



Corruption and the environment

Corruption takes a serious toll on the environment. A number of sectors are particularly vulnerable to corruption, including forestry, the protection of endangered species, water supply, oil exploitation, fisheries and hazardous waste management.



From embezzlement during the implementation of environmental programmes, to grand corruption when permits and licenses for natural resources exploitation are issued, to the petty bribery of officials – corruption occurs at any, and every, level. Corruption also makes it possible for environmental and social safeguards to be ignored or bypassed.

While devastating from an environmental perspective, the consequences of these actions also impact on the livelihood of local communities whose existence is tied to the environment. When corruption leads to the loss of resources and habitats, and the ecosystems which billions of people around the world rely on are destroyed, both societies and the environment suffer.

This information sheet illustrates how two areas – forests and water – which are so critical to environmental balance and social well-being are at constant risk of damage through corrupt practices.

Case 1: Corruption and trafficking in timber

Trafficking in timber is big business, with South-East Asia bearing the brunt of criminal exploitation. Home to some 7 per cent of the world's old-growth forests and many unique tree species, the region is experiencing the fastest deforestation rate on Earth, with illicit logging a contributing factor¹. Organized crime networks are causing irreversible environmental damage, including an unprecedented loss of biodiversity, threat to endangered species and increased forest carbon emissions that contribute significantly to climate change. They also deny locals income and livelihood, widening the gap between the powerful and the powerless, and restricting access to resources and land.

Critically, organized crime also fuels corruption in the region. These traffickers often rely on fraudulent paperwork to move il-

legal timber across borders. Sometimes a protected hardwood is declared as an ordinary variety or certificates of origin are falsified; sometimes the paperwork needed to move illegal timber is bought from corrupt officials in timber-source countries.

Criminals in this area rely heavily on corruption to stay in business and exploit the complicity of officials throughout the entire production chain from forest to port, including forest rangers, local government officials, transport authorities, police and customs.

One country hit particularly hard by timber traffickers is Indonesia. The growing global demand for and falling supply of wood means that Indonesia is a major source of illegally harvested timber. Illegal logging in Indonesia undermines legitimate industry by undercutting prices for wood on the global market, and represents billions of dollars in lost tax revenue.

New collaborative mechanisms like UN-REDD+ (reducing emissions from deforestation and forest degradation in developing countries) may create sufficient financial incentives to fund better enforcement of forest laws, if they are designed and implemented with the appropriate corruption risk-mitigation measures.



Case 2: Corruption and the water sector

Corruption increases the costs of building water infrastructure by as much as 40 per cent – this equates to an additional \$12 billion a year needed to provide worldwide safe drinking water and sanitation².

Corruption in the water sector is a major concern in many ways. Whether we talk about water for energy, for drinking purposes or for sanitation, water as a commodity is a basic human need. Sadly, it is also one that millions of people struggle daily to meet. When money gets diverted for personal gain, people continue to rely on insecure and polluted water sources for hygiene, drinking and food preparation.



The water sector is particularly vulnerable to corruption for several reasons, the most prominent of which is the vast number of players in this area, including those from the various tiers of public service and the private sector. When big money is involved and there is a lack of transparency, the negotiation of contracts, allocations, agreements and licenses are affected.

Corruption in the water sector also has a direct environmental impact. When bribes are paid, cover-ups of the environmental impact assessments of projects can happen. Similarly, bribery and nepotism can plague the awarding of licences for the disposal of waste that pollutes open water.

Corruption goes beyond simple bribery payments. The example of food production highlights the vast repercussions of corruption. Since water is essential for growing crops, when there is a lack of accountability, powerful agro-industrial operations and businesses can divert water resources away from small-scale farmers who rely on irrigation from rivers to grow their crops and make a living.

Meanwhile, large water infrastructure projects such as dams, canals, tunnels, wells and drains are also highly lucrative and much coveted. Hydro-electric power for example, which requires large investments and highly complex engineering works, is an area that can attract unscrupulous operators and give rise to corruption in procurement processes.

What can be done?

Corruption not only harms the environment, but also severely hits society's least privileged. While resources and benefits are exchanged among the rich and well connected, the inequitable distribution of natural resources exacerbates an already dire situation for many people.



Tackling corruption will help create equitable access to essential resources such as water, and a clean environment. In confronting this crime, an inclusive commitment to action is needed from all fronts, including communities, businesses and Government, while policies that promote transparency, accountability and integrity are simultaneously being developed.

Governments

At the international level important conventions have been signed to combat corruption such as the United Nations Convention against Corruption, the United Nations

Convention against Transnational Organized Crime and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Nationally, there is a need to understand and address the underlying vulnerabilities to corruption in key institutions and Government policies and practices. Regulatory systems have to be improved by authorities in order to promote standardized checks and balances to prevent abuse. By making publicly available the criteria, structures and procedures applied to contracts and procurement in large-scale infrastructure projects, corruption can be curbed.

Impunity also has to be tackled. An independent judiciary is vital for the implementation, development and enforcement of environmental laws and legislations. Judges, public prosecutors and auditors have the responsibility – and ability – to emphasize the necessity of law to achieve sustainable development and help make institutions effective.

Governments can also enhance the accountability and integrity of institutions and decision-makers, including through the active engagement of environmental auditing and enforcement. The emergence of new climate finance mechanisms, such as REDD+, should also be seen by Governments as an opportunity to design transparent, inclusive and accountable systems that inspire confidence from national stakeholders and international investors alike.

Private sector

The private sector can play a key role by shunning business with unethical or corrupt officials or agents and encouraging transparent tendering. Businesses should adopt voluntary codes of conduct that are both ethical and sustainable which have provisions on fighting corruption as well as safeguarding the environment. Not only is this the right thing to do, but it is good for business – such codes of conduct can go a long way towards inspiring public confidence and enhancing brand reputation.

Citizens and civil society

Grassroots and civil society organizations can mobilize for “bottom-up” pressure for Governments to reform. This helps foster accountability by holding officials and public servants responsible for their performance, and making them answerable both to higher levels of authority and to peers, clients and constituencies.



The numbered symbols in the text refer to the relevant Millennium Development Goal.

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¹ UNODC. 2010. 'The Globalization of Crime: A Transnational Organized Crime Threat Assessment'. http://www.unodc.org/documents/data-and-analysis/tocta/TOCTA_Report_2010_low_res.pdf.

² UNDP. 2011. 'Fighting corruption in the water sector'. <http://www.undp.org/content/dam/undp/library/Democratic%20Governance/IP/Anticorruption%20Methods%20and%20Tools%20in%20Water%20Lo%20Res.pdf>



