

**FOREST GOVERNANCE
INTEGRITY REPORT**
INDONESIA

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Executive summary

Corruption – the abuse of entrusted power for private gain – undermines good governance and the rule of law. Corruption in the forestry sector further degrades the environment, threatens rural communities and robs the public of billions of dollars each year. Transparency International (TI) is committed to promote corruption-free forest governance that enables sustainable forest management, increased economic development, poverty reduction and environmental protection. To help achieve this objective, TI Indonesia (TII), through the Forest Governance Integrity Programme (FGI), will monitor the existing corruption risks and anti-corruption tools in the forestry sector in Riau, Aceh and Papua, Indonesia.

The methodology of the research is based on the FGI Risk Manual¹ which provides a generic framework for assessing the impact and likelihood of corruption in the commodity chains related to the forestry sector and the anti-corruption tools that are available, in order to establish the high-risk corruption areas for focused advocacy. Using this analysis, several high risk areas for each province are proposed:

In Riau:

1. *Regulatory chain*: Bribery used to change the zoning of an area within the spatial land use planning and forestry planning to allow logging.
2. *Licensing chain*: Bribery used to acquire a licence without a technical review or recommendation, or through the manipulation of data and analysis.
3. *Timber supply chain*: Bribe the person in charge of Area management planning to falsify the needed documents, conflict of interest; public officials owning shares of logging company.
4. *Enforcement chain*: Bribery used to persuade officers to be hard on competitors, to avoid reporting violations or to withdraw sanctions.
5. *Certification chain*: Bribery used to pass certification processes without meeting required standards.

Each of these areas was judged to have a high impact and high likelihood of occurring in Riau, according to desk-based research and stakeholder consultation. Bribery to weaken regulations relating to land use zoning has an impact on local communities and their access to the forest and increased forest resource exploitation.

Weakness of regulations and legislation has triggered various interpretations of forest concession licence regulations by different stakeholders. As such, law enforcement finds it difficult to implement laws and punish those who violate them.² These different interpretations of the law have created opportunities for law enforcers to profit from the taking of bribes from operators for actively avoiding following the law.

Efforts of law enforcement on violation of rules often fail as well as the effort of lawsuits or legal standing by the community based on Environment Regulation and Forestry Regulation. The issued of anti-corruption regulation and Spatial Land Use Regulation is a positive opportunity because both of them recognize violations by state officers as criminal offences.

While certification systems are flawed and often provide opportunities for manipulation, they are also an opportunity to increase monitoring of forest operations and put pressure on concession holders to follow the rules.

In Aceh

1. *Land rights*, e.g. bribery to unduly allow the use of land or to manipulate documents.
2. *Licensing*, e.g. bribery to obtain licences, change the forest zoning or to manipulate data from EIA reports.
3. *Forest management and utilisation of forest products*, e.g. bribery to let companies log outside the authorised area.

¹ Transparency International, *Analysing Corruption in the Forestry Sector*, Berlin, 2010, available at http://www.transparency.org/content/download/57705/923172/file/FGI_risk-manual-edit_final.pdf

² Example: the police conducted 13 investigations into licensing processes related to companies suspected of being involved in illegal logging, but lack of evidence resulted in investigations being ceased (SP3 document issued).

According to the risk assessment carried out with stakeholders in Aceh, corruption risks run through the whole commodity chain, from the licensing process to forestry operations and the enforcement of laws and regulations. Licensing appears as a particular issue, closely related to land rights. Bribery may be used to obtain licences, to manipulate the information that is used to make decisions on licensing, or to avoid investigations and prosecution in case of violations. Instruments that address these risks do exist, but need to be reinforced. For instance, the one stop services office (P2TSP) and TAKPA (Aceh government anti-corruption team) could be strengthened and better monitored. Laws and regulations also exist, but are not always specific enough, and there may be confusion and conflicts between legislation from the central government and from the local government. Finally, the difficulty for the public and civil society to access information is an obstacle to be addressed in order to control corruption risks.

In Papua

1. *Laws and regulations*: Abuse of authority to weaken regulations, bribery to expand operations to protected areas.
2. *Forest management*, e.g. bribery to falsify EIA documents.
3. *Revenues and taxes*, e.g. bribery to funnel tax revenue away from appropriate recipient.

In the province of Papua, corruption was found to be amplified by the lack of human resources capacity within the government to monitor forest management activities. Therefore the falsification of documents or reports such as Environmental Impact Assessments (EIA), are more likely to occur. It has been identified in the risk mapping exercise as an issue that spans over several areas: the awarding of licences, harvesting, the transport of timber, etc. This has a huge impact on the sustainability of forestry activities, since it undermines the process of verification and monitoring of forest management practices. In addition, the implementation of legislation, as mentioned for Riau and Aceh, is made more difficult by conflicts between certain laws or regulations, e.g. on spatial planning and regional autonomy.

Besides the immense financial losses that the illegal timber trade (driven by corruption as explained), which are estimated to be in the range of trillions of rupiahs³, some loopholes in the regulations related to revenue collection may trigger fraud and underpayment of taxes on timber trade.

Recommendations

Legislative reform

- Regulations should be strengthened and synchronised so that loopholes are closed and law enforcement is strengthened in relation to forest crimes.
- Stronger sanctions should be in place in order to have a deterrent effect on corruption and forest crimes.
- There should be consistency in regulations and policies to avoid confusion in their implementation or changes deriving from undue pressures.
- In Riau particularly, it was felt that there should be guidelines on the interpretation of the law to ensure that Ministers do not have the discretion to issue Ministerial Decrees in violation of basic law such as the Constitution and to avoid conflicts of interest in its interpretation.

Capacity building

- Law enforcement institutions, such as the police and judiciary need to be strengthened in order to carry out investigations and enforce their findings.
- Civil society organisations as well as local and indigenous communities should be strengthened in order to increase their awareness of relevant laws and regulations and their capacity to monitor government performance in forest management. This needs to be embedded at the local level as well as the national level.
- The Representative Council at the national and local level needs additional capacity in order to fulfil its role as a monitoring institution to ensure government policy is followed.
- Staff of government agencies should be trained to fully understand anti-corruption tools and how corruption can be monitored (need identified in Papua).

³ <http://m.antikorupsi.org/?q=node/4085>, accessed on 18 March 2011

Technical assistance

- Communities and local NGOs need technical assistance in order to conduct investigations if these are to have any deterrent effect.
- More capacity is needed in government institutions in terms of evidence interpretation.
- Research in Aceh has shown that the Environmental Impact Assessment process should be strengthened in order to make sure that decisions are made on the basis of in-depth and accurate studies.
- In Papua, a one-stop licensing service system should be formed, so that all stakeholders have centralised access to relevant information and data.

Transparency, accountability and access to information

- The public should have access to information related to the issuance of licences and their terms and conditions. In corruption and forest crime cases, information should also be proactively disclosed on court proceedings and on the action taken by forestry officials, local governments and law enforcement officials.
- Systems should be put in place in order to monitor corruption risks and land use violations and to track timber (including exports and imports). TI's Manual as well as GIS can be useful tools in this regard. This should be done within a multi-stakeholder framework.
- Additional recommendations have been identified in Riau:
 - Maps of zoned areas in the forests should be published, along with information on how such zoning was determined. There should be consideration taken of the results of scientific research into appropriate zoning of forest land.
 - The information above should be kept up-to-date and reissued each year in each province.
 - Any decisions to change land zoning or issue new licences should involve consultation with local communities and seek their approval. The rights of the communities should be such that they are compensated for activity on their lands and are in a position to manage / oversee the activities of concession holders.

Certification of logs

- Certification systems should not rely on government licences to establish the legality of timber, but should conduct independent monitoring by experts.

Advocacy and coordination

- A network of local, national and international NGOs need to campaign for transparency and accountability in the forestry sector and for measures to address corruption at all levels.
- Coordinated efforts between civil society organisations and certification schemes would enhance the impact of civil society partnerships. Examples of certification schemes include, Forest Stewardship Council, Smartwood, LEI and High Conservation Value Forest.

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1. Introduction

Indonesia has the largest area of tropical forest in the Asia Pacific region, with more than 94 million hectares. It has experienced high levels of deforestation in the last decade however, with a 0.5% deforestation rate between 2000 and 2010.⁴ According to the Indonesian Forestry ministry, Indonesia has experienced a loss of 3 to 4,5 billion USD per year due to illegal logging⁵.

There is a clear relationship between deforestation and levels of illegal logging and corruption. According to Chatham House, illegal logging is estimated to represent between 41-60% of timber production.⁶ Timber production is a major component in Indonesia's economy, accounting for a third of tropical timber exports, and it is also a leading exporter of pulp paper and furniture.⁷

Bribery is one of the most common forms of corruption in the forestry sector, along with the exertion of undue influence on legal and policy decision-making. Such illegal practices cause considerable social impacts, including inhibiting local communities' access to resources. The social impacts are visible in the poor planning of concession licences. There are frequent conflicts between concession licence holders and the local community, which have even led to allegations of human rights violations.⁸ Indeed, the failure of concession licencees to abide by legislation and regulations has led to allegations that corruption has taken place in the allocation of licences in the first place.⁹

The issue of climate change has increased awareness of the need to implement better forest resource management. The clarity of the forest area zoning and land use planning will need to be considered by climate change and REDD (Reducing Emissions from Deforestation and forest Degradation) mechanisms.

The following report investigates where the greatest risks for corruption lie in the forestry sector in Riau, Aceh and Papua and provides recommendations for advocacy efforts to improve forestry regulations, capacity levels of officers and coordination with civil society to improve independent monitoring.

Riau

According to the World Wide Fund for Nature (WWF), Riau has the highest levels of natural forest in Sumatra since 1982¹⁰, which accounts for 6.9 million ha and 28% of all natural forest on the island. It also suffers from considerable degradation: by 2008 it had lost 4.4 million ha – a loss of 63%.¹¹ Forest degradation in Riau between 1990 and 2002 accounted for estimated losses to the state of 100 trillion Rupiah.¹²

The environmental impact of illegal logging is evident each year as Riau suffers from fires in the dry season¹³ and floods in the rainy season¹⁴ as a result of damage to the hydrological cycle due to extreme exploitation of the area.

Lack of enforcement allows illegal logging to continue unabated, bribery to fail to report forestry violations is commonplace and investigations when started often do not result in sanctions. In Pelawan district in August, 16 2008¹⁵ the head of district was arrested and accused of issuing illegal licences and recommendations to 15 companies that were suspected of being involved in illegal logging. The investigation was discontinued, however, due to lack of evidence.

⁴ Food and Agriculture Organization of the United Nations, *State of the world's forests 2011*, Rome, 2011, p.113.

⁵ <http://m.antikorupsi.org/?q=node/4085>, accessed on 18 March 2011

⁶ Chatham House, *Illegal Logging and Related Trade*, The Royal Institute of International Affairs, London, 2010.

⁷ www.globaltimber.org.uk

⁸ Suluk bongkal Tragedy "200 farmers arrested, 1 child dead" and Sumatra Silva Lestari – 3 men dead

⁹ Case of Pelalawan district head and prior Riau forestry administration head found by KPK to be involved in corruption in the process of issuing forest concession licence

¹⁰ http://www.savesumatra.org/index.php/wherewework/detail_location/5

¹¹ WWF-Indonesia, *Sumatra's Forests, their Wildlife and the Climate*, Jakarta, Indonesia, July 2010, accessible at <http://illegal-logging.info/uploads/wwfindonesia2010sumatranforestswildlifeclimatereportfordknbappenas.pdf>.

¹² The Frickly of Forest Destroyer Forum magazine 2010.

¹³ In the period 1999-2009 forest fire happened in the same locations every year, 60,88% of hotspots were identified in concession areas (Kunaifi 2009, *Forest and land fire in Riau : Cause, Impact and Solution for Disaster-Prone area Ratification*)

¹⁴ Total estimated losses because of floods in 7 districts are up to 51% of Riau Province Annual Local Budget (APBD) 2002 (Walhi Riau, *False Paradigm on forest, cause of flood, disasters rituals of Riau Province*, <http://www.slideshare.net/Bembenk/presentasi-banjir-riau/download>

¹⁵ http://www.cifor.cgiar.org/ileal/_ref/ina/indicators/cases/decision/Tengku_Azmun_Jaafar.htm

Aceh

Governor of Aceh Irwandi Yusuf has committed to a logging moratorium (InGub No. 5/INSTR/2007). This commitment was reinforced by released Kep Gub No. 522.21/284/2008, on the establishment of an integrated team to eradicate illegal logging in the province of Aceh and the recruitment of 2000 forest rangers and security staff in Aceh.

Aceh has built on this momentum to develop a "Green Vision", which aims at "Maintaining and Controlling Aceh's natural resources in order to realize sustainable economic development through green investment strategy." This process concerns many people, sometimes with different views. However, the Aceh government should continue to walk every step despite possible constraints or pressures.

The work of Transparency International Indonesia (TII) in the FGI program needs to be linked to this Aceh Green programme and to take the Aceh government willingness to act as an opportunity to promote transparency and accountability in forestry. The development of tools that are relevant to the conditions in Aceh is part of this work.

Papua

Papua is one of the major timber producing area, which meet the needs in Indonesia and in other parts of the world, whether in the form of logs or processed wood, which are traded in local, national and international markets. Many stakeholders are involved in this trade in Papua, starting from individuals and families owning customary rights, indigenous groups, traditional leaders, village government, district and provincial government staff and regulatory bodies, security forces, the judiciary, the Ministry of Forestry, Ministry of Transportation, local businessmen, national and foreign entrepreneurs, intermediaries, etc.

With the involvement of the various parties mentioned above in the utilisation of forest products, the commodity chain is a long process that may give opportunities for corruption to occur at different stages, because of violations of government rules and customary rules that undermine forest governance and the benefits that forests can bring to indigenous peoples as well as to the government.

2. Methodology

The methodology used in this study is derived from Transparency International's Forest Governance Integrity Risk Manual¹⁶, which provides a generic methodology for prioritising the corrupt practices that pose the greatest risk to forest governance — i.e. those practices that have the greatest impact and are the most likely to occur.

The methodology has been developed by Transparency International to assist civil society organisations to conduct a systematic corruption, accountability and transparency risk assessment in the forestry sector to lead to effective and targeted advocacy for change. It provides a framework to:

- Identify and analyse the corrupt practices in the forestry sector that pose the greatest risks to governance; and
- Identify and analyse the existing anti-corruption instruments that should be monitored in order to assess changes in the highest-risk practices.

The research is conducted using desk-based research of existing legislation and practice, and consultation with stakeholders to assess levels of corruption and specific risks. A risk map is produced to assess types and levels of corruption in each of the chains of activity making up the forestry sector: the licensing/regulatory chain; the timber supply chain; the revenue chain; the reporting chain; and the enforcement chain. The types of corruption identified by the desk research and consultation as being of *highest impact* and *most likely* are highlighted as *High Risk Corruption Areas*.

Adaptation of the manual

The manual was adapted through various stakeholder consultations and desk research. The process differed slightly according to the province, but the main activities were the following:

- Small Group Discussions with stakeholders.
- Individual stakeholder consultations.
- Main FGI workshops to involve as many stakeholders as possible from civil society, the private sector and government agencies.
- Attendance at national and regional workshops.
- Secondary research, based on various technical reports, government publications, media sources and documents from the private sector, international donors and NGOs.

Major issues discussed

- Stakeholders mostly felt that the manual was academic and quite long, and that it takes time to read and understand it. It is still too difficult for the public to understand but easier for professional users, experts, academics.
- The manual must first be adjusted to the conditions of each province before being applied.
- What are the possible benefits for the participants in the discussion, and what will TII do after this manual has been rolled out? The methodology outlined in the manual also needed to be clarified so as to have a shared understanding among stakeholders of its purpose, the way it will be implemented and the role of TII in this work.
- How to adjust the manual to the context of local laws and issues such as indigenous people's rights? For instance, Papua is a region with special autonomy so that each stratum of government (district, village, etc.) has its own authority, and it needs to be taken into account.
- The definition of corruption: not all stakeholders had the same understanding of what constitutes acts of corruption.
- The scope of the manual: it was noted that it covered mainly timber-related issues, but other forest crimes, such as wildlife trafficking, should be incorporated.
- Forest governance chains: in Riau, for instance, stakeholders felt that in addition to the six governance chains, certification aspects should be dealt with in a separate seventh chain.

¹⁶ Transparency International, *Analysing Corruption in the Forestry Sector*, Berlin, 2010, available at http://www.transparency.org/content/download/57705/923172/file/FGI_risk-manual-edit_final.pdf

- The manual itself needs to be further developed so as to make it easy and practical to use by stakeholders.

Research process

This was undertaken in conjunction with the adaptation process through small group discussions, workshops, individual consultations and desk research. This enabled to identify and analyze the high risk corruption areas discussed below.

List of stakeholders consulted

See Annexes.

3. Research findings

The risk maps (see Annexes) show, for each province (Riau, Aceh and Papua) the main corruption risks identified by stakeholders. This section presents the results of this risk mapping exercise and assesses the anti-corruption instruments that seek to mitigate the impact of corruption in the forestry sector in Indonesia.

Riau

The table below shows the highest risks identified in the province of Riau, and the following comments provide more details on each risk.

Regulation Chain

High Risk Area One: Bribery to change the zoning of an area within the spatial land use and forestry planning to allow logging.

IMPACT 5: Catastrophic Impact LIKELIHOOD 5: Highly Likely

Incomplete regulatory rules and the lack of synergy between different plans, opens the door to weak implementation of the regulations and corruption. As a result land may be inappropriately zoned or zones may be changed in order to allow logging. Without adequate plans or consultation with local communities, the current zoning of land does not provide a basis on which to make licensing decisions, and therefore such decision-making processes are open to manipulation and undue influence by loggers.¹⁷

There is little opportunity for local communities to manage and access forest land. The result is that there is considerable land tenure conflict and exploitation of forest resources, without due consideration of balance or sustainability. Furthermore, there are no official institutions tasked with monitoring the zoning of land and in the absence of accurate data and maps on logging zones independent monitoring is difficult. However, the Sumatra Spatial Land Use Forum (FORTRUST) monitors the commitments of the 10 governors of Sumatra to establish an ecosystem based land use on the island. A group of Sumatera CSO also manage a series of discussions for input to the BKPRN.

There are several laws and regulations related to land use zoning and planning:

- Spatial Land Use Regulation 26 2007;
- Forestry Regulation 41 1999;
- Ministry Decree 173 1986;
- Riau Regional Regulation 10 1994;
- Government Regulation 15 2010 on spatial planning execution;
- Government Regulation 68 2010 on the role of communities in spatial land use;
- Government Regulation 10 2000 on the ratio of map detail in spatial land use.

Despite this legislation, there is no legal basis for the Forest Management Agreements or other written regulations.¹⁸ For example, there are incomplete regulations and rules on land use, and in the absence of institutions to monitor land use at the national, provincial and district levels, there is no synchronisation between the National Spatial Land use Plan (RTRWN), the Provincial Spatial Land use Plans (RTRWP)¹⁹ and the District Spatial Land use Plans (RTRWK). Furthermore, there are gaps between these plans and the Agreement on Forest Use Plan (TGHK).

¹⁷ Omission of violations of the spatial land use and TGHK by forestry department.

¹⁸ Results from research by KPK showed that there were at least 4 versions of the map of forest area. (Press Release Siaran Pers : Explanation of research results by KPK about forestry Dec 2010).

¹⁹ Factors of distortion within forest management (Forestry planning, RKT, PSDH, SKSHH) by Riau Provincial Forestry Administration presented in *Pattern and Effort of Improvement to reduce Forestry Corruption*, Hotel Ibis Pekanbaru 4th October 2010.

MAP OF PRIORITY RISKS

CORRUPTION TREAT	CORRUPT PRACTICE	LIKELIHOOD	IMPACT	RISK
CHAIN OF REGULATION				
Risk Area: Forest zoning changes within the spatial land use plan (national, provincial and district). Actors: Parliament and their special committees, Ministry of Forests, Logging Plantation Operators (including foreign owned), academics, National Spatial Land Use Coordination Office (BKPRN), consultants; Local assemblies, operators, Regional Spatial Land Use Coordination Office (BKPRD), Regional Development Plan Office (Bappeda), Forestry Administration. Activity: Incomplete regulation of spatial land use and forestry zone (national, provincial and district), distortion of completion process, uncertainty of forest area function within National Spatial Land Use, Forest Management Agreements, Provincial Spatial Land Use and District Spatial Land Use.				
Weaken regulations, creation of ineffective institutions, undue influence on spatial planning laws and forest laws (state capture).	Bribery used to: - Change the zoning of an area within the spatial land use planning and forestry planning to allow logging.	5	5	25
CHAIN OF LICENSE				
Risk Area: Awarding logging concessions. Actors: Ministry of Forests, forestry agencies, operators, consultants, environmental bodies, communities (province and district). Activity: Concession licenses granted in violation of the rules, License granting process, IUPHHK-HA, IUPHHK-HT, plantation and mining which violates Forest Management Agreement, Disposal of Forest area.				
Weaken the rules of license granting, ignoring legislation and regulations (spatial land use, TGHK, environment).	Bribery used to: - Acquire a license without a technical review or recommendation, or through the manipulation of data and analysis.	5	4	20
CHAIN OF TIMBER SUPPLY				
Risk Area: Concession and logging license planning. Actors: Ministry of Forests, logging plantation operators (including foreign owned), consultants, Forest Management Unit, Provincial and District Forestry Administration. Activity: Establishment of Area Management Planning Document (RKU, 5 years Work Plan, Annual work plan, Macro and Micro Delineation, boundary area management.				
The provision of false documentation, or manipulation of data for documentation.	Bribery, data manipulation, nepotism.	5	4	20

CHAIN OF ENFORCEMENT				
Risk Area: Failure to punish operators who violate the rules. Actors: Minister of Forestry, Forestry Administration, Police, Lawyers, Judges. Activity: Law enforcement.				
Failure to punish operators who violate regulations (for instance no sanction or penalty or even cancelling of the licenses). Law interpretation/ profitable rules, failure to implement internal sanctions against officers or agents who violate rules in their reports.	Bribery used to: - Persuade officers to be hard on competitors. Bribery used to: - Avoid reports of violations or withdraw sanctions. Extortion of "field expenses" for forest authority to conduct monitoring.	5	4	20
CHAIN OF CERTIFICATION				
Risk Area: Manipulation of research and certification processes. Actors: Companies, certification assessors, NGOs, local communities. Activity: Certification and research.				
Data and analysis falsification in order to pass the certification schemes, thereby legalising violations.	Bribery used to: - Pass certification processes without meeting required standards.	4	5	20

Licensing chain

High Risk Area Two: Awarding logging concessions

IMPACT 4: Major Impact

LIKELIHOOD 5: Highly likely

There are concerns that rather than getting stricter, licensing regulations, which are changing rapidly, may actually become weaker, increasing the potential for operators to exploit forest resources. Bribery may be used to acquire licences for logging concessions to induce forestry officers to break or ignore regulations when granting licences.²⁰ Operators may also seek to manipulate the data and analysis included in the Environmental Impact Document (AMDAL), Environmental Management Plan (RKL), and Environmental Monitoring Plans (RPL) to make operations appear sustainable where they are not.

Officers may also be induced to ignore logging areas that are not designated as concessions. Such behaviour is accommodated by a lack of monitoring of sites and opaque regulations on the allocation and management of concessions, and fragmented management procedures, which increase risks of corruption and influence by powerful groups. Forestry officers also have weak capacity to take action and provide sanctions when concession licences are found to be violated – providing few incentives for loggers to refrain from illegal practices both before and after their licences have been granted.

Laws relating to the award of logging concession include:

- Forestry Law 41 1999
- Regulation on Spatial Land use 26 2007
- National Spatial Land Use Law 26 2008

²⁰ *The problem in Forestry and Plantation Sector in Riau Province*, presentation by FGI Riau delivered in a discussion on the role of actors in spatial land use forum by General Director of Spatial Land Use, Public Works Ministries, Batam, 29-30 July 2010.

- Regulation on Forestry Planning 44 2004
- Law on the Protection and Management of the Environment 32 2009
- Regulation on AMDAL 27 1999
- Ministerial Decree on TGHK 173 1986
- Presidential Decree on Protection Area Management 32 1990
- Law on Coastal and Small Island Management 27 2007
- Regional Regulation on Riau Province Spatial Land Use 10 1994

Civil society initiatives related to this include the Coalition against Forestry Mafia reports and other NGO reports that indicate corruption risks and environmental violations in the licensing of logging concessions in Riau, and law suits have been brought to court for such violations²¹. Analysis and research on the violations of licences needs to be conducted by the Ministry of Forestry, which investigates on environmental violations. The role of the police in this process is also essential. Reports from civil society organisations have been followed up by the Corruption Eradication Commission (KPK) and the police. However, although the police conducted 13 investigations into licensing processes related to companies suspected of being involved in illegal logging, there was not enough evidence and as a result they issued an Instruction to Cease Investigation (SP3).

Although there is research conducted on illegal logging, there have been few reports that are directly connected to corrupt practices and licence violations. It is clear therefore, that the tools that exist have the capacity to increase awareness of illegal logging, but have not had a significant impact on policy. The collaboration between the Corruption Eradication Commission (KPK) and NGOs has enabled to identify concessions (IUPHHK-HA/HT) which may not comply with the TGHK regulation. The research is still ongoing.

Timber supply chain

High Risk Area Three: Concession and logging licence planning

IMPACT 4: Major Impact

LIKELIHOOD 5: Highly likely

Regulations relating to planning logging sites and concessions are biased towards companies and often do not take into account the rights of local communities or the environment. There is ineffective regulation and weak capacity of law enforcers to implement forestry, environment and spatial land use plans. The law tends to emphasise investment over the rights of local communities,²² benefiting elites who have both power and money.²³

Legislation related to the planning of logging concessions includes

- Freedom of Public Information Regulation
- Forestry Ministerial Regulation P.3/Menhut-II/2008 on the delineation of IPHHK-HTI areas within planted forests
- Forestry Ministerial Decree 08.1/Kpts-II/2000 on the criteria and standards for sustainable utilisation of forest products
- Forestry Ministerial Regulation P.23/Menhut-II/2007 on licensing procedures for the utilisation of forest products on community based timber plantations in planted forests
- Forestry Ministerial Regulation P.62/MENHUT-II/2008 on work plans related to the utilisation of forest products on industrial timber plantations and community based plantations
- Forestry Ministerial Regulation P. 14/MENHUT-II/2009 on changes to the Forestry Ministerial Regulation P.62/MENHUT-II/2008
- Forestry Ministerial Decree 151/Kpts-II/2003 on work plans, the 5 years work plan, annual work plans and work charts of forest product utilisation on timber plantations
- Forestry Ministerial Regulation P. 39/Menhut-II/2008 on procedures for the imposition of administrative sanctions to the utilisation licence holder

²¹ NGO reports have been submitted to the police on these issues.

²² Issues over the endorsement of 7 Annual Work Plans (RKT) by Riau Governor in 2004 have allegedly caused state losses estimated over IDR 1,1 trillion (Case study of Riau Governor Policy on the grant of RKT and Framework (BK) on Industrial Timber Plantation in 2004).

²³ Issue of Forestry minister Regulation No: P. 14/MENHUT-II/2009 that provides the authority to the forest minister to issue RKT despite differences in understanding between the Forestry Department and Provincial Forestry Administration.

- Forestry Ministerial Regulation P.10/Menhut-II/2006 on inventory production at the level of the Forest Management Unit
- Forestry Ministerial Decree 08.1/Kpts-II/2000 on criteria and standards of sustainable forest products utilisation in production forest.

According to our consultations with stakeholders and our research, the main weaknesses of the regulatory framework concern the implementation of the regulations and access to information and transparency. Regarding the first point, it seems that, although laws and regulations do exist, their actual application is much more difficult; moreover, sanctions resulting from violations are often low (fines, administrative sanctions). There is a formal monitoring process of these regulations but the results are not shared with the public. In addition the capacity of the police to monitor and investigate violations and corruption is low, and the process of investigation by the government (PPNS) is not always effective.

Civil society is also conducting monitoring of the forestry licence activities through research and analysis.²⁴ This is supported by advocacy and Geographic information system (GIS) analysis. GIS analysis is used to identify any distortion in the areas for which logging permits have been given or violations in these areas. This also helps identifying indications of corruption related to permits and logging activities. It is hard to connect the civil society activities and law enforcement directly. Just a few NGO work in the corruption issue specifically, most of them only analyse violations that occur within the concessions.

Civil society reports of research and analysis can affect opinions, but have not had a significant impact on law enforcement in relation to violations identified. Research in this area is impeded by the difficulty to collect data. There are weaknesses in human resources in relation to the analysis of data and its correlation with corrupt practices. More information needs to be reported to the public in order to increase public pressure on law enforcers to take action on any violations.

Enforcement chain

High Risk Area Four: Failure to punish operators who violate the rules

IMPACT 4: Major Impact

LIKELIHOOD 5: Highly likely

Operators are often not held accountable for violating forestry rules and regulations. As such they are able to avoid legal consequences of their crimes.²⁵ In one example, the investigation of 15 companies was suddenly stopped without any obvious reason. Each of the companies was suspected of being involved in illegal logging, but their operations remain ongoing and there have been no penalties²⁶.

Strong law enforcement is a great deterrent of corruption, as it ensures that those that violate the rules are handed down penalties. There is a risk, however, that corruption can contribute to failures to investigate or prosecute crimes by law enforcers. This may be in the form of bribes to law enforcers to fail to investigate cases, or provide adequate investigations or evidence, or to provide weak sanctions where violations are identified, for example allowing operators to retain their licences even after they have been found to violate the law. Such corruption is enabled by weak legislation and the technical difficulties involved in collecting evidence of forest crimes. Furthermore, with weak internal monitoring of law enforcement activities, corruption in this area often goes unidentified, leading to both law enforcers and operators not being held accountable for violating regulations.

The laws in relation to this corruption area include the Indonesian Anti-Corruption Regulation, the Forestry Regulations and the Regulations on Spatial Land Use and the Environment. Although there are strong laws and penalties for violations of the forestry law, there are overlaps in the regulations that make it weaker and easier to circumvent, and result in confusion on their implementation by state officers and law enforcers. This risk is compounded by lack of capacity of law enforcers to investigate forestry cases. As such, regulations need to be reformed to enhance their effectiveness and remove possibilities of distortion by corrupt officials.

²⁴ Economic balance daily, April 2009, RAPP suspected to manipulate the peat land data.

²⁵ 80,77% of illegal loggers punished are field workers (Corruption and forest crime, presentation by Febri Diansyah, Coordinator of Law Division and Monitoring of Court, ICW)

²⁶ http://www.detikriau.net/index.php?option=com_content&view=article&catid=2:pelalawan&id=791:surati-presiden-tazmun-jaafar-minta-keadilan-atas-kasus-hukumnya

Certification chain

High Risk Area Five: Manipulation of research and certification processes

IMPACT 5: Catastrophic Impact

LIKELIHOOD 4: Likely

Certification acts as a benchmark to indicate that a company abides by environmental and social requirements. Data manipulation in this process can mean that companies are certified as legal and sustainable even where there are irregularities in their operations. Corruption of officers / certifiers to provide certificates has the effect of legalizing illegal logging and making its products available for sale as legitimately sourced timber.

There are weaknesses in the assessment processes of certification and a lack of monitoring of compliance with the required criteria. Without green certificates, there is little impact on a company's ability to market its product and many of the systems for certification remain voluntary, so that companies can choose whether to implement them or not.

There are a number of civil society organisations that are concerned with the environment and the role of the community in terms of law enforcement. There is weak implementation of these tools, however, caused by low capacity levels of those who are meant to enforce the rules and tools. The private sector operates in the forestry sector and is obliged to implement these tools to ensure clean operations. Several organizations have monitored the process and gave input, but it has not affected the result of the certification.

There is participative management of the forestry sector, so companies are responsible for their operations. Increased awareness of corruption in this area has had little impact on their operations, however. Besides, certification bodies do not always know Indonesian forestry laws and regulations. For example, the certification process tends to focus on the concession permit awarded by the Ministry of Forestry, which makes operations legal, while not considering other important legislation such as the Presidential Decree No 32 year 1990 about Management of Protected Forest Area.

Aceh

See Annexes for the risk map.

High Risk Area One: Land rights

Information about boundaries, annual work plan, and licences to use vehicle and heavy equipment to log, and any information about land rights is not easily accessible by the public and non-forestry governmental agency. According to our research and consultations with stakeholders, this could be happening due to several factors:

- High difficulty reaching the area for the relevant authorities and law enforcement officials to conduct direct monitoring;
- Manipulation of data released by the forestry companies;
- Law enforcement authorities may retain information on firms' performance;
- Forestry department may close the access to information for other government agencies and the public.

The high difficulties for other agencies and the public in obtaining the information on land rights from the company and local forest service make corrupt practices more likely to occur. The results of small group consultations held with several stakeholders show that corruption related to land rights can take several forms:

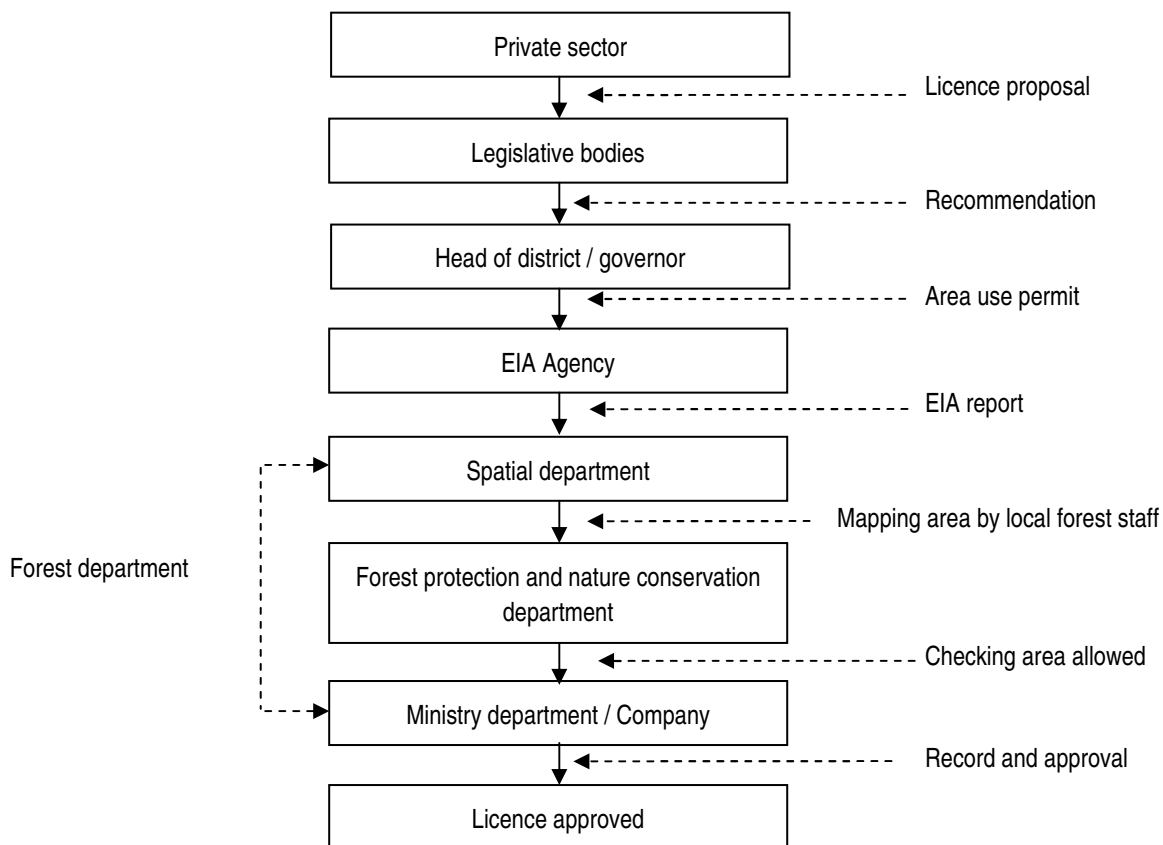
- Companies bribing forestry ministry officials to allow the exploitation of existing resources in the region by manipulating the information on protected resources (e.g., clearing the protected forest areas, hunting of wildlife);
- Companies bribing forestry field officers who are authorized to examine the production of documents that violate forestry laws;
- Companies paying bribes to the central, provincial or district government in order to obtain a licence to exploit all available resources in areas where logging was previously not legal through data manipulation;
- Bribing by companies to avoid the police investigation findings to be acted upon;
- Undue influence to have the government and local legislature issue recommendations for companies to obtain permits.

Instruments to prevent such corrupt practices do exist, but several obstacles have been identified:

- Law enforcement is made difficult by the manipulation of information and documents. At PT Mandum Payah Tamita in North Aceh district, police officers carried out checks in the field to register the amount and type of timber harvested, and concurrently, the company hired policemen to officially record the data on harvests. When the two sets of data did not match, forest officers often did not investigate further since the company's reports had been submitted by police officers.²⁷
- The lack of financial resources for investigation by law enforcement authorities to follow up on reports given by civil society.²⁸ In Bireun district, operational funds for forest protection had not been earmarked in the 2010 budget, so that the monitoring process cannot be done by field rangers to follow up on forestry crime reports provided by the community.
- Closed system of information among stakeholders involved in the licensing process. To obtain information about the company and area of land under its management, government agencies and the public must follow a long process with several steps so that the perpetrators of crime may hide evidence of their acts, for example, by changing the information and other evidence against them.

High Risk Area Two: Licensing

The process for the awarding of licences for the management and utilisation of forest areas is based on Government Regulation No.6/2007 on Forest Arrangement, Forest Management Planning and Forest Utilisation and is summarised in the flowchart below.



The process described above is quite long and requires the involvement of multiple key actors. The main corruption risks identified are the following:

- Bribery to issue permits without following due procedures.

²⁷ Malaysian citizens were arrested for their involvement in illegal logging. Basic information that resulted in this arrest was obtained from police officers who had been bribed to work in the plantation (www.suarakarya-online.com. January 25, 2006).

²⁸ http://www.waspada.co.id/index.php?option=com_content&view=article&id=134480:dana-hambat-operasional-pengamanan-hutan&catid=13:aceh&Itemid=26

- Bribery to change the zoning of an area to allow logging.
- Bribery to grant licences that violate the local spatial plan.

In Aceh province, the local government's P2TSP (one stop services office) covers the whole licensing process, but the system is not known to the public. From the results of inspections carried out by members of the legislature²⁹, some causes of corruption have been highlighted:

- No receipts of payments made in the framework of the licensing process are available.
- Absence of fixed price to be paid the company to secure the necessary permits.
- Lack of clarity about the administrative rules and the time required by the company to secure the necessary permits.
- No government department is in charge of monitoring P2TSP performance.

The low supervision at all levels, especially at provincial and district levels may also allow corruption to thrive.³⁰ The lack of transparency and difficulties to access information hinder the monitoring of the application process by communities and civil society. Aceh FGI staff tried to request such information, but failed to obtain it. Local forestry officials argued that it is a company's internal information and therefore cannot be disclosed unless the company agrees to it.

Another corruption risk identified in the risk mapping exercise involves institutions conducting EIA (Environmental Impact Assessments). The company may provide payments in order to induce the organisation preparing the assessment into making "good" statements. As an example, based on forestry ministerial decree no. 42 Year 2002, companies should not be clearing land on the within 100 meters of a river. Field observations from NGOs, including Aceh FGI staff, conducted after an EIA report had been issued, showed that the distance between cleared land and the river was only about 10 meters. The results of these observations therefore did not match the content of the EIA.

Legislators have political power and are in a position to guide the government in the development of policies. However this can be exploited by the private sector to put pressure on government agencies to facilitate the awarding of logging permits. Companies know the key legislators who may have strong influence on government policies. Such pressure can be exerted through bribes to Members of Parliament. In 2008, Members of Parliament were sentenced to 8 years imprisonment and a fine of IDR 250 million in a case related to corruption in the licensing process.³¹

Local regulations are detailed enough to limit the possibility of corrupt behaviour. Moreover, the government has established TAKPA (Aceh government anti-corruption team) which became the government agency monitoring and acting upon corrupt practices that may occur. Nevertheless, corruption remains due to several factors:

- Lack of capacity of personnel to distinguish between cases of corruption and other crimes.
- Perpetrators of corruption are often ex-combatants, as are members of the TAKPA team, so that corruption cases are sometimes not forwarded to the court (case closed or evidence omitted).
- Some central government regulations cannot be transposed directly into local regulations. A case in point is the absence of regulations governing the movement of timber from public forests. With the creation of a moratorium decided by the governor of Aceh in 2007, the timber supply decreased while demand was going up because of the post-tsunami recovery effort. One risk derived from this situation is bribes being given by companies to indigenous leaders to acknowledge that timber felled comes from public forests, whereas it was harvested in areas regulated by the logging moratorium.
- The low level of income earned by government officials, coupled with limited sanctions (e.g. administrative sanctions) against violations committed by government employees, which provide no deterrent.

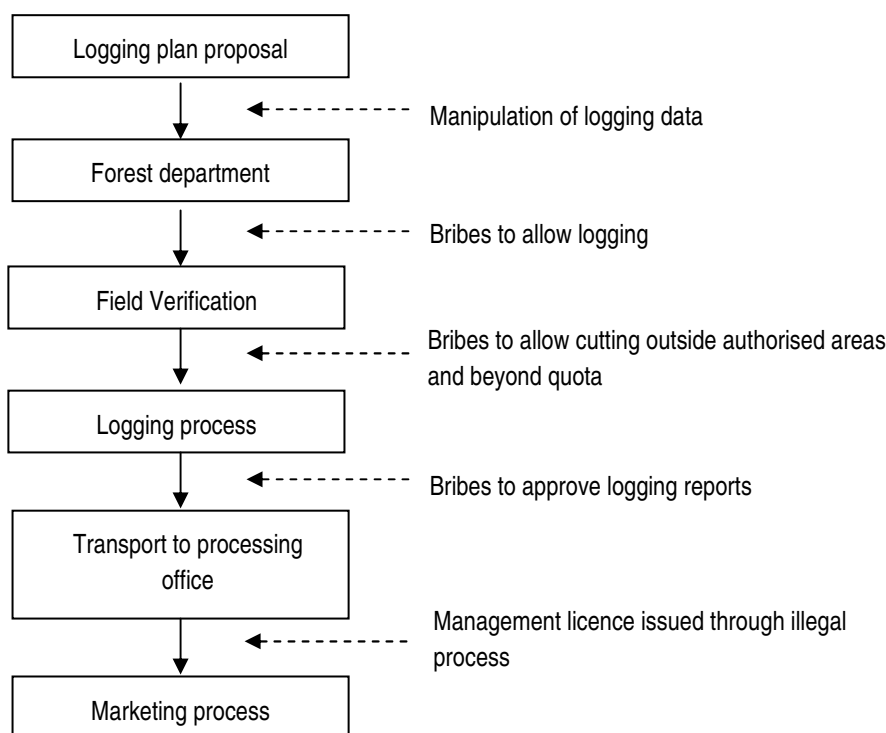
High-Risk Area Three: Forest management and Utilisation of Forest Products

Corrupt practices in the management of forest products and timber may occur at different levels, from the acquisition of raw materials to the marketing process. The risk mapping exercise has highlighted several major risks:

²⁹ <http://m.serambinews.com/news/view/35995/anggota-komisi-a-dprk-kecewa-setoran-pad-p2tsp-tak-jelas>

³⁰ <http://aceh.tribunnews.com/news/view/47851/dewan-minta-p2tsp-tertibkan-usaha-tak-miliki-izin>

³¹ <http://nasional.kompas.com/read/2008/10/08/07082522/AI.Amin.Nur.Nasution.Kembali.Disidang>



Before logging, the company submits a report to forest services in charge of harvests. From these harvest statements the amount of taxes and levies will be calculated. The forest service must conduct field verifications of the information provided in the report to check the amount and type of timber that can be cut, and the extent of the areas listed in the report. In this process, to speed up logging licensing, stakeholders reported that companies might give bribes to the forest department for not doing field verification or to turn the investigation report into a simple formality.

The approval of the harvest data may also be subject to corruption. Law enforcement officers may be bribed by companies to ignore any issues that may be identified when harvest data is examined, and to put pressure on forestry department officials to approve this data.

To secure the transportation of timber to the place of processing, the company may bribe police officers and soldiers at checkpoints in order to avoid arrests due to the illegal wood that they are carrying. After the processing stage, some of the logs are shipped out of the island. In some cases issues related to the production capacity and the validity permits may arise. Therefore, to ship illegal timber and sell it, companies need to bribe the trade and industry departments to legalize documents.

Instruments to oversee forest management are established by the laws and regulations issued by the forestry ministry. They are of general nature only and some do not fit the local context. This has led to confusion and incorrect interpretation in their implementation. In addition, the bureaucratic system for the implementation of these regulations is unclear, especially which agency is responsible for the management and supervision of forests. Therefore it is difficult to hold these agencies to account.

The forestry ministry regulation S.681/menhut-II/kum 2010, for instance, contrasts with the Law on Aceh Government No. 11 of 2006, in which authority for forest management is centralised at the Ministry of Forestry, with autonomy for the Aceh administration to oversee the management of natural resources within concessions. It is feared that the government of Aceh with forest management and forest conservation programmes would interfere with the central government programmes.³²

Governor Instruction No. 5 of 2007 on Logging Moratorium can be a good basis to shape a system to monitor and mitigate corruption risks at local level, for instance through a multi-party forum involved in forest protection. But there is a lack of regulations concerning standard operational procedures and responsibilities related to forest protection. Forestry

³² <http://carelingkungan.blogspot.com/2011/01/kewenangan-pengelolaan-hutan-aceh-harus.html>

police force assisted by temporary security staff and Civil Servant Investigators should be jointly participating in the process of enforcement and supervision of the forestry sector in Aceh.

Logging companies may deliberately take advantage of the lack of supporting regulations and human resource capacity for monitoring in Aceh forestry department, by exploiting the forest for their own benefit.

Papua

See Annexes for the risk map.

In general, corruption is exacerbated by the lack of human resources capacity within the government to monitor forest management activities by companies so that possible data manipulation cannot be detected. Indeed, the research and risk mapping in Papua showed that corruption is often used to unduly obtain or to falsify documents or permits. This is a particularly acute risk at all stages: for the awarding of licences, harvesting, the transport of timber, etc.

The head of the Papua provincial forestry department acknowledged that high corruption is caused to several factors including:

- The high price of timber and the growing global demand for merbau wood that grows in Papua. This increases the profitability of logging.
- The Papua forestry department does not have data covering the whole province area, and existing data is not updated.
- The extent of existing forest areas in Papua, and the lack of forest security personnel.
- Lack of knowledge of security officers about the types of prohibited wood, so that data manipulation by the company cannot be identified.
- Lack of understanding of security officers on corruption cases.

The following sections describe in more detail the issues for each high-risk area.

High Risk Area One: Laws and regulations

In the province of Papua, the implementation of the forest laws and regulations conflicts with other laws, such as the law on spatial planning, regional autonomy laws and other regulations. One of the main reasons mentioned during our consultations with stakeholders was that some of the legislative and regulatory instruments issued at the local level may be crafted to favour a certain party.

In order to make the licensing process easier, entrepreneurs may influence the government or legislature by giving bribes to change the regulatory environment in their favour. One case under investigation involves PT. Freeport, which allegedly used a licence in Papua that violates the forestry law No. 41 of 2009. Currently the government is awaiting recommendations and information from the governor of Papua about the process that led to the awarding of the licence to PT. Freeport, which, according to accusations, did not follow due legal procedures.

In addition, the lack of harmonisation between laws and regulations in Papua and its border provinces provides opportunities for companies to commit forest crimes. In the province of Papua, the local government issued governor's decree no 72 year 2002 concerning the prohibition of trade in merbau logs, while the province of West Papua issued contradictory regulations to allow log trading. The companies may therefore exploit this by giving bribes to forestry officials and security officers for providing false documents in order to take timber from Papua to West Papua, thus allowing the laundering of timber.

High Risk Area Two: Forest management

The main legal instruments in this field are two decisions of the forestry directorate general, No. 42/Kpts/VI/PHP/2003, on technical guidelines for performance assessment of timber and forest product utilisation, and No. 30/Kpts/VI-PHT/2003, for the utilisation of forest plants in the management unit within the framework of Sustainable Forest Management. These two decisions list twelve indicators of sustainable forest management, and outline in a clear and detailed way the operator's obligations in terms of forest management. Although demand for timber is high, companies are often tempted to resort to bribery in order to avoid the constraints and operational costs related to sustainable forest management.

The forest management flowchart that you can find in the Aceh section above (under High-Risk Area Three) is also applicable for this risk area in Papua. However, there are variations in the corruption risks identified during consultations with stakeholders, the corruption risks below related to forest management have been identified.

- Log Harvesting

Before logging, the company must prepare a harvesting plan submitted to the forest service. The plan contains information about the size of the logging area, the number of trees to be cut, the diameter of trees, etc. Then forest officials conduct field verification. After the survey is carried out and no issue is identified, the company may start harvesting.

Corruption risks are particularly high in this verification process. The company may bribe forestry officials who check the company's plan in order to falsify results so that the verification does not impede on the operations. In addition, bribes can be given to indigenous leaders to log on indigenous land, outside designated areas. Bribery can also be used in order to transport illegal timber and avoid field inspections by security personnel.

- Wood transportation to the saw mill

In order to bring the logs to the sawmill, the timber company must have original documents and transportation permits. Stakeholders found that bribery was a major risk here, either to accelerate the process of issuing permits transportation by forestry officials or to allow the company to transport timber without proper documents.

Corruption may impede investigations or sanctions following the seizure of illegal wood by the police during its transport. Bribes to the government and local legislature may lead to pressures forcing the police to release the timber and to drop investigations.

- Timber trade

To be able to sell wood, companies must obtain permission from the customs department³³. Again, bribery can be a way for the company to obtain a legal document and launder the illegal timber. It can be done by bribing the customs officials or the provincial legislature and the executive in order to force the customs to allow timber to be sold.

High Risk Area Three: Revenues and taxes

Significant state losses result from corrupt practices that facilitate illegal logging and data falsification. When corruption occurs the government does not receive income for the use of forest resources and for the trade in forest products, including when they are smuggled abroad.

In the case of illegal logging and timber smuggling from Papua, according to investigation results published by the EIA and Telapak, the government suffered a loss up to trillions of Indonesian rupiahs per year due to the smuggling of merbau.³⁴

According to the information from our consultations with stakeholders, corruption targets in particular forestry officials and customs officials in order to facilitate the falsification of data. The extent of logging and timber trade may be minimised in order to reduce the costs due by the company to the government.

In addition, existing regulations do not cover all types of information required in the calculation of state revenue from forest products. One of the central government regulations concerning state revenues from forest products can be found in the decision of the Minister of Industry and Trade no. 444/MPP/Kep/2003 about the standard prices for the calculation of fees for forest resources. In the province of Papua, merbau is the most traded species of timber, but is not mentioned in this regulation. This has caused confusion in calculating the amount of the taxes due by the company.

Another risk identified is the bribing of tax officials by companies in order to suspend the payment of taxes, and therefore undermine the collection of due taxes.

³³ <http://www.satuportal.net/content/telapak-mengumumkan-gembong-mafia-perdagangan-kayu-internasional>

³⁴ <http://m.antikorupsi.org/?q=node/4085>, accessed on 18 March 2011

4. Conclusions

In the province of Riau, the analysis has found that there are a number of laws in need of reform. Legislation is weak or overlapping, enabling considerable discretion in its implementation. This creates spaces for the violation of rules with limited oversight.

- The Regulation on Forestry and its Derivatives 41 1999, needs to be reformed in order to have stronger anti-corruption measures.
- There needs to be consistency between regulations on the status of the forest area in spatial land use plans at the national and regional levels – these plans need to be implemented together to be effective.
- Spatial land use regulations need to be synchronised with forestry, environment and investment regulations.

A particular obstacle to good forest governance in Aceh is the conflicts between forestry laws and regulations on the one hand, and legislations pertaining to other fields on the other hand. It was also found that the knowledge and understanding of laws and regulations, especially anti-corruption and forestry legislation, was not sufficient. In Papua, this issue is particularly acute for local communities, which makes them more vulnerable to potential pressures from logging companies.

The implementation of legislation is also insufficient. In Riau, there is no institution that ensures that rules are consistent with each other, or that monitors how they are implemented. Furthermore, there is no institution responsible for ensuring that regulations are not distorted in their implementation by the Ministry of Forestry because of undue influence or corrupt practices. In Papua, in addition to the issue of unclear roles of the different institutions involved in implementing the legislation, which leads to low accountability, the possibility of collusion between operators, governmental and legislative institutions also undermines effective law enforcement.

In Indonesia overall, where concession licence holders are found to have violated the law, there are limited sanctions that are used by the Forestry Ministry; these tend to be administrative and not transparent. It is difficult to collect data as there are four different versions of the forest area maps, which are issued by the Ministry of Forestry; this means that the information available is sometimes contradictory, making it more difficult to identify issues and illegal activities. As such forestry planning is not implemented well and has caused frequent problems in the forests, including destruction of the environment and land tenure conflicts.

The research in Riau shows that the lack of transparency in the system means that forest licences cannot be monitored by the public; even the map of forest concessions is not available for public view. Furthermore, information on decisions relating to the allocation of forest concessions cannot be accessed by the public and is not subject to public consultations. Weak public control over forestry cases in Aceh is also a problem and seems to be closely linked with political interests.

5. Recommendations

Below are some recommendations derived from the research made by TI Indonesia. In each area, e.g. legislative reform, you will find recommendations applicable to Indonesia in general, while others have been more specifically identified in one of the provinces (Riau, Aceh or Papua), though they may be applicable in the other provinces too.

Legislative reform

Weak regulations have meant that law enforcement is not effective at controlling corruption in the forestry sector.

- Regulations should be strengthened and synchronised so that loopholes are closed and law enforcement is strengthened in relation to forest crimes.
- Stronger sanctions should be in place in order to have a deterrent effect on corruption and forest crimes.
- There should be consistency in regulations and policies to avoid confusion in their implementation or changes deriving from undue pressures.
- In Riau particularly, it was felt that there should be guidelines on the interpretation of the law to ensure that Ministers do not have the discretion to issue Ministerial Decrees in violation of basic law such as the Constitution and to avoid conflicts of interest in its interpretation.

Capacity building

The weak capacity of law enforcers and those tasked with monitoring the forestry sector provides opportunities for logging companies to engage in corruption without sanctions. There is also a lack of capacity in civil society to carry out its independent monitoring role.

- Law enforcement institutions, such as the police and judiciary need to be strengthened in order to carry out investigations and enforce their findings.
- Civil society organisations as well as local and indigenous communities should be strengthened in order to increase their awareness of relevant laws and regulations and their capacity to monitor government performance in forest management. This needs to be embedded at the local level as well as the national level.
- The Representative Council at the national and local level needs additional capacity in order to fulfil its role as a monitoring institution to ensure government policy is followed.
- Staff of government agencies should be trained to fully understand anti-corruption tools and how corruption can be monitored (need identified in Papua).

Technical assistance

Technical assistance is needed to effectively monitor forestry operations and to ensure that proper evidence of violations is collected to a standard that would be viable in court.

- Communities and local NGOs need technical assistance in order to conduct investigations if these are to have any deterrent effect.
- More capacity is needed in government institutions in terms of evidence interpretation.
- Research in Aceh has shown that the Environmental Impact Assessment process should be strengthened in order to make sure that decisions are made on the basis of in-depth and accurate studies.
- In Papua, a one-stop licensing service system should be formed, so that all stakeholders have centralised access to relevant information and data.

Transparency, accountability and access to information

Increased transparency of forest data can improve participation of local communities, to ensure that there is adequate oversight to reduce corruption risks.

- The public should have access to information related to the issuance of licences and their terms and conditions. In corruption and forest crime cases, information should also be proactively disclosed on court proceedings and on the action taken by forestry officials, local governments and law enforcement officials.
- Systems should be put in place in order to monitor corruption risks and land use violations and to track timber (including exports and imports). TI's Manual as well as GIS can be useful tools in this regard. This should be done within a multi-stakeholder framework.
- Additional recommendations have been identified in Riau:
 - Maps of zoned areas in the forests should be published, along with information on how such zoning was determined. There should be consideration taken of the results of scientific research into appropriate zoning of forest land.
 - The information above should be kept up-to-date and reissued each year in each province.
 - Any decisions to change land zoning or issue new licences should involve consultation with local communities and seek their approval. The rights of the communities should be such that they are compensated for activity on their lands and are in a position to manage / oversee the activities of concession holders.

Certification of logs

The aim of log certification is to encourage sustainable logging practices and ensure that operations are environmentally friendly. Manipulation of the processes for acquiring these certificates undermines sustainable forestry and provides opportunities for corruption.

- Certification systems should not rely on government licences to establish the legality of timber, but should conduct independent monitoring by experts.

Advocacy and coordination

Strong advocacy, based on robust research can raise awareness of corruption in the sector and have a positive impact on government policy.

- A network of local, national and international NGOs need to campaign for transparency and accountability in the forestry sector and for measures to address corruption at all levels.
- Coordinated efforts between civil society organisations and certification schemes would enhance the impact of civil society partnerships. Examples of certification schemes include, Forest Stewardship Council, Smartwood, LEI and High Conservation Value Forest.

6. Glossary of Terms and Abbreviations

AMDAL	Environmental Impact Document
ANDAL	Environmental Impact Assessment
BPK	Directorate General of Forestry Production Management
EIA	Environmental Investigation Agency Environmental Impact Assessment
FGI	Forest Governance Integrity
FORTRUST	Sumatra Spatial Land Use Forum
GIS	Geographic information system
HTI	Industrial Plantation Forest
Ingub	Governor Instruction
IPHH	Forest Product Collection Licence
IUPHHK-HA	Forest Timber Product Exploitation Licence – Natural Forests
IUPHHK-HT	Forest Timber Product Exploitation Licence – Forest Plantation
Kepgub	Governor Decree
KPK	Corruption Eradication Commission
KPTS	Decree / Decision
LEI	Indonesia Ecolabel Institution
Menhut	Ministry of Forestry
PHPL	Sustainable Production Forest Management
PPNS	Civil servant investigator
PSDH	Forest Resource Royalties
PT	Corporation
PUHH	Administration of Forest Product or Timber Administration
PUP	Permanent sample plots
RAPP	Riau Andalan Pulp and Paper
REDD	Reducing Emissions from Deforestation and forest Degradation
RKL	Environmental Management Plan
RKT	Annual Work Plan
RPL	Environmental Monitoring Plan
RTRWK	District Spatial Land Use Plan
RTRWN	National Spatial Land Use Plan
RTRWP	Provincial Spatial Land Use Plan
SKSHH	Legal Forest Product Transportation Licence
SP3	Instruction to Cease Investigation
TAKPA	Aceh government anti-corruption team
TGHK	Agreed Functional Forest Classification
WWF	World Wide Fund for Nature

7. Annexes

LIST OF STAKEHOLDERS – RIAU

NO		ORGANISATION	PARTICIPATION
NGO/CSO			
1		Kabut	Small group consultations, Workshop 1 and 2
2		Scale Up	Individual Consultation
3		Jikalahari	Small group consultations, Individual Consultation
4		LBH Pekanbaru	Individual Consultation
5		WWF	Individual Consultation
6		Walhi Riau	Small group consultations, Workshop 1 and 2
7		KBH Riau	Workshop 1
8		AMAR	Workshop 1
9		WWF	Workshop 1 and 2
10		Elang	Workshop 1
11		KBH Riau	Workshop 1
12		GreenPeace	Workshop 1 and 2
13		Jikalahari	Workshop 1 and 2
14		LAMR	Workshop 1
15		LAMR	Workshop 1
16		FKPMR	Workshop 1
17		KAR	Workshop 1
18		Hakiki	Workshop 1
19		GreenPeace	Workshop 1
20		Scale Up	Workshop 1
21		LAMR	Workshop 2
22		YLBHI-LBH PKU	Workshop 2
23		T. Meranti	Workshop 2
24		T. Meranti	Workshop 2
25		Green Peace	Workshop 2
26		Walhi	Workshop 2
27		Fitra Riau	Workshop 1
GOVERNMENT			
28		BLH	Individual Consultation, Workshop 1
29		BLH	Individual Consultation
30		Bappeda	Individual Consultation
31		Kejati Riau	Workshop 1

32		Polda Riau	Workshop 1
33		Dishut Riau	Workshop 1
34		Bea dan Cukai	Workshop 2
35		KPK	Workshop 2
36		Kejati Riau	Workshop 2
37		Kanwil DJP	Workshop 2
38		Kanwil DJP	Workshop 2
39		Bappeda Riau	Workshop 2
40		Dishut Riau	Workshop 2
41		Dishut Riau	Workshop 2
42		Polda Riau	Workshop 2
43		Kejati Riau	Workshop 2

ACADEMIC / UNIVERSITY

44		UR	Individual Consultation
45		Rona Lingk	Workshop 1
46		Kehutanan UR	Workshop 1
47		Lemlit UR	Workshop 1

PRIVATE SECTOR

48		PT RAPP	Individual Consultation, Workshop 1
49		PT RAPP	Individual Consultation, Workshop 1
50		PT RAPP	Workshop 1
51		PT RAPP	Workshop 1
52		Sinar mas Forestry	Workshop 1
53		PT RAPP	Workshop 1

MEDIA

54		Media Indonesia	Workshop 1
55		Tribune Pekanbaru	Workshop 1

RISK MAP

CORRUPTION TREAT	CORRUPT PRACTICE	LIKELIHOOD	IMPACT	RISK
CHAIN OF REGULATION				
Risk Area: Forest zoning changes within the spatial land use plan (national, provincial and district). Actors: Parliament and their special committees, Ministry of Forests, Logging Plantation Operators (including foreign owned), academics, National Spatial Land Use Coordination Office (BKPRN), consultants; Local assemblies, operators, Regional Spatial Land Use Coordination Office (BKPRD), Regional Development Plan Office (Bappeda), Forestry Administration. Activity: Incomplete regulation of spatial land use and forestry zone (national, provincial and district), distortion of completion process, uncertainty of forest area function within National Spatial Land Use, Forest Management Agreements, Provincial Spatial Land Use and District Spatial Land Use.				
Weaken regulations, creation of ineffective institutions, undue influence on spatial planning laws and forest laws (state capture).	Bribery used to: - Change the zoning of an area within the spatial land use planning and forestry planning to allow logging.	5	5	25
Risk Area: Passing forestry legislation/ regulations. Actors: Parliament (and their special committees); Ministry of Forestry, logging/plantation operators (including foreign owned), local assemblies. Activity: Weaken legislation and regulations including providing for incomplete regulations (loopholes) and favourable interpretation of legislation for certain groups. Inconsistent implementation of rules and regulations, not in line with legislation and the Constitution – for example conflicts arising between government regulations, presidential regulations, presidential decrees, ministerial regulations, ministerial decrees and regional regulations.				
Indirect sponsorship of the establishment of regulations or implementation of rules that weaken legislation and its implementation in relation to sustainable forestry practices.	Bribery (including kick-backs) used to: - Strike or delay bills, include subsidies (e.g. low fees), weaken regulations and set up ineffective institutions.	5	4	20
CHAIN OF LICENSE				
Risk Area: Awarding logging concessions. Actors: Ministry of Forests, forestry agencies, operators, consultants, environmental bodies, communities (province and district). Activity: Concession licenses granted in violation of the rules, License granting process, IUPHHK-HA, IUPHHK-HT, plantation and mining which violates Forest Management Agreement, Disposal of Forest area.				
Weaken the rules of license granting, ignoring legislation and regulations (spatial land use, TGHK, environment).	Bribery used to: - Acquire a license without a technical review or recommendation, or through the manipulation of data and analysis.	5	4	20

CHAIN OF TIMBER SUPPLY

Risk Area: Concession and logging license planning.

Actors: Ministry of Forests, logging plantation operators (including foreign owned), consultants, Forest Management Unit, Provincial and District Forestry Administration.

Activity: Establishment of Area Management Planning Document (RKU, 5 years Work Plan, Annual work plan, Macro and Micro Delineation, boundary area management.

The provision of false documentation, or manipulation of data for documentation.

Bribery, data manipulation, nepotism.

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Risk Area: Logging in violation of regulations.

Actors: Forestry Administration, Forest management Unit, logging operators.

Activity: Harvest exceeds the allowable cut quota, logging is allowed inside protected areas, protected species or sizes of trees are cut down in violation of the rules.

Harvest exceeds the legal volume and comes from illegal sources.

Bribery used to:
- Induce officers to allow illegal logging, including logging above stipulated quotas for size and species and outside legal concession areas.

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Risk Area: The use of illegal labour.

Actors: Forest Management Unit, Labour Administration.

Activity: Labour laws are not complied with.

The violation of labour law leads to the exploitation of workers.

Bribery used to:
- Induce officers to ignore violations of labour law.

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CHAIN OF REPORTING

Risk Area: Manipulation of reports on harvests or log receipts.

Actors: Forestry Administration, Forest Management Unit.

Activity: False reporting of annual harvest, log consumption and production, logs received.

The production volume may be reported at a lower level, may be incorrectly labelled as 'old stock', documents may be changed to indicate false volume or origin.

Bribery used to:
- Induce officers to falsify data in reports to avoid accurate reporting of logging practices to government offices, to withhold information from the public and undermine accurate inspections.

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Incomplete and inaccurate reports of production costs, enabling access to subsidies, evasion of taxes and failure to fulfil monetary obligations to resource owners (i.e. reducing levels of royalties owed to local communities).

Bribery used to:
- Manipulate reports on the costs of production;
- Issue payment documents (receipts) for payments that have not been made or are lower than recorded;
- Avoid monitoring or sanctions from operators' failure to fulfil its contractual agreements with local communities.

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CHAIN OF REVENUE

Risk Area: Tax evasion.

Actors: Ministry of Forestry, Forestry Administration, Finance Department, operators.

Activity: Falsification of data on tax returns.

Tax evasion	Bribery to avoid tax	4	4	16
Companies avoid sanctions for unpaid taxes.	Bribery used to: - Avoid penalties for non-payment of taxes.	4	3	12
Incorrectly conducted audits, which fail to report on irregularities.	Bribery used to: - Induce auditors to ignore irregularities when auditing company accounts.	4	4	16
Disregard obligation of Know your Consumer (KYC) / suspicious transaction and other finance report.	Bribery used to: - Avoid implementation of finance regulations.	4	3	12
Money Laundering from illegal logging to support politician campaign.	Bribery to allow money laundering.	4	4	16
Failure to distribute tax revenue to regions equitably.	Bribery used to: - Channel tax revenue to certain groups/ regions over others.	5	4	20
Failure to implement the rules of payment systems, enabling the proceeds of corruption in the forestry sector to be laundered.	Bribery used to: - Avoid finance regulations.	5	5	25

CHAIN OF ENFORCEMENT

Risk Area: Failure to punish operators who violate the rules.

Actors: Minister of Forestry, Forestry Administration, Police, Lawyers, Judges.

Activity: Law enforcement.

Failure to punish operators who violate regulations (for instance no sanction or penalty or even cancelling of the licenses). Law interpretation/ profitable rules, failure to implement internal sanctions against officers or agents who violate rules in their reports.	Bribery used to: - Persuade officers to be hard on competitors. Bribery used to: - Avoid reports of violations or withdraw sanctions. Extortion of "field expenses" for forest authority to conduct monitoring.	5	4	20
Failure to complete investigations.	Bribery used to: - Falsify evidence or destroy proof.	4	5	20

Reducing demand; only field workers got arrested.	Extortion / bribery to reduce demand.	3	5	15
Failure to charge those arrested for forest crimes.	Bribery / extortion used to: - Avoid charges for forest crimes.	3	4	12
Manipulation of evidence, or witnesses in court. Failure to gather evidence within time-limits, thus endangering cases.	Bribery / extortion used to: - Induce officers to manipulate evidence or witnesses; or - Fail to collect necessary evidence for criminal trials.	3	3	9
Judges' assessments are biased in favour of defendants.	Bribery / extortion used to: - Encourage judges to favour defendants on forest crime charges.	4	3	12
Judges sentences for defendants who are found guilty are weak, including short jail sentences and low fines.	Bribery / extortion used to: - Encouraged judges to provide light sentences on those found guilty of forest crimes.	3	3	9

CHAIN OF CERTIFICATION

Risk Area: Manipulation of research and certification processes.

Actors: Companies, certification assessors, NGOs, local communities.

Activity: Certification and research.

Data and analysis falsification in order to pass the certification schemes, thereby legalising violations.	Bribery used to: - Pass certification processes without meeting required standards.	4	5	20
Legalisation of forestry violations through research.	Bribery used to: - Induce researchers to report that operations are sustainable and rules and regulations are having a positive impact on communities.	4	4	16

STAKEHOLDERS CONSULTED - ACEH

NO	INSTITUTIONS	INSTITUTION TYPE	LOCATION
1	Gerak Indonesia	National	Jakarta
2	Gerak Aceh	Local	Banda Aceh
3	MaTA	Local	Lhokseumawe
4	SMUR	Local	Banda Aceh
5	Flora and Fauna International Aceh Program	International	Banda Aceh
6	Yayasan Leuser International	National	Banda Aceh
7	Leuser Ecosystem Management Authority	Semi-government	Banda Aceh
8	WWF Aceh Program	International	Banda Aceh
9	Walhi Aceh	National	Banda Aceh
10	Lembaga Bantuan Hukum (LBH) Aceh	Local	Banda Aceh
11	LBH Apik	Local	Lhokseumawe
12	LBH Pase	Local	Lhokseumawe
13	Aceh Association of Journalists (PWA)	Local	Lhokseumawe
14	Indonesian Journalists Association (PWI)	National	Banda Aceh
15	Kadin	National	Banda Aceh
16	Aspanji	National	Banda Aceh
17	Advokasi Hutan Aceh (AHA)	Local	Banda Aceh
18	Palito	Local	Kutacane
19	Putri Sepakat	Local	Kutacane
20	SILFA	Local	Lhokseumawe
21	Barak	Local	Lhokseumawe
22	Mapaya	Local	Banda Aceh
23	Eye on Aceh (EOA)	Local	Banda Aceh
24	International Organization for Migration	International	Banda Aceh
25	OXFAM	International	Banda Aceh
26	Pala	Local	Singkil
27	Gempa	Local	Singkil
28	Rimueng Lam Kuelut	Local	Aceh Selatan
29	PENA	Local	Banda Aceh
30	Indigenous Community Network (JKMA)	Local	Banda Aceh
31	International Committee of the Red Cross	International	Banda Aceh
32	Save The Children	International	Banda Aceh
33	UN	International	Banda Aceh
34	Orphans International	National	Lhokseumawe
35	Conservation International	International	Takengon
36	SAR	National	Banda Aceh
37	Radio Antar Penduduk Indonesia (RAPI)	National	Banda Aceh
38	Pemerhati Lingkungan Hidup (FPLH)	Local	Takengon
39	YELPET	Local	Kutacane
40	Sahara	Local	Lhokseumawe
41	Langkar	Local	Kutacane
42	Aceh Peace Reintegration Board (BRA)	Semi-government	Banda Aceh
43	Komite Bersama Hijau Aceh	Local	Banda Aceh

STAKEHOLDERS CONSULTED - PAPUA

NO	ORGANIZATION
1	Papua Provincial Forestry Office (Head of Department and Head of Section)
2	Natural Resource Conservation Agency (BBKSDA), Region 5 Papua
3	Forestry Office, Sarmi District
4	Head of Department of Natural Resource Conservation Agency, Zone 4, Sarmi District
5	Head of Forestry Office, Kerom District
6	Head of Forestry Office, Jayapura District
7	Natural Resources and Environmental Management Agency of Papua Province
8	Environmental Foundation of Papua
9	Foundation for Rural Community Development
10	Pt. PPMA
11	WWF Indonesia
12	Civil Society Institute
13	Business Sector (especially in forestry sector)
14	Forestry Consultants
15	Observers of Forestry / Personal
16	Indigenous People
17	Assembly of Papuans
18	Women Working Group
19	Customs
20	Security staff
21	Forest Safety Officer (SPORC)

MAP OF CORRUPTION RISKS - PAPUA

ACTIVITY	CORRUPTION PRACTICES	CORRUPTION THREATS	RATING		OVERALL RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	
Passing of legislation / regulation on forestry	Nepotism	Weakening forestry law and rules.	3	3	9
	Bribery to pass regulations that favor certain groups		3	3	9
	Abuse of authority to violate or weaken regulations		4	5	20
Forest zoning changes	Bribery to change the zoning of an area to allow logging	Undermining forestry policies, spatial planning, ecosystems, rights of indigenous peoples.	3	3	9
	Bribery, nepotism: Encroachment / expansion on protected forest areas and conservation areas		5	5	25
Logging concessions	Bribery to refrain from competitive bidding, or to award the licence to a company other than the 'best' applicant	Preferential award of concessions and licences.	3	3	9
	Collusion in leaking bidding information (minimum bids, bids of other operators, etc.)		3	3	9
	Extortion: 'Grease payments' for issuing legal permits and documents required for bid submission		4	3	12
Issuing permits for small logging cooperatives	Bribery to community leaders to allow logging (co-optation)	Logging community land against wishes of community, with little collective benefit or even with harm	3	3	9
	Extortion: for issuing permits required for harvest or to submit routine documents/ reports		3	3	9
	Bribery to increase the annual allowable cut	Illegal logging	3	3	9
Forest Management and Planning (annual allowable cut)	Bribery to falsify documents (EIA)	Data collected in the field does not match published data; forest management and planning may not be monitored accurately	4	5	20
Logging / harvesting	Bribery to submit false timber inventories (weak sampling, fraudulent documents) that over-estimate legal volumes	Over-harvesting (illegal volume), allowing introduction of logs from illegal sources; Changes in forest governance that have been defined by the government and indigenous people; Data manipulation Procedures not following technical forestry criteria (TPTI)	4	5	20

ACTIVITY	CORRUPTION PRACTICES	CORRUPTION THREATS	RATING		OVERALL RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	
Planning, determination of locations, inventory	Nepotism, bribery.	Over-harvesting (illegal volume), allowing introduction of logs from illegal sources; Changes in forest governance that have been defined by the government and indigenous people; Data manipulation Procedures not following technical forestry criteria (TPTI)	3	4	12
Management licence	Extortion and bribery to speed up the harvesting permit	Environmental damage, logging outside the concession area.	3	3	9
	Bribery for permission to allow logging under felling diameter	Illegal product Wood quality decreases	3	3	9
	Bribery to allow over-harvesting	Illegal volumes	3	3	9
	Bribery to allow labour trafficking	Use of illegal labour including imported workers; unsafe working conditions, debt bondage	3	3	9
	Ignore labour violations		4	4	16
	Bribery to allow illegal security operations	Use of illegal security forces (illegally armed; violating human rights)	3	3	9
	Extortion to employ government forces as security		4	4	16
	Embezzlement; Conflict of interest	Officials use government resources for private operations	3	4	12
Transport licences	Bribery to issue false permits for illegally sourced or sized logs, and/or illegal species	Transport of logs without proper documents Use of expired licences	3	3	9
	Bribery to allow undocumented transport of logs				
	Forgery, fraud, bribery or collusion in the creation and issuance of the SKSH document				
Wood processing	Bribery to issue false permits	Use of illegally sourced wood to keep costs low or to meet demand when production capacity outstrips legal supply; Use of a tool that does not comply with the standards	3	4	12
	Bribery to issue false permits	Failure to respect contract terms regarding infrastructure development	3	4	12
	Bribery to ignore contract terms		3	3	9
	Extortion to issue permits		3	3	9
Sale on local markets	Bribery to undervalue timber	Low revenues for communities	3	3	9
Sale / Export	Bribery to allow fraudulent or undocumented shipments across borders	Smuggling (black market)	3	3	9

ACTIVITY	CORRUPTION PRACTICES	CORRUPTION THREATS	RATING		OVERALL RISK IMPACT X LIKELIHOOD
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	
	Extortion, fraud by intermediaries	Low timber prices, lower revenues to society, development of a black market	3	4	12
	Bribery to undervalue timber Bribery to ignore irregularities in pricing	Transfer pricing (undervaluation of exports to subsidiary in another country in order to evade taxes)	3	4	12
	Bribery to allow fraudulent or undocumented export of protected species	Illegal export of protected species	3	4	12
Annual harvest	Bribery to falsify data Bribery to refrain from reporting to other agencies or to withhold information from the public	Under-reported volume, undervaluing production	3	4	12
Timber consumption (production)	Bribery to fail to check stock volumes	Overestimated use of 'old stock' (laundering illegally sourced wood); Fraudulent documents (changing volumes, areas of origin, etc.)	3	4	12
Timber revenue	Embezzlement of forestry revenue Bribery to fail to accurately record fees paid	Failure to fully and accurately report revenues, including unpaid/underpaid fees	3	4	12
	Bribery to issue payment documents (when underpayment or no payment was made); Material/logistical support offered in exchange for excess credit on unpaid or underpaid fees	Excessive credits for fees and taxes; Unacknowledged subsidies	3	3	9
	Bribery to fail to monitor or sanction operators for violating contractual obligations to communities	Economic losses for communities, tax losses, environmental damage	3	3	9
Tax evasion	Bribery to evade taxes/fees	Non-payment of fees (Tax evasion) Data manipulation (administration of timber)	3	3	9
	Bribery to avoid penalties	Lack of oversight or sanction for unpaid taxes; Late transfers of forestry revenues	3	3	9
	Bribery to fail to audit/report	Unaudited or falsified audits; Failure to report irregularities	3	3	9
	Bribery to fail to implement financial regulations	Neglect of Know Your Customer due diligence/ Suspicious Transactions and other financial reporting	3	3	9
	Bribery to allow money laundering	Money laundering of proceeds from illegal logging to support political campaigns	3	3	9
Failure to distribute tax revenue	Bribery to funnel tax revenue away from appropriate recipient	Failure to distribute tax revenue to the region	4	5	20
	Bribery to falsify audits	Falsify audits	3	3	9

ACTIVITY	CORRUPTION PRACTICES	CORRUPTION THREATS	RATING		OVERALL RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	
Alternative Remittance Systems	Bribery to avoid financial regulation	Failure to enforce regulations on remittance systems; Laundering proceeds of corruption/forestry crime	3	4	12
Investigation process	Inducement so officers will undertake enforcement crackdowns on competitors; Bribery to avoid reporting infractions or levying sanctions; Extortion of 'field expenses' for forestry authorities to conduct monitoring	Failure to punish operators that violate regulations (e.g. fail to penalise or withdraw licences); Interpretation of law/ regulations favourable to certain operators; Failure to enforce internal sanctions against officials or agencies that violate regulations on reporting or revenue.	3	3	12
	Extortion of suspects	Failure to investigate	4	5	20
	Collusion in seizure and auction of timber (no public notification of auction, tip off loggers so no personnel are arrested, etc.)	Timber laundering	3	5	15
	Bribery and extortion	Evidence ruled insufficient for charges Investigations dropped	3	5	15
Prosecution / issuing indictments	Bribery and extortion	Failure to issue indictments; Flawed indictments issued using more lenient statutes	3	4	12
	Extortion of accused	Manipulation of evidence / witnesses or court arguments; Failure to meet time deadlines, jeopardising the case (e.g. appeal of acquittal)	3	5	15
Trial	Bribery by suspect Extortion of accused	Dismissal of cases; rulings on evidence	3	5	15
	Bribery by suspect Extortion of accused	Judgments in favour of the accused	3	5	15
	Bribery by suspect	Sanctions and financial penalties benefit the defendant	3	4	12
	Extortion of accused		3	5	15

MAP OF CORRUPTION RISKS - ACEH

ACTIVITY	ACTORS	CORRUPT PRACTICE	RANKING		RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	IMPACT X LIKELIHOOD
A. Land rights	1. Ministry of Forestry	Accepting bribes to allow the use of land.	5	5	25
	2. Forestry Field Officers	Company bribing field officials to manipulate business licence and transportation documents.	5	5	25
	3. Private Sector	Company bribing field officials to approve reports (annual harvesting plans, volume and type of production)	5	5	25
	4. National Development Planning Agency	Private sector bribes to accept projects in restricted / protected areas, e.g. infrastructure programmes.	5	3	15
	5. Regional / Local Development Planning Agency	Private sector bribes to accept projects in restricted / protected areas, e.g. infrastructure programmes.	5	1	5
	6. Regional Environmental Impact Management Agency	Bribes to manipulate information in EIA documents.	4	3	12
	7. National Land Agency	Companies bribing the national land agency officer to issue land tenure certification.	4	2	8
	8. Parliament / legislature	Accepting bribes from companies to revoke or weaken regulations that conflict with private sector interests.	5	5	25
		Nepotism to issue permits that are managed by members of the legislature or their family.			
	9. Central, Province, and District / City Government	Bribery to recommend the issuance of land concessions.	5	5	25
	10. Army / Police	Accepting bribes from illegal logging operators.	3	3	9
	11. Court / Prosecutor	Bribery to avoid prosecution of suspects.	5	5	25
	12. Aceh Transition Committee (KPA) / Ex Free Aceh Movement Combatants	Collusion and nepotism in requests to local authorities to provide land for plantation activities, mining and forestry.	5	5	25
	13. Indigenous institutions	Accepting bribes to allow the use of indigenous communities land.	4	4	16
B. Licensing	1. Ministry of Forestry	Bribery to issue permits without following due procedures.	5	5	25
	2. Forestry Field Officers	Bribery to change the zoning of an area to allow logging.	5	5	25
	3. Private Sector	Bribery to obtain permits from officials.	5	5	25
	4. Regional / Local Environmental Impact Management Agency	Bribery and nepotism for the manipulation of EIA information to obtain permits.	5	5	25
	5. National Land Agency	Bribery to issue land certificates without proper cross-sectoral coordination.	4	2	8
	6. Parliament / legislature	Bribery to issue recommendations to the government to unduly favour the private sector.	5	4	20

ACTIVITY	ACTORS	CORRUPT PRACTICE	RANKING		RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	IMPACT X LIKELIHOOD
B. Licensing	7. Ministry of Trade and Industry	Bribery to manipulate information related to licensing (e.g. volume of timber production, company's production capacity).	4	3	12
	8. Local Government	Bribery and nepotism to grant licences that violate the local spatial plan.	5	5	25
	9. Ministry of Manpower and Transmigration	Bribery for give work permits to foreign parties.	3	3	9
	10. Army / Police	Bribery to protect operators who do not have a valid licence.	3	3	9
C. Activity Management	1. Ministry of Forestry	Bribery by companies to obtain payment orders and tax documents based on data manipulated by companies in order to reduce taxes owed to the state.	4	5	20
	2. Forestry Field Officers	Bribing officers to avoid field verifications of harvesting data.	4	4	16
	3. Private Sector	Bribery to field officers, the police or the army, to allow logging outside authorised areas and beyond quota.	5	5	25
		Bribery to manipulate data on production and land clearing.			
	4. Regional Environmental Impact Management Agency	Bribery to avoid monitoring of violations of the EIA process.	4	4	16
	5. Ministry of Trade and Industry	Management licence illegally issued, e.g. overestimating production capacity.	5	5	25
	6. Local Government	Bribery or nepotism to avoid monitoring of illegal activities.	5	5	25
	7. Army / Police	Bribery to allow illegal timber transportation.	5	5	25
	8. Donor / NGO	Bribery to field officers to allow the implementation of programmes that violate the forest zoning.	3	4	12
	9. Indigenous Institutions	Accepting bribes from companies to allow them to operate in indigenous forests.	4	4	16
		Rent seeking: controlling indigenous forest resources for private gain.			
	10. Academics	Bribery to release research that will allow companies to obtain licenses more easily.	4	3	12
D. Utilization of Forest Products	1. Private Sector	Bribes to forestry officials to let companies log outside the authorised area.	5	5	25
	2. Regional Environmental Impact Management Agency	Bribery by the company to influence the content of the report released by the agency.	5	5	25
	3. Ministry of Trade and Industry	Bribery to allow companies to operate after their business license has expired.	5	5	25
	4. Indigenous Institutions	Rent seeking: traditional leaders exploiting indigenous forest resources for private gain.	4	4	16
	5. Certification Body	Bribery and collusion to issue certification without going through the verification process.	4	3	12

ACTIVITY	ACTORS	CORRUPT PRACTICE	RANKING		RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	IMPACT X LIKELIHOOD
E. Law and administration	1. Ministry of Forestry	Collusion with other institutions to issue regulations that protect illegal practices.	5	5	25
	2. Forestry Field Officer	Increasing bureaucracy in the field that generate bribing opportunities.	5	4	20
	3. Private Sector	Bribery to field officers to avoid having to pay compensations and taxes.	4	4	16
	4. Regional Environmental Impact Management Agency	Bribery to not implement the EIA process in accordance to the laws and regulations.	4	3	12
	5. Legislative / Parliament	Bribery to produce regulations that contradict existing regulation (also linked with rent seeking).	4	4	16
	6. Department of Trade and Industry	Bribery. No prosecution for violation of the department's rules.	5	5	25
	7. Local Government	Convolutd bureaucracy in local administrations, generating bribery.	4	5	20
	8. Army / Police	Accepting bribes from the perpetrators of forest crimes in order to avoid prosecution.	5	5	25
	9. Court / Prosecutor	Extortion related to the forestry judicial mafia.	5	5	25
	10. Media	Bribery to avoid independent news coverage and influence the legal process.	3	3	9
	11. Aceh Transition Committee (KPA) / Ex Free Aceh Movement Combatants	Bribery to facilitate the issuance of concession permits by the government and legislature.	5	5	25
F. Money Laundering	1. Banking Sector	Facilitating the process of money laundering.	4	5	20
	2. Local Government	Provide recommendations to create regulations that provide opportunities for money laundering.	5	3	15
	3. Court / prosecutor	Bribery to avoid prosecution of money laundering crimes.	5	5	25
G. Access to Information	1. Ministry of Forestry	Low access to regulations and data, reducing the possibility of control by the public and civil society.	3	5	15
	2. Forestry Field Officer	Bribery to not disclose information to the public and cover violations committed by companies.	5	5	25
	3. Private Sector	Bribery to investigators to not publicise findings in the field that are inconsistent with the reports provided by the company.	5	5	25
	4. Local Government	Rent seeking / cronyism to develop public information programmes that benefit the company and its business relationships.	5	4	20
	5. Regional Environmental Impact Management Agency	Bribery to not disclose information about the implementation of the agency's programme.	3	3	9

ACTIVITY	ACTORS	CORRUPT PRACTICE	RANKING		RISK
			IMPACT (1 – 5)	LIKELIHOOD (1 – 5)	IMPACT X LIKELIHOOD
G. Access of Information	6. Army / Police	Bribery to manipulate the investigation report in the interest of the company.	5	4	20
	7. Court / Prosecutor	Bribery to manipulate the investigation report in the interest of the company.	5	5	25
	8. Media	Bribery to publish inaccurate information.	4	3	12

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