

# National Governance indicators and illegal logging DDS risks – filling the forest crime information gap



F O R E S T  
T R E N D S

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# The Need: More information on the likelihood of illegal logging in all source countries



## Due Diligence for timber products: guidance from the European Commission

The EU legislation regulating illegal timber, the EU Timber Regulation (EUTR), and supporting guidance published by the European Commission define Due Diligence a three-stage process of:

- Information gathering: The type of information that must be recorded includes details of the product and supplier, the country of harvest and compliance with applicable legislation.
- **Risk assessment: Operators are required to follow assessment procedures that take into account information gathered about the product as well as broader relevant risk criteria – such as the incidence of illegal harvesting in the country of harvest, the complexity of a given supply chain or the availability of appropriate third-party certification and verification schemes. A key element of the newest iteration of EC guidance is the risk of corruption, relating to the possibility that government paperwork attesting to the legality of forest products may have been attained on the basis of fraud or forgery.**
- Risk mitigation: If risk assessment suggests there is a risk that the product contains illegally harvested timber, mitigation procedures must be put in place.

# Objectives:

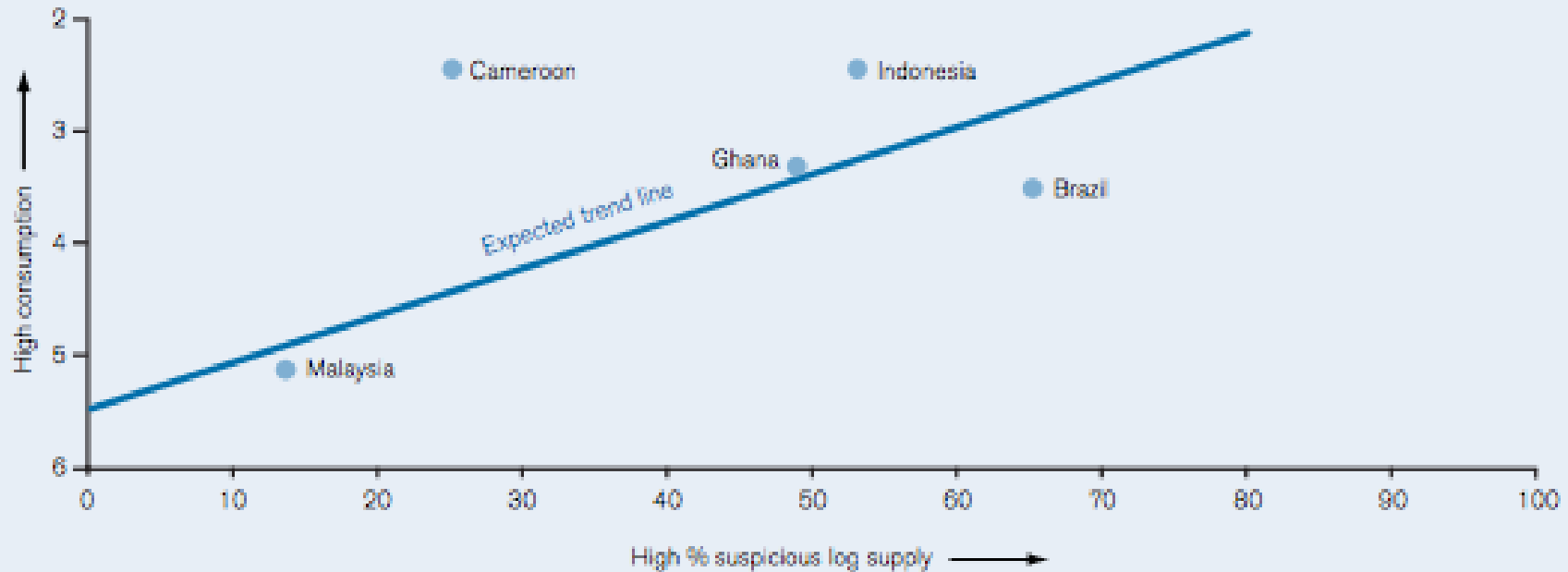
1. Provide an easy tool with which enforcement officials can persuade non-forest-specialists (eg prosecutors, judges) that a given country is 'high risk' or relatively 'higher-risk' than others.
2. Provide an indicator of the level of Due Diligence needed by companies importing from countries where there are no up to date NGO reports of illegality in the forest sector.
3. Provide a governance context in which enforcement officials can consider NGO substantiated concerns that allude to corruption.



# Linking illegal logging and corruption



## The relationship between corruption and illegal logging in select producer countries



Source: Transparency International CPI scores; Chatham House Illegal Logging Expert Perceptions Survey.

Note: Malaysia survey estimate of illegal logging is a low-end estimate, all others are mid-point estimates. For methodology and rationale behind the use of a low-end estimate for Malaysia, see Section 5.1.1.

Source: Lawson and MacFaul, 2010.

# Indexes reviewed covering governance, political, corruption and business risk



## Indexes reviewed

1. Bertelsmann Transformation Index (BTI)
2. Corruption Perceptions Index (CPI)
3. Global Integrity Index (GII)
4. Heritage Foundation Index of Economic Freedom (IEF)
5. ND Gain Country Readiness Ranking (ND GAIN)
6. TRACE Matrix (TRACE)
7. World Justice Project Rule of Law Index (WJP)
8. Fragile State Index (FSI)
9. Economist Intelligence Unit operational risk country rankings (EIU)
10. Ibrahim Index of African Governance (IIAG)
11. Millennium Challenge Corporation (MCC) Selection Indicators
12. Political Risk Index (PRI)
13. World Bank Ease of Doing Business (EDB)
14. Worldwide Governance Indicators (WGI)

Index or indicator source	BTI	CPI	EDB	EIU	FSI	GII	IEF	MCC	Mo I	NDG	PRI	Tra..	WGI	WJP
African Development Bank (Governance Ratings & Country Performance Assessments)	.	✗	.	.	.	.	✗	.	✗	.	.	.	✗	.
African Electoral Index	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Afrobarometer surveys	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Armed conflict location and event data project	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Asian Development Bank (Country Performance Assessments)	.	.	.	.	.	.	✗	.	.	.	.	.	✗	.
Bertelsmann Foundation (Sustainable Governance Indicators and the Transformation Index)	.	✗	.	.	.	.	.	.	✗	.	.	.	✗	.
Business Enterprise Environment Survey	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Centre for Law and Democracy and Access Info's Right to Information Index	.	.	.	.	.	.	.	✗	.	.	.	.	.	.
Cingranelli Richards Human Rights Database	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Corruption Perception Index	.	.	.	.	.	.	✗	.	.	.	.	.	.	.
Country Commercial Guide	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Economist Intelligence Unit (Country Risk Ratings and Democracy Index)	.	✗	.	.	.	.	✗	.	✗	.	.	.	✗	.
European Bank for Reconstruction and Development Transition Report	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Freedom House (Nations in Transit, Freedom of the Press and Freedom in the World survey)	.	✗	.	.	.	.	✗	✗	✗	.	.	.	✗	.
Gallup World Poll	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Ghana Center for Democratic Development	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Global Competitiveness Report	.	.	.	.	.	.	.	.	✗	.	.	.	✗	.
Global Corruption Barometer Survey	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Global Insight Business Condition and Risk Indicators	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Global Insight Country Risk Rating	.	✗	.	.	.	.	.	.	.	.	.	.	.	.
Global Integrity Index	.	.	.	.	.	.	.	.	✗	.	.	.	✗	.
Heritage Foundation Index of Economic Freedom	.	.	.	.	.	.	.	✗	✗	.	.	.	✗	.
IFAD (Performance-based Allocation System & Rural Sector Performance Assessments)	.	.	.	.	.	.	.	✗	✗	.	.	.	✗	.
iJET Country Security Risk Ratings	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
IMD World Competitiveness Yearbook	.	✗	.	.	.	.	.	.	.	.	.	.	.	.
Institut de Recherche Empirique en Economie Politique	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Institute for Management & Development World Competitiveness Yearbook	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Institutional Profiles Database	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Inter-agency Group for Child Mortality Estimation	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Inter-Parliamentary Union Women in National Parliament	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Internal Displacement Monitoring Centre	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
International Budget Project Open Budget Index	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
International Centre for Tax and Development Government Revenue Dataset	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
International Finance Corporation	.	.	.	.	.	.	.	✗	.	.	.	.	.	.
International Research & Exchanges Board Media Sustainability Index	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
International Telecommunication Union World ICT Indicators Database	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Joint UN Programme on AIDS/HIV AIDSinfo Database	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Latinobarometro	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Maternal Mortality Estimation Inter-Agency Group	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Natural Resource Management Index	.	.	.	.	.	.	.	✗	.	.	.	.	.	.
OECD Institutions and Development Database	.	.	.	.	.	.	✗	.	✗	.	.	.	.	.
Office of the High Commissioner for Human Rights	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Office of the U.S Trade Representative	.	.	.	.	.	.	✗	.	.	.	.	.	.	.
Office of the United Nations High Commission for refugees	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Own assessment through survey, research and other in-country data collection	✗	.	✗	.	.	✗	.	.	.	.	.	.	.	✗
Political Economic Risk Consultancy	.	✗	.	.	.	.	.	.	.	.	.	.	✗	.
Political Risk Services International Country Risk Guide	.	✗	.	.	.	.	.	.	.	.	.	.	✗	.
Political Terror Scale	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
Reporters Without Borders Press Freedom Index	.	.	.	.	.	.	.	.	✗	.	.	.	✗	.
UNESCO Institute for Statistics	.	.	.	.	.	.	.	✗	✗	.	.	.	.	.
United Nations E-Government Survey	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
United Nations Economic Commission for Latin America	.	.	.	.	.	.	✗	.	.	.	.	.	.	.
United Nations Office of Legal Affairs Treaty Body Database	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
Unknown	.	.	.	✗	✗	.	.	.	.	.	✗	✗	.	.
Uppsala University Conflict Data Program	.	.	.	.	.	.	.	.	✗	.	.	.	.	.
US Department of Commerce	.	.	.	.	.	.	✗	.	.	.	.	.	.	.
US Department of State	.	.	.	.	.	.	✗	.	.	.	.	.	.	.
US State Department Trafficking in People report	.	.	.	.	.	.	.	.	✗	.	.	.	✗	.
Vanderbilt University's Americas Barometer	.	.	.	.	.	.	.	.	.	.	.	.	✗	.
ViewsWire	.	.	.	.	.	.	✗	.	.	.	.	.	.	.
Women Business and the Law index	.	.	.	.	.	.	.	✗	.	.	.	.	.	.
World Bank (Country Policy & Inst. Assessments, IDA Resource Allocation Index, Ease of Doing Business)	.	✗	.	.	.	.	✗	.	✗	.	.	.	✗	.
World Economic Forum (including the Executive Opinion Survey and Global) Competitiveness Report	.	✗	.	.	.	.	.	.	✗	.	.	.	.	.
World Economic Outlook Database	.	.	.	.	.	.	.	✗	.	.	.	.	.	.
World Health Organisation (WHO/UNICEF Water & Sanitation Database & Global Health Database)	.	.	.	.	.	.	.	✗	✗	.	.	.	.	.
World Justice Project Rule of Law Index	.	✗	.	.	.	.	.	.	.	.	.	.	✗	.
Worldwide Governance Indicators	.	.	.	.	.	.	.	✗	✗	✗	.	.	.	.





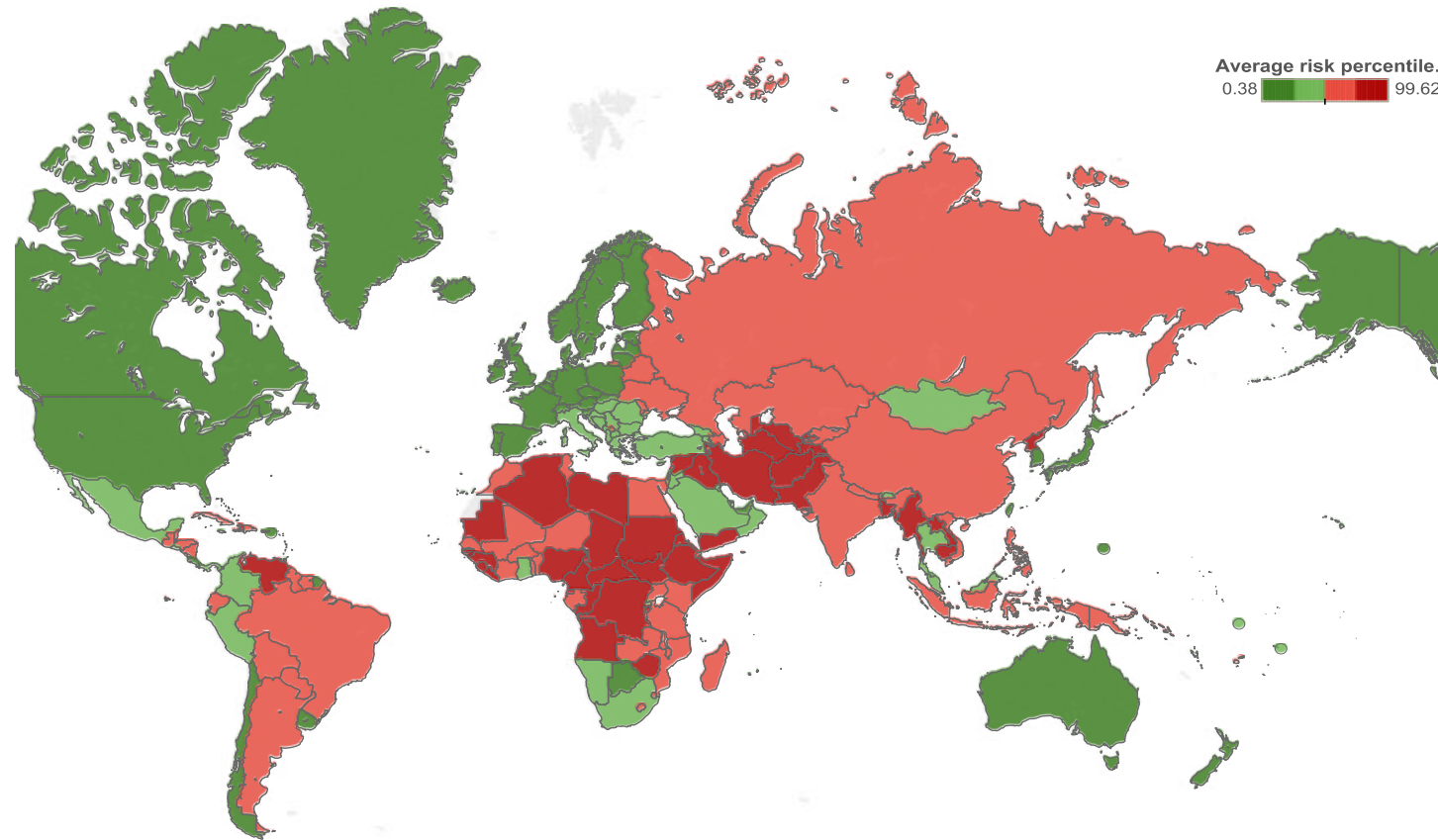
# Relative average country risk ratings: Global and regional Africa tables

Country	FT aggregate global average % ranking (excluding IAG)	WGI (2015) % rank	CPI (2015) % rank	WJP (2015) % rank	Foundation Index of Economic	ND Gain (2014) % rank	doing business (2016) %	Fragile state Index (2016) % rank	Intelligence Unit (2016) % rank	TRACE (2014) % rank	PRS PRI (2015) % Rank	BTI (2016) % rank	IIAG (2016) %Rank
Mauritius	19	24.2	26.8	No data	8.1	20.6	16.5	19.2	22.9	21.3	No data	10.1	1.9
Botswana	25	28.0	16.7	30.4	17.3	21.2	37.8	32.2	28.5	30.5	20.0	13.2	3.7
Cabo Verde	43	34.1	No data	No data	30.6	29.1	66.5	48.6	34.1	56.9	No data	No data	5.6
Seychelles	36	39.3	23.8	No data	41.6	35.4	50.0	31.6	31.8	32.5	No data	No data	7.4
Namibia	38	36.0	26.8	No data	44.5	32.3	53.7	42.9	33.5	49.7	No data	20.2	9.3
South Africa	37	38.4	36.3	35.3	43.9	38.1	38.3	35.6	39.1	17.8	68.0	20.2	11.1
Tunisia	53	55.9	45.2	42.2	63.6	59.3	38.8	56.5	56.4	52.8	71.0	38.8	13.0
Ghana	47	46.0	33.3	33.3	39.3	45.5	60.1	40.1	59.8	73.1	65.0	23.3	14.8
Rwanda	47	45.0	26.2	No data	38.7	33.3	32.4	81.4	55.9	43.7	No data	67.4	16.7
Senegal	53	49.8	36.3	37.3	61.8	46.0	80.9	65.5	54.7	55.3	No data	39.5	18.5
Sao Tome and Principe	61	64.0	39.3	No data	67.1	60.8	87.8	51.4	63.1	51.8	No data	No data	20.4
Kenya	73	69.7	82.7	83.3	64.2	78.1	56.9	90.4	78.8	80.7	77.0	45.0	22.2
Zambia	58	59.7	45.2	72.5	59.0	51.9	52.1	71.9	64.8	53.8	61.0	47.3	24.1
Morocco	53	54.5	52.4	53.9	46.8	49.2	39.4	49.2	52.5	54.3	62.0	72.9	25.9
Lesotho	56	56.4	36.3	No data	85.0	50.8	60.6	59.9	48.0	54.8	No data	56.6	27.8
Benin	59	63.0	49.4	No data	56.1	63.0	83.5	58.2	58.1	68.5	No data	35.7	29.6
Malawi	71	65.9	66.7	60.8	82.3	61.9	74.5	79.1	81.0	86.3	No data	50.4	31.5
Tanzania	67	68.2	69.6	71.6	61.3	66.7	73.4	63.8	64.2	78.7	No data	48.1	33.3
Uganda	72	73.0	82.7	93.1	56.6	73.5	64.4	88.1	68.2	83.2	No data	38.0	35.2
Algeria	77	84.4	52.4	No data	86.1	83.6	86.2	60.5	87.7	92.9	73.0	59.7	37.0
Mozambique	70	71.6	66.7	No data	78.0	68.3	70.2	72.3	73.2	70.6	No data	57.4	38.9
Cote d'Ivoire	71	76.3	63.7	73.5	50.9	72.5	75.0	92.7	62.0	81.2	75.0	60.5	40.7
Burkina Faso	68	67.3	45.2	77.5	57.8	67.7	75.5	78.5	65.4	73.6	No data	71.3	42.6
Egypt	74	85.8	52.4	56.9	69.9	82.0	69.1	82.5	69.8	86.8	85.0	74.4	44.4
Mali	72	80.6	56.5	No data	67.6	83.1	76.1	80.2	74.9	72.1	No data	58.1	46.3
Comoros	78	81.5	81.0	No data	79.2	74.6	81.4	70.1	No data	76.6	No data	No data	48.1
Niger	74	78.7	58.9	No data	72.3	80.4	84.6	89.8	86.6	62.4	No data	53.5	50.0
Liberia	78	82.5	49.4	82.4	80.3	79.9	94.7	87.0	76.5	90.9	No data	51.9	51.9
Swaziland	64	66.8	No data	No data	52.0	61.4	55.9	71.8	67.0	72.6	No data	No data	53.7
Sierra Leone	76	81.0	70.8	85.3	79.8	76.7	77.7	80.8	69.3	85.3	No data	55.0	55.6
Ethiopia	80	80.5	61.3	89.2	82.7	79.4	77.1	89.3	78.2	74.6	No data	86.0	57.4
Gabon	64	69.2	58.9	No data	58.4	62.4	85.6	45.2	62.6	84.8	52.0	No data	59.3
Madagascar	71	82.0	73.2	81.4	48.0	75.1	86.7	67.2	71.5	61.4	No data	63.6	61.1
Togo	73	83.9	63.7	No data	75.7	74.1	79.3	76.8	74.3	57.4	No data	72.1	63.0
Gambia	70	73.5	73.2	No data	66.5	64.0	79.8	66.7	80.4	56.3	No data	No data	64.8
Djibouti	72	82.9	58.9	No data	69.4	71.4	90.4	75.1	61.5	66.5	No data	No data	66.7
Nigeria	86	90.0	81.0	94.1	64.7	93.1	89.4	91.0	91.6	100.0	84.0	65.9	68.5
Cameroon	83	87.2	77.4	95.1	72.8	86.2	91.0	85.3	82.1	94.9	59.0	77.5	70.4
Zimbabwe	92	92.9	89.3	98.0	98.3	93.7	81.9	94.4	94.4	89.3	100.0	82.9	72.2
Mauritania	81	85.3	66.7	No data	71.7	78.8	88.8	84.7	88.3	91.9	No data	76.0	74.1
Guinea	86	91.0	82.7	No data	76.3	88.9	87.2	93.8	93.9	97.5	91.0	62.0	75.9
Congo, Rep.	84	88.6	86.9	No data	96.5	84.1	93.1	79.7	84.4	85.8	55.0	85.3	77.8
Burundi	85	87.7	89.3	No data	74.6	85.7	80.3	88.7	89.9	97.0	No data	75.2	79.6
Guinea-Bissau	86	91.9	94.0	No data	81.5	91.0	94.1	91.5	92.7	75.1	89.0	62.0	81.5
Angola	87	89.1	97.0	No data	87.3	85.2	95.7	76.3	86.0	99.0	74.0	79.1	83.3
Congo, Dem. Rep.	94	96.7	89.3	No data	91.3	95.8	97.3	98.3	97.2	91.4	92.0	90.7	85.2
Equatorial Guinea	87	95.7	No data	No data	95.4	92.1	95.2	71.2	83.8	76.1	No data	No data	87.0
Chad	92	93.8	87.5	No data	91.9	91.5	96.8	97.2	88.8	96.4	No data	87.6	88.9
Sudan	94	97.2	98.3	No data	No data	96.3	84.0	97.7	95.0	84.3	95.0	96.9	90.7
Eritrea	94	95.3	91.7	No data	97.1	92.6	100.0	87.6	92.2	84.4	No data	99.2	92.6
Libya	93	97.6	95.8	No data	No data	98.9	99.5	77.4	97.8	80.2	98.0	96.1	94.4
Central African Republic	95	98.1	86.3	No data	94.2	97.9	97.9	98.9	91.1	93.4	No data	94.6	96.3
South Sudan	98	99.5	97.0	No data	No data	No data	98.9	100.0	No data	95.9	No data	95.3	98.1
Somalia	100	100.0	99.4	No data	No data	99.5	No data	99.4	No data	99.4	No data	100.0	100.0

Source: Norman, Saunders and Canby forthcoming. Compiled by Forest Trends, 2016



# Forest Trends map: Average country risk rankings



Source: Norman, Saunders and Canby forthcoming. Compiled by Forest Trends, 2016

# Caveats and anomalies



Country	FT aggregate global average % ranking (excluding IIAG)	WGI (2015) % rank	CPI (2015) % rank	WJP (2015) % rank	Heritage Foundation Index of Economic Freedom (2016) % rank	ND Gain (2014) % rank	WB Ease of doing business (2016) % rank	Fragile state Index (2016) % rank	Economist Intelligence Unit (2016) % rank	TRACE (2014) % rank	PRS PRI (2015) % Rank	BTI (2016) % rank
Peru	40	59.2	52.4	62.7	26.0	52.9	26.1	46.3	40.2	19.8	34.0	24.0
Liberia	78	82.5	49.4	82.4	80.3	79.9	94.7	87.0	76.5	90.9	No data	51.9

**Peru:** Well-documented examples of failings in forest governance compounded by perverse incentives for law enforcement endemic in the relationship between national and regional government. EIA, for example has shown that more than 35% of all shipments with CITES permits exported from Peru for the US between January 2008 and May 2010 contained illegally logged CITES wood (EIA, 2012).

**Liberia:** While national governance challenges remain, there have been well-documented improvements in the management of the forest sector following its role in funding the Civil War. Following concerns around the number of private-use permits granted, Liberia placed a moratorium on the issuing of new permits in 2012 and suspended the felling or export of logs under those it had already granted. Liberia also investigated several allegations of fraud, with forestry officials taken to trial for their role in the affair (EU FLEGT Facility, 2016).

# Conclusions

- This analysis has demonstrated consistent findings across the wide set of governance and political risk indexes.
- The aggregated and averaged risk for 211 countries is a first step or initial entry point for understanding the general risk level of a country, after which more specific information on incidents of illegal logging will need to be found as part of effective due diligence or risk assessment.
- The tool does not replace detailed assessments of forest crime or the risk of buying illegal wood where they are available.



A scenic landscape of rolling green hills and a dense forest under a cloudy sky. The foreground is filled with lush green trees, while the background shows layers of hills fading into the distance under a bright, overcast sky.

# Thank you

Marigold Norman  
[www.forest-trends.org](http://www.forest-trends.org)