

4. Forest Revenues

This thematic area covers the entire spectrum of revenue management in the forest sector. Forests provide a major source of income in many countries. The forest revenue indicators are divided into four subthemes:

- 4.1 Forest charge administration** refers to processes to set and collect taxes, fees, royalties, and other charges related to the use and extraction of forest resources.
- 4.2 Forest revenue distribution** refers to arrangements for allocating and distributing revenues collected from the forest charge system within and beyond the government.
- 4.3 Benefit sharing** refers to specific efforts to share benefits from forest management – whether these benefits are financial or non-financial in nature – with local, forest-dependent communities.
- 4.4 Budgeting** refers to the annual process by which the government creates a national budget, including a budget for the forest agency.

4.1 Forest charge administration

71. Legal basis for forest charges

To what extent does the legal framework effectively regulate the administration of forest charges?

Indicator Guidance:

Governments often apply taxes, fees, or royalties (which we refer to as “forest charges”) to generate revenues and regulate forest use. This indicator assesses the quality of the laws that guide government actions to design, calculate, collect, and enforce forest charges. Researchers should review laws, regulations, or other documents that establish monetary charges for forest management or use; these may include forest laws, general finance laws, or the tax code. Forest charges can apply to a broad range of activities including hunting, timber extraction, collection of nontimber forest products, timber transport, wood processing facilities, and export of forest products. Researchers should identify the major categories of forest charges in the country of assessment and select which charges are most relevant to assess (e.g. charges that generate significant revenue or charges for forest activities of interest such as timber extraction).

Element of Quality	Guidance
<p>1. Institutional mandates (horizontal). The legal framework defines clear institutional roles and responsibilities for forest charge administration within the central government.</p>	<p>There may be one or more central government institutions with a role in setting, collecting, managing, and overseeing forest charge administration. If more than one institution or department is involved, the law should clearly state the roles of each in administering forest charges. Relevant functions may include collection, information management, financial management (e.g., accounting and auditing), or monitoring. The legal framework should also state any obligations among these institutions with respect to information sharing, reporting obligations, and oversight of activities associated with forest charge administration.</p>
<p>2. Institutional mandates (vertical). The legal framework defines clear institutional roles and responsibilities for forest charge administration between different levels of government.</p>	<p>The law should clearly state the roles of relevant subnational actors (e.g., local government or local offices of national agencies) in setting, collecting, managing, and overseeing forest charge administration. Subnational institutions may be tasked with field operations such as calculating and collecting charges owed, verification of amounts, and identifying cases of noncompliance. The legal framework should also state any obligations or relationships between subnational actors and national institutions, including information sharing, reporting obligations, and oversight.</p>
<p>3. Review. The legal framework defines a clear process for regular review of the forest charge system.</p>	<p>Although forest charges should not be defined in the law to avoid obsolete charge levels, the legal framework should establish a system for ensuring that forest charges are up-to-date. Examples include requirements for regular review of forest charges at certain intervals, or for establishing charges annually through the finance law or national budget process. Note that provisions for keeping charges up-to-date may also include simple measures to index charges for inflation or set charges based on percentages of market prices.</p>
<p>4. Procedures. The legal framework defines uniform and transparent administrative procedures</p>	<p>Rules should define procedures for collecting forest charges. These may include how charges are calculated (e.g., area-based, volume-based), where charges are collected, the form in which payments should be made, and how charges owed and paid are reconciled to</p>

for collecting forest charges.	ensure compliance. The legal framework should also promote transparency and accountability by requiring disclosure of information on revenues collected and monitoring of collection activities.
5. Penalties. The legal framework defines adequate penalties to deter noncompliance with the forest charge system.	The legal framework should define clear penalties for noncompliance with the forest charge system such as fines, surcharges or interest for late payments, forfeit of deposits, suspension or cancellation of contracts, or jail time. Rules should identify the circumstances under which different types of penalties should be applied, and these penalties should correspond to the severity of infraction.

71. Legal basis for forest charges		
Object of assessment:		
EOQ	Y/N	Explanation
Institutional mandates (horizontal)		
Institutional mandates (vertical)		
Review		
Procedures		
Penalties		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

72. Review and revision of forest charges

To what extent are the types and levels of forest charges regularly reviewed and revised through a transparent and inclusive process?

Indicator Guidance:

This indicator assesses the quality of the process by which governments determine the structure and levels of forest charges. It should be applied to a recent review/revision of the forest charge system. Processes to set or review forest charges may be set administratively or competitively. Administrative processes may be used if revision of forest charges requires revisiting legislation or formal rules. Charges may also be set competitively based on market rates by using auctions, sales by tender, or sales by negotiation to determine the price of forest contracts or products. Researchers should identify how charges are reviewed and updated in the country of assessment and collect documentation associated with the process. Relevant documentation may include studies used as inputs into the process, public comments, or meeting reports. Interviews should be carried out with key participants in the forest charge revision process.

Element of Quality	Guidance
<p>1. Clarity of objectives. Clear objectives articulate what the forest charge system is expected to achieve.</p>	<p>Objectives of the forest charge system could include enhancing economic efficiency of resource extraction, promoting sustainable management of forests, maximizing administrative efficiency, promoting equity, or a combination of similar objectives. Objectives should be articulated in the forest policy, forest law, or other materials shared during the charge review process.</p>
<p>2. Frequency of review. Forest charges are reviewed and revised at adequate intervals to ensure that they remain consistent with stated objectives.</p>	<p>The frequency with which forest charges should be reviewed may depend on the process by which charges are updated. Charges that are set administratively should likely be reviewed every couple of years, whereas charges that are indexed for inflation or based on percentages of market prices may require less frequent updating. Researchers should identify how often review happens, and compare the frequency with any relevant legal provisions to determine compliance. If forest charges are published regularly, researchers can compare time points to determine how often changes are made.</p>
<p>3. Information basis. Decisions about how to set forest charges are based on high-quality information about the economic and social values of the forest resources being taxed and the costs of administration.</p>	<p>Critical information for setting charges may include market price of forest resources being extracted, inventory information about species diversity and composition, maximum sustained yield of high value timber species, costs of extraction, costs of administering the forest charge system, amount of revenue generated by the system, and reports on past performance of the forest charge system in achieving its objectives.</p>
<p>4. Technical expertise. Government staff involved in setting forest charges have adequate technical expertise in forest economics.</p>	<p>Expertise may be determined by education, trainings, experience level, or even publications relevant to forest charges. Staff of the agency responsible for setting forest charges should have expertise (demonstrated using the criteria above) in the areas of forest economics, statistics, valuation of ecosystems, or similar technical areas.</p>
<p>5. Participation. Interested stakeholders are able to provide direct inputs into</p>	<p>Stakeholders who are interested in the forest charge review process are likely to be those who are directly affected by the suite of forest charges applied to forest management and use. For example, groups</p>

the process, and their inputs are addressed in a transparent manner	with contracts to extract forest products for commercial use (e.g., concessionaires, community forest managers, processors and exporters of forest products). Researchers should assess whether these groups had opportunities to provide input into the forest charge review process. Review of reports from the forest charge process or meeting minutes may also provide useful information on who participated and how comments were addressed.
6. Transparency. Information related to the process and final decision is easily accessible to interested stakeholders.	Documentation of the charge review process could include reports of working sessions, records of legislative debate (if the review included legal changes), final decisions (e.g., final laws, decrees) as well as reports used as inputs into the process. Researchers should evaluate whether information was available to those obligated to comply with the forest charge system.

72. Review and revision of forest charges		
Object of assessment:		
EOQ	Y/N	Explanation
Clarity of objectives		
Frequency of review		
Information basis		
Technical expertise		
Participation		
Transparency		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five or more elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

73. Types and levels of forest charges

To what extent are the types and levels of forest charges appropriate to promote sustainable management and use of forest resources?

Indicator Guidance:

This indicator assesses whether the current types and levels of forest charges are designed to promote sustainable management of forest resources. Researchers should apply this indicator to the major forest charges identified in Indicator 71. They should review the design of the forest charges to assess whether they support certain goals or incentives and as well as examine data on the impacts of the forest charges on natural resources. Researchers can also conduct interviews with forest sector experts, government staff who administer the forest charge system, and groups responsible for paying forest charges to examine how the levels of charges influence decision-making about natural resource management.

Element of Quality	Guidance
1. Valuation. Forest charges adequately capture the value of the forest resources being extracted.	Charges that are regularly updated, differentiated by product, or based on market-prices are most likely to capture the value of the resources being extracted. For example, fees for timber extraction may be calculated based on stumpage value (e.g., based on log value and costs of extraction and transport), or set as a percentage of market or free-on-board prices.
2. Species differentiation. Forest charges do not encourage unsustainable levels of extraction of high-value or endangered tree species.	Forest charges may be used to encourage harvest of a broader range of commercial trees to reduce pressures on high-value species. For example, stumpage-based fees may be differentiated by species or groups of species and assigned higher prices to high-value species. Area-based fees may also encourage extraction of a broader range of species.
3. Cost effectiveness. Forest charges do not require overly expensive and complex measurement and collection procedures.	Costs of measuring and collecting forest charges should not exceed gains in revenue from levying the charge. Procedures that maximize cost effectiveness and avoid administrative complexity are often those that do not require complex measurement and fieldwork to calculate value such as area-based fees or set prices for contracts and licenses
4. Anticorruption. Forest charges do not require measurement and collection procedures that are open to significant discretion or that are difficult to track and audit.	Forest charge collection procedures should be designed to minimize discretion and follow clear criteria. Methods may consist of field procedures that require forest agency staff to mark and measure trees that will be cut, or simple area-based taxes that are charged and paid in local forestry offices. Some countries may have declarative systems in which extractors are charged fees based on the volume of wood declared; however, such systems can introduce corruption if not subject to proper oversight.

73. Types and levels of forest charges		
Object of assessment:		
EOQ	Y/N	Explanation
Valuation		
Species differentiation		
Cost effectiveness		
Anticorruption		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Medium ____
Three elements of quality		Medium-High ____
Four elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

74. Measures to promote compliance with forest charges

To what extent are effective measures in place to promote compliance with forest charges?

Indicator Guidance:

This indicator should be applied to the agency responsible for calculating, collecting, and enforcing payment of forest charges. Often the responsibility for administering forest charges falls to a specific department within a forest agency, or may be the responsibility of local officials. Researchers should identify the relevant group(s) and gather documentation on their operations to promote compliance with forest charges. Researchers should also conduct interviews with government staff responsible for administering the system, as well as with different user groups required to comply with the forest charges to assess the effectiveness of measures to promote compliance.

Element of Quality	Guidance
<p>1. Transparency of forest charges. An up-to-date and publicly available list details all forest charges.</p>	<p>The responsible agency should publish a consolidated and current list of all forest charges that is publicly available. The list may be available in local offices of the forest administration, online, or by request. Researchers should also attempt to determine whether the list is generally accessible by interviewing forest users and managers who must comply with the charge list.</p>
<p>2. Disclosure of rules. Information explaining the laws, regulations, and procedures of the forest charge system is publicly disclosed.</p>	<p>Laws and procedures of the forest charge system should be disclosed via website, at local forest agency offices, or any other relevant public disclosure mechanisms. Researchers should interview forest contract holders, resource users, and managers (e.g., concessionaires, community forest managers, and other contract or license holders) to assess whether they have access to forest charge system rules.</p>
<p>3. Disclosure of revenues. Information about the amount of revenue collected under the forest charge system is publicly disclosed.</p>	<p>The responsible agency should publish a record of all forest charges collected. The list should be made available via publicly accessible mechanisms. Information should be provided in a useful format that includes information on the type of charge, the amount paid, and, if relevant, the forest contract.</p>
<p>4. Disclosure of noncompliance. An up-to-date and accurate list shows all cases of noncompliance with forest charges.</p>	<p>The responsible agency should maintain a list of cases of non-compliance with forest charges. Such a list should at least be maintained internally, but ideally should also be made publicly available via accessible channels.</p>
<p>5. Application of penalties. Adequate penalties are applied in cases of noncompliance.</p>	<p>Researchers should identify recent examples of noncompliance with the forest charge system. They should interview forest agency staff and other relevant parties to determine the type and magnitude of the penalties assessed. Researchers may also wish to review any performance reports associated with enforcement of the forest charge system. Adequacy of penalties could be compared to the penalties set out in the legal framework, or could be compared to similar past cases of noncompliance.</p>

74. Measures to promote compliance with forest charges		
Object of assessment:		
EOQ	Y/N	Explanation
Transparency of forest charges		
Disclosure of rules		
Disclosure of revenues		
Disclosure of noncompliance		
Application of penalties		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

75. Collection of forest charges

To what extent do relevant agencies have capacity to collect forest charges in a transparent and accountable manner?

Indicator Guidance:

This indicator assesses the government's capacity to administer and collect forest charges. Researchers should apply this indicator to the same agency(s) assessed in Indicator 75. Researchers should gather documentation on forest charges collected, such as government reports or independent reviews. Researchers should also conduct interviews with government staff responsible for administering the system to assess their capacity and access to resources. Finally, researchers should interview user groups responsible for paying forest charges and other independent forest sector experts to get additional insight into the capacity of the government to administer the system.

Element of Quality	Guidance
1. Technical expertise. The agency has adequate numbers of field staff with training in methods to calculate and collect forest charges.	Technical expertise for revenue collection is most important in systems where forest officers are tasked with collecting forest charges in the field. Expertise may refer to experience in conducting forest inventories, species identification, and techniques for measuring standing volume. Field staff should also have expertise on the legal framework and manual of procedures for forest charge collection.
2. Technical resources. The agency has access to adequate technical resources and equipment for calculating and collecting forest charges.	Resources for collecting forest charges will vary by collection method. They may include vehicles, GPS, marking equipment, and DBH tapes for field measurement and collection. They may also include sufficient computers and data management software for keeping track of charges paid.
3. Accuracy of records. Field staff generate comprehensive and accurate records of all charges collected.	The agency responsible for collecting forest charges should have standardized systems for recording information about forest charges. Records should document amount of charges collection, as well as administrative information such as the date collected and the forest officer who collected the charge. Through interviews with relevant staff, researchers should also determine whether documentation is maintained in hard copy or in a digital format. Some countries may have computerized systems for managing all aspects of forest charge selection.
4. Supervision. Performance of field staff is monitored to ensure that charges are properly applied and collected.	The legal framework may set out specific supervision procedures to ensure that field staff that collect forest charges are adequately supervised. Examples include data reconciliation procedures, independent monitoring, reporting procedures, or supervision during field missions to collect charges.

75. Collection of forest charges		
Object of assessment:		
EOQ	Y/N	Explanation
Technical expertise		
Technical resources		
Accuracy of records		
Supervision		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Medium ____
Three elements of quality		Medium-High ____
Four elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

4.2 Forest revenue distribution

76. Legal basis for forest revenue distribution

To what extent does the legal framework effectively regulate the distribution of state revenues from the collection of forest charges?

Indicator Guidance:

This indicator assesses the quality of the laws that guide government administration of revenue distribution. Public revenues collected from forest operations are often sent directly to the central government coffer; in some cases, all or part of these revenues are shared with individuals or local levels of government (often in locations where production occurs). This indicator should be applied if the country of assessment has a specific law or program for distribution of government revenue from forest operations. For example, in Cameroon 10% of revenues from forest concessions are allocated to forest communities in the area of operations for community development projects.¹⁶ Researchers should review relevant legislation (e.g., forest laws) setting out rules and procedures for the revenue distribution program.

Element of Quality	Guidance
1. Allocation rules. The legal framework clearly states how forest revenues are to be allocated and distributed.	Rules should identify all recipients of the forest revenue distribution program, which forest revenues are to be shared, and how revenues are to be divided among recipients.
2. Rationale. The legal framework provides a clear justification and rationale for the specified allocations.	Rules should provide a clear basis and justification for how forest revenues are distributed among recipients. For example, revenue may be distributed to local administrations where forest resources were extracted to ensure that local actors benefit from use of adjacent forest resources.
3. Spending rules. The legal framework provides clear guidelines for how forest revenue allocations can be spent.	Rules should provide general guidance on how forest revenue allocations are to be spent. For example, the law may mandate that local government allocations should be invested in community development, or allocations for forest offices may be intended to cover costs of administration or other defined activities.
4. Adequacy of allocations. Legally prescribed allocations to local government and forest agencies are sufficient to carry out mandated roles and responsibilities.	Where revenue distribution allocations are to be used for specific purposes, researchers should determine whether the amount of money allocated is sufficient to carry out the mandated tasks. For example, revenue may be allocated to cover costs of law enforcement activities, or for community development projects. Researchers should identify the intent of the allocations and interview those responsible for carrying out the tasks associated with the funds to determine the extent to which the intended results have been achieved.
5. Awareness of rights. The legal framework requires that all nongovernment beneficiaries be made aware of their right to	If any revenues are allocated to nongovernment beneficiaries, rules should include a requirement to notify these groups of their right to benefit. Rules could require information sharing activities, consultation workshops, or other proactive efforts to

¹⁶ Note that benefit sharing programs (e.g. from REDD+ or other forestry projects) are covered in the following section.

benefit from the revenue distribution arrangement.	inform nongovernment beneficiaries.
6. Rules for modification. The legal framework establishes clear procedures for modifying existing revenue distribution arrangements.	Rules should identify the circumstances under which revenue distribution rules can be revised. They may require review at regular time intervals, or base the need for review on monitoring of performance.

76. Legal basis for forest revenue distribution		
Object of assessment:		
EOQ	Y/N	Explanation
Allocation rules		
Rationale		
Spending rules		
Adequacy of allocations		
Awareness of rights		
Rules for modification		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five or more elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

77. Implementation of forest revenue distribution arrangements

To what extent are forest revenue distribution arrangements effectively and transparently implemented?

Indicator Guidance:

This indicator assesses the implementation of the revenue distribution arrangements identified in Indicator 76. It should be applied to a case of revenue distribution from forest activities at a relevant scale. Revenue may be distributed horizontally (e.g. to different actors at the same scale) or vertically across multiple scales (e.g., national, district). Researchers should collect any relevant reports, past studies, or other documentation about revenue distribution. In addition, they should conduct interviews with those responsible for distributing the revenue allocations as well as the intended recipients of the revenue distribution.

Element of Quality	Guidance
1. Awareness. The government takes action to ensure that nongovernmental recipients are aware of their rights to receive distributions.	If revenues are distributed to nongovernmental recipients such as forest communities, community-based organizations, or indigenous peoples, researchers should interview government agencies responsible for revenue distribution as well as target recipients of funds to determine whether recipient groups are informed of their rights to revenues. Examples may include trainings, information sharing through workshops, or dissemination of materials such as posters or flyers detailing the rights and obligations associated with the revenue allocation.
2. Timeliness. Revenues are distributed to all recipients in a timely manner.	The amount of time it takes for recipients to receive their revenue allocations should be identified. If specific timeframes are required by law, researchers should compare practice with law to determine whether distribution is timely. Information on revenue distribution may be published in annual reports or records, or past studies may provide some documentation. Interviews with both administrators and recipients of funds can also provide this information.
3. Monitoring. Regular monitoring evaluates whether revenues have reached intended recipients.	An institution may be tasked with monitoring revenue distribution, or oversight may be part of a broader mandate of an independent monitor, audit office, or law enforcement agency. If monitoring mechanisms exist, determine whether monitoring is carried out regularly. This information may be obtained through review of reports, performance audits, or by interviewing personnel who carry out monitoring functions.
4. Transparency. The government regularly discloses information to the public about the amount of revenue that has reached recipients.	Governments may disclose information about revenue distribution as part of reports on agency performance, financial audits, or other broader reports about forest sector economic performance.

77. Implementation of forest revenue distribution arrangements		
Object of assessment:		
EOQ	Y/N	Explanation
Awareness		
Timeliness		
Monitoring		
Transparency		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Medium ____
Three elements of quality		Medium-High ____
Four elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

78. Management of funds that receive forest revenue allocations

To what extent are funds that receive forest revenue allocations managed in a transparent and accountable manner?

Indicator Guidance:

Dedicated forest funds that operate outside of the forest agency budget are often designed to achieve particular environmental or social objectives. This indicator assesses the management of extra-budgetary funds for forest sector activities. This indicator should be applied to a dedicated government fund used to finance forest-related activities. Funds may be designed to promote certain types of activities, to be used in specific geographic areas, or to create incentives for certain groups. Researchers should collect any laws, decrees, design documents, reports, or publications with information about fund goals, procedures, and performance. Researchers should also conduct interviews with government staff that administer the funds or other groups with knowledge of fund operations.

Element of Quality	Guidance
1. Goals. The fund has clearly stated goals and guidelines to determine spending priorities.	Researchers should review legislation or fund design documents and identify the goals of the fund, as well as any spending priorities, or criteria for decision-making about fund activities.
2. Procedures. Clear procedures govern fund replenishment and distribution.	Fund replenishment should be governed by clear rules regarding the source of fund finances, as well as clear procedures for managing how resources are transferred into the fund. Fund distribution should be governed by clear financial management procedures, as well as clear decision-making criteria for deciding what activities or projects will be funded.
3. Performance monitoring. Fund administrators monitor the effectiveness and impacts of activities financed by the fund.	Monitoring of effectiveness and impacts should be carried out to determine whether the fund's activities are meeting stated objectives. Researchers should determine whether the fund administrator has staff assigned to monitor fund performance, and whether monitoring is carried out on a regular basis. This information may be found in monitoring reports, or by conducting interviews with fund staff.
4. Performance reports. Regular reports on impacts and effectiveness of the fund are publicly disclosed.	Researchers should identify whether reports on fund performance and effectiveness are made available and by what mechanism (e.g., fund website or via information request).
5. Financial management. The fund is subject to robust financial accounting and external auditing procedures.	Researchers should identify any official procedures in the legal framework or fund design documents related to financial management. These may include requirements related to accounting standards, internal controls, internal and external audits, and reporting on financial management. Researchers should then review available documents and interview fund staff to verify that these requirements are adhered to in practice.
6. Financial reports. Comprehensive annual financial reports are publicly disclosed.	Researchers should identify whether reports on fund financial management are made available and by what mechanism (e.g., fund website or via information request).

78. Management of funds that receive forest revenue allocations		
Object of assessment:		
EOQ	Y/N	Explanation
Goals		
Procedures		
Performance monitoring		
Performance reports		
Financial management		
Financial reports		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five or more elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

4.3 Benefit sharing

79. Legal basis for benefit sharing

To what extent does the legal framework promote equitable sharing of benefits from forest management with local communities?

Indicator Guidance:

Benefit sharing can be an important tool for ensuring that local communities benefit from natural resource extraction, protected area management, or other initiatives that affect their livelihoods. This indicator is primarily focused on benefit sharing arrangements that are codified in law, but could be adapted to assess contracts, programs, or projects that have established formal rules for benefit sharing. Researchers should review relevant forest laws, legal documents, or design documents setting out benefit sharing arrangements.

Element of Quality	Guidance
<p>1. Legal requirements. The legal framework requires that benefits from the management of public forests be shared with local communities.</p>	<p>Researchers should identify whether the legal framework defines specific requirements and mechanisms for sharing benefits from management of forests with local communities. These may include legal provisions related to co-managed schemes or requiring benefits to be shared as part of forest use contracts.</p>
<p>2. Clarity of procedures. The legal framework defines clear procedures and guidelines for benefit sharing with local communities.</p>	<p>Researchers should identify whether the legal framework clearly defines procedures for benefit sharing such as how decisions about benefits are made, who manages the provision of benefits (e.g., administering cash benefits to households), how the benefits owed are calculated, and whether any accountability or oversight mechanisms are in place to oversee implementation of benefit sharing.</p>
<p>3. Participation requirements. The legal framework requires community participation in the design of local benefit sharing arrangements.</p>	<p>Researchers should identify whether the legal framework requires that local communities be engaged in the design of local benefit sharing arrangements. Examples could include trainings, workshops, or participation of community representatives in design processes.</p>
<p>4. Fairness. Legal guidelines regarding the type and magnitude of benefits are fair and appropriate.</p>	<p>While the legal framework may not define all parameters related to benefits, it should provide some guidance on the types of benefits that can be provided to local communities (e.g., cash or services such as health or education). It should also define how the magnitude of benefits is determined. These may include eligibility criteria, formulas for calculating benefit levels, or requirements that such criteria be developed in an equitable manner. Researchers may want to conduct interviews with impacted communities to determine whether they perceive the legal guidelines to be fair.</p>

79. Legal basis for benefit sharing		
Object of assessment:		
EOQ	Y/N	Explanation
Legal requirements		
Clarity of procedures		
Participation requirements		
Fairness		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Medium ____
Three elements of quality		Medium-High ____
Four elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

80. Design of benefit sharing arrangements

To what extent are local benefit sharing arrangements developed through an inclusive and transparent process?

Indicator Guidance:

This indicator should be applied to a specific process for developing benefit sharing arrangements. Examples may include negotiating benefit sharing in a contractual agreement, revising or creating a law on sharing benefits of public forest management, or developing new arrangements to share benefits from implementation of REDD+ activities. If the process is ongoing, researchers could employ participant observation, interviews, and analysis of documents from the process to evaluate the quality of the process. If the process is finished, researchers should review documentation, final benefit sharing rules, and interview stakeholders who participated. Interviews should be comprehensive of stakeholder groups, which may include local and national governments, forest communities, private sector or other project developers, and civil society organizations.

Element of Quality	Guidance
1. Participation. Affected communities have opportunities to participate in the design of benefit sharing arrangements.	Researchers should identify whether communities were engaged in the benefit sharing design process. Researchers should identify the specific groups or individuals engaged, the mechanisms of engagement, and whether these mechanisms provided opportunities for meaningful input. For example, 1-2 workshops that focus on sharing information is less strong than an approach that includes community representatives in a working group to draft the benefit sharing approach. Researchers may also wish to interview those involved in the design process—particularly communities—to gauge the level and effectiveness of participation.
2. Transparency. Negotiations about benefit sharing are transparent, and communities have access to relevant information.	Researchers should obtain copies of information made available to affected stakeholders. They should assess whether relevant information was provided, such as the objectives and timeline for designing benefit sharing arrangements, as well as specific opportunities for public input. Researchers should also determine whether this information was provided to affected stakeholders with sufficient notice, such as whether the process was advertised through public channels, and whether communities were proactively informed.
3. Representation. Community representatives reflect a range of community perspectives, including those of women and vulnerable groups.	Researchers should identify which community members participated in the process. They should also determine how these representatives were selected. In particular, identify whether groups such as women, youth, and the poorer members of the community participated or had representation. Communities should be interviewed to assess the representativeness of those who participated.
4. Disclosure. Final decisions about the benefit sharing arrangement are documented and shared with all community members in relevant languages.	Researchers should assess whether the final benefit sharing arrangements are documented and how they are disclosed. Community members should be interviewed to determine if they received information about the final decision in a relevant form, including summaries in local languages.
5. Fairness. The type and	The extent to which benefits are fair and appropriate should be

<p>magnitude of benefits are fair and appropriate.</p>	<p>evaluated based on the goals of the benefit sharing mechanism, as well as the type of activities that generate the benefits. Researchers should interview community members to determine whether they perceive the design of the benefit structure (e.g., the type of benefits that will be provided and how the level of benefits will be determined) to be fair.</p>
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<p>80. Design of benefit sharing arrangements</p>		
<p>Object of assessment:</p>		
<p>EOQ</p>	<p>Y/N</p>	<p>Explanation</p>
<p>Participation</p>		
<p>Transparency</p>		
<p>Representation</p>		
<p>Disclosure</p>		
<p>Fairness</p>		
<p>Additional notes:</p>		
<p>Values</p>		<p>Select</p>
<p>Not applicable/assessed</p>		
<p>Zero to one elements of quality</p>		<p>Low ____</p>
<p>Two elements of quality</p>		<p>Low-Medium ____</p>
<p>Three elements of quality</p>		<p>Medium ____</p>
<p>Four elements of quality</p>		<p>Medium-High ____</p>
<p>Five elements of quality</p>		<p>High ____</p>
<p>Documentation:</p>		
<p>Researcher name and organization:</p>		
<p>Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)</p>		
<p>Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview</p>		

81. Implementation of benefit sharing arrangements

To what extent are benefit sharing arrangements fairly and effectively implemented?

Indicator Guidance:

This indicator should be applied to evaluate how the benefit sharing arrangements assessed in Indicators 79-80 are implemented in practice. Researchers should collect any documentation available on performance of the benefit sharing arrangement (e.g., monitoring reports). In addition, they should conduct interviews with those providing the benefits as well as the target recipients of benefits.

Element of Quality	Guidance
<p>1. Compliance. Benefits are delivered in accordance with the agreed terms set out in relevant legal or project documents.</p>	<p>Reports on implementation of benefit sharing may provide information on the benefits provided that can be cross-referenced with legal or project rules. In addition, intended beneficiaries of the project should be interviewed to assess whether they received benefits according to agreed terms. Interviews with administrators of the benefit sharing program may also provide information on benefit delivery. For benefits that provide services such as schools, clean water, or sanitation, researchers should verify benefit delivery in the field.</p>
<p>2. Adequacy. Delivered benefits are adequate to achieve stated objectives of the benefit sharing arrangement.</p>	<p>Researchers should compare the benefits received with the stated objectives of sharing benefits with target recipients. For example, if benefits are intended to contribute to community development, researchers should evaluate the impacts of the benefits received in relation to their contribution to this goal.</p>
<p>3. Awareness. Community members are aware of benefits received and obligations associated with those benefits.</p>	<p>Efforts to raise awareness may include trainings, information sharing through workshops, or dissemination of materials such as posters or flyers detailing rights and obligations associated with the benefit sharing program. Researchers should interview those responsible for administering the benefit sharing program to identify what efforts have been made to raise awareness. Interviews with target communities should also be done to verify that they are informed of their rights to revenues.</p>
<p>4. Monitoring. The implementation and impacts of benefit sharing arrangements are regularly monitored.</p>	<p>Researchers should identify whether there are any formal monitoring mechanisms in place to oversee implementation of benefit sharing. Mechanisms may include oversight committees or monitoring by the forest agency. Researchers should interview those responsible for monitoring to determine how often benefit sharing arrangements are monitored and if there are reports available.</p>
<p>5. Redress. Communities have access to redress mechanisms when the terms of benefit sharing are violated.</p>	<p>Researchers should identify whether communities have options for bringing grievances related to benefit sharing violations. These may include dedicated redress mechanisms associated with the benefit sharing program, administrative bodies, or even formal courts. Redress mechanisms should be easily accessible for communities to file complaints and appeals in terms of location and procedures for filing complaints. Researchers should interview communities to determine their awareness and whether they have accessed redress mechanisms.</p>

81. Implementation of benefit sharing arrangements		
Object of assessment:		
EOQ	Y/N	Explanation
Compliance		
Adequacy		
Awareness		
Monitoring		
Redress		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

4.4 Budgeting

82. Quality of the national budget process

To what extent is the national budget process carried out in an effective and transparent manner?

Indicator Guidance:

Public sector expenditures—including those of the forest agency—are typically determined as part of the annual national budget process. This indicator should be applied as a case study of the most recent, or ongoing, annual budget process. Researchers should collect all information on the budget process that is made publicly available. Interviews should also be conducted with the legislative staff, executive staff involved in the budget process, or civil society organizations that work on financial and budgeting issues and follow the budget cycle.

Element of Quality	Guidance
<p>1. Timeline. The annual budget cycle adheres to a clear timeline for presenting and reviewing budget documents.</p>	<p>The budget calendar should clearly identify dates for disclosure of the pre-budget statement, the full budget proposal, the final approved budget, mid-year or other interim reporting, and final reports. A timeline may be publicly disclosed by the agency responsible for the budget process or defined in the administrative procedures of the budget agency. If no timeline is available, researchers should review past budget processes to determine if a de facto timeline was observed.</p>
<p>2. Budget proposal. The budget proposal is presented to the legislature and the public in advance of the budget debate.</p>	<p>Researchers should identify when the budget proposal was presented to the legislature, and determine whether it was also made publicly available at this time. The legislature should be given the proposal with sufficient time for review prior to the start of the fiscal year. The OECD’s Best Practices for Budget Transparency provide a guideline of 3 months prior to the start of the fiscal year for presentation of the budget to the legislature.</p>
<p>3. Comprehensiveness. The budget proposal is comprehensive of all relevant fiscal information.</p>	<p>Researchers should review the budget proposal and determine whether it provides comprehensive information. The budget should include proposed revenues and expenditures, performance goals for the annual budget, information on government assets and liabilities, and information on previous years’ revenue and expenditures.</p>
<p>4. Review. Information on the final budget and midyear progress is publicly disclosed in a timely manner.</p>	<p>The budget agency should disclose a mid-year report that provides information on implementation of the national budget, although reporting may also be done on a monthly or quarterly basis. A final report on budget implementation and performance should also be disclosed. According to the OECD’s Best Practices for Budget Transparency, mid-year reports should be disclosed within six weeks of the mid-year period ending and final reports should be disclosed within six months of the end of the fiscal year.</p>
<p>5. Audit. Budget performance is audited annually and the results are publicly disclosed in a timely manner.</p>	<p>A Supreme Audit Institution or other relevant body should audit the national budget annually. Final reports should provide information on compliance with the revenues and expenditures outlined in the budget proposal and report on any significant deviations from the approved budget. According to the OECD’s Best Practices for Budget Transparency, final reports should be disclosed within 6 months of the end of the fiscal year.</p>

82. Quality of the national budget process		
Object of assessment:		
EOQ	Y/N	Explanation
Timeline		
Budget proposal		
Comprehensiveness		
Review		
Audit		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

83. Legislative oversight of the national budget process

To what extent is the national budget subject to effective legislative oversight?

Research Methods Guidance:

The national legislature may provide an important balance on executive power over the national budget by providing a forum for legislators, citizens, and civil society to have input into the budget process. This indicator should be applied both to the rules governing the national budget process and to the implementation of the most recent budget process. Researchers should identify relevant legislation or rules of procedure that set out the role of the legislature in the budget process. In addition, they should collect information on how legislative debate on the budget is carried out in practice. Such information may be obtained by reviewing legislative records and reports or through conducting interviews. If the budget debate is ongoing and open to the public, researchers may also observe the debate in person.

Element of Quality	Guidance
1. Authority. The legal framework grants the legislature the authority to hold public debates on the budget proposal.	Rules governing the budget process should ensure that the legislature can open up the budget process to the public through public hearings and debates.
2. Testimony. The legal framework grants the legislature authority to solicit expert testimony during budget debates.	Rules governing the budget process should ensure that the legislature can open up the budget process by soliciting testimony from external experts and government staff from relevant executive agencies, including the agency responsible for the budget.
3. Amendments. The legal framework grants the legislature the authority to propose amendments to the budget proposal.	Rules governing the budget process should give the legislature the authority to propose amendments to the budget proposal.
4. Public debates. The legislature regularly exercises its rights to hold public debates on the budget proposal.	Researchers should determine whether public debates were included as part of the budget approval process. Such information may be provided through interviews with legislators or budget agency staff, or through legislative records and reports.
5. Composition of speakers. Legislative debates on the national budget include a diverse composition of speakers representing different stakeholder groups.	Researchers should determine whether budget debates solicited testimony and input from a range of stakeholder groups. Public debates may include a range of speakers from different sectors, including civil society and the private sector. Even if legislative debate is not open, researchers should attempt to determine through review of legislative records whether speakers from different political parties, geographic areas, demographics, or caucuses participated actively in the discussion.

83. Legislative oversight of the national budget process		
Object of assessment:		
EOQ	Y/N	Explanation
Authority		
Testimony		
Amendments		
Public debates		
Composition of speakers		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Low-Medium ____
Three elements of quality		Medium ____
Four elements of quality		Medium-High ____
Five elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

84. Creation of the forest agency budget

To what extent is the forest agency budget proposal based on comprehensive and high-quality information?

Indicator Guidance:

This indicator assesses how forest information and staff with forest expertise are involved in the development and review of the forest agency budget proposal. Researchers should begin by determining who prepares the forest agency budget and by what process. The executive branch of the government is typically responsible for preparing the national budget. One office (e.g. the budget office in the Ministry of Finance) often coordinates the process by requesting information from individual departments and proposing trade-offs to manage competing government priorities within the budget's expenditure totals. The forest agency may also be involved in developing its budget or collaborating with budget agency staff. Researchers should gather information on the process by collecting any available documentation and interviewing staff involved.

Element of Quality	Guidance
1. Expertise. The forest agency budget proposal is developed by staff with expertise on forest economics and financial management.	Researchers should determine whether those involved in drafting the forest agency budget proposal included government staff with expertise in the forest sector. Relevant knowledge may include forest sector economics, past financial performance of the forest sector, financial management, and costs of forest administration.
2. Financial background. The forest agency budget proposal provides information on the previous year's revenues and expenditures.	Researchers should review the draft proposal for information on the previous year's revenues and expenditures. A high quality proposal would likely also provide information on compliance with the previous year's budget.
3. Projections. The forest agency budget proposal provides comprehensive information on proposed performance goals, activities, and projected costs.	Researchers should review the draft proposal for information on projected revenues and expenditures, performance goals, and activities that will be carried out.
4. Review. The review of the forest agency budget proposal by the national budget authority includes stakeholders or staff with forest expertise.	Researchers should determine whether the budget agency establishes any processes for review or vetting of the forest agency budget. Examples could include ensuring that the forest minister or other relevant authority signs off on the budget, or could include review by forest sector experts or agency staff.

84. Creation of the forest agency budget		
Object of assessment:		
EOQ	Y/N	Explanation
Expertise		
Financial background		
Projections		
Review		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Medium ____
Three elements of quality		Medium-High ____
Four elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		

85. Adequacy of the forest agency budget

To what extent is the forest agency budget adequate to fund the agency's main roles and responsibilities?

Indicator Guidance:

This indicator evaluates whether the forest agency's annual budget allocation is sufficient to carry out the agency's roles and responsibilities, such as administering sector programs and enforcing the law. It should be applied to assess the budget allocation for a recently completed fiscal year. Researchers should collect information on forest agency budget allocations, which may be available in the finance law, annual budget if it is published, or through conducting interviews with forest agency staff. They should evaluate whether the amounts provided enabled the forest agency to fulfill its mandate, or whether the agency experienced budget shortfalls during the fiscal year. Interviews with forest agency staff, groups that attempted to access forest agency services (e.g., obtaining permits, technical assistance), or other sector experts may provide information on whether agency responsibilities were sufficiently implemented with the funds provided by the budget.

Element of Quality	Guidance
1. Forest administration. The budget is sufficient to carry out major forest administration tasks.	Forest administration refers to managing and overseeing forest sector services and programs. These may include administration of forest use contracts and licenses, management of protected areas, or carrying out specific incentives or support programs.
2. Enforcement. The budget is sufficient for forest law enforcement and monitoring activities.	Forest law enforcement activities require resources for conducting field operations, investigations, and in some cases prosecutions. Monitoring activities may include monitoring of forest cover, forest use, and the timber supply chain. They typically require computers, remote sensing and GIS software, and other technical equipment for data management and processing.
3. Social programs. The budget includes funding to support social programs and engagement with forest communities.	Social programs could include support for community forestry, trainings in forest management practices, programs to support forest sector livelihoods, community development projects, or consultations with forest sector stakeholders.
4. Institutional costs. The budget is sufficient to maintain forest agency staff and institutional infrastructure.	Institutional costs in the forest sector are likely to include infrastructure costs of national and local offices, as well as general costs of supplies, equipment, and communications. Institutional costs also refer to personnel costs, including salaries and trainings.

85. Adequacy of the forest agency budget		
Object of assessment:		
EOQ	Y/N	Explanation
Forest administration		
Enforcement		
Social programs		
Institutional costs		
Additional notes:		
Values		Select
Not applicable/assessed		
Zero to one elements of quality		Low ____
Two elements of quality		Medium ____
Three elements of quality		Medium-High ____
Four elements of quality		High ____
Documentation:		
Researcher name and organization:		
Secondary sources: Record the following: document or source title, author or organization, date published, chapter or page, website (if relevant)		
Primary sources: For each of the above conducted, record: - Interviewee/participant name(s) and title - Institution/company/organization -Location and date of interview		