manage donor funds for REDD+ implementation purposes   | <ul style="list-style-type: none"> <li>• Are other arrangements for forest carbon financing being developed?</li> </ul>  |
| Are other arrangements for forest carbon financing being developed?   | Other financing mechanisms may be in development   | <ul style="list-style-type: none"> <li>• Entities involved, which are likely to be financial institutions or private sector actors</li> </ul>  |
| Has the country undergone a review of the forestry sector?  | A REDD+ country may be required by donors to conduct a review of its forest and plantation sectors in terms of relevant policy and practice, including strengths, weaknesses and gaps in their respective operational, institutional, regulatory, and technical resources and capacities | <ul style="list-style-type: none"> <li>• Relevant ministry or agency</li> <li>• Academic institute</li> </ul>  |
| Have any recent measures been taken regarding forest sector data collection, management and mapping?  | REDD+ will require high quality data on forest classification, forest coverage and demarcation, land use, disbursement of permits and valid titles   | <ul style="list-style-type: none"> <li>• Relevant ministry or agency</li> <li>• Academic institute</li> </ul>  |
| Has the government developed any policies or regulatory measures specifically related to forest carbon and REDD+ processes? (eg. clarification and allocation of tenure and use rights, allocation of carbon rights, transparency of information, FPIC for REDD activities) | New policies will probably need to be developed eg. identification and distribution of benefits from forest carbon   | <ul style="list-style-type: none"> <li>• Relevant ministry(ies) or agency(ies) responsible for forest resources and land use</li> </ul>  |
| Decisions and activities related to REDD+ project implementation  |  |  |
| Are there any new regulations specifically pertaining to forest carbon project and REDD demonstration activities?   | Implementation of REDD+ projects will require regulation regarding, for example, type of activity, location of activity in-country and national carbon accounting mechanism.   | <ul style="list-style-type: none"> <li>• Relevant ministry(ies) or agency(ies) responsible for forest resources and land use</li> </ul>  |
| Have pilot sites been identified in country?  | The respective authority in a REDD+ country may designate certain regions as sites for pilot projects  | <ul style="list-style-type: none"> <li>• Respective body implementing REDD+ at national level</li> </ul>   |
| Are there any projects underway?  | There may be REDD+ demonstration projects and/ or independent forest carbon projects aimed at the voluntary market which can serve as pilots for REDD+   | <ul style="list-style-type: none"> <li>• Respective body implementing REDD at national level</li> <li>• Project proponents and/ or project developer</li> <li>• Supporting NGOs</li> </ul> |

EXERCISE A1 CONTINUED

| Reference levels, carbon accounting and carbon MRV  |  |   |
|---|--|---|
| Has the country developed a national reference level?   | The current level of carbon stock held in forest ecosystems must first be established before accounting for a reduction in emissions. It is a technical and complex process to capture data for a reference scenario but it is a requirement for REDD+ | <ul style="list-style-type: none"> <li>• Respective body implementing REDD at national level</li> <li>• Academic institute</li> </ul> |
| Is there a mechanism in place for a national forest carbon accounting system?   | Once the carbon stock has been quantified, emissions levels must be established for the country and forest carbon credits are managed through a comprehensive national forest carbon accounting system. Likewise, this is a requirement for REDD+      | <ul style="list-style-type: none"> <li>• Respective body implementing REDD at national level</li> <li>• Academic institute</li> </ul> |
| Has an agency or organisation been created to manage the monitoring, reporting and verification (MRV) of forest carbon? Who supervises this body? | Monitoring, reporting and verifying forest carbon credits is a complex technical process which will be new to all REDD+ countries and requires the establishment of an independent MRV body  | <ul style="list-style-type: none"> <li>• Respective body implementing REDD at national level</li> <li>• Academic institute</li> </ul> |
| Has the country decided how it is going to provide information on respect for safeguards?   | The monitoring, reporting and verification of safeguards is also something that will be required. Countries are likely to have to provide information on how safeguards are being respected  | <ul style="list-style-type: none"> <li>• Respective body implementing REDD at national level</li> <li>• Academic institute</li> </ul> |

EXTERNAL SOURCES OF INFORMATION TO USE IN ADDITION TO INTERNAL STAKEHOLDER CONSULTATION:

- **The Forest Carbon Partnership Facility (FCPF)**  
Provides a range of resources on REDD+ including guidance on how to become REDD+ ready within the framework of the FCPF. This also has a dashboard of progress which shows where countries have got to  
<http://www.forestcarbonpartnership.org/fcp/>
- **UN-REDD**  
Has a wide range of resources on REDD+ as well as a regular newsletter  
<http://www.un-redd.org/>
- **REDD Monitor**  
A REDD+ advocacy website that provides regularly updated information and articles  
[www.redd-monitor.org](http://www.redd-monitor.org)
- **The REDD Desk**  
A collaborative resource providing access to a wide range of resources on REDD+  
[www.thereddesk.org](http://www.thereddesk.org)
- Websites of relevant ministries housing REDD+ initiatives, ie. Ministry of Forestry



## EXERCISE A2 CHECKLIST FOR DETERMINING STATUS OF FOREST CARBON PROJECT DEVELOPMENTS AND KEY ACTORS IN-COUNTRY

Note: Examples are for guidance purposes only. Users should replace this with information relating to their context

| Decision point or activity  | Status  | Actor(s)  |
|---|---|---|
| <b>National coordination and management of REDD+ and forest carbon projects</b>                                   |   |   |
| Is there a National REDD+ Working Group?  | This is usually located within the ministry responsible for forests. It should have knowledge of sub-national REDD+ associated projects in-country.   |   |
| Is there a REDD+ Task Force or similar group?   | A Task Force is often a cross-sector, cross-agency coordinating mechanism for implementation of REDD+ associated actions and information exchange. May be donor driven. Should have knowledge of sub-national REDD+ associated projects in-country.   |   |
| <b>Project level</b>  |   |   |
| Are there any new regulations specifically pertaining to forest carbon project and REDD demonstration activities? | <p>Implementation of formal REDD+ projects, when this stage is achieved, will require regulation regarding, for example, type of activity, location of activity in-country and national carbon accounting mechanism.</p> <p>In the meantime, however, forest carbon projects for the voluntary market do not require a national level regulation to govern them. It is still relevant to check if this exists in your country or not.</p>                               | <ul style="list-style-type: none"> <li>Land use ministry where REDD+ initiative is housed (may be Forestry Department or may be a separate entity).</li> </ul>  |
| Have pilot sites been identified in-country?  | <p>A REDD+ country may designate certain regions as sites for pilot projects.</p> <p>Forest carbon project sites may also be selected independently through private arrangements between the landowner/ land manager/ community and the project developer. Often a third-party project proponent (such as an international NGO) will be involved.</p> <p>The forestry commission or other land-based ministry may also be involved.</p>                                 | <ul style="list-style-type: none"> <li>National level body for land use zoning (formal REDD+ pilot site designation)</li> <li>Relevant ministry or agency</li> <li>Project proponents and/ or project developer</li> <li>Supporting international NGO</li> <li>National NGOs</li> </ul> |
| Are any projects planned or being implemented?  | <p>There may be REDD+ demonstration projects and/ or independent forest carbon projects aimed at the voluntary market which can serve as pilots for REDD+</p> <p>Basic information to gather for each:</p> <ul style="list-style-type: none"> <li>Where is the project located? How big an area is included in the project?</li> <li>Who are the affected people/ communities?</li> <li>Timeframe of project</li> <li>Type of project: goals and priorities.</li> </ul> | <ul style="list-style-type: none"> <li>Project proponents (international and national/ local civil society organisations)</li> <li>Project developer (often private sector actor)</li> <li>Project investor (may be same entity as project developer)</li> </ul>                        |

## EXERCISE A2 CONTINUED

The following enquiries can be made for a specific project that users want to target, or can be applied to gather detailed information on all projects in the partner country.

### Forest carbon project implementation: Governance, beneficiaries and other parties impacted

|  |  |   |
|--|--|---|
| <p>How have the carbon rights been allocated in a specific project?</p>  | <p>What is the land tenure situation in the project area? Is it clear or under review?</p> <p>This is often closely related to rights described under forestry legislation for forest resources</p> <p>Is there any guiding mechanism for allocation of carbon rights in your country?</p> | <ul style="list-style-type: none"> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> </ul>  |
| <p>Who are the intended project beneficiaries?</p>   | <p>Is it clear who will benefit from the forest carbon project activities and in what ways?</p>  | <ul style="list-style-type: none"> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> <li>• Project developer</li> </ul>                           |
| <p>Does the project design include safeguards to address direct and indirect negative impacts to communities and ecosystems?</p> | <p>Is it clear what measures are in place to mitigate risks of negative impacts and how they will be implemented?</p>  | <ul style="list-style-type: none"> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> <li>• Project developer</li> </ul>                           |
| <p>Has the country decided how it is going to provide information on respect for safeguards?</p>                                 |  | <ul style="list-style-type: none"> <li>• Respective body implementing REDD+ at national level</li> <li>• Academic institute</li> </ul>  |
| <p>Has the project design been discussed with stakeholders through consultation?</p>   | <p>How well known is the project to people in the area?</p> <p>Have stakeholder consultations been carried out or planned?</p> <p>Where applicable, have indigenous people given their consent for proposed activities, ie. through a Free, Prior and Informed Consent (FPIC) process?</p> | <ul style="list-style-type: none"> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> <li>• Project developer and/ or project proponent</li> </ul> |
| <p>What are the specific activities proposed for the project?</p>  | <p>What will actually be done in the area to meet the goals of the forest carbon project?</p>  | <ul style="list-style-type: none"> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> <li>• Adjacent land users</li> </ul>                         |

EXERCISE A2 CONTINUED

|   |  |   |
|---|--|---|
| <p>How was the project established? Is there a contract for this agreement? Did the government have to give approval?</p> | <p>Who negotiated the conditions of the project? Who signed a contract for approval of the project? Was there a consultation process?</p> <p>What other legal documents have been signed during the project development process and by whom?</p> | <ul style="list-style-type: none"> <li>• Project developer</li> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence concession for project</li> <li>• Relevant ministry or agency</li> </ul> |
| <p>Does the project follow a certain standard for voluntary forest carbon projects (ie. VCS, CCBA)</p>                    | <p>Has the project been validated against a particular standard through third-party audit? Is this information made public?</p>  | <ul style="list-style-type: none"> <li>• Project developer</li> <li>• Third party auditor</li> </ul>  |

**Forest carbon project financing and economics**

|   |   |   |
|---|---|---|
| <p>How is the project financed?</p>           | <p>A project may be funded up-front by a donor, may rely on investment for future carbon credit sales, or may be based on a combination of these</p> <p>Have potential buyers been identified for the offsets?</p>    | <ul style="list-style-type: none"> <li>• Donor body</li> <li>• International NGO, project proponents</li> <li>• Project investor (may be same as project developer)</li> </ul>  |
| <p>How are the funds managed?</p>             | <p>Is there a clear mechanism for managing funds?</p> <p>Where are the funds located?</p> <p>Are non-financial benefits realised by project beneficiaries during the fund supported stage?</p>                        | <ul style="list-style-type: none"> <li>• Project developer</li> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> </ul> |
| <p>How are the financial returns managed?</p> | <p>Is there a clear benefit sharing structure for financial returns generated through the project activities?</p> <p>Is this information readily available from the project developer and/ or project proponents?</p> | <ul style="list-style-type: none"> <li>• Project developer</li> <li>• Landowner, farmer or community</li> <li>• Other entity granted licence/ concession for project</li> </ul> |

**Project baseline levels and project MRV**

|   |   |   |
|---|---|---|
| <p>Has an emissions reference baseline been developed for the project?</p> <p>Does the baseline only address forest carbon or have other forest values been taken into account?</p> <p>Is this data available or is it proprietary?</p> | <p>All forest carbon projects must demonstrate additionality with reference to a baseline</p> <p>Establishing baselines is a technical and specialised process which is continually improving. There is much discussion around the need to incorporate other forest values in addition to carbon i.e. biodiversity, livelihoods, etc.</p> | <ul style="list-style-type: none"> <li>• Project developer</li> <li>• Data management body/ academic institute</li> <li>• Service provider</li> </ul> |
|---|---|---|







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## EXERCISE A2 CONTINUED

Who is monitoring project performance?

Is only carbon monitored or are other measures of performance included, ie. alternative income generation, sustainable management practices?

All forest carbon projects require regular verification by a third-party auditor during establishment and implementation, to confirm that they are meeting emissions reductions targets.

Results should be made public.

- Project developer
- Service provider/ auditor

### EXTERNAL SOURCES OF INFORMATION TO USE IN ADDITION TO INTERNAL STAKEHOLDER CONSULTATION:

- **The Forest Carbon Partnership Facility (FCPF)**

Provides a range of resources on REDD+ including guidance on how to become REDD+ ready within the framework of the FCPF. This also has a dashboard of progress which shows where countries have got to

<http://www.forestcarbonpartnership.org/fcp/>

- **Forest Carbon Portal managed by Ecosystem Marketplace**

Here you can check forest carbon projects that are in implementation or planning phase worldwide plus other forest carbon market reference information

<http://www.forestcarbonportal.com/projects>

- **Climate, Community and Biodiversity Alliance (CCBA)**

<http://www.climate-standards.org/index.html>

- **Verified Carbon Standard (VCS)**

<http://www.v-c-s.org/>

- **Plan Vivo**

<http://www.planvivo.org/>

- **CarbonFix**

<http://www.carbonfix.info/>

- Websites of relevant ministries housing REDD+ initiatives, ie. Ministry of Forestry

EXERCISE A3 GENERIC MAP OF CORRUPTION RISKS IN NATIONAL REDD+ DEVELOPMENT

See below a sample corruption risk map for national REDD+ development. For further information on the thematic areas covered please see Module 3. The map is also introduced in Module 4 Step 2.

|   | Actors involved  |   |
|---|--|---|
| Activity  | National   | Sub-national/ local   |
| <b>National coordination and management of REDD+ and forest carbon projects</b> |  |   |
| <b>Design and development of national REDD+ strategy</b>                        | Political elites, international and national logging companies, agribusiness (oil palm, sugar cane, jatropa etc.), military                      | Local and international logging and agribusiness companies, political elite |
| <b>Policy review and development</b>  | Political elites, international and national logging companies, agribusiness (oil palm, sugar cane, jatropa etc), military                       |   |
| <b>Allocation of carbon rights</b>  | Political elites, international and national logging companies, agribusiness (oil palm, sugar cane, jatropa etc), military                       | Indigenous communities, forest dependent communities,                       |
| <b>Clarification or reform of land tenure</b>                                   | Political elites, international and national logging companies, agribusiness (oil palm, sugar cane, jatropa etc), military                       | Indigenous communities, forest dependent communities                        |
| <b>Design of benefit sharing mechanism</b>                                      | Ministry of Forestry, finance or political elites, NGOs  | Local elites, NGOs, local governance structures, indigenous communities     |
| <b>Design and implementation of safeguards</b>                                  | Ministry of Forestry, finance or political elites, NGOs  | Political elites, NGOs, local governance structures, indigenous communities |
| <b>Identification of who is eligible to conduct REDD+ activities</b>            | REDD+ governing/ regulatory body, agribusiness, logging companies, NGOs, indigenous peoples organisations, representatives of forest communities |   |
| <b>Allocation of concessions for REDD+</b>                                      | REDD+ governing/ regulatory body, agribusiness, logging companies, NGOs, indigenous peoples organisations, representatives of forest communities |   |



Thematic areas covered are:

- Policy, legislation and regulation
- Financial and economic flows
- Application activities
- Performance monitoring and reporting
- Enforcement

Note: This table is provided as a framework to guide the process of identifying corruption risks. The details cited are intended as examples only. The table can be used as a discussion point for gathering actual information specific to your situation.

| Corruption risk  | Associated corrupt practice  | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|--|--|--|------------|---------------------|
|  |  | Impact                                   | Likelihood | Impact x likelihood |
| Design a REDD+ strategy that is preferential to specific actors. Can result in identification of strategies favourable to particular interests only<br>Skewing land use policy                     | <ul style="list-style-type: none"> <li>• <b>Undue influence, bribery</b> to officials to ignore information</li> <li>• <b>Bribery or fraud</b> by international consultant to influence REDD+ planning and gain contract</li> </ul>  |  |            |                     |
| REDD+ strategy design favours one sector over another ie. agriculture policy capture, or to favour logging under sustainable forest management approach  | <ul style="list-style-type: none"> <li>• <b>Bribery, undue influence</b> to support specific policies</li> </ul>   |  |            |                     |
| Inequitable allocation of carbon rights to favour political elites<br>Implementation compromised by regulatory agency activity already present, ie. forest management, public sector auctions      | <ul style="list-style-type: none"> <li>• <b>Undue influence or bribery</b> to link carbon rights to state-owned land titles or logging concessions excluding customary rights or communities from having control over the carbon and potentially the revenues</li> </ul>   |  |            |                     |
| Delays in land tenure reform or reform that benefits specific social or interest group   | <ul style="list-style-type: none"> <li>• <b>Undue Influence or bribery</b> to allocate land in a beneficial way to one group</li> <li>• <b>Cronyism/ favouritism/ abuse</b> of discretion to allocate resources to a preferred group</li> </ul>  |  |            |                     |
| Intentionally weak design of financial management system to obscure fund movement  | <ul style="list-style-type: none"> <li>• <b>Undue influence</b> influencing who receives benefits and revenues from REDD+ or forest carbon</li> </ul>  |  |            |                     |
| Safeguards and standards developed to favour particular parties over others within the national context  | <ul style="list-style-type: none"> <li>• <b>Bribery, undue influence, collusion</b>, complicity to develop standards that benefit specific groups</li> </ul>   |  |            |                     |
| Developing regulations that only allow specific actors to develop and run REDD+ activities and benefit from them   | <ul style="list-style-type: none"> <li>• <b>Undue influence, bribery</b></li> </ul>  |  |            |                     |
| Preferential award of concessions relating to patronage. Results in restricted access to concessions and non-efficient allocation of them<br>Preferential access to information on bidding process | <ul style="list-style-type: none"> <li>• <b>Collusion</b> in leaking bidding information, or providing weak bids</li> <li>• <b>Extortion</b> to 'grease' payments</li> <li>• <b>Bribery</b> to refrain from competitive bidding or award to company that is not the best candidate</li> <li>• <b>Abuse of discretion, cronyism.</b> Allocation of concession based on personal associations or patronage networks</li> </ul> |  |            |                     |

EXERCISE A3 CONTINUED

| Activity  | Actors involved  |  |
|---|--|--|
|   | National   | Sub-national/ local  |
| <b>National coordination and management of REDD+ and forest carbon projects</b>   |  |  |
| Preparation of initial land use plans   | National regulatory agency   | Governors and provincial level land planners                             |
| <b>Financial and economic flows - to cover financial and economic flows associated with national REDD+ developments</b> |  |  |
| Coordination and approval of donor funding  | Ministries, donors, NGOs   | Indigenous communities, forest dependent communities,                    |
| Allocation of funds to ministries and agencies  | Ministries, agencies responsible for funds, REDD+ governing/ management bodies       | Regional or local agencies   |
| Redistribution of REDD+ revenue   | Ministries, agencies responsible for funds, REDD+ governing/ management bodies, NGOs | NGOs, local, regional governance structures                              |
| <b>Application Activities - activities that will be undertaken as part of REDD+ implementation</b>                      |  |  |
| Procurement of goods and services   | Ministries, agencies responsible for funds, REDD+ governing/ management bodies, NGOs | Agencies responsible for funds, REDD+ governing/ management bodies, NGOs |
| Implementation of consultation process  | Ministries, agencies responsible for REDD+, REDD+ governing/ management bodies       | NGOs, local elites, communities  |
| Appointment of new staff  | Relevant government, non-governmental and private sector bodies                      |  |
| Establishment of new governance structures/ agencies (including regulatory agency)                                      | Ministries, agencies responsible for REDD+, REDD+ governing/ management bodies       |  |

| Corruption risk   | Associated corrupt practice  | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|---|--|--|------------|---------------------|
|   |  | Impact                                   | Likelihood | Impact x likelihood |
| Developing REDD+ land use plans which fail to respect the rights of indigenous peoples and other forest dependent communities                             | <ul style="list-style-type: none"> <li>• <b>Undue influence and bribes</b>, to exclude high value timber concessions from REDD+ while pressing for other areas which have already been degraded to be included in REDD+ land use plans</li> </ul>  |  |            |                     |
| Inaccurate information provided to support applications or political pressure provided to support process   | <ul style="list-style-type: none"> <li>• <b>Fraud</b>. Misrepresentation of country progress to gain access to funds</li> </ul>  |  |            |                     |
| Diversion of funds at various levels for personal, sectoral or professional gain  | <ul style="list-style-type: none"> <li>• <b>Fraud, embezzlement</b></li> </ul>   |  |            |                     |
| Allocation of funds to favoured parties   | <ul style="list-style-type: none"> <li>• <b>Fraud, embezzlement</b> of funds allocated for redistribution</li> </ul>   |  |            |                     |
| Providing access to bidding information for preferential treatment of bids  | <ul style="list-style-type: none"> <li>• <b>Undue influence, bribery</b></li> </ul>  |  |            |                     |
| Consultation process takes place in an irrelevant or inappropriate location or excludes specific groups   | <ul style="list-style-type: none"> <li>• <b>Collusion</b> in leaking bidding information, or providing weak bids</li> <li>• <b>Extortion</b> to 'grease' payments</li> <li>• <b>Bribery</b> to refrain from competitive bidding or award to company that is not the best candidate</li> <li>• <b>Abuse of discretion, cronyism</b>. Allocation of concession based on personal associations or patronage networks</li> </ul> |  |            |                     |
| Allocation of jobs to those not best qualified<br><br>Asking for payments to gain access to information about the job that should be publically available | <ul style="list-style-type: none"> <li>• <b>Bribery, fraud, favouritism, nepotism, cronyism</b> to gain access to jobs</li> <li>• <b>Extortion</b> to ask others to provide money to gain access to information/ documents about jobs</li> </ul>   |  |            |                     |
| Setting up of agency in location that is not the best or offers benefits to a specific group/ agency  | <ul style="list-style-type: none"> <li>• <b>Bribery, fraud, cronyism</b></li> </ul>  |  |            |                     |

EXERCISE A3 CONTINUED

|  | Actors involved   |  |
|--|---|--|
| Activity   | National  | Sub-national/ local                          |
| <b>National coordination and management of REDD+ and forest carbon projects</b>  |   |  |
| Registration of projects   | National regulatory agency  |  |
| Development of national reference emission levels and national carbon stock maps   | Ministries of Forestry/ Environment, land owners, logging companies, technical support companies/ consultancies | Prosecutors office                           |
| <b>Performance monitoring and reporting – on performance in emission reductions, financial management and social and environmental standards</b> |   |  |
| Monitoring carbon revenue or donor funds. New mechanisms needed  | Government agencies, political elites, private sector   |  |
| Reporting performance  | Government agencies, political elites, private sector, INGOs, NGOs,   | NGOs, communities, indigenous peoples groups |
| Verification   | Verifications organisations, NGOs government agencies   |  |
| Due diligence activities   | Verifications organisations, NGOs, government agencies  |  |
| <b>Enforcement – implementation of legislative and voluntary processes that enforce both laws and standards</b>                                  |   |  |
| Enforcement of donor agreement   | Government officials, NGOs, donors, representatives of forest dependent communities and indigenous peoples      |  |

| Corruption risk   | Associated corrupt practice  | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|---|--|--|------------|---------------------|
|   |  | Impact                                   | Likelihood | Impact x likelihood |
| <ul style="list-style-type: none"> <li>Falsified allocation of registration documents</li> </ul>  | <ul style="list-style-type: none"> <li><b>Bribery</b> to gain registration document</li> <li><b>Extortion</b> to provide registration documents</li> </ul>   |  |            |                     |
| <ul style="list-style-type: none"> <li>Influence on consultants to establish false carbon levels for baseline to misrepresent and overstate emission reductions from REDD+ activities</li> <li>Data gathering at local level and data aggregation at national level may be falsified or misrepresented.</li> <li>Focus on parameters (or measures thereof) which are largely irrelevant</li> <li>Attributing changes outside the country to changes inside</li> <li>Falsification or corruption of data on carbon emissions when data is not electronic with central control</li> </ul> | <ul style="list-style-type: none"> <li><b>Bribery</b> and <b>collusion</b> at national level to establish misleading or false carbon emission reference level for personal gain</li> <li><b>Fraud</b> through provision of inaccurate information</li> </ul> |  |            |                     |
| <ul style="list-style-type: none"> <li>Influence over design of financial monitoring, reporting and verification mechanisms to favour elite interests</li> </ul>  | <ul style="list-style-type: none"> <li><b>Bribery</b> and <b>collusion</b></li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>Falsification of results to trigger next REDD+ payment.</li> <li>Hindering and inhibiting release of information</li> </ul>  | <ul style="list-style-type: none"> <li><b>Bribery</b> and <b>collusion</b> at national level to establish misleading or false reporting on carbon emissions reductions and other performance actions for personal gain</li> </ul>                            |  |            |                     |
| <ul style="list-style-type: none"> <li>Auditing parameters deliberately unclear or confusing for observers</li> </ul>   | <ul style="list-style-type: none"> <li><b>Fraud</b>. Deliberate isrepresentation of results or falsifying findings</li> <li><b>Bribery</b> to fake compliance data</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>Undue influence or pressure on financial institutions to overlook due diligence in REDD+ implementation</li> </ul>   | <ul style="list-style-type: none"> <li><b>Bribery</b> of financial institutions</li> </ul>   |  |            |                     |
| <ul style="list-style-type: none"> <li>Failure to provide donors with adequate or accurate information to enforce agreement leading to funds continuing without performance</li> <li>Failure to repay donors if targets are not met</li> </ul>  | <ul style="list-style-type: none"> <li><b>Fraud, collusion/ complicity</b> to ensure that inaccurate information is provided on progress</li> </ul>  |  |            |                     |

EXERCISE A3 CONTINUED

| Activity  | Actors Involved  |   |
|---|--|---|
|   | National   | Sub-national/ local                         |
| <b>National coordination and management of REDD+ and forest carbon projects</b> |  |   |
| <b>Enforcement of national legislation</b>                                      | Responsible government agencies, NGOs, logging companies, agribusiness |   |
| <b>Prosecution/ issuing of indictments</b>                                      | Attorney General's office  | Prosecutors office                          |
| <b>Trial</b>  | Supreme court, federal court   | Criminal court judge, appellate court judge |



| Corruption risk   | Associated corrupt practice   | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|---|---|--|------------|---------------------|
|   |   | Impact                                   | Likelihood | Impact x likelihood |
| <p>Influencing processes through patronage networks or smaller direct influence:</p> <ul style="list-style-type: none"> <li>• Failure to punish operators that violate legislation (through fines, removal of licences)</li> <li>• Interpretation of laws to favour specific operators</li> <li>• Failure to enforce specific internal sanctions against official or agencies</li> <li>• Failure to properly investigate allegations</li> <li>• Reduction in charges</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Bribery, cronyism, abuse of discretion</b></li> <li>• <b>Collusion/ complicity</b></li> <li>• <b>Extortion to provide basic enforcement services</b></li> </ul> |  |            |                     |
| <p>Influencing processes through patronage networks and smaller direct influence:</p> <ul style="list-style-type: none"> <li>• Failure to issue indictments</li> <li>• Issuing of lenient indictments</li> <li>• Manipulation of prosecution process to make it invalid</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Bribery, cronyism, abuse of discretion</b></li> <li>• <b>Collusion/ complicity</b></li> <li>• <b>Extortion</b> to provide basic enforcement services</li> </ul> |  |            |                     |
| <p>Influencing processes through patronage networks and direct influence:</p> <ul style="list-style-type: none"> <li>• Dismissal of cases</li> <li>• Judgements in favour of accused</li> <li>• Reduced sentencing</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Bribery, cronyism, abuse of discretion</b></li> <li>• <b>Collusion/ complicity</b></li> <li>• <b>Extortion</b> to provide basic enforcement services</li> </ul> |  |            |                     |

EXERCISE A4 GENERIC MAP OF CORRUPTION RISKS IN NATIONAL REDD+ DEVELOPMENT

See below a sample corruption risk map for national REDD+ development. For further information on the thematic areas covered please see Module 3. The map is also introduced in Module 4 Step 2.

- Thematic areas covered are:
- Policy, legislation and regulation
  - Financial and economic flows
  - Application activities
  - Performance monitoring and reporting
  - Enforcement

| Activity   | Actors involved   |  |
|--|---|--|
|  | National  | Sub-national/ local  |
| <b>Policy, legislation and regulation – including areas of new policy development to address forest carbon issues, ie. carbon rights, carbon financing, etc.</b> |   |  |
| <b>Allocating forest resource management rights, forest zoning</b>   | <ul style="list-style-type: none"> <li>• Ministry of Forestry, land commissioner or corresponding agency</li> </ul>   | <ul style="list-style-type: none"> <li>• Forestry agency, district commissioner, villages and communities</li> </ul>                                     |
| <b>Allocation of carbon rights, licensing</b>  | <ul style="list-style-type: none"> <li>• Ministry of Forestry and/or Ministry of Environment/ ministry where climate change initiatives are housed within government</li> </ul> | <ul style="list-style-type: none"> <li>• Forestry agency, project developer (could be private enterprise), communities</li> <li>• Local elite</li> </ul> |
| <b>Creation of carbon trade laws to guide national trading on the voluntary market</b>   | <ul style="list-style-type: none"> <li>• Ministry of Forestry and land management ministries</li> </ul>   | <ul style="list-style-type: none"> <li>• Forestry agency, local representation of other ministries, communities/ farmers/ landowners</li> </ul>          |
| <b>Financial and economic flows – economic component added to include the potential to cover benefits that are not direct financial transfers</b>                |   |  |
| <b>Utilisation of donor and investor funds</b>   | <ul style="list-style-type: none"> <li>• Ministry of Forestry</li> <li>• Ministries, agencies responsible for funds, REDD+ governing / management bodies, NGOs</li> </ul>       | <ul style="list-style-type: none"> <li>• Project developer</li> <li>• Project proponent</li> </ul>   |

| Corruption risk  | Associated corrupt practice  | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|--|--|--|------------|---------------------|
|  |  | Impact                                   | Likelihood | Impact x likelihood |
| <ul style="list-style-type: none"> <li>Manipulation or intentional misinterpretation of forest laws and regulations</li> <li>Intentional lack of transparency for community to understand rights over forest resources</li> <li>Establishing project area without knowledge or consent of local communities</li> <li>Land title falsified or kept unclear to enable false claims to carbon payments</li> </ul> | <ul style="list-style-type: none"> <li><b>State capture.</b> Failure to recognise customary land tenure</li> <li><b>Extortion.</b> Payments to issue legal permits</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>Similar to allocation of forest harvesting concessions, preferential award of licenses through patronage</li> <li>Misrepresentation of project developer capacity to implement project</li> <li>Purchase of carbon rights based on outside knowledge of project development opportunities, information not available to national or local actors</li> </ul>             | <ul style="list-style-type: none"> <li><b>Bribery</b> to award carbon rights to land owner or private entity</li> <li><b>Nepotism/ patronage</b> by forest carbon governing body (if applicable) in awarding project contract</li> </ul> |  |            |                     |
| <ul style="list-style-type: none"> <li>Centralising carbon rights with new legislation, undermining forest resource and/ or land tenure rights</li> </ul>  | <ul style="list-style-type: none"> <li><b>Undue influence</b></li> <li><b>Bribery</b> to officials to develop legislation favourable to particular interest groups</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>Mismanagement by project developer and/ or project proponent (NGOs)</li> <li>Over-spending of funds and project development pushed too fast to make project developer and/ or promoter look more successful</li> </ul>  | <ul style="list-style-type: none"> <li><b>Embezzlement</b> of funds</li> <li><b>Bribery</b> to misdirect funds</li> </ul>  |  |            |                     |

EXERCISE A4 CONTINUED

|   | Actors involved  |  |
|---|--|--|
| Activity  | National   | Sub-national/ local  |
| Tax evasion   | <ul style="list-style-type: none"> <li>Ministry of Forestry, government auditing bodies</li> </ul>   | <ul style="list-style-type: none"> <li>Project developer</li> <li>Project proponent</li> </ul>   |
| <b>Application activities - to cover all activities likely to be part of implementation of the forest carbon project, including safeguards</b>  |  |  |
| Development of project baseline reference emission levels   | <ul style="list-style-type: none"> <li>National REDD+ body, ministry within which climate change and/or REDD+ initiative is housed, institute or body responsible for national carbon accounting system (if applicable)</li> </ul> | <ul style="list-style-type: none"> <li>Project developer</li> <li>Communities farmer/ landowner</li> </ul>   |
| Registration of project   | <ul style="list-style-type: none"> <li>Ministry within which climate change and/ or REDD+ initiative is housed</li> <li>Project developer</li> </ul>   | <ul style="list-style-type: none"> <li>Project developer</li> </ul>  |
| Design of benefit sharing mechanism   | <ul style="list-style-type: none"> <li>Ministry of Forestry (if national accounting system exists)</li> </ul>  | <ul style="list-style-type: none"> <li>Project developer</li> <li>Project investors</li> <li>Communities/ farmer/ landowner, other beneficiaries</li> <li>Local elite</li> </ul> |
| Planning and implementing activities comprising project   | <ul style="list-style-type: none"> <li>Respective ministry or government agency in sector</li> </ul>   | <ul style="list-style-type: none"> <li>Project developer,</li> <li>Project investor, beneficiaries, local officials</li> </ul>   |
| Design and implementation of safeguards   | <ul style="list-style-type: none"> <li>Ministry of Forestry, finance or</li> <li>Political elites, NGOs</li> </ul>   | <ul style="list-style-type: none"> <li>Project developer</li> <li>Political elites</li> <li>NGOs</li> </ul>  |
| <b>Performance monitoring and reporting - to correspond with existing language within the UNFCCC negotiations while expanding beyond carbon MRV to cover overall performance, information provision and verification or oversight</b> |  |  |
| Verification of emissions reductions  | <ul style="list-style-type: none"> <li>Third-party entity</li> <li>National REDD+ body (if national system exists)</li> </ul>  | <ul style="list-style-type: none"> <li>Project developer</li> <li>Communities farmer/ landowner</li> </ul>   |

| Corruption risk   | Associated corrupt practice  | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|---|--|--|------------|---------------------|
|   |  | Impact                                   | Likelihood | Impact x likelihood |
| <ul style="list-style-type: none"> <li>• Non-payment of associated taxes to government</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Bribery</b> to evade taxes and avoid penalties</li> </ul>  |  |            |                     |
|   |  |  |            |                     |
| <ul style="list-style-type: none"> <li>• False baseline given to enhance emissions derived from project</li> <li>• Provision of false information or monopoly of national or local data</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Fraud</b></li> </ul>   |  |            |                     |
| <ul style="list-style-type: none"> <li>• False registration of companies to hide ownership</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Fraud</b></li> </ul>   |  |            |                     |
| <ul style="list-style-type: none"> <li>• Exclusion of vulnerable parties from agreements</li> <li>• Deliberate lack of transparency in mechanism</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Undue influence</b> by elite to develop mechanism favourable to them</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Inflate emissions reduction impact of proposed activities</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Bribery</b> to overestimate returns from project</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Excessive influence of particular interests resulting in safeguards and standards that favour particular parties over others</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Bribery, undue influence, collusion/</b> complicity to develop safeguards that benefit specific groups</li> </ul>  |  |            |                     |
|   |  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Selection of auditors to favour project developers, misrepresentation of data</li> <li>• Project developer fakes project for enhancement</li> <li>• Falsification or corruption of data on carbon emissions when data is not electronic with central control</li> <li>• Fraudulent reporting to trigger next investment or payment</li> <li>• Coercion by third-party</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Bribery</b> of auditor or scientific agency to fake compliance data or to enable project to continue</li> <li>• <b>Fraud</b> deliberate misrepresentation of data</li> <li>• <b>Bribery</b> by auditing service provider to gain contract</li> </ul> |  |            |                     |

EXERCISE A4 CONTINUED

|  | Actors involved  |   |
|--|--|---|
| Activity   | National   | Sub-national/ local   |
| Reconciliation of emissions reductions (if applicable)   | <ul style="list-style-type: none"> <li>National REDD+ body Ministry within which climate change and/ or REDD+ initiative is housed, institute or body responsible for national carbon accounting system (if applicable)</li> </ul> | <ul style="list-style-type: none"> <li>Third-party verifier</li> <li>Project developer, communities/ farmers/ landowner, other beneficiaries</li> </ul> |
| <b>Carbon revenue</b>  | <ul style="list-style-type: none"> <li>Ministry of Finance (if national accounting system exists)</li> </ul>   | <ul style="list-style-type: none"> <li>Project developer,</li> <li>project investors, beneficiaries</li> </ul>  |
| <b>Enforcement – Includes all sanctions and punishments applicable to all activities above through corresponding legislation</b> |  |   |
| <b>Enforcement of donor agreement</b>  | <ul style="list-style-type: none"> <li>Government officials, NGOs, donors, representatives of forest dependent communities and indigenous peoples</li> </ul>   |   |
| <b>Enforcement of international standards</b>  | <ul style="list-style-type: none"> <li>International/ national verifiers</li> <li>NGOs</li> </ul>  |   |
| <b>Failure to comply with applicable legislation</b>   | <ul style="list-style-type: none"> <li>Ministry of Forestry, law enforcement agencies</li> </ul>   | <ul style="list-style-type: none"> <li>Forestry agencies</li> <li>Local law enforcement</li> </ul>  |
| <b>Prosecutions</b>  | <ul style="list-style-type: none"> <li>Attorney General</li> </ul>   | <ul style="list-style-type: none"> <li>Prosecutor's office</li> </ul>   |
| <b>Possible creation of new body to address carbon credit enforcement, accounting and leakage</b>                                | <ul style="list-style-type: none"> <li>Law enforcement agency</li> </ul>   | <ul style="list-style-type: none"> <li>Local law enforcement</li> </ul>   |



| Corruption risk   | Associated corrupt practice  | Ranking (1 – 5, 1 = lowest, 5 = highest) |            | Risk                |
|---|--|--|------------|---------------------|
|   |  | Impact                                   | Likelihood | Impact x likelihood |
| <ul style="list-style-type: none"> <li>• Double counting credit and fraudulent revenue generation</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Bribery</b> to evade taxes and avoid penalties</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Failure to fully and accurately report revenues</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Embezzlement</b> of carbon revenue</li> <li>• <b>Bribery</b> to fail to accurately record fees paid</li> </ul>   |  |            |                     |
|   |  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Failure to provide donors with adequate/ accurate information to enforce agreement leading to funds continuing without performance</li> <li>• Failure to repay donors if targets are not met</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Fraud, collusion/</b> complicity to ensure that inaccurate information is provided on progress</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Corruption based on both the failure of a verifier to detect lack of compliance to standards and also active corruption by the verifier to extract funds from the developer</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Fraud, collusion/</b> complicity to ensure that inaccurate information is provided on progress</li> <li>• <b>Extortion</b> to provide standard certification</li> </ul>  |  |            |                     |
| <ul style="list-style-type: none"> <li>• Failure to punish project developers and associated actors who violate regulations (i.e. failure to withdraw licence or project approval)</li> <li>• Interpretation of laws/ regulation in favour of particular project actor (ie. in absence of laws governing forest carbon, misinterpretation of existing laws may be relatively easy)</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Extortion</b> of law enforcement to crack down on competitors</li> <li>• <b>Bribery</b> to avoid reporting non compliance or levying sanctions</li> <li>• <b>Extortion.</b> Payments for field officers to conduct 'monitoring'</li> </ul> |  |            |                     |
| <ul style="list-style-type: none"> <li>• Failure to issue indictments</li> <li>• Lack or failure of indictments, too lenient</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Bribery</b> to manipulate indictments and avoid prosecution</li> </ul>   |  |            |                     |
| <ul style="list-style-type: none"> <li>• Influencing appointment of head of new institution or body</li> <li>• Influence on decision making by politicians and private actors</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Bribery</b> to influence decision makers</li> <li>• <b>Favouritism</b> in appointing head or other positions in new agency</li> </ul>  |  |            |                     |

## EXERCISE A5 EXISTING ANTI-CORRUPTION INSTRUMENTS

The below information provides an overview of existing instruments to address corruption within National REDD+ Readiness and Forest Carbon Projects. Instruments are divided into four main categories with subcomponents:

1. Legal Instruments
  - International Conventions
  - Regional Conventions
  - National Legislation and Regulations
2. Non-legal international standards/ initiatives
3. Independent monitoring and research
4. Citizen centered anti-corruption programmes and projects

This can be used together with Module 4 Steps 3 and 4 to help identify what instruments currently exist within your country to address these areas.

| Instrument category                                   | Sub-category                         | Examples  |
|---|--------------------------------------|---|
| <b>Legal instruments</b>                              | International conventions            | <ul style="list-style-type: none"> <li>• United Nations Convention Against Corruption</li> <li>• United Nations Convention against Organised Crime</li> </ul>   |
|   | Regional conventions                 | <ul style="list-style-type: none"> <li>• OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions</li> <li>• The Council of Europe Criminal Law Convention on Corruption</li> <li>• The African Union Convention on Preventing and Combating Corruption</li> </ul>   |
|   | National legislation and regulations | <ul style="list-style-type: none"> <li>• Freedom of Information legislation</li> <li>• Whistleblower legislation</li> <li>• Public procurement and concession regulations that require competitive bidding</li> <li>• Political campaign finance laws restricting undue influence</li> <li>• Anti-corruption legislation</li> <li>• Laws regarding requirements for public consultation including Free, Prior and Informed Consent</li> </ul> |
| <b>Non-legal international standards/ Initiatives</b> | International initiatives            | <ul style="list-style-type: none"> <li>• The Extractive Industries Transparency Initiative</li> <li>• The Forest Law Enforcement and Governance Initiative (bilateral EU initiative)</li> <li>• The Kimberly Process</li> </ul>   |
|   | Third party standards                | <ul style="list-style-type: none"> <li>• Forest Stewardship Council</li> <li>• The Programme for the Endorsement of Forest Certification (PEFC)</li> <li>• The Verified Carbon Standards</li> <li>• The Climate, Community and Biodiversity Alliance (CCBA)</li> <li>• Plan Vivo Forest Carbon Standards</li> <li>• SocialCarbon</li> <li>• Fair Trade</li> <li>• Round Table on Sustainable Palm Oil</li> </ul>                              |

EXERCISE A5 CONTINUED

| Instrument category  | Sub-category                         | Examples   |
|--|--------------------------------------|--|
| <b>Independent Monitoring and Research</b>                     | International third party monitoring | <ul style="list-style-type: none"> <li>• The Global Integrity Report</li> <li>• Transparency International's National Integrity System Assessments</li> <li>• Transparency International's Global Corruption Barometer</li> <li>• Freedom House Reports</li> <li>• Freedom in the World Report</li> <li>• World Resources Institute</li> </ul> |
|  | National third part monitoring       | <ul style="list-style-type: none"> <li>• Domestic NGO actions such as AMAZON forest cover monitoring in Brazil</li> <li>• Independent Forest Monitor</li> </ul>  |
| <b>Citizen-centred anti-corruption programmes and projects</b> | Nationally specific actions          | <ul style="list-style-type: none"> <li>• Citizen report cards</li> <li>• Transparency International's Advocacy and Legal Advice Centres</li> <li>• Whistleblower hotlines</li> <li>• Training workshops</li> <li>• Transparency International's Development Pacts</li> </ul>   |

EXERCISE A6 CHECKLIST FOR LEGISLATION RELATED TO GOVERNANCE OF THE FORESTRY SECTOR

The table below provides a list of potential instruments related to the governance of the natural resources sector. Many of these legislative instruments are not specific to REDD+ development and forest carbon projects but impact activities that will also be part of these processes. This table is for illustrative purposes to guide a review of legislation in each individual country. It is not intended to be a definitive checklist and can be adapted as needed.

This can be used with relation to Module 4 Steps 3 and 4 to help identify what instruments currently exist within your country to address these areas.

| Element                   | ✓<br>✗ | Indicators  | Comments |
|---------------------------|--------|---|----------|
| TRANSPARENCY              |        | <ul style="list-style-type: none"> <li>Freedom of information legislation</li> <li>Comprehensive legal framework for forest and natural resource sector, available to the public</li> <li>Regulations ensuring public access to forestry data, forestry, mining, agriculture and REDD+ concession and revenue information</li> <li>Whistleblower protection legislation</li> <li>Constitutional protections for freedom of expression</li> <li>Freedom of the press: laws protecting journalists and regulatory boards from interference</li> <li>Chain of custody timber-tracking system to verify legal origin and payment of taxes/ fees</li> <li>Information published on agreements signed relating to REDD+ readiness and forest carbon projects</li> <li>Publication of all revenue from carbon sales, readiness activities and how this has been redistributed (revenue tracking registry)</li> <li>Participation of different actors in and publication of reports from donor review missions and standards monitoring missions</li> <li>Regulations requiring the regular publication by the police and the judiciary of enforcement activities (i.e. rates of detection, arrests, charges, seizures, convictions, sentencing, penalties)</li> </ul>  |          |
| INTEGRITY/ ACCOUNTABILITY |        | <ul style="list-style-type: none"> <li>Public procurement and concession regulations that require competitive bidding (e.g. pre-qualification, due diligence review of the companies making bids, debarment lists, etc.)</li> <li>Regulations governing import of forest products (specific to importing country). i.e. Lacey Act (USA), EU Timber Regulation (EU countries)</li> <li>Annual audits (to international standards) throughout REDD+ related ministries</li> <li>General Accounting Office with subpoena authority</li> <li>Merit-based hiring and firing policies in REDD+ related ministries</li> <li>Laws prohibiting conflicts of interest (e.g. beneficial ownership of forestry companies, project developers, agribusiness)</li> <li>Parliamentary oversight mechanism and ethics review board</li> <li>Annual concession performance review by relevant ministry, made publicly available</li> <li>Political campaign finance laws restricting undue influence from industry or individuals</li> <li>Regulations restricting undue influence of lobbyists on government activities and decisions</li> <li>Civilian oversight of police force (and military if relevant)</li> <li>Complaint mechanism/ ombudsman, public right to bring legal suit against government for failure to apply laws/ regulations</li> </ul> |          |

EXERCISE A6 CONTINUED

| Element                      | <input checked="" type="checkbox"/><br><input type="checkbox"/> | Indicators   | Comments |
|------------------------------|---|--|----------|
| RULE OF LAW                  |   | <p>Anti-corruption legislation consistent with the United Nations Convention Against Corruption</p> <p>Independent anti-corruption commission/ court</p> <p>Ministry-sanctioned independent forest/ REDD+ monitoring</p> <p>Oversight and auditing of REDD+ governing and management body</p> <p>Independent judiciary, including laws governing:</p> <ul style="list-style-type: none"> <li>• Conflicts of interest, acceptance of gifts, asset reporting by judges and prosecutors</li> <li>• Transparent process for selecting and confirming national level Judges must give a legal explanation for their decisions</li> <li>• Legal explanations required when investigations halted and/ or charges dropped</li> <li>• Independent disciplinary bodies for judiciary</li> </ul> <p>Law enforcement (Ministry of Forests/ police/ military) as above, and free from political interference</p> <p>Anti-money laundering with strict penalties; corruption and illegal logging as predicate crimes</p> <p>For financial institutions: Know Your Customer regulations, including enhanced due diligence requirements for Politically Exposed Persons as required by the United Nations Convention Against Corruption</p> <p>Reporting of suspicious transactions as required by the United Nations Convention Against Corruption</p> |          |
| PARTICIPATION/ EQUITY        |   | <p>Free, Prior, Informed Consent for REDD+ decisions that affect local communities</p> <p>Social agreements and revenue sharing with communities required as a condition of operation</p> <p>REDD+ working groups and steering committees that involve relevant civil society actors</p> <p>Laws requiring public consultation for drafting legislation and resource management decisions</p> <p>Indigenous and communal tenure legally recognised and indicated on publicly available maps</p> <p>Forestry authorities have clear jurisdictions over management responsibilities</p>  |          |
| INTERNATIONAL BEST PRACTICES |   | <p>International standards required for development of forest carbon projects</p> <p>Adherence to FCPF and UN-REDD</p> <p>Adherence to United Nations Framework Convention on Climate Change safeguards</p> <p>Signed a Voluntary Partnership Agreement with the European Union</p> <p>Complies with the Extractive Industries Transparency Initiative with terms covering forestry/ REDD+</p> <p>Signed UN Convention Against Corruption, Transnational Organised Crime</p> <p>Signed OECD Convention on Combating Bribery</p> <p>Signed International labour conventions</p>   |          |

**EXERCISE A7 MAPPING ROOT CAUSES OF PRIORITY CORRUPTION RISKS**

The table below provides a template of how to capture information generated during Step 3 and Step 4. This template is intended to:

- Present priority corruption risks resulting from Step 2
- Capture possible root causes for each risk, i.e. why the risk exists
- Identify instruments which are intended to address the root causes
- Discuss effectiveness of instruments and identify gaps

The output from these steps will provide the foundation for Step 5.

| Priority corruption risk                    | Level at which risk occurs and key actors | Possible root cause(s) |
|---|---|------------------------|
| <b>Policy, legislation and regulation</b>   |   |                        |
|   |   |                        |
|   |   |                        |
| <b>Financial and economic flows</b>         |   |                        |
|   |   |                        |
|   |   |                        |
| <b>Application activities</b>               |   |                        |
|   |   |                        |
|   |   |                        |
| <b>Performance monitoring and reporting</b> |   |                        |
|   |   |                        |
|   |   |                        |
| <b>Enforcement</b>                          |   |                        |
|   |   |                        |
|   |   |                        |



| Instruments to address cause | Effectiveness of instrument<br>(Yes/ No) | Change required<br>(new instrument/ improved instrument) |
|------------------------------|--|--|
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**EXERCISE B1** CURRENT DISCUSSION ON LINKING FOREST CARBON PROJECTS AND NATIONAL REDD+ PROCESSES (REF. MODULE 3)

The current landscape of national REDD+ developments and forest carbon projects is complex, with a large number of actors and approaches. National REDD+ action plans and strategies are being developed through fund-based mechanisms. Within these a number of pilot projects are being developed, many of which will be looking to sell their credits on the voluntary carbon market. There also exist a considerable number of privately funded forest carbon projects which may not be included as part of national REDD+ readiness plans or may lack full government recognition. A future mechanism under the United Nations Framework Convention on Climate Change will need to address these different levels with three possibilities being considered a national only approach, a sub-national only approach (unlikely to be accepted by governments), and a nested approach (most similar to what exists already).

**FIGURE 1** CURRENT NATIONAL REDD+ DEVELOPMENT AND FOREST CARBON PROJECT LANDSCAPE (VER = VERIFIED EMISSIONS REDUCTIONS)

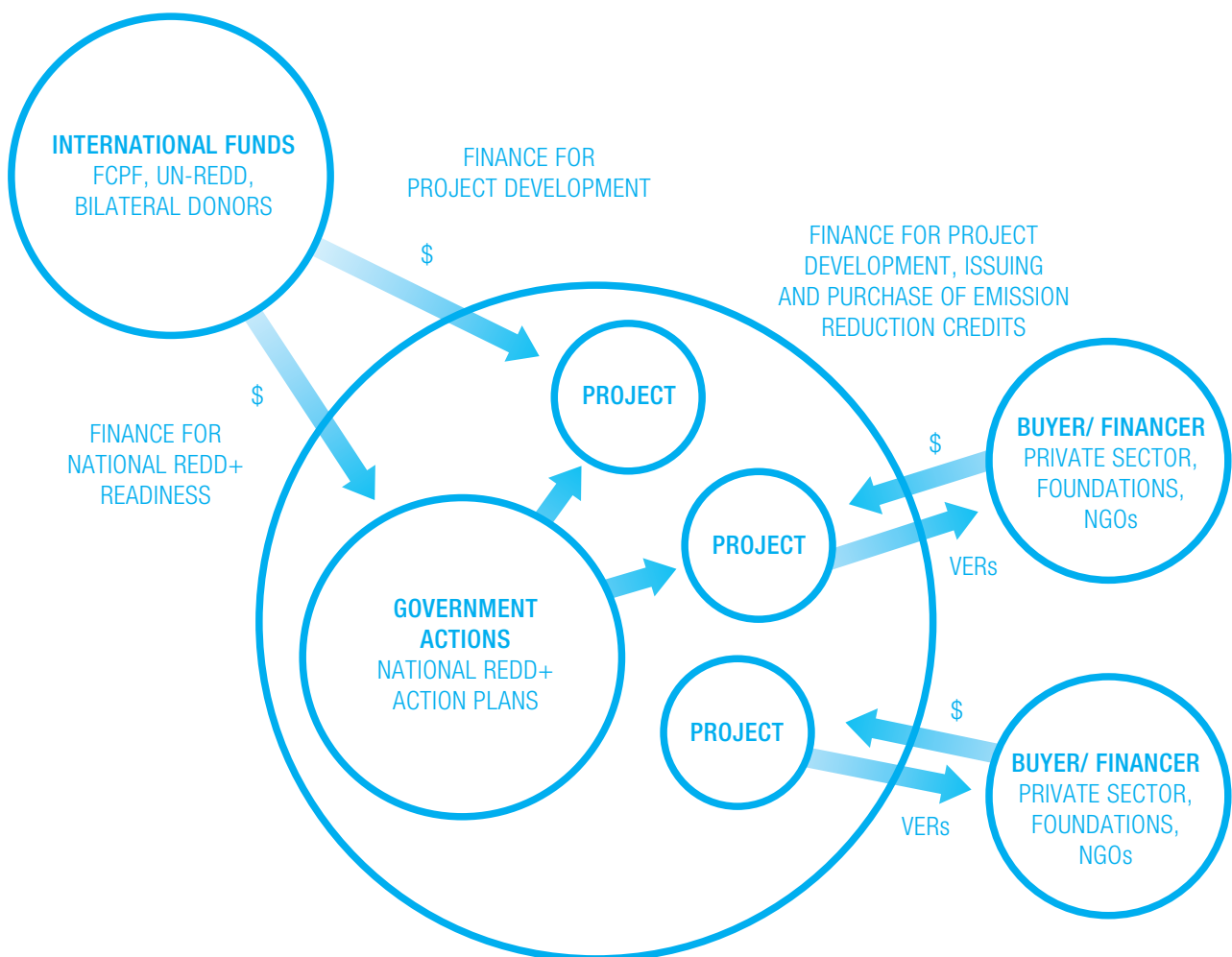
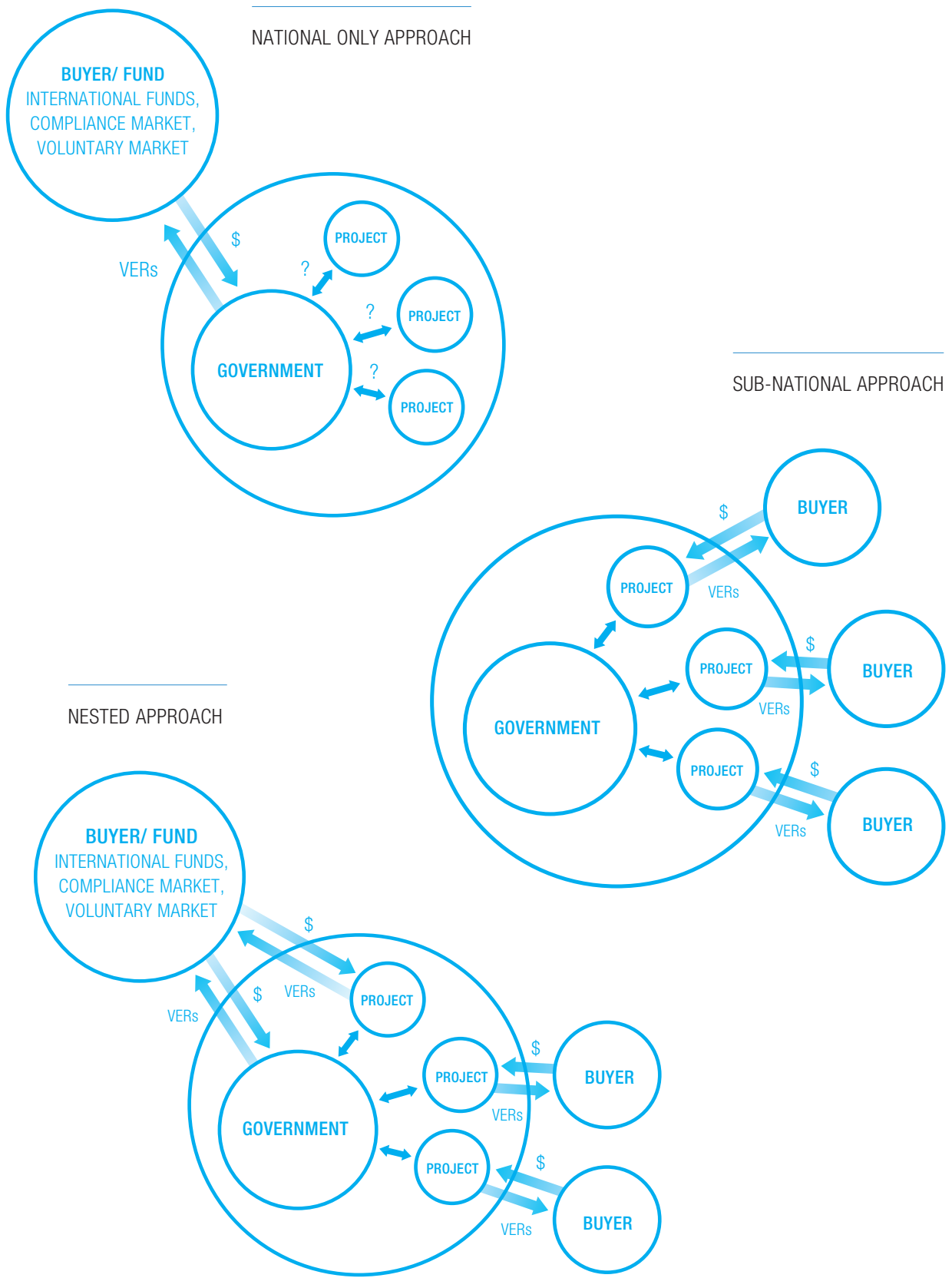


FIGURE 2 POSSIBLE REDD+ ARCHITECTURE  
(VER = VERIFIED EMISSIONS REDUCTIONS)



Whichever approach is chosen there is an immediate need for countries to start standardising approaches to project approval, registration, verification and the issuing of carbon emission credits, combined with a need to monitor, record and cross-check this information. This can be done through the establishment of a regulatory body to deal with forest carbon and REDD+ projects and initiatives whose powers could include:

- Establishing procedures for approval of sub-national and project activities
- Registering and listing REDD+ project activities
- Overseeing the operation and functioning of a registry for activities and reference levels
- Establishing procedures for monitoring of activities, including requirements for dealing with leakage, permanence and double-counting
- Issuing credits or defining allocation of credits or other incentives
- Following obligations regarding consultation of/ information dissemination to stakeholders
- Hearing cases and resolving disputes that may arise as a result of REDD+ implementation and/ or decisions of the national regulatory body
- Formulating provisions related to grandfathering of activities implemented before the establishment of the domestic system.

A regulatory body of this nature will have a significant impact on the formation of the national REDD+ process, meaning that the more transparent and autonomous the body is, the less vulnerable it will be to political interference and corruption. Two key functions within the above list will be the establishment of a project approval process and a project registry. Key functions and design options for these are covered in the figures below.

#### DESIGN OPTIONS FOR APPROVAL PROCESSES

| Which entity could carry out key functions?  | What functions could a national regulatory entity exercise?   | What type of project approval and registration procedures?  |
|--|---|---|
| Build on/ strengthen current DNA infra-structure<br>An existing public (forestry) agency<br>A new inter-ministerial commission<br>Other institutions that may be needed<br>Scientific committee<br>Stakeholder committee<br>An independent body to hear disputes and solve conflict. | Approve reference-levels and project-specific baselines<br>Develop reference levels<br>Approve project activities<br>Oversee the operation of a registry and authorize the recording of information, transfer and issuance of units<br>Oversee the implementation of social and environmental safeguards<br>Endorse benefit-sharing arrangements. | Create an official country protocol/ standard for verification of projects, or adopt an existing protocol, such as the VCS<br>Make use of independent auditors to verify preojects; or use governmental agencies to verify and certify projects<br>Create a registry to be managed by the national regulatory entity, or outsource registry functions to a third party. |

POTENTIAL FUNCTIONS AND DESIGN OPTIONS FOR A REDD+ REGISTRY

| Registry Phase 1 functions   | Registry Phase 2 functions  | Registry Phase 3 functions  |
|--|---|---|
| <p>Record information on discrete projects</p> <p>Store electronically geographically geographic data for REDD+ projects</p> <p>Display basic technical, environmental and social attributes of projects</p> <p>Other institutions that may be needed</p> <p>Track performance projects.</p> | <p>Ensure that relevant standards and protocols are met</p> <p>Issue units or receive and record units issues at the international level</p> <p>Store electronically information on national and regional reference levels.</p> | <p>Develop links with other registries at the national or international level</p> <p>Track units issued or received</p> <p>Allow for full set of registry operations (transfer, cancellation, retirement, etc.)</p> |

**Registry Options for governance**

- Decide which functions the REDD+ registry should have in the different REDD+ phases
- Decide what type of information to record in a REDD+ registry
- Decide on the need for subnational registries in addition to a central registry
- Decide on the institutional arrangements for the operation of a registry (e.g, public or outsourced to private entities).

Measuring and monitoring carbon credits and reconciling national and project level carbon accounting is complex and open to corruption risk for a variety of reasons. The main corruption risks include:

- Over-counting credits and over-promising reductions, false market claims
- Leakage, loss of forest carbon in areas not included in the project or national calculation
- National regulatory body is not totally transparent or honest
- Planning to move towards a national accounting system eventually but having no national level registry in the near future, leaving a vacuum where credits can be miscalculated or go 'missing'

In practice, countries implementing national REDD+ processes and forest carbon projects need to consider alternatives (i.e. de-centralised options) in the immediate term, as timeframes for national system may be too long and in the meantime may introduce more opportunities for corruption at all levels.

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## EXERCISE B2 STAKEHOLDER MAPPING (REF. MODULE 3)

The final section of Module 3 introduced the roles of actors and stakeholders in a risk assessment, and the key points where these distinctions are particularly relevant when assessing risk in national REDD+ developments and forest carbon projects.

This Exercise is intended to build on that section by providing more guidance on mapping stakeholders, in order to reach out to a wider group of interested parties beyond those immediately engaged in the process under assessment.

### WHO ARE ACTORS AND STAKEHOLDERS?

In order to conduct a risk assessment, it is important to identify who is responsible for the activities that are part of the process being assessed. It is also important to understand the impacts that an activity or decision may have on other individuals or groups, and who might therefore have an interest in the outcome of the activity even though they are not directly responsible for its execution.

In general, the term ‘actor’ is used to describe an individual or entity who is directly responsible for the functioning of a system and the implementation of a practice or activity. The term ‘stakeholder’ is applied to individuals or entities who have some interest in the system or activity, but are not necessarily directly engaged in it. Actors are also stakeholders, but the latter term includes a wider range of parties who might otherwise be left out if attention is focused only on those with direct responsibility in a particular process.

For the purpose of this manual, it is important to note that in many cases the terms actor and stakeholder are interchangeable. However there are a few key aspects of the risk assessment and action strategy development where the difference is important.

### WHY IDENTIFY ACTORS AND STAKEHOLDERS?

In order to capture relevant information regarding the status of a country in terms of REDD+ development and forest carbon project implementation, input needs to be generated from experts and interested parties to understand the big picture. At this point a fairly broad range of stakeholders may be consulted.

The framework for conducting a risk assessment described in the sections above is a guide for capturing activities that will be assessed. In order to identify these activities where corruption risks may occur, it is essential to consult a focussed but still wide range of interested parties who will have the knowledge and experience required to provide valuable input. Likewise, when prioritising corruption risks it is vital to understand where the activity will have the greatest impact and on whom. In these stages of the assessment it is important therefore to draw on a group of selected stakeholders, and engage them in stakeholder consultations either individually or in groups.

The next and equally important step in an assessment is to identify where the responsibility for that activity lies and who is executing it. In this part of the exercise, the actors need to be mapped along with the risks in order to identify where the corruption risk lies and therefore enable an understanding of how and why the risk occurs.

In these aspects the groups of stakeholders and actors may be distinct, and the field of consideration should be expanded to include all relevant parties.



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## HOW TO IDENTIFY STAKEHOLDERS?

As mentioned previously, the forest carbon arena and REDD+ developments are relatively new and complex, bringing new concepts to the discussion and therefore potentially new stakeholders who may not be traditionally associated with forest-related issues.

The starting point for identifying stakeholders to consult is to look at the findings under the first part of Question 2, to understand what is currently taking place in your country in relation to REDD+ and forest carbon projects. With an understanding of the current landscape, it is then easier to identify the stakeholders and their relative priority in a risk assessment.

## MAPPING PROCESS

Think of all the people, organisations and agencies that will be affected by forest carbon initiatives. This should include those who have influence or power over the processes or have an interest in its success or failure. The following may be used as guidance:

### **Government**

Government (the executive, legislature and judiciary) is one of the most significant of all actors and stakeholders due not only to its influence over the way in which REDD+ and forest carbon projects develop but also to its significant stake in national processes.

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## Executive

A Ministry of Forestry often has direct legal authority over the forestry sector, including the design and implementation of regulations. The same will be true for other sectors which may have a role in forest carbon initiatives such as the Ministry of Agriculture or Ministry of Mines and Natural Resources. In all sectors, other ministries beyond those with direct authority play important roles, e.g. Finance, Labour, Customs/Trade and Planning. At the local level, especially under decentralisation, district and provincial forest agencies and administrative governments (governors and village heads) play significant roles in the management of forestry operations. In many countries, Free, Prior and Informed Consent is a legal requirement from village authorities before forest management activities can occur. The police have the duty to enforce laws and regulations pertaining to forestry. In many countries, the military also has a role in enforcement. Geographic scaling — from the national ministries down to local authorities — does not always reflect institutional hierarchy, especially in decentralised political environments. Often the local level authority has greater control over logging decisions (at least de facto control) than national lawmakers. Corrupt officials can often take advantage of the ambiguity created by geographic and institutional complexity.

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## Legislature

Parliaments and district assemblies play a role in the development of legislation as they pass laws which influence the forestry sector, forest carbon projects and REDD+ development, including those related to forestry, agriculture and other sectors impacting deforestation, zoning, taxation, land ownership, labour, anti-corruption, banking and anti-money laundering, freedom of information, the police, the judiciary and election reform. In many cases, legislative committees also provide oversight of the executive.

The legislature passes laws, while the executive generally drafts rules and regulations to implement these laws. The two distinct, albeit related, roles entail substantial differences: regulations controlled by the executive are much easier and quicker to change than laws.

## Judiciary

Although not involved in the immediate regulation of forest carbon projects or national REDD+ developments, the judiciary ultimately interprets the laws and regulations that govern the land-use related activity areas, from the adjudication of land claims to deciding on the guilt of operators accused of illegal logging, other deforestation activities and financial crimes. In some cases, a simple lack of judicial knowledge or capacity, rather than complicity, may act as an impediment to the successful prosecution of corruption.

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## Civil society

Civil society can be divided into a number of different groups. Each of them has different and at times conflicting interests within national REDD+ and forest carbon project developments and implementation. It is important to consider these when gaining input.

The main groups include:

- International NGOs
- Local NGOs
- Civil society organisations
- Traditional authorities
- Indigenous peoples groups

Civil society, although often the weakest actor in political and financial terms, has a strong role to play in fighting corruption. Citizens play an important role in independent monitoring, whether as formally sanctioned bodies or on the initiative of NGOs and/ or investigative reporters. This means that they might be in a position to expose corrupt practices. Doing so effectively and safely requires strong legislative measures such as freedom of information acts and whistleblower protection, to obtain the necessary data and protect people against reprisal.

In forest carbon projects and REDD+ developments, NGOs should play a key role in all aspects from design and planning to implementation and monitoring associated activities. They are important stakeholders to consider when assessing the integrity and functioning of forest carbon initiatives.

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## Private sector

A large variety of private sector actors may be involved in the development and implementation of national REDD+ and forest carbon projects. Many others may have a stake in the way in which these are developed.

Large agribusiness or logging companies may see both opportunities and threats in developments, responding through efforts to maintain their existing business interests or diversify into this new area. Independent project developers and entrepreneurs will likely enter the market as groups based both nationally and internationally. Lawyers and financial institutions are also interested in the development of systems to trade carbon credits and in the buying and selling of large volumes of credits. Standard verifiers currently play an important role within the voluntary carbon market and may continue to do so in future national REDD+ mechanisms, and might wield significant influence in deciding levels of funding that countries and projects can access. Depending on how the political system is financed and on other informal relationships, the hold of the private sector over a country's executive and legislative branches could be strong.

As forest carbon project activities and REDD processes will have impacts at different levels, you will need to consider stakeholders at each:

- Local
- National
- Regional
- International

This exercise will result in a list of the key stakeholders and will identify areas where you need to do additional research to complete the map.

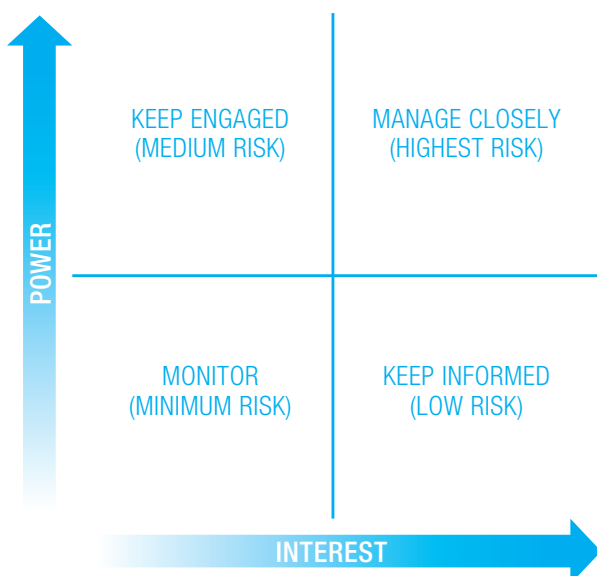
You should ask key stakeholders to validate your list to identify gaps or mistakes early in the assessment process, ideally through a workshop or meeting. It is important to consider the list a living document which you can add to or amend throughout the risk assessment as new information is received. This is particularly true given the fact that REDD+ and forest carbon projects are relatively new initiatives and their impacts are not yet fully appreciated.

#### CHARACTERISE YOUR STAKEHOLDERS

Some of the actors on your list will have the power either to block or to advance your risk assessment. Some may be interested in what you are doing, others may not care. This will influence the quality of information you are able to capture and the thoroughness of your findings.

Map out your stakeholders on a power/ interest grid as shown below. You should classify them according to two criteria:

- 1 Their power over REDD+ national developments or forest carbon projects
- 2 Their interest in strengthening governance in these areas



A stakeholder's position on the grid can help to guide the actions to take when addressing them:

- High power, interested parties: cannot be ignored, as they have a high degree of influence and they feel the issue is important, thus they are likely to use their influence.
- High power, less interested parties: must be consulted and engaged in decisions. Their support is important but they are less likely to be influential in the outcomes than the previous group.
- Low power, interested parties: should be consulted and kept informed in main discussion points, to ensure that no major issues are arising. This group can often be very helpful regarding details around the core issues.
- Low power, less interested parties: are likely to be the least engaged and least impacted by the processes under review. They should be kept informed and directed towards relevant resources, but not overwhelmed with excessive communication regarding the immediate assessment needs.

Overall, engagement options may be summarised in the following five categories:

- Persuade others to agree with the issue - with influential neutrals and soft opponents
- Persuade others that the issue is important - with disinterested allies
- Build alliances - with influential allies
- Increase their influence - with allies of low influence over decision-maker(s)
- Decrease their influence - with opponents of high influence over decision-maker(s).

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## UNDERSTANDING YOUR STAKEHOLDERS

Throughout the course of your risk assessment you may come across more stakeholders to consider which weren't immediately obvious. You should update your map accordingly and endeavour to understand each element as best you can. Key guiding questions are:

- What financial or emotional interest do they have in the outcome of forest carbon projects and REDD+ developments? Is it positive or negative?
- What motivates them most of all?
- What information are they likely to be able to give you?
- What is the best way of communicating your message to them?
- What access to information do they already have?
- Can you identify who influences their opinions?
- Do some of these influencers therefore become important stakeholders in their own right?
- Who else might be influenced by their opinions? Do these people become stakeholders in their own right?

A good way of answering these questions is to talk to your stakeholders directly. People are often quite open about their views and asking people's opinions is often the first step in building a successful relationship with them.

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