



Options for forest verification



Developmental impacts of verification

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Introduction

- Very little experience (if any) of formal impact assessments of forest sector verification systems
 - Many systems are recent
 - Impact assessment is complex and requires resources
 - Attribution of impacts to the verification system not always clear
 - In cases of low ownership, there may be little interest to assess impact
- Most information on impacts is available in research reports (c.f. Marcus' book), project reports or in anecdotal form
- Developmental impacts are particularly poorly understood

How important are developmental objectives?

- Verification systems have multiple, sometimes conflicting objectives
 - Retaining market access
 - Increased capture of revenue by government
 - Better governance and Rule of Law in the forest sector
 - Conservation/sustainable forest management
 - andpoverty alleviation
- Developmental objectives are not a key driver of verification systems
- Debate about whether verification systems should be:
 - poverty-neutral (EU Action Plan “No adverse impacts on poor people”)
 - actively designed to have positive impacts on the poor
- Some unstated objectives, e.g. maintenance of illegal revenue streams, are not served by a verification system that promotes developmental impact
- This supports the need for a clear and unambiguous statement of the objectives of all stakeholders during verification design, and agreement on trade-offs as necessary

What factors determine the impacts of a verification system?

- The policy/legislative framework it operates within, i.e. even effective verification cannot achieve more than is required by the law
- The design of the verification system
 - Who designs it (ownership)
 - Who is involved in implementation (independence)
- How the verification system is implemented
 - Limited financial and staff capacity
 - Approach taken by actors in the verification system

Examples of positive impacts

General impacts

- Higher levels of compliance of large- and small-scale operators
- Improved government revenue
- Improved information flows within and about forest sector
- Increase in public debate on forest sector reform

Specific developmental impacts

- Recognition of indigenous community rights (Sabah)
- Recognition of uncertain land tenure status of many small-scale producers (Brazil, Ecuador, CR)
- Recognition of different production systems of small-scale producers (Ecuador, CR)
- Separate permit system for small and large operators (Brazil)
- Easier physical access to legality – mobile units (Ecuador, CR, Brazil)
- Improved information to communities on their share of tax revenues (Cameroon)

Are developmental impacts simply recognising the reality of how poor people use the forest?

Examples of negative impacts

General impacts

- Displacement of illegal activities into other land uses due to limited focus on forest land and lack of parallel action on processing industries (Ecuador and Cambodia, CR)
- Disincentive to plant trees due to higher transaction costs to bring them to the market than agricultural produce (Ecuador)
- Reduced donor willingness to engage in forest sector governance (Cambodia)

Specific impacts on the poor

- High costs of accessing legality push poor producers into illegality (cf. Food standards)
- Relatively higher burden of sanctions on poor producers as more easily apprehended

Why do we see negative impacts?

Negative impacts are unintended and unexpected.

Result from insufficient understanding and recognition of:

- the interests of different stakeholders
- their power to impose their interests
- the impacts of different elements of the verification system

Suggestions for minimising negative developmental impacts

- Carry out poverty and social impact assessments (PSIAs) or cost/benefit analyses during the system design → avoid, mitigate or compensate for negative impacts
- Implement a parallel process of legal reform to ensure that the rights and livelihoods of forest-dependent communities are not further compromised by more rigorous law enforcement
- Consider having separate and more easily accessible permit systems for poor producers
- Improve transparency about revenue flows to increase benefits to the poor
- Establish dispute resolution mechanisms to enable people to complain about the impacts of the system

Monitoring impacts

- Why monitor?
 - Verification systems are not static, must adapt to changing circumstances
 - M&E of the impacts of a verification system can help to improve its operation over time
- Who should monitor?
 - Internal monitoring, perhaps involving multiple stakeholders
 - External monitor
- What should be monitored?
 - Need indicators for **all** objectives (not just logs or licenses confiscated)
 - Break down complex objectives into sets of specific indicators
- Establish a mechanism for corrective action
- Given the highly political dimension of regulation and verification, ensure sufficient political will for reform
- Hyp: The ability of stakeholders to agree on corrective action to improve the impact of a verification system is evidence of its robustness (Kimberley)

Monitoring from the air and on the ground



Questions for groups

1. What constitutes a positive impact on the poor?
2. How can these be maximised through verification system design and/or implementation?
3. Are positive impacts of more rigorous law enforcement possible without legal reform?
4. How should the impact of verification systems be monitored and using what indicators?