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Corruption in Asia Depletes Environment and Robs Poor

Jakarta, 12th June 2008 – Corruption linked to exploitation of Asia and the Pacific's forests, land, fisheries and minerals is hitting hardest at the poor and requires both strengthened national action and international cooperation against such misuse of power, says a new report released here today by the United Nations Development Programme (UNDP).

Corruption is accelerating the depletion of natural resources, notably primary forests and the inshore fishing grounds on which many communities rely on for their livelihoods, asserts the report, *Tackling Corruption, Transforming Lives*. Revenues lost to corruption are also depriving the poor of investments in much needed public services. The Report calls for action by local communities, regional cooperation, use of remote sensing technologies and international campaigns to end this exploitation.

In the extraction of natural resources, 'state capture' is one of the most serious and pervasive forms of corruption, as private companies pay public officials to shape laws, policies and regulations to their advantage, explains the Report. "State and private elite groups – often in collusion – are thus in a position to monopolize access to resources and exclude the poor," notes the Report.

"The taint of corruption is exacerbating global climate change and draining precious natural resources that sustain the livelihoods of local communities and indigenous groups," says Omar Noman, Chief of Policies and Programmes at the UNDP Regional Centre in Colombo.

Pervasive payments to look the other way

Corruption is evident across the natural resources sector, with payments to 'look the other way', and with many politicians awarding concessions or favours to family members or political allies, according to the Report. "A small elite often accrue the benefits from natural resources – doing little to promote broad-based economic development – or lift people out of poverty," says the Report.

National budgets too can be dealt a heavy blow. The Government of Indonesia, for example, estimates that lost forest revenues cost the nation up to US\$4 billion a year – roughly five times the country's annual health budget.

Corruption across national borders is particularly common in the natural resources sector. In one case, Malaysia remains a major timber exporter although its forests were depleted long ago, due to supplies mainly from Indonesia. This export consists of both legally and illegally harvested timber, because once a log has changed hands, it is very difficult to identify its source.

In countries where land is collectively owned, officials may also illegally approve the conversion of farmland for construction or mining, jeopardizing local food security, explains the Report. Moreover, farmers who lose their land generally get little or no compensation because they have limited legal rights.

Surveys in both South Asia and the Pacific found land administration to be one of the sectors most prone to corruption; in Bangladesh, 97 percent of households reported they had paid bribes for land registration. In addition, larger-scale corruption can occur in the form of land grabs for government or private development. The problem is difficult to address because of the absence of land records and maps, as well as the inability of the justice system to deal with land disputes.

Cleaning up natural resources

Experience across the region suggests a number of ways of addressing corruption in the environment sector. The Report offers several recommendations. One is to ensure that new projects are subjected to environmental and social impact assessments, followed by open public hearings. Another is to decentralize natural resource management – to allow local people to use resources sustainably, giving them also a greater incentive to control and protect these resources.

As exploitation of natural resources often takes place in remote regions, the Report recommends that governments can track them with satellite monitoring technologies. Countries in the region, like Cambodia and Indonesia are tracking illegally awarded forest resources through remote sensing.

Given the cross-border nature of the problem, the governments in the Asia and Pacific must increase regional cooperation and toughen cross-border controls. Ensuring financial transparency in the corporate sector, certifying clean private companies and alerting stock market investors to blacklisted companies are also urged.

“More effective monitoring and control by government and local communities will therefore need to be matched by international campaigns that reject goods produced by corrupt and exploitative individuals and companies,” it adds.

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The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build better lives. UNDP works in 37 countries in Asia-Pacific.

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The UNDP Regional Centre in Colombo (RCC) was established in January 2005 to serve countries of Asia-Pacific. It is a regional hub for development knowledge and expertise, providing policy advisory and capacity development services in Poverty Reduction and HIV and Development, with Gender Equality as a crosscutting concern.

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