

# ASIA-PACIFIC FORESTS AND FORESTRY TO 2020

## Forest Policy Brief 06



## Better governance, better forestry

With pressure growing on natural resources in the Asia-Pacific region, good governance is becoming increasingly important in maintaining forests and the broad range of non-market benefits that they provide. Indications of falling governance standards across the region suggest that a large proportion of the social and environmental benefits of forests to current and future generations may be lost, along with timber revenues and other market values. With increasing national and international interest in forestry and recent development of measures aimed at eliminating international trade in illegally sourced forest products, Asia-Pacific forestry now has a chance to address governance issues and move towards a greener and more equitable path.

In many Asia-Pacific countries, forest related activities have been dominated by business-government coalitions, often with military involvement. The socio-economic contribution of forestry remains poorly realized and underestimated due to the capture of benefits by unaccountable interests. Lack of collection of royalties and taxes has also undermined markets for products from sustainably managed sources while mounting social and environmental costs have often been overlooked.

World Bank governance indicators measure the quality of six aspects of governance: (i) control of corruption, (ii) rule of law, (iii) regulatory quality, (iv) government effectiveness, (v) political stability, and (vi) voice and accountability. Assessment of trends in these indicators show that government effectiveness<sup>1</sup> improved in 58 percent of Asia-Pacific countries between 2000 and 2010 while other indicators fell in over 55 percent. Regulatory quality and voice and accountability showed particularly frequent and steep declines.

Rising government effectiveness suggests that although attainment of policy goals is improving it is against a background of rising corruption and political instability, weakening

### Box 1. Governance defined

The World Bank defines governance as “the traditions and institutions by which authority in a country is exercised” while RECOFTC - The Centre for People and Forests refers to governance as “a system of rules and institutions that provides the basis for societies to make decisions and take action.”

voice and accountability and rule of law, and falling regulatory quality.

Corruption constitutes a significant threat to forestry and to national economies, particularly where revenues are substantial. Scores for control of corruption<sup>2</sup> fell in 55 percent of Asia-Pacific countries between 2000 and 2010 (Table 1). Overall, 71 percent of the Asia-Pacific forest area is in countries where control of corruption scores below zero. Between 2000 and 2010, corruption worsened in almost two-thirds of these countries. In the remaining better governed countries, covering 29 percent of the region’s forests, corruption increased in only one third. These opposing trends signal widening disparity in the region. Importantly, however, corruption diminished in Indonesia, location of 13 percent

of region’s forests. Viet Nam, DPR Korea and several Pacific countries also showed positive trends.

Table 1. Corruption in Asia-Pacific countries, 2000-2010\*

	Control of corruption score	
	2000	2010
New Zealand	2.36	2.36
Singapore	2.24	2.18
Australia	1.96	2.06
Japan	1.17	1.54
Brunei	0.38	0.86
Bhutan	0.38	0.83
Malaysia	0.34	0.12
R. Korea	0.29	0.42
Fiji	0.03	-0.91
Thailand	-0.13	-0.34
Samoa	-0.14	0.13
PR China	-0.24	-0.60
Sri Lanka	-0.25	-0.43
Maldives	-0.29	-0.63
India	-0.37	-0.52
Kiribati	-0.38	-0.05
Mongolia	-0.41	-0.71
Philippines	-0.46	-0.82
Tonga	-0.53	-0.31
Nepal	-0.54	-0.69
Vietnam	-0.61	-0.58
Vanuatu	-0.68	0.35
Solomon Is.	-0.76	-0.46
Lao PDR	-0.78	-1.07
PNG	-0.82	-1.14
Pakistan	-0.82	-1.10
Cambodia	-0.85	-1.21
Indonesia	-0.88	-0.73
Bangladesh	-0.96	-0.99
Myanmar	-1.31	-1.68
DPR Korea	-1.80	-1.34

Source: WDI 2012

\* Scores range from -2.5 to 2.5. Green indicates a positive trend between 2000 and 2010, red indicates a negative trend.

1. Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.

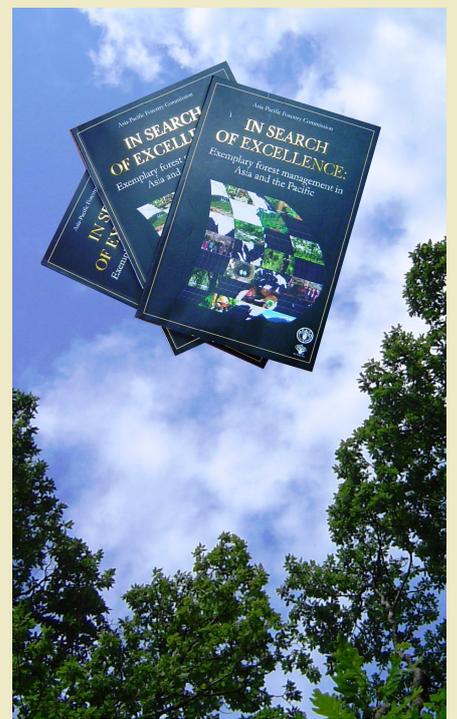
2. Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

In practice, impacts associated with weak governance in the region have led to calls for greater social and economic justice while the region's growing middle class and increasingly well informed civil society are voicing demands for improved environmental governance. With the growth of new media and communications and wider availability of remotely sensed information it has become increasingly difficult for illegal and inequitable practices to pass unnoticed and even in countries with authoritarian governments or those that on paper are poorly governed, positive changes have taken place.

### Box 2. Towards a model of good forest management

An APFC initiative “In search of excellence” found that elements of excellence in forest management include “commitment, resource security, attention to improving livelihoods for local people and/or profitability, sound institutional and management frameworks, attention to silviculture and ecosystem management, and application of sensible management philosophies. The core of the model is anchored on reaching societal consensus with regard to how forests should be managed and what we want from forestry.”

Source: Durst et al. (2005).



### The way forward

The question for Asia-Pacific forestry is how to promote sustainable forest management when governance quality is fluctuating. In general, there are several clear steps that governments need to take:

1. Deciding what to achieve with forests in terms of balancing economic, social and environmental aspirations - or, more specifically, balancing stakeholder aspirations;
2. Deciding on a system of incentives and penalties (carrots and sticks) to achieve these objectives;
3. Ensuring objectives are consistent and achievable - by ensuring that policies, legislation, and institutions are aligned to promote the objectives and that sufficient resources are available to achieve the objectives;
4. Making a clear policy statement to communicate objectives to wider society;

5. Evaluating policy implementation and refining to maintain progress towards objectives.

Just as governance issues are caused by a number of factors, a suite of responses is appropriate to promote change (Box 2). Specific measures to address governance include:

- Investment to promote well-structured institutions and solid policy implementation including strengthening of law enforcement;
- Implementation of transparency and anti-corruption measures and increased public engagement;
- Clarification of legal frameworks and clear allocation of roles and responsibilities,
- Dissemination of information on forest related rights and responsibilities at all levels, in appropriate languages and by appropriate media;

- Reduction of poverty in forest areas given that illegal acts often result from an insalubrious coalition between the corrupt and powerful and the weak and desperate;
- Improved monitoring - forest patrolling, crowdsourcing,<sup>1</sup> remote sensing.

International measures implemented to block illegally harvested products from entering high-paying markets also hold great potential in efforts to promote sustainable and legal production of timber and forest products. The EU Illegal Timber regulation, the amended U.S. Lacey Act and similar draft legislation in Australia, New Zealand and Japan provide opportunities for Asia-Pacific governments to promote sustainable forest management and prevent loss of the region's natural resources and associated revenues.

1 - Collecting information from the general public.

### References

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For more information, please go to the outlook website: <http://www.fao.org/asiapacific/forestry-outlook>