# E-discussion on Addressing REDD+ Corruption at the Local Level

**Concept Note**

**Summary**

*Although national REDD+ programs are still in their initial design phases, considerable financial resources have already begun to flow to them, with the expectation of more to come. These anticipated financial flows make national REDD+ programs potential targets for corruption. Cognizant of this inherent risk, UNDP and its partners have begun integrating anti-corruption measures in REDD+ processes. To date, most of this work has targeted the national level, where the work of setting up national REDD+ systems has been concentrated. While national-level corruption is an important consideration, it is not the only level where corruption must be addressed. Ultimately, the locus of REDD+ policy implementation and benefits delivery will be the local level, with local actors carrying out the majority of financial transfers. Thus, local processes and local institutions—local governance writ large—will play a large part in determining the extent of REDD+ corruption.*

*In order to address corruption risks in REDD+ at the local level, UNDP’s Democratic Governance Group, Energy and Environment Group, and the UN REDD Programme will jointly launch an* ***e-Discussion****, with the aim to develop a common understanding of the nature and severity of local REDD+ corruption risks and promising approaches to reduce these risks. It will bring together experts and practitioners in the three areas of anti-corruption, REDD+, and local governance to share lessons and good practices on how to promote transparency and accountability at the local level. The findings of the e-discussion will provide the basis for a* ***Policy Brief*** *that will articulate a common approach and specific recommendations on anti-corruption programming for REDD+ at the local level.*

**REDD+: A Conjunction of Climate, Development and Conservation Benefits**

The potential benefits of “reducing emission from deforestation and forest degradation” (REDD) are substantial, both for climate change mitigation and for sustainable development. Deforestation and forest degradation account for as much as 17% of greenhouse gas emissions worldwide. At the same time, forests are a principle source of livelihoods and cultural identity in the developing nations where REDD activities are targeted. If pursued in a way that supports sustainable local economies, develops the capacity of local organizations, and respects the priorities of local communities, REDD+ projects could bring social and economic benefits to rural communities while reducing forest-related carbon emissions and conserving forest resources. The “+” in REDD+ indicates this conjunction of climate, development, and conservation benefits.

To achieve these co-benefits, the REDD+ mechanism provides financial incentives to countries—and ultimately to communities—to encourage better forest conservation and management practices. To date, over US$ 5 billion has been pledged to support developing countries in the initial design phase of their national REDD+ programs[[1]](#footnote-1). But the success of such an incentive mechanism hinges on a number of conditions, of which democratic governance is a major one.

**Forest Resources and Corruption**

Forest resources and lands are key economic assets in many developing countries, important to both national development and local survival. Yet many of these forest-dependent nations have weak legal and institutional frameworks governing natural resource exploitation, making the forest sector vulnerable to corruption and mismanagement. Indeed, the incidence of forest-related corruption, where forest assets are used for personal enrichment or for buying political support or influence, is well-documented. It is estimated that US$10-23 billion worth of timber is illegally extracted each year, facilitated in part by corruption[[2]](#footnote-2). Such corruption compromises not only the potential gains from implementing REDD+ programmes, but also the very sustainability of the mechanism.

Mindful of the corruption risks inherent in channelling sizable amounts of financial resources through REDD+ and other global climate finance programmes, UN-REDD and its partners, led by UNDP, have begun considering appropriate anti-corruption measures. While there is sometimes a tendency to treat instances of corruption as isolated criminal acts or expressions of mismanagement, a number of recent studies by UNDP and other partners have argued for addressing corruption as a broader governance issue which requires a holistic approach (UNDP 2010). For instance, effective control of deforestation depends not only on the ability of the forestry agency to detect and identify illegal logging, but also the ability of law enforcement bodies to take appropriate actions. Similarly, any gap in the working arrangement between forest agencies and revenue collection authorities could open potential hot spots for corruption.

**Why a Focus on Local Governance?**

The concern for corruption applies at both national and local levels. Although REDD+ negotiations initially relied on intergovernmental processes involving mainly central government ministries, the implementation and more importantly the ultimate success of REDD+ policies depend on the active engagement of local state and non-state actors. Mindful of the importance of local ownership and participation to successful implementation, the vast majority of UN-REDD programmes have consciously identified capacity development at the sub-national level as a priority.

Corruption could occur during all phases of REDD+ (design, implementation and payment distribution) and at all levels (national, provincial and local). However, certain underlying factors warrant paying special attention to potential corruption risks at the local level (see box next page). In addition, most anti-corruption efforts, including laws, policies and institutions, seem to be concentrated at the national level. This could leave unchecked the significant discretionary power often vested in sub-national governments[[3]](#footnote-3).

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| *Why would corruption risks be higher at the local level?** *Institutional capacity differentials between central and local government units*
* *Elite capture could be higher*
* *Citizens groups less organized and networked*
* *Limited presence of watchdog institutions – anti-corruption/ombudsman offices*
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With decentralization taking root in many developing countries[[4]](#footnote-4), local governments are increasingly assuming greater roles in local development, including administration of land and forest resources. Indeed, revenues generated from these resources often constitute the prime funding source for local development projects and infrastructure investments. However, such an expanded role and authority may not always be matched by the capacity required to adequately discharge the responsibilities such authority entails. Weaker institutional and technical capacities at the local level could mean greater possibility for elite capture and abuse of discretionary power. For instance, a UNDP study[[5]](#footnote-5) found that low- to mid-level public officials—those who will be responsible for implementing REDD+ at the local level—may be bribed to ignore routine breaches of forest laws (e.g. to allow illegal logging), or to create fraudulent land titles or carbon rights.

The quality of local governance also determines the extent to which forest-dependent populations, such as indigenous peoples, get involved in decision-making processes. Local governments often oversee the assignment of rights to resources and have a direct bearing on the manner in which distribution of benefits from REDD+ is managed. Due to lack of information, resources, capacity or influence, forest-dependent communities have found it harder than other stakeholders to shape the REDD+ agenda and programming. For these communities to effectively engage in REDD+ processes, both the demand and supply for accountability must be addressed. That is, both the ability of local communities to hold elected officials accountable (the demand side), and the responsiveness of local governments to the concerns and interests of local communities (the supply side) must be enhanced.

In spite of the recent proliferation of oversight institutions such as anti-corruption bodies and watchdog institutions at the national level, the presence of these institutions at the local level is still severely limited. In the absence of such voice and accountability mechanisms, the ability of local officials and interest groups to divert the benefits from REDD+ programmes will remain unchecked. By the same token, the presence, capacity and influence of non-state actors tend to decline as one goes from the centre to the periphery, making civic engagement in such processes as REDD+ more difficult at the local level.

Another potential problem is the complexity and newness of REDD+. Dealing with corruption and community empowerment in the context of REDD+ requires specific technical competencies relevant to REDD+ (e.g., carbon monitoring, reporting and verification (MRV), forest governance, dialogue with local stakeholders, and fair and equitable distribution of benefits) as well as functional competencies (such as project planning, budgeting, and management; monitoring and evaluation skills; and risk management). In many cases, stakeholder groups at the local level—including local governments—have not yet fully developed these skills.

**Rationale and E-Discussion Objectives**

Tackling REDD+ corruption at the local level will require expertise in three distinct areas: local governance, anti-corruption programming, and the mechanics of REDD+. Convening an e-discussion that brings together these three expert communities is the most efficient means to stimulate thinking and share lessons and good practices on how to promote transparency and accountability in climate finance and reduce the risks of local REDD+ corruption. More specifically, the proposed e-discussion aims to achieve the following three objectives:

1. Raise awareness and develop a common understanding among UN colleagues and the wider development community on the dynamics of local governance, climate finance (REDD+) and corruption risks;
2. Identify potential linkages and entry points between UNDP’s work in the area of local governance and anti-corruption in REDD+; and
3. Based on the findings of the e-discussion, develop a **Policy Brief** for the UN-REDD Programme that will articulate a common approach and specific recommendation on anti-corruption programming for REDD+ at the local level.

The audience for this e-discussion will be both UNDP and UN-REDD Programme staff, as well as experts and partners involved in REDD+ and local governance both at the country and regional/global levels.

By identifying specific technical and human capacity needs of local actors, this brief will inform UNDP’s Global Thematic Programme on Anti-corruption for Development Effectiveness (PACDE) and the UN-REDD Programme collaborative work plan for 2012 and beyond.

**Timing and Key Questions to be Addressed During the E-Discussion**

The e-discussion will run from 21 January to 15 February, 2013, on the [Anti-corruption Teamworks Space](https://webmail.undp.org/owa/redir.aspx?C=6K51Np8clk2dKEBS-AjYnUSQLqtJws8IFxdutoUeqmaqIiGU97BpQ8I98az-zwZ8tUV0lz-CQg0.&URL=https%3a%2f%2fundp.unteamworks.org%2fnode%2f16856), and will be cross-posted on other respective Teamworks Spaces, including [UN-REDD](https://webmail.undp.org/owa/redir.aspx?C=6K51Np8clk2dKEBS-AjYnUSQLqtJws8IFxdutoUeqmaqIiGU97BpQ8I98az-zwZ8tUV0lz-CQg0.&URL=https%3a%2f%2fundp.unteamworks.org%2fnode%2f17846) and the [Energy and Environment Group](https://webmail.undp.org/owa/redir.aspx?C=6K51Np8clk2dKEBS-AjYnUSQLqtJws8IFxdutoUeqmaqIiGU97BpQ8I98az-zwZ8tUV0lz-CQg0.&URL=https%3a%2f%2fundp.unteamworks.org%2fenvironment), as well as the [UN-REDD workspace.](https://webmail.undp.org/owa/redir.aspx?C=6K51Np8clk2dKEBS-AjYnUSQLqtJws8IFxdutoUeqmaqIiGU97BpQ8I98az-zwZ8tUV0lz-CQg0.&URL=http%3a%2f%2fwww.unredd.net%2f) For those without ready access to these on-line forums, contributions can also be submitted by email to [pacde@undp.org](https://webmail.undp.org/owa/redir.aspx?C=6K51Np8clk2dKEBS-AjYnUSQLqtJws8IFxdutoUeqmaqIiGU97BpQ8I98az-zwZ8tUV0lz-CQg0.&URL=mailto%3apacde%40undp.org.%c2%a0+Inquiries).

The e-discussion will have two phases:

**Phase I (21 January to 1 February, 2013): Local Experience with Climate Finance and Forestry, and Implications for REDD+**

1. What has been the experience—the strong and weak points—of local government’s involvement in the handling of climate finance and/or forestry schemes more broadly?
	1. To what extent has corruption been a factor?
	2. What were the most vulnerable aspects of these programs (e.g. project design; monitoring and compliance; financial transfers, etc.)?
	3. What were the salient factors or issues involved in facilitating corruption?
	4. Was anti-corruption programming an aspect of the program? Was it effective?
2. Has the participation of local civil society groups materially affected the performance of local climate finance or forestry schemes?
	1. What role did local groups play (i.e., were they involved in design, implementation, monitoring, or independent oversight)?
	2. Was capacity building for local groups a part of the scheme? Was it effective?
3. In light of current experience, what are the potential corruption risks in REDD+ at the local level?

**Phase II (2 February to 15 February) Response Options to Counter Local REDD+ Corruption**

1. How do we enlist local governance systems to counter the risks of REDD+ corruption?
	1. How do we create the demand and expectation of transparency at the local level?
	2. What positive role can local government institutions play in promoting integrity in REDD+ processes?
	3. What diagnostic tools and instruments are available to systematically assess corruption risks at the local level and devise response options?
	4. What level of outside oversight is appropriate and how should this be configured?
	5. What national-level policy changes are required to enable local REDD+ integrity?
2. What is the appropriate role of local civil society groups in preventing local REDD+ corruption?
	1. Should their role be confined to monitoring and oversight, or should they be involved in program implementation?
	2. How can local groups be empowered for effective monitoring and oversight?
	3. To what extent are local groups themselves subject to corruption?
3. What does a successful model of benefits distribution at the local level look like?
	1. What policy changes are required to bring this about?
	2. What capacity support is required?
4. How can UNDP support these response options?

**Key Reading Materials**

1. Staying on Track – Tackling Corruption Risks in Climate Change. UNDP. 2010. <http://www.beta.undp.org/undp/en/home/librarypage/democratic-governance/anti-corruption/staying-on-track--tackling-corruption-risks-in-climate-change.html>
2. Local Governance and Climate Change: a Discussion Paper. December 2010. UNDP/UNCDF/UNEP <http://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=359&menu=35>
3. Local Governance, Anti-corruption and REDD+ in Latin America and the Caribbean: Exploring Synergies to Strengthen Transparency and Accountability. UNDP Regional Centre Panama. 2011. <http://www.regionalcentrelac-undp.org/images/stories/DESCENTRALIZACION/productos/climate.pdf>
4. Supporting Inclusive and Effective National Governance Systems for REDD+. UNDP, June 2010 <http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=4364&Itemid=53>
5. Corruption challenges at sub-national level in Indonesia, by Marie Chene (TI); 21 July 2009

<http://www.u4.no/publications/corruption-challenges-at-sub-national-level-in-indonesia/>

1. REDD Integrity: Addressing Governance and Corruption Challenges in Schemes for Reducing Emissions from Deforestation and Forest Degradation. U4 Anti-Corruption Resource Centre. 2011. <http://www.u4.no/publications/redd-integrity-addressing-governance-and-corruption-challenges-in-schemes-for-reducing-emissions-from-deforestation-and-forest-degradation-redd/>
2. Unready for REDD+? Lessons from Corruption in Ugandan Conservation Areas. U4 Anti-Corruption Resource Centre. 2012. <http://www.u4.no/publications/unready-for-redd-lessons-from-corruption-in-ugandan-conservation-areas/>
1. UNDP (2010), Staying on Track – Tackling Corruption Risks in Climate Change. [↑](#footnote-ref-1)
2. Transparency International (2011), Global Corruption Report Climate Change, p. 299. [↑](#footnote-ref-2)
3. UNDP (2011), Local Governance, Anti-corruption and REDD+ in Latin America and the Caribbean: Exploring Synergies to Strengthen Transparency and Accountability. UNDP Regional Centre Panama. [↑](#footnote-ref-3)
4. UNDP (2010) [Building Bridges between the State and the People – An Overview of Trends and Developments in Public Administration and Local Governance](http://content.undp.org/go/practices/governance/share/Research---Discussion-Papers/download/?d_id=2888531). Democratic Governance Group. September 2010. [↑](#footnote-ref-4)
5. Op-cit. [↑](#footnote-ref-5)