Project Leaf and addressing corruption in REDD+

An operation against illegal logging in Central and South America under the auspices of INTERPOL's Environmental Crime Programme and its Project Leaf.   Photo: Interpol

Project Leaf (Law Enforcement Assistance for Forests)[1] was launched on 5 June, 2012 – on World Environment Day. It is an initiative to counter various aspects of forest crime, including corruption, illegal logging and timber trafficking. The project is a consortium led by Interpol and the United Nations Environment Programme, intended to provide a coordinated global response to organised and transnational forest sector crime. Effective forest law enforcement in countries that implement REDD+ schemes is crucial to the success of REDD+.[2] By involving actors aiming to prevent forest crime and corruption, Project Leaf hopes to generate an improved governance platform to aid country implementation of REDD+. Project Leaf counts on development donors for financial and operational support.

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How is corruption in the forest sector linked to organised crime in forest-rich developing countries?

Both corruption and organised crime are well-known issues in the forest sector. Forestry is particularly vulnerable to corruption and illegality because many forests, particularly tropical forests, are located in jurisdictions with weak governance, poor regulatory regimes, and often systemic issues of corruption. At the same time, tropical forests are often remote and cover large areas, making them hard to

monitor. Who owns or has a legitimate claim to the land beneath the forest is also often unclear or contested. These factors provide opportunities for organised criminal activity such as illegal logging, fraud and corruption.

Illegal logging can be the most obvious result of corruption and the involvement of organised crime actors in the forest sector. But other criminal activities such as tax fraud and money laundering are also evident in the sector and can involve corruption. The worst cases of corruption in the forest sector are seen when it is present in the structure of the state itself, with political elites and public officials engaging in organised crime to siphon off forest revenues.

What is the impact of corruption and organised crime in developing countries' forest sectors?

The vast majority of the world's biodiversity hotspots, the areas with the richest – and most endangered – diversity of plants and animals, are located in countries where levels of corruption are perceived to be moderate to high. The possible impacts of corruption in forestry in these countries can be severe. Corruption linked to illegal logging operations, for example, is often the most environmentally destructive, with logging operators quickly moving in and out of a forest extracting what they can, with little regard for methods that could protect the local ecosystem. Related illegal land-clearing may pollute water sources, cause landslides, and further the spread of disease. Illegal logging operations run by criminal gangs (who are often armed) can deny forest-dependent communities access to food, medicines and fuel, all of which they can usually obtain from the forest.

Corruption related to the illegal trade in forest products essentially leads to biodiversity loss and ecosystem degradation, which in turn damage wider development efforts. The illegal international trade in timber deprives countries of a resource which, when sustainably managed, can ensure long-term revenues and jobs, particularly for rural communities.

How does corruption and organised crime in forestry affect a global climate scheme like REDD+?

Over the past few years the international climate change negotiations have focused on establishing REDD+ as a mechanism to motivate industry and governments to shift towards more sustainable forestry practices.[3] This is done through creating positive financial incentives such as tax breaks, public subsidies and opportunities to generate carbon credits from intact forests. Since 2008, around USD 7 billion has been committed for REDD+. It is anticipated that significantly more finance (estimated at between USD 17-33 billion per year) may be transferred under the REDD+ mechanism to forest-rich developing countries.

This funding brings with it a new dimension to forest sector corruption and organised crime. While issues of corruption and illegality in the forest sector have until now largely been linked to bribery, fraud and illegal logging, the new financial incentives that REDD+ brings are beginning to change the involvement of organised criminal actors.

How do perpetrators of organised crime engage in corrupt practices linked to REDD+?

Organised crime's engagement in the forest sector is often highly sophisticated and relies on both legitimate and quasi-legitimate business structures to hide illegal acts. In recent years, Interpol has observed that criminals in the forest sector are using more refined methods to mask their activities, including creative accounting to launder the proceeds of criminality, colluding with senior government officials, and computer hacking to obtain fake forestry permits. At the same time, the level of involvement of organised transnational crime in the forest sector has increased.

There are some obvious risks of corrupt and criminal activity associated with such large scale financial flows as REDD+, for example straightforward theft of the funds and tax evasion. But REDD+ also poses some specific and unique risks. The recognition of carbon as a commodity that can be measured and paid for creates new criminal opportunities, including the fraudulent manipulation of forest carbon measurements to exaggerate results and increase payments. Measuring forest carbon is difficult and relies on complex calculations that can be manipulated.

Who started Project Leaf, and why?

The project was conceived as a response to the negative impacts of forest sector crimes on:

- the economic viability as well as social and political stability of many developing countries,

- global levels of biodiversity, and

- efforts to mitigate climate change.

In recognition of the impact illegal logging, corruption and other forest crimes are having on national and international efforts to protect forests, Interpol's Environmental Crime Programme and the UNEP centre in Norway, GRID Arendal, formed a consortium that became Project Leaf. This is the first time Interpol and UNEP have joined forces against transnational organised forest crime. Collaboration with UNEP is important since it is one of the key partners in the UN-REDD programme.[4]

How will Project Leaf deal with forest corruption and crime?

The principal objective of the project is to support countries in improving their law enforcement capacities to deal with illegal logging and corruption in the forest

sector. Promoting good forest management practices or even improving the legal framework for forest governance is not enough where organised crime is embedded in the sector. Even the best forest governance policies need to be complemented by enforcement mechanisms that ensure actual compliance. As one of its first steps, Project Leaf will focus on illegal logging, which accounts for 15-30% of the volume of wood traded globally (the exact figures are uncertain given the clandestine nature of the trade). The majority of the world's illegal logging and unlawful land clearance takes place in the tropical forests of the Amazon Basin, Central Africa and South East Asia, so these regions will be the initial focus. Our aim is to work with champions in governments and international organisations to ensure an increased focus on long term forest law enforcement capacity.

We will bring together a specialised taskforce in each country composed of the different law enforcement agencies responsible for the forest sector. This includes police, customs, forestry authorities and tax regulators. They will receive training and support to better understand the issues. In 2012, for instance, we collaborated with the Brazilian Federal Police to train specialist officers from Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Paraguay and El Salvador. The purpose was to provide forest law enforcement officers with techniques to identify illegal logging operations and gather the evidence required for criminal and/or administrative prosecution. In 2013, we trained the Indonesian Federal Police on enhanced information and intelligence collection, evaluation and sharing. These areas were identified as important for addressing the illicit trade in timber and other forestry crimes across the Asia-Pacific region. The training involved specialist officers from China, Indonesia, Japan, Malaysia, Papua New Guinea, and the Philippines. But activities will not only be about building capacity. Interpol will also coordinate and conduct actual enforcement operations in collaboration with police authorities.

Research published by U4 shows that strong law enforcement in the forest sector in corrupt contexts appears to have been more successful in targeting less powerful actors than those behind corrupt and criminal practices.[5] Will stronger law enforcement really help address the potential for grand corruption in REDD+ financing?

A recent study on illegal logging and related trade has

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calculated that stronger law enforcement over the last decade has brought illegal logging rates in some countries down by between 50-70% and saved up to 17 million hectares of forest from degradation, and at least 1.2 billion tonnes of carbon dioxide emissions from entering the atmosphere.[6] Successes such as these show that if forested countries address corruption and illegal logging, they can lay the foundations for an effective REDD+ mechanism. At the same time, these successes were localised and seen during a period in which illegal logging activity globally has not declined. It has been estimated that every two seconds an area the size of a football field is clear-cut by illegal loggers operating somewhere in the world.

A significant proportion of illegal logging and related corruption is carried out by organised criminal networks, given its high profitability and the relatively low risk of apprehension. To dismantle these networks, law enforcement efforts must target the individuals who are at the top. The involvement of highly organised and sophisticated criminal networks also involves the use of quasi-legitimate business enterprises to conceal the criminal activities. This requires a law enforcement response that looks at where the profits from illegal logging go. White-collar criminals often keep as much distance as possible between themselves and illegal logging so as to maintain a façade of legitimacy in their dealings. Because of this problem Project Leaf will also support investigations into the financial flows associated with forest crimes.

What are the main challenges for Project Leaf?

Some of the challenges our project faces are similar to those that limit the efforts of many developing countries to strengthen forest law enforcement. Environmental law enforcement in many countries lacks funding. This has negative effects on mobility, communications, equipment standards, training and management. Corruption within forest departments or natural resource ministries and involving forestry officials themselves can also present itself as a challenge. Also, we often see a fragmentation of responsibilities and mandates within countries in terms of forest law enforcement. Forest crimes fall within the jurisdictions of a number of agencies, including forestry, agriculture and mining departments, financial regulators, the police, wildlife officers and customs. This lack of institutional coordination is often compounded by a lack of understanding of the factors that drive large-scale organised crime in the forest sector. There are challenges too at the international level. Data and information exchange on forestry crimes and related criminal networks is often lacking. There is also relatively little experience with coordinated cross-border law enforcement actions in the forest sector.

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How can development practitioners engage with Project Leaf?

Financial support from development donors is crucial. We currently receive support from Norad, although Project Leaf is embedded in Interpol's framework and has full corporate support. The wider Environmental Crime Programme at Interpol is also funded from member countries including the United States, China, Canada, Brazil, the United Kingdom, Norway and the Netherlands, as well as inter-governmental and non-governmental organisations. The project also encourages donors to become directly involved in activities. We hope that they can help identify forest law enforcement capacity needs, and support partner countries with technical, financial and logistical assistance. We also hope donors will play an active role in coordinating activities among the different agencies that need to be involved in addressing organised crime and corruption in the forest sector.

[U4 would like to thank Davyth Stewarth for informing us about Project Leaf, and we hope the project will be successful in reaching its goals]

What are Project Leaf's most important activities in the short term?

In the earliest stages of the project we worked to raise the national and international policy focus on forest crime and corruption, encouraging investment in the building of law enforcement capacity. This has been accompanied by training programmes and the publication of good practice guides and enforcement manuals. Analysts are now continuing to review criminal activities to identify forest crime hotspots and develop methodologies to provide tactical and strategic advice to countries. The project has also begun to coordinate police operations between countries to target illegal logging and organised forest crime. In the near future we will increasingly provide logistical support to countries to develop operational plans to undertake forest law enforcement operations.

Notes, links and references

1. Project Leaf: http://www.interpol.int/Crime-areas/Environmental-crime/Projects/Project-Leaf

2. Dermawan, A., E. Petkova, A. Sinaga, M. Muhajir and Y. Indriatmoko. 2011. *Preventing the risk of corruption in REDD+ in Indonesia.* Working Paper 80. United Nations Office on Drugs and Crime and Center for International Forestry Research. Bogor and Jakarta. http://bit.ly/1cEOOy7

3. REDD+ refers to the international mechanism agreed at the UN Climate Change Conference in December 2010, to reduce emissions from deforestation and forest degradation, as well as address the role of conservation, sustainable management of forests and the enhancement of forest carbon stocks.
United Nations Framework Convention on Climate Change: http://unfccc.int/documentation/decisions/items/3597.php?such=j&volltext=%22cancun%20agreements%22#beg

4. UN-REDD: http://www.un-redd.org

5. Downs, F. 2013. *Rule of law and environmental justice in the forests: The challenge of 'strong law enforcement' in corruption conditions*. U4 Issue No. 6. Chr. Michelsen Institute, Bergen. http://bit.ly/14FinNc