

# ANNEX E: SUMMARY OF POTENTIAL CORRUPTION RISKS ASSOCIATED WITH REDD+<sup>135</sup>



|  | Actors Involved  |  |                           | Corruption Threat   | Corrupt Practice  | Anti-Corruption measure/s  |
|--|--|--|---------------------------|---|---|--|
|  | National   | Provincial                                       | Local                     |   |   |  |
| <b>REGULATORY (establishing the rules)</b>                         |  |  |                           |   |   |  |
| Design of national REDD+ framework generally                       | Parliamentarians, political elites, international and national logging companies, industrial scale agribusiness (palm oil, sugarcane, soy, jatropha), multinational corporations, project developers, military |  |                           | <p><b>State capture</b> allowing undue influence to affect design of REDD+ strategy</p> <p>Political corruption</p> <p>Grand corruption</p>   | <p><b>Undue influence</b> by political elite, logging companies, agribusiness, etc to prepare a weak national REDD+ framework, or to prepare a framework that will benefit powerful interests</p>                         | <p>Corruption risk assessment, followed by a detailed and through analysis of proposed framework, possibly under an economic and social impact assessment</p> <p>Multi-stakeholders consultations at all stages of development of national REDD+ framework (including national strategy, legislation and regulations)</p>    |
| Preparation of initial land use plans for REDD+ (spatial planning) | <p>Ministry/ Department of Planning</p> <p>Ministry/ Department of Forestry</p>  | Governors and provincial level land use planners | Local government planners | <p><b>State capture, political corruption, grand corruption</b> influencing REDD+ land use plans, resulting in failure to respect rights of indigenous peoples and other forest-dependent communities</p> | <p><b>Undue influence or bribes</b> to exclude high value timber concessions from REDD+, while pressing for other areas which have already been degraded (selectively logged) to be included in REDD+ land use plans.</p> | <p>Establish objective criteria to guide land use planning decisions (e.g. 'at risk' factors to identify forests to be covered, soil suitability, carbon sequestration potential, biodiversity values).</p> <p>All decision making rules and individual decisions to be made publicly available in an accessible format.</p> |

135 This Table is adapted from Transparency International's manual analysing corruption in the forestry sector: see Blundell, AG. and Harwell, EE. (2009) *Manual: An analysis of corruption in the forestry sector*, Transparency International and Natural Capital Advisors, LLC, at p 20 (Table 6), and pp 38 – 47 (Appendix 3) which contains a generic map of corrupt practices in the forestry sector, available at <http://www.illegal-logging.info/uploads/Forestsectorcorruptiontoolsnov09FINAL.pdf>



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|--|--|------------------|------------------|--|--|--|
|  | National   | Provincial       | Local            |  |  |  |
| Land and natural resource tenure                     | Parliament, political elite, departments of planning and forestry  |                  |                  | <b>State capture and political corruption</b> resulting in a failure to recognise customary land tenure  | <b>Undue influence or bribery</b> to resulting in failure to recognise competing rights of customary land tenure, so that 'political elites' can trump customary claims and capture REDD revenues  | Capacity building for land administration sector. Assistance to NGOs who often assist customary communities with land registration process.      |
| Allocation of carbon rights                          | Parliament, political elites, powerful logging companies, project developers                               |                  |                  | <b>State capture, political corruption or grand corruption</b> resulting in an inequitable allocation of carbon rights under legal REDD+ framework | <b>Undue influence</b> to link carbon rights to State owner land titles or logging concessions, thus excluding customary communities from control of carbon resources (and possibly REDD revenues) | Close analysis through multi-stakeholder consultations of proposed carbon rights allocation rules  |
| Setting reference levels / emission reference levels | Ministry/ department of Forestry<br><br>Political elites<br><br>Powerful logging or agribusiness companies |                  |                  | <b>State capture, political corruption, grand corruption</b> resulting in an over estimation of national reference levels<br><br><b>Collusion</b>  | <b>Undue influence</b> to artificially inflate baseline so that excess can be 'skimmed' by corrupt officials at a later date; or to set timeline and national circumstances                        | Clear guidance on establishing baselines to be given by SBSTA, with third party verification of nominated baseline                               |
| Design of benefit distribution systems (BDS)         | Ministry of Forestry, Ministry of Finance, Political elites  | Political elites | Political elites | <b>State capture, favouritism, nepotism, cronyism</b> resulting in weak design of financial management system                                      | <b>Undue influence</b> on BDS which influences who receives REDD+ revenues and benefits  | Improvement of public financial management<br><br>Public financial reporting, multi-stakeholder body to oversee design and implementation of BDS |

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|   | National        | Provincial                                   | Local   |   |  |   |
| <b>IMPLEMENTATION OF REDD+</b>  |                 |  |   |   |  |   |
| Land administration   |                 | Land administration officials                | Land administration officials                                   | <b>Bribery</b> by multinational corporations, project developers  | Bribery of land administration officials to overlook competing customary claims to land title, or to create fraudulent land titles | Capacity building and transparency in land administration sector<br><br>Recourse mechanisms   |
| Spot rezoning of land to permit (or exclude) REDD+ activities in specific areas |                 | Logging operators<br><br>Carbon brokers      | Local level public officials, logging operators, carbon brokers | <b>Bribery</b>  | <b>Bribery</b> of public sector officials to change the zoning of an area to allow or exclude REDD+                                | Public notification and call for public submissions for all rezoning applications and rezoning decisions  |
| Carbon rights   |                 | Planning officials<br><br>Project developers | Local level planning officials                                  | <b>Bribery</b> by corrupt actors of public officials resulting in the loss of carbon rights for indigenous peoples and other forest-dependent communities | <b>Bribery</b> to overlooks competing claims to carbon rights or to fraudulently create or register carbon rights                  | Capacity building for land administration sector<br><br>All applications to register carbon rights and decision to register rights to be made publicly available<br><br>Recourse mechanisms |
| Carbon measurement risks  |                 | Public sector officials in forestry sector   | Local level public sector officials                             | <b>Petty bribery</b> by project developer or at sub-national level  | Public sector officials over-estimating the amount of carbon emission reductions or carbon sequestered                             | C-MRV procedures  |