



CORRUPTION RISK ASSESSMENT FOR REDD+ IN BHUTAN EXECUTIVE SUMMARY

**Watershed Management Division
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Resilient nations.*



For many countries considering their strategic policies and measures and options to implementing REDD+, understanding forest governance weaknesses including corruption as well as governance strengths is important. Increasing transparency, accountability and integrity may be needed to successfully and sustainably implement REDD+ policies and measures. At the same time, the process of implementing such measures could itself generate new issues, particularly when benefits are shared. Bhutan's REDD+ Readiness Preparation Proposal (R-PP) was approved in October 2013. The country is recognized as having extensive forest cover and low (if not positive) rates of forest loss, and as experiencing low levels of government corruption, while the country's careful transition to democracy has been widely heralded as a success.

The research for this study, commissioned by the Government of Bhutan and undertaken through a participative methodology, strongly suggests corruption is not a major threat to forests and forest-dependent people in Bhutan. However, stakeholders identified three main areas of concern, from which recommendations are developed:

1. Access to timber and forests for rural communities.

Existing governance arrangements are leading to some unsustainable forest use, as well as unease about equitable sharing of benefits in some locations. Two policies here are most contentious: the policy of providing all rural citizens access to highly subsidized timber for residential purposes (known as *subsidized rural* timber), and the policy of devolving management responsibility over forests to community organizations (known as community forest management groups).

➤*To address access to timber for rural communities, recommendations include:*

- Strengthen monitoring, oversight and enforcement, through a combination of increased verification of timber usage by households, more regular audits of saw mills and increased monitoring of transit permits for transporting timber
- Maintain a historical digitized database of requests and approvals of rural timber at the Geog level that would be used by both the Gup and relevant forest officials at the Dzongkhag level to make final approvals. The DoFPS could be the ideal government department to maintain such a database.
- Reform the rules of *subsidized rural* timber, through for example a reduction in the amount of timber for households so that surplus timber is not produced (possibly devolved to the Dzongkhag); and more stringent rules to ensure *subsidized rural* timber allocations are aligned with household needs.
- Strengthen collaboration between the Department of Forests and Park Services and the National Housing Development Corporation of Bhutan to integrate new ideas on innovative and environmentally sound building methods and materials

2. Forests crimes, including illegal logging

The majority of the forest offences in Bhutan seem to be small-scale and opportunistic meeting the subsistence needs of rural people, as opposed to implication by authorities

or systematic bribery that allows forest offences to be unpunished. Situations in Paro and Sarpang are however, contrasted, the former suggesting well-organized illegal logging, the latter characterized by cross-border smuggling into India.

➤To address forest offences and illegal logging, recommendations include:

- Strengthen existing data on forest offences, combined with other sources of information such as annual surveys sent to district authorities, CF heads and Gups to gain qualitative analysis in addition to quantitative data.
- Improve the criminal justice system in processing forest offences to address the court reported efficiency and leniency.
- Coordinate a more focused response to cross border forest offences in Southern Bhutan, through increased resources for law enforcement, better information sharing between districts, and better co-operation and co-ordination between Indian and Bhutanese authorities, at ministerial level.

3. Governance challenges in relation to decentralization or community co-management of forests

Community forestry has emerged as a dynamic feature of forest governance in Bhutan, and is recognized as an important institution and possible pilot for REDD+. While the idea of community forestry is well supported within Bhutan, active participation is declining in some areas, due to both how Community Forest Management Groups distribute benefits and costs within communities and restriction in the size, quality and accessibility of the land demarcated to them. While there are inevitably some problems of corruption and abuse, which fall within the two broad themes of allocations of timber and non-wood forest products, and distributing income, overall they are limited in scale and occurrence. Yet some governance weaknesses could become more problematic overtime, such as those related to democratic representation that open prospects of ‘elite capture’ and conflicts of interest, as well as inadequate auditing, monitoring and evaluation of Community forestry.

➤Considering that REDD+ could bring about greater revenues and responsibilities to community forestry, recommendations to address governance challenges in community management of forests include:

- Re-examine the role of local government in Community forestry.
- Pay specific attention to the problem of elite capture and gender imbalance in the guidelines in the Community forestry Manual and support to capacity building for Community Forest Management Groups.
- Make the peer group networks that could regulate and improve standards (including on financial accounting, benefit sharing and democratic representation) a focus of REDD+ stakeholder engagement work during the implementation of Bhutan’s R-PP.
- Strengthen auditing and evaluation through joint evaluations, simplifying procedures and forms, and ensuring that there is use of qualitative data that includes such as levels of participation, transparency and people’s perspectives on elite capture, possibly conducted by an independent organization.

- Review the distribution of incomes from Community forestry in terms of how these advance poverty alleviation and community cohesion, as well as avoid forms of corruption.

Looking forward, examining current forest governance weaknesses and possible ways to address them is relevant for two main elements of REDD+. First, considering the potential roles of community forestry in managing and **distributing REDD+ incentives**, early reform could help prevent a worsening or scaling up of existing issues. Second, such forest governance information can help promote and support **governance safeguards** under the 2010 UNFCCC Cancun Agreements, in particular safeguard 2b on “Transparent and effective national forest governance structures” and possibly safeguard 2d on “the full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities.” Some of the data and recommendations could be easily turned into useful indicators when the country develops its safeguards information system.

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