

Work in progress

Does Transnational Governance Make Weak States Stronger?  
Lessons for Capacity Building from Governing Through  
Global Supply Chains in Southeast Asia

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## 1. Introduction

In the last generation, a range of scholars, operating from a myriad of disciplines, have endeavored to assess, conceptualize, and understand the role of transnational governance interventions in general, and private authority in particular, in both filling perceived ‘governance gaps’ in ‘weak states’ (Gulbrandsen 2004; Levin, Cashore and Koppell 2009) and, related, helping ameliorate some of the world’s most pressing problems (Bernstein and Cashore 2002; Cutler, Haufler and Porter 1999b; Haufler 2001), such as deforestation, fisheries depletion, and climate emissions.

The aim of these scholars has been not only to understand the emergence of, and support for, global governance institutions (Bernstein 2004; Levin, Cashore and Koppell 2009), but also to assess how transnational interventions might help influence regulation and/or service provision within nation states (Börzel and Risse 2005). Much attention has centered on whether, when, and how effective and legitimate governance is possible in areas of limited statehood, and whether and how private and/or transnational business governance interventions substitute, complement or improve state-based authority (Börzel, Heriter, Kranz et al. 2011; Ladwig and Rudolf 2011; Risse 2011a, b; Schneekener 2011). However, a generation later scholarship has offered conflicting accounts. One group of scholars are generally positive, directing their attention towards assessing how transnational interventions might or might not provide efficient and synergistic solutions for environmental problems, create compliance among governments, business, and civil society, and/or support disempowered groups by challenging existing unequal power relationships (Overdevest and Zeitlin 2016). Another group of scholars have focused on the negative impacts of transnational governance, including risk of ‘depoliticization’ (Ferguson 1990) and/or the reinforcement of a neoliberal world order at the expense of poor communities and indigenous approaches to collective organization.

We argue that much of the reason for ongoing debates about effects is that greater conceptual and theoretical work is required to unpack both the independent variable (the transnational intervention in question) and the dependent variable (the domestic target of the intervention). A significant amount of extant scholarship very different international interventions, each of which has distinct ‘causal influence logics’; and a myriad of distinct substantive and procedural domestic challenges, some of which are improved by particular transnational interventions, some of which are made worse, and many of which are simply not affected at all. The conflation of both transnational interventions, and the challenges they are directed to address, have also worked to minimize attention to an enduring paradox: that most transnational interventions have some type of substantive problem such as deforestation or livelihoods in mind **before** the intervention is unleashed, but almost all of them promote procedural reforms, such as inclusionary, transparent, and accountable ‘good governance’ initiatives which are, by definition, supposed to identify substantive decisions **following** stakeholder input.

The result is that if scholarship is to advance, and if practices are to improve, any assessment of the impact of transnational interventions on domestic policy capacity must directly address these challenges. Doing so, we argue, not only allow us to conduct deeper and more nuanced dives into causal interactions, it also allows us to assess, rather than assume, that procedural reforms improve a particular set of challenges and, related, that they will generally enhance legitimacy.

We elaborate this argument, and illustrate its utility for scholarship and practice, in the following steps. Following this introduction, a second section highlights conceptual challenges and tensions in existing literature to argue for a much more focused empirical inquiry that allows for countervailing or non-existing impacts. We take care, in this section, to identify the numerous ways in which scholars and practitioners operationalize ‘good governance’ and ‘on the ground’ problem solving. We focus particularly on procedural and substantive distinctions, each of which are the target of capacity building efforts. By breaking down these abstract concepts into measurable variables we can position future empirical research to assess the myriad of impacts, that may both ameliorate some governance challenges and problems, while making others worse.

A third section illustrates the utility of this orientation, and conceptual framework, by unpacking a class of particularly popular transnational interventions: *transnational supply chain mechanisms, or ‘transnational business governance’ (TBR) that aim to simultaneously promote good governance and problem solving in developing countries*. We argue that failure to carefully unpack the independent variable means that even this class of interventions masks very different approaches, with different ‘causal influence logics’ within these trends: highlighted by global certification systems on the one hand, and efforts to promote ‘legality traded products’ along global supply chains. In the former case, standards are developed to fill asserted gaps in public policy; in the latter case incentives are created to help create compliance to public regulations. We turn to the global forest sector to illustrate these differences, since this is arguably the most advanced case of both certification and legality verification, providing empirical and theoretical richness for identifying, once we disentangle the independent variable, propositions about potential influence that flow from the ‘causal influence logics’ of a particular intervention.

A fourth section illustrates the utility of the conceptual framework by turning to the ‘dependent variable’ in reviewing some of the main substantive and procedural challenges in relation to promoting legality in the forest sector and discuss the potential influence of legality verification in one of the countries to which significant global attention has been placed: Cambodia [and, to be included later: Vietnam]. This effort shows how, at least in the case of transnational efforts it is unreasonable conceptually, and empirically, to assume a universalist positive impact in improving on procedural good governance and problem orientation. On the procedural side, existing governance challenges are partly the result of domestic contestation over *jurisdictional authority (which level of government has the right to address particular problems) and intra-jurisdictional competition among domestic agencies*. In these cases, it is reasonable to assess whether transnational efforts to promote domestic compliance might impact these governance challenges to create institutional and organizational ‘winners and losers’ but it is not reasonable to assume that this will ‘improve’ governance challenges. The might reinforce power of some organizations and interests over others, and it might create both stability and/or ongoing conflict.

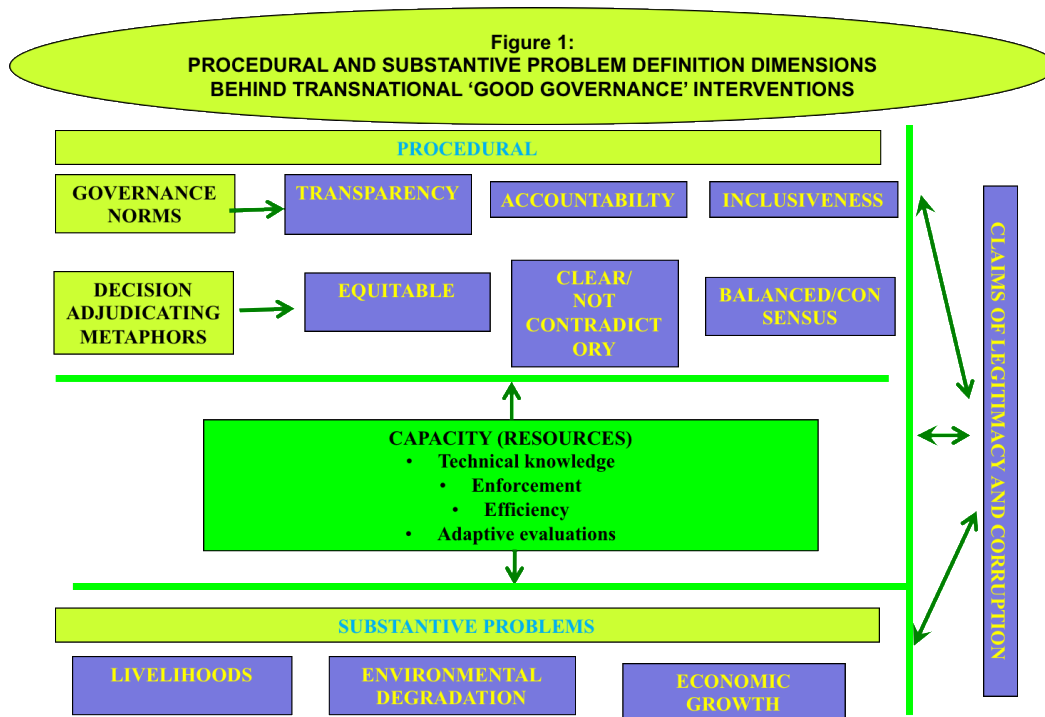
We conclude by reflecting on broader lessons from the application of our framework to assessing forest legality verification in Cambodia. We make three broad arguments. First, much more careful attention is required to assessing, and reflecting, on how the particular historical governance challenges in a particular country might be influenced by the particular form of

transnational governance intervention in questions. Second, and related, the broader literature that largely assumes that procedural ‘good governance’ reforms such as transparency, openness, and inclusion will generally improve legitimacy, must be reoriented to assess the conditions through which legitimacy itself is either irrelevant, or could be exacerbated as much as improved. Third, scholars and strategists must draw on promising extant research be open to assessing how a range of ‘on the ground’ problems from deforestation to degradation to livelihoods, might be shaped, both positively and negatively. Doing so may also open up creative strategic doors for reversing asserted negative effects, rather than biasing research to assuming positive outcomes (Humphreys, Cashore, Visseren-Hamakers et al. 2017).

## II. Conceptual Framework

Given the plethora of global interventions that have been initiated under the rationale that they will help improve, or fill gaps, in state capacity, our first argument is that scholars must take care to carefully unpack the “causal influence logics” of the intervention at hand. Given its orientation and structure what are the potential types of impacts the particular intervention might have? While this might seem obvious, it challenges existing approaches from ‘regime complex’ to ‘governance triangles’ that imply some type of cohesion or coordination challenge, that are largely unable to unpack interventions that might have very different impacts, and/or compete with others over problem definitions and influence. This is important, since project focused international aid, with fixed project time lines that rely on financing of capacity building efforts, will clearly be different than institutionalized forms of influence such as WTO or ITTA efforts to promote timber markets and sustainable production.

Hence it is incumbent for the scholar to disentangle, and theorize about, the types of causal forces the intervention might unleash, and the implications of the assessment for the types of problem definitions and governance challenges it might address.



Through a review of existing literature on ‘good governance’, we identify three interrelated dimensions: procedural and substantive, and capacity building through which we can theorize what the international intervention in question (the independent variable) might be able to influence within domestic settings (dependent variable)..

a. **Procedural dimensions:**

Procedural dimensions tend to emphasize procedural norms such as transparency, accountability and inclusiveness as well as decision adjudicating metaphors such as equity, clarity/non-contradictory policies and ‘balance’.

i. **Governance norms<sup>1</sup>**

Virtually every scholar working on good governance has identified the principle of **inclusiveness** as central. Esty (2006) finds for instance, that inclusionary multi-stakeholder processes “connect the public to policymakers and engage citizens in a political dialogue [that] can create enhanced democratic legitimacy” while the World Resource Institutes (2009) asserts that inclusiveness enhances the *credibility* of the policy making process. Likewise Contreras-Hermosilla et al. (2008) argue that granting of “full rights” and participation of stakeholders in “forest governance through forest related civil society organizations, through the private sector, and through legally established co-management schemes with the public sector” is a prerequisite for developing legitimacy arenas of governance, “[w]ithout such, there is little incentive for participation in formal processes of governance” (ibid). Similarly Ribot (1995), Belsky (2003) and Tacconi (2008) among many, note the importance of including all stakeholders in policy deliberations. As Tacconi finds, “Stakeholders’ involvement is necessary and desirable for various reasons. First, it can provide critical information and insights to clearly understand the problem, the players, the options available, and their feasibility. Second, while it may be tempting to exclude some players, it is critical to recognize that without their support some reform efforts are doomed to fail. If you know you will eventually need them, it is better to involve them earlier rather than later.”

A longstanding literature in administrative law and political science has demonstrated both the pragmatic utility, and broader appeal to generating notions of the appropriateness of the governance institution, by promoting **transparency**, which the World Resources institute has defined as “the process of revealing actions so that outsiders can scrutinize them” (World Resources Institute 2009). Transparency is now an entrenched norm among virtually all global stakeholders, public and private, that almost always enhances public perceptions of the appropriateness of particular governing institutions. In addition to being normatively important as a procedure, scholars have identified its functional importance in generating great odds that substantive outcomes will be viewed as legitimacy by a range of distinct stakeholders, since it can reduce, or eliminate, closed policy deliberations in which powerful interests are seen as unduly influencing the policy process (Lindblom 1977). Esty (2006) explains, transparency leads “decision-makers to both *justify* their policy choices and *empower* a range of stakeholders including opposition political leaders, the media, NGOs, businesses, communities, and academics to question the official wisdom.” As Esty elaborates, “Those affected by policymaking processes are much more likely to accept outcomes if they feel that the procedures were fair and due process was provided” (Esty 2006).

In the last 20 years the principle of “**accountability**” has attracted a great deal of interest on the part of scholars and practitioners (Balboa 2009; Keohane and Nye 2003; Koppell 2003, 2005). Accountability is generally defined as “reporting” and being “responsible for” one’s actions and outcomes (Balboa 2009: 23). The WRI, for instance, asserts that proper accountability promotes “justice and redress”, enabling “individuals and public interest groups to protect their rights to information and participation, and to challenge decisions that do not take their interests into account.

## ii. **decision adjudicating metaphors**

The literature also identifies decision adjudicating metaphors that guide those advocating procedural governance. The concept of ‘**equity**’ is now emerging as a global norm when developing policy interventions domestically and globally especially with respect to resource (Aldy 1999) and forestry challenges (Asch 1997; Corbera, Brown and Adger 2007; Meller, O’Ryan and Solimano 1996; Nhira, Baker, Gondo et al. 1998; Sarin 1995). As Tacconi notes, key questions behind equity norms include, “Will the costs and benefits of the proposed policy fall disproportionately on limited groups?” (Tacconi, Boscolo and Brack 2008).

A related norm concerns efforts by those developing policy to assess how a policy choice might promote ‘**balance**’ rather than reward powerful interests. As Tacconi suggests (2007a) decision makers should ask, “Will this policy motivate all those interested in better forest management or it is designed to favor specific actors?” Finally there is also a strong focus on ‘**clarity**’ of rules in ways that include elimination of duplication such that coherency and rationality can be fostered. This is an important distinction as we show below that if domestic institutional arenas, and interagency interactions create confusion or conflicts, then the impact of any type of ‘good governance’ initiative is far from certain: it could result in simply reinforcing the interests of one powerful group over others, or it could increase conflict and tension. Hence it is impossible to theorize about impacts without reflecting on both the ‘causal influence logics’ of the intervention in question, and the type of governance challenges that are most acute in the target countries.

## b. **Substantive**

Substantive dimensions generally emphasize a ‘three-legged stool’ Brundtland conception of sustainable development distinguishing environmental challenges, economic growth, and social/livelihood considerations. With respect to forest management, this is translated to an emphasis on deforestation, forest degradation, biodiversity conservation, and improving livelihoods of forest dependent communities. The important point for this analysis is that because livelihoods, conservation, and economic growth impacts often work in opposite directions, it is impossible to assess impacts without disentangling, and clearly identifying, the types of ‘on the ground problems’ that are the target of the global interventions.

## c. **Capacity Building**

Finally, capacity building is used to focus on enhancing political, administrative, and technical knowledge in ways that most assume will improve both procedural ‘good governance’ reforms and substantive problems. There is virtually complete consensus that a governance institution must have the capacity to implement its substantive policies. However, under this broad term are a range of particular measures that are useful for reflecting on the impact of transnational interventions on domestic governance. As Tacconi notes, and in the spirit of “new

governance” capacity could be greatly enhanced by drawing on expertise, knowledge, resources, and enforcement capacities of a range of non-governmental organizations and business associations who might be able to more quickly and effectively implement substantive policy preferences (Tacconi, Boscolo and Brack 2008). We note below that while the FSC has done an excellent job at finding sustainable resources with which to operate and administer governance outcomes, it will likely need to expand significantly, or reorient existing resources, to have the capacity to administer several governance reforms we raise below.

Somewhat in contrast to the equity goal above, **efficiency** has emerged as a key objective to identify cost-effective management approaches with which to deliver on substantive outcomes. This can sometimes be in tension with the power and balance dynamics reviewed above, as some scholars have found that the promotion of efficiency inadvertently promote powerful interests who benefit from maintaining the status quo (Turner, Paavola, Cooper et al. 2003) and/or reducing problem solving potential (Ackerman and Heinzerling 2004) (Tribe 1972). Nonetheless, application of “cost-benefit analysis” or some other type of rational effort to ensure biggest “bang for buck” is something a cross section of economic, social and environmental organizations, regardless of particular substantive choice, view as paramount if governance is to be meaningful (Gunningham, Grabosky and Sinclair 1998).

**Enforcement** capacity has understandably consumed the greatest attention of many studying, and promoting certification. The literature is clear that understanding enforcement, including existence of clear penalties for non-compliance, is absolutely fundamental for promoting good governance. There is a second aspect to enforcement that also relates to evaluations of outside parties that Gunningham and colleagues have identified (Gunningham, Grabosky and Sinclair 1998): that when deliberating over two different policy options that have roughly similar outcomes, choose the approach that seems most favored by those being regulated or governed. A host of research has shown that when those affected by the policy *accept* it, versus *fight* it, support for the governance institution (appropriateness), the policy itself (outcome legitimacy) and its long term durability will all be enhanced (Oliver 1991; Sharma and Vredenburg 1998).

Finally, a key ingredient for any good governance effort in general, and an absolute requirement for the range of interventions promoting good forest governance is to engage in systematic policy **evaluation**. This requires attention to two overarching approaches. First, systematic quantitative and qualitative analysis should be conducted to assess the range of direct and indirect impacts that a particular intervention has caused. Learning from such an effort should permit either tinkering or broad scale change if necessary. However, relatedly, a clear logic of short and long-term impacts should be undertaken. Institutions usually evolve incrementally, but in a certain direction. Strong and careful identification about what is expected to occur, and *when*, some theorize, may reduce the terribly short attention spans of many funders and government officials to what are long term processes and may therefore stop the tendency to withdraw funding from promising interventions because they have not solved a problem within 4-5 years (Levin, McDermott and Cashore 2008). At the same time, such interventions must be distinguished from those that are clearly failing and need to end. Finally a range of literature had demonstrated the need to engage stakeholders and the public in such **learning processes**.

Drawing on these concepts we now turn to reflecting on the ‘causal influence logics’ of a global intervention, and impacts on the ground, to date in Southeast Asia.

### III. Global Supply Chain Governance: The Case of Forest Legality Verification

Our framework points us to first identify ‘causal influence logics’ behind the independent variable. To do this, we first focus attention on transnational private governance in general, which paves the way for our micro level focus on legality compliance initiatives in particular, and to which we argue any ‘causal influence logics’ must be developed.

#### a. Global Supply Chain Governance

There is an ongoing controversy within the broad literature about the way in which transnational governance might influence traditional governmental initiatives, and how the different forms of governance relate. Within these trends, a great number of scholars have worked on some type of global supply chain governance efforts, which has been conceived of as “private governance”, “private authority”, transnational business governance and non-state market driven governance. Some scholars, such as Cutler et al. (1999b), Abbot and Snidal (2009) and Scharpf (1993) focus on hybrid interaction of public and private actors – such as non-governmental environmental groups who enforce protected areas designations from poachers, to United Nations efforts on AIDS (Rittberger 2001) which helps coordinate private funds towards public services. Others argue that there is another class of non-state institutions whose logic is not predicated on interacting with other forms of authority (even though such interaction will certainly occur). They point to multi-stakeholder global certification systems that work to develop, and enforce, their own standards. They theorize about institutional formation and regulation that does not draw on state authority (Bartley 2007; Cashore 2002), but focuses on building coalitions across business, environment, and social stakeholders in an effort to create broad based support and that might, over time, achieve some type of governing legitimacy (Bernstein and Cashore 2007a; Cashore 2002). Still others focus on firm level CSR efforts (Börzel and Risse 2005) in which authority rests with firms or their associations, yet often bringing together disparate interests to address public problems within the context of the firm’s purview (Prakash and Potoski 2006).

Cutler, Haufler and Porter (1999a), argue that state authority is always present, leading to a “shadow of the state” (Abbott and Snidal 2009) or a shadow of hierarchy (Scharpf 1993).<sup>2</sup> Others, such as Börzel (2007, 2008), argue that public-private cooperation and private self-regulation is only effective under the shadow of hierarchy. Risse (2011a: 10), on the other hand, argues that “areas of limited statehood” are characterized by an absence of the “shadow of hierarchy.” This prompts the questions about whether, when, and how effective and legitimate governance is possible in areas of limited statehood, and whether and how private and/or transnational governance can substitute, complement, or improve government in such areas. Risse’s answer is that transnational and non-state institutions must provide functional equivalents to the state and that “the contribution of non-state actors to the provision of collective goods has to substitute for governance by governments rather than to complement it” (*ibid*: 18). However, Risse (*ibid*: 27) also points out that “the reality of governance in areas of limited statehood” (p. 29) [sometimes requires] “multilevel governance, including shared sovereignty.”<sup>34</sup>

“Weak” and “fragile” states have traditionally been defined as states that have external sovereignty but lack internal sovereignty (e.g. Jackson). The concepts have been criticized, however, for lumping (developing) states together in spite of the vast differences between them both with regard to state capacity and state structure. For the same reason, it has been argued that these concepts therefore offer little analytical leverage in efforts to better understand governance challenges of the “developing” world (Kolstø, 2006; Dunn, 2011). It is also a concern that

researchers often define and measure state weaknesses, applying indicators that include the very outcomes of interest. This makes it impossible to understand the nature of the relationship between state failure and outcome indicators. For a long time, there has been a call for a more sophisticated theorization of state dynamics than these concepts allow for (Ezrow and Frantz, 2013).

The concept “Areas of limited statehood” concerns not only territorially defined areas, but can also be applied for particular sectoral/policy areas, specific parts of the population, and can be temporal (Risse *ibid*: 4-5). Areas of limited statehood can therefore be found both in countries in the South and in countries in the North, and the concept thus overcomes the weakness of lumping states together. It does not, however, avoid the risk of mixing up state failure and outcomes.

Our conceptual framework highlights a dilemma in practical literature and scholarship that attempts at promoting supply chain governance as a way to contribute to state building or good governance: most practitioners involved in TBR almost always have some type of substantive policy in mind, from deforestation to degradation to improving livelihoods of forest dependent peoples by championing decentralization and tenure reform (Cashore 2009a, b). Hence, there is an uneasy tension in which it is not clear whether a focus on capacity building is targeted towards procedural governance challenges, or, alternatively substantive problems

#### **b. *Timber Legality Verification***

We apply the framework by now disentangling the ‘causal influence logics’ of a unique form of transnational business governance: Timber Legality Verification (LV). The main aim of LV is to combat illegal logging and related international trade, which play major roles in ongoing tropical deforestation and forest degradation, loss of biodiversity, and climate change (EC 2003; Cashore and Stone 2012; McDermott et al. 2014). The US Lacey Act Amendment (2008), the EU’s Forest Law Enforcement, Governance and Trade program (FLEGT), and the Australian Timber Act (2012#) are all examples of LV.

Legality verification is located within a broader subset of non-state governance, or “private authority” arrangements (Eberlein, Abbott, Black et al. 2013). Historically, the forest sector has not been amenable to standard treaty-making approaches due to states’ concerns over losing sovereignty and technology transfer rights over managing and developing their own forest resources (Gulbrandsen, 2004). LV proponents argue that LV overcomes this problem by attempting to reorient international institutions towards promoting rather than challenging domestic governance and policy and thus help enforcing domestic rules governing resources, production, and trade. Moreover, LV gains authority from demands for legal timber along transnational supply chains (Nathan et al. 2014; Overdevest and Zeitlin 2014; Cashore and Stone, 2012). Proponents argue, that LV attempts to integrate authority among supranational, national, and sub-national levels, as well as between the public and private sector and, furthermore, that it is able to navigate and align with WTO requirements for the regulation of international trade.

Legality verification has become a favorite approach for the EU and US for two primary reasons. First, there is growing recognition that efforts to impose a binding global forest convention on many developing countries to address tropical deforestation has served to focus attention away from other pathways of influence. This is so, especially in those countries where there has been a strong desire to promote “good forest governance,” but in which a lack of capacity, training, and enforcement have been key limiting factors. Second, demands for wood products in North America, Japan, and Europe have tended to work against efforts to build good

governance as rampant demand has fostered, rather than discouraged illegal logging. Meanwhile, some critics have asserted that efforts to certify the very best forest practices simply have led to separating markets rather than improving on the ground results. Hence, verification has emerged drawing on similar ideas as certification with regard to business regulation combined with emphasizing adherence to national government laws and regulations/ In this sense, LV not only transgresses multiple territorial levels of governance. It also represents a unique combination of state and non-state governance in that it aims at increasing the capacity of governments and at reinforcing their sovereignty over policy substance, while simultaneously making non-state actors and markets key players in tracking along supply chains and through third party verification. Finally, LV has a narrow scope, which according to Krasner and Risse (2014) should be an advantage for transnational interventions to succeed.

#### *i. History of Legality Verification*

In the early 2000s the UK, German and EU development agencies undertook, under the auspices of “forest law enforcement and governance” (FLEG News 2007; Food and Agriculture Organization of the United Nations and Organization 2005; The World Bank 2006), initiatives to improve capacity building as well as fostering policy learning networks, in which ideas and resources were emphasized over formal external coercion designed to force countries to undertake efforts against their own wishes (Thang 2008). Co-hosted by producer and consumer countries and the World Bank, early key FLEG outputs include an East Asian FLEG Ministerial Declaration in Bali in 2001, followed by ministerial declarations in Africa (Yaoundé 2003), in Europe, and in North Asia (St. Petersburg 2005), as well as initial talks in Latin America. As a result of these declarations, a number of projects and initiatives have been created to promote FLEG at various scales and regions (Brown, Schreckenberg, Bird et al. 2008; Kaimowitz 2003; Magrath, Grandalski, Stuckey et al. 2007; Perkins and Magrath 2005; The World Bank 2005, 2006, 2007).

Within ASEAN, the Bali Declaration serves to coalesce region wide deliberations (Defensor and Fathoni 2005) in which key member states committed to fostering and building cross national ties to promote “forest law enforcement and governance” (FLEG) and to combat corruption and forest policy enforcement challenges. Regional FLEG processes opened the door for new initiatives and experiments within and across countries (BBC 2007; Brack 2005; Brown, Schreckenberg, Bird et al. 2008; Cashore, Gale, Meidinger et al. 2006; Ching 2007) with varying involvement of civil society and forest sector stakeholders (Thang 2008). Many of these FLEG processes focused much of this effort on building greater capacity for the enforcement of existing laws (Tacconi 2007b), reducing contradictory legal regimes, and enlisting NGOs to monitor on-the-ground activities, including reducing high levels of illegal logging (Brown, Schreckenberg, Bird et al. 2008; FLEG News 2007; Food and Agriculture Organization of the United Nations and Organization 2005).

One of the most comprehensive such programs is the EU’s Forest Law Enforcement, Governance and Trade program (FLEGT). Two of FLEGT’s key components are the Voluntary Partnership Agreements (VPAs) and the European Timber Regulation (EUTR). The VPAs are bilateral agreements between the EU and tropical timber producing countries on what constitutes legal timber, and on how to establish legality assurance systems. The producer state assumes responsibility for assuring the legal source and production of wood, and of granting a license to each consignment of verified as legal when exported to the EU (EC, 2005; 2010). The EU assists the partner states in developing their timber tracking and licensing systems and in strengthening their governance capacity, for instance, by reducing corruption, and avoiding possible adverse social and economic impacts (Arts and Wiersum, 2010). The EUTR, which came into force in

March 2013, prohibit actors to place illegal timber on the European market. And links to the VPAs in establishing that timber with a license under a VPA agreement will be considered legal and therefore can be placed at the European market without further documentation (EC, 2010).<sup>5</sup>

The increased support of LV among a wide coalition of global forestry stakeholders should be seen in this context of important, but truncated, efforts to promote global forest certification and concerns about whether domestic FLEG efforts would be able to address global challenges. Legality verification, thus, represents a hybrid of global certification and FLEG efforts: similar to FLEG efforts, legality verification recognizes and promotes the rights of state-based authority to identify rules and standards and thus, at least in principle, embraces Westphalian notions of national sovereignty concerning the substance of policy. However, as Cashore and Stone (2014) have clarified, LV does not embrace national sovereignty concerning policy mechanisms. They are decidedly determined by a range of transnational evaluations that ultimately influence whether, and how global tracking of legal products will occur. Instead, LV only needs to find a way to remove illegal supply (or a portion of it) from global forest products.

In sum, LV efforts differ from certification in that they encourage national governments to develop wide-ranging standards governing their own environmental, social, and economic priorities. As recent studies have corroborated, in many countries where forest degradation and deforestation constitute serious challenges, governments have had on their books widespread protection and regulations governing forest management (McDermott, Cashore and Kanowski 2009; McDermott, Cashore and Kanowski Forthcoming).

## *ii. Legality Verification’s Causal influence logics*

Approaches to institutionalize LV have borrowed from private certification or “Non-State Market Driven” (NSMD) global governance that was developed to bypass slow intergovernmental processes; as well as domestic public policy focused “good forest governance” efforts that development agencies have been promoting within tropical countries for assisting them in addressing widespread governance challenges and domestic capacity building needs. Similar to “good forest governance” initiatives, LV efforts seek to improve the ability of developing country governments to enforce their own substantive policy requirements, explicitly reinforcing, rather than detracting from, national sovereignty. Like NSMD systems, LV’s mechanism for weeding out illegal logging is to track legal wood along global supply chains that cut across multiple jurisdictions. Likewise, third party auditing, rather than relying on traditional enforcement agencies, is emerging as a key mechanism to assure legal compliance. As a result, sovereign governments are increasingly allowing non-domestic organizations to act as auditors for environmental compliance, mirroring trends in other arenas such as election monitoring (Hyde 2009).

**Table 4.0: Key Features of Legality Verification as TBG**

Role of Governments	Sovereignty reinforced, not challenged
Policy Scope	Relatively modest
Assurance	Third party verification
Role of Markets	Tracking along product supply chains

Source: Cashore and Stone (2012), drawing on Cashore, Auld and Newsom (2002); Cashore, Auld and Newsom (2004) and Bernstein and Cashore (2007b)

For these reasons LV carries the promise of helping realize collaborative governance as it immediately appeals to the strategic self-interest of a range of domestic organizations and actors: legal producers have a self-interest in support as weeding out illegal supply is expected to increase prices; governments have a self-interest as tax revenue is expected to increase, as well as improving general efforts to promote the “rule of law”; while environmental and social activists see important, albeit modest, improvements in on the ground behaviors governing environmental and social practices. What is important is that unlike NSMD certification, support is now emerging not through consumer preferences for green products, but through **domestic** government policies in the United States, the European Union, and Australia that require importers of wood products to proactively ensure that their products did not derive from illegal sources.

### *Two phases of emergence and influence*

Just how to research, and assess, a dynamic policy instrument such as LV that operates across multiple levels of governance requires carefully integrating theoretical and empirical analysis to identify its particular type of ‘causal influence logics’. (These have been derived deductively from current literature and scholarship, as well as inductively through several case studies in Brazil, the United States, the European Union, China, Malaysia, Cameroon and Indonesia).

Following theoretical work on transnational business governance in general (Bernstein and Cashore 2007b; Cashore, Auld and Newsom 2002), and empirical work on legality verification in particular, (Cashore 2012, 2014). Cashore and Stone posit that there appears to be two distinct phases through which LV emerges and institutionalizes. During Phase I, support occurs only when a range of government, business and environmental groups all come to recognize some type of strategic organizational interest in supporting efforts to “weed out” illegal logging from supply chains. They theorize specifically that law abiding businesses will support LV as a policy instrument when they evaluate current or potential economic rents associated with weeding out illegal supply (which should drive up prices, at least in the short term) and market access, as being higher than the costs of support (that they incur through level of standards, auditing processes, and supply chain tracking of legal wood). Cashore and Stone argue that since supply chain tracking is so complex, and which has created so many bottlenecks for “gold standard” certification systems, the key mission during Phase I is to build supply chain tracking systems capable of weeding out illegal wood. Recognition of this means focusing attention on strategies that maintain coalitions of businesses and environmental groups (i.e. coalitions of “Bootleggers and Baptists”). The implications of Phase I is that LV standards will need to be relatively modest – i.e. focus on baseline forest practices and land use challenges, rather than be used as a tool, initially, to address the myriad of environmental and social issues associated with land use and forestry practices. Focusing on “modest” or “baseline” standards does seem counterintuitive to environmental groups that have championed “gold standards” certification programs and policies. However, it is important to note that Cashore and Stone’s theory does not reflect normative positions about what ought to be accomplished. Rather they focus on understanding the causal mechanisms through which support might occur.

Doing so moves them to posit a “second” Phase of LV once supply chain tracking systems are fully entrenched. They theorize that if, and once, routinized as a common practices, LV could then be turned to as a way to raise baseline standards, either directly or indirectly, in ways that reward, rather than punish, participating firms. The logic for this is that if global supply

chain tracking system become entrenched (which is promising in part owing to dramatically reduced costs owing to technological advances), LV standards could be increased because, as they would now be applied to all firms across the global sector, costs would be borne not by firms, but by consumers. They note that this future cannot be predicted, since whether, when and how it is achieved depends, in part, on whether businesses, government agencies, and environmental groups all take decisions that are consistent with the phase in which they are situated. In particular, efforts to promote “high standard” LV during phase I would “knee cap” the entire system, truncating its future potential. Bernstein and Cashore also note that if Phase II is ever achieved, it would help nurture “high standard” certification systems since they would benefit from improved tracking systems. (Bernstein and Cashore also posit that if global norms ever underwent such a significant shift that consumers would never consider purchasing products that resulted in deforestation and degradation – regardless of what it meant to costs – that Phase II also provides the necessary prerequisites for influence to occur. Put another way, if consumers did undergo such a norm change, but there was no supply chain tracking system in place, they would have no way of achieving these goals. Moreover, the very act of building supply chain tracking, they theorize, might help shift norms in this direction – even if measuring such possibilities, until it happens, is empirically impossible).

The historical evolution of domestic support in China, the US, and Indonesia is largely consistent with these two phases. For example, Cashore and Stone’s empirical findings from China, the US and Indonesia were, found that economic globalization and sovereignty provide highly useful to understanding better the conditions through which domestic support occurred or was blocked and likewise, their theory that modest standards and reinforcing sovereignty over policy substance, while and degree of market influence did help explain domestic support.

### iii. *Propositions*

The vast majority of research on LV has focused on substantive impacts. Nathan, Hansen and Cashore’s conclude from analyzing series of studies published in Forest Policy and Economics, that LV has either had limited influence on the ground, and/or appears to be reinforcing the interests of powerful actors from those seeking changes in government policies. They argue significant concerns about LV’s role in reinforcing land use policies as reinforcing industrial commodity interests vis-à-vis livelihoods of local peoples. For example, most of the articles in the special issue argued that there is a risk that LV will serve the substantive interests of large-scale private sector timber operators on behalf of small-scale operators is highlighted again and again throughout this issue. Obidzinski *et al.* (2014) and Lesniewska and McDermott (2014) find that in Indonesia, in spite of attempts in Indonesia to organize small-scale timber operators into cooperatives for group certification, many find the costs of too high, and benefits uncertain. They argue that the process of getting licenses in Indonesia is long, bureaucratic and expensive for small firms, who must also pay for business permits and many other costs of formalization even before applying for the license. Others find that from Indonesia (De Jong 2014) to Cameroon (Carodenuto and Cerutti 2014) to Ghana Carlsen (2014) small scale operators tend to conduct “informal” or “grey” operations LV may work to marginalize their livelihoods. In fact, Lesniewska and McDermott (2014) argue that the main concern of Indonesia’s forest dependent rural communities are the processes through which state-allocated land concessions are facilitating the conversion of forests to palm oil plantations. These “legal” concessions expand on the expense of local communities’ access to forests and land as well as on the expense of natural forest, and therefore can serve to threaten local communities’ livelihoods. However some scholars argue that LV’s biggest impact has been on broader stakeholder engagement either in sub-

Saharan Africa and (Overdevest and Zeitlin (2014a; 2014b), even if substantive impacts have been modest.<sup>6</sup> Still others recognize the potential in LV in helping championing better “implementation” or “enforcement” in those cases where states lack administrative resources and expertise.

### **Propositions: Causal Influence logics of LV on domestic procedural, substantive, and capacity building**

We identify a single proposition to think about procedural, substantive and capacity building to illustrate the utility of our framework and pave the way for a more systematic set of propositions.

#### *Procedural*

**P1:** In cases of administrative conflict or jurisdictional uncertainty, global legality verification initiatives will result in one of two outcomes:

- a) Accelerated marginalization of disempowered communities (often by heightened state or military power)
- b) Increased domestic conflict and tensions

#### *Substantive*

**P3:** The more legality verification focuses on modest substantive forest practices the more likely transnational LV will impact on the ground practices

More specifically

- a) The more legality verification focuses on management plans, reforestation requirements, and minimizing waste, the more impact in domestic settings
- b) The more legality verification focuses on a wide range of environmental social challenges, the more likely LV will ‘fall on its own sword’ and is likely to have no effect

#### *Capacity building*

**P2:** Where administrative ability to enforce laws suffered from weak resource and expertise, global legality verification are expected to enhance state capacity

## **IV. Application: Substantive and procedural challenges to promoting forest legality in Cambodia’s forest sector,**

### *a. Substantive challenges*

Cambodia has one of the fastest rates of forest loss in the world. Land satellite data shows that between 2001 and 2014, Cambodia lost 1.44 million hectares of forest, and densely forested landscapes including protected areas have been clear-cut. This is a problem both in terms of the significant contribution of deforestation to global climate change and biodiversity loss (#), but also in relation to the many poor people in the country who depends on access to forest products. Thus, around 80 % of Cambodia’s population depends on fuel wood for cooking, and case studies

have shown that access to forest products is crucial to local people's livelihoods, especially in times of crisis.

The main driver of deforestation is large scale concessions granted to private national and international companies for industrial agriculture, timber production, mining, and other land uses which require forest conversion. These concessions have also caused land conflicts involving land grabbing and forced evictions of local people. Other sources of forest loss include increasing demands for land for cultivation due to population increase and displacement due to the evictions and, not least, illegal logging.

It has been estimated that around 90% of all logging in Cambodia is illegal. Some logging takes place in protected forest; some is linked with the RGC's allocation of mining and economic land concessions (Titthara 2013), and some takes place outside these areas. Since 2004 there has been a ban on export of round wood and certain types of sawn wood. Accordingly, official statistics from Cambodia show that export of these types of wood is almost zero, but Vietnamese and Chinese statistics show different. For instance, according to Vietnamese data, the value of import from Cambodia in 2016 and 2017 was approximately USD 394.8 million. Some of the wood exported from Cambodia is rare species such as Rose Wood (Global Witness, 2015). Vietnamese and Chinese companies export the manufactured wood to markets in Europe and the US, for instance, in the form of floors and furniture.

#### *b. The historical context of forest governance in Cambodia*

In order to understand the challenges in dealing with illegal logging in Cambodia today, as well as the role of national and transnational actors, it is helpful to take a brief look at the historical and present context of forest governance. The present Cambodian constitution came into existence in 1993 on the background of the 1975-1979 genocide led by Khmer Rouge, the 1979-1991 Vietnamese occupation, and the 1991-1993 provisional UN government. The first elections, which were held in 1993, confirmed the powers of the present Prime Minister Hun Sen, who had, *de facto*, been the leader of Cambodia since 1985. Hun Sen and his Cambodian People's Party remain in power and have transformed Cambodia into the oppressive one-party state it is today, although based on a democratic constitution and a neoliberal economy.

The forest sector, which originally represented a considerable value, was in focus from the beginning, and during the period 1991-1998, the Royal Government of Cambodia (RGC) in agreement with the World Bank granted forest concessions to 30 foreign and national private enterprises and the Cambodian military (LeBillon, #). Two thirds of Cambodia's forest was managed by concessionaires, while the rest was classified as protected forest (Miller, 2004). During the same period, Cambodia generated an estimated USD 2.5 billion from timber export (Luttrell, 2006). However, while deforestation increased considerably in the period, the revenues paid to the national treasury diminished (WB, 2004). The concessions constrained local people's access to forest products, and forest related conflicts and violence escalated (ARD, 2004; WB, 2002, 2004). Pressure from donors led the RGC to withdraw logging rights from most of the companies in 1998 and to introducing a logging moratorium in the forest concession areas in 2002 (Miller, 2004). This, in reality brought the forest concession system to an end.

The current Land and Forest Laws came into existence in 2001 and 2002 respectively. According to these laws, the Forest Administration (FA), which belongs to the Ministry of Agriculture, Fishery, and Forestry (MAFF), manages all permanent forests in Cambodia, but in practice protected forest has been delegated to a General Department under the Ministry of Environment (MoE) (#). The logging moratorium is still valid, and has been accompanied by the

bans of export of certain types of wood, but illegal logging and associated trade is, as mentioned, still rampant.

*c. Procedural challenges*

One of the main governance challenges for dealing with illegal logging in current Cambodia is that the forest sector is characterized by intra-jurisdictional conflicts and overlapping authorities (Turton, S). One of the most significant examples of this is the process of granting economic land concessions. According to the Land Law, it is MAFF that has the formal authority to grant concessions (LL 2001), but MoE has granted several concessions as well. The formal authority to grant concessions for other purposes, such as mining and the establishment of hydropower projects, belong to other Ministries. The granting of a concession requires the approval of the Prime Minister and of the relevant Provincial Governors, but it does not necessarily require consent from the Forest Administration or the General Department under MoE or their local antennas. As a result, concessions are sometimes established in locations where they overrule local forest plans, sometimes inside protected forest areas; and often on lands “owned” by local people. (In this context ownership, however, is often blurred since all forest land in principle belongs to the state, and since local people who may claim customary rights to land only rarely have formal titles.)

Although the legal framework for the granting of concessions is relatively clear, it is thus not transparent how the concessions are actually allocated, how many there are, or how much revenue they generate. Satellite data shows that economic concessions often exceed the legal size of 10,000 hectares, and advocacy organizations have highlighted how some of the concessions log primary forest within their areas, and then transport the timber out of the country on trucks in the cover of night. Further, they argue that this is only possible because government authorities close their eyes. It should be added that, after pressure from international actors, the RGC relatively recent has introduced a ban on Economic Land concession.

Another example of a recurrent intra-jurisdictional conflict of importance to the situation in Cambodia concerns the role of the Military vis-à-vis other government actors in the forest sector. The Military in Cambodia has been characterized as over-dimensioned, which can be explained as a reminiscent from the fight against the last Khmer Rouge posts as late as in the 1990s. The Military receives insufficient funds from the RGC, so it has to partly provide for its own (ADB 2004 <). News media, oriented towards the international public, regularly report how the military is directly involved in illegal logging, how concessionaires pay armed forces across the country to guard their areas and help evict local people, and how relatively independent local military camps sometimes overrule the Forest Administration and local communities by simply entering and clearing community forests for their own purpose. (Community forest is forest transferred to local community groups for shared management with the FA or in protected areas: MoE for periods of 15 years) (ref#).

The second significant challenge to good governance is the strong economic, political, and personalized interests the different government fractions have in maintaining structures and activities that lead to destruction of the forest. Especially, there have been several reports witnessing how government officials up to the highest level have “reaped benefits” in terms of money from illegal logging and forest conversion projects. This has happened directly through land grabbing and rent-seeking behaviors in relation to timber felling and trading activities, but it also has happened indirectly by closing the eyes for illegal activities of influential tycoons and the military that in turn, provide support for the regime. In the Cambodian context such crony relationships are known as *oknha*. It has been argued that cronyism or *oknha* to a large extent

explains how felling of valuable forest and the granting of land concessions has made it possible for Prime Minister Hun Sen and CPP to maintain and increase their power (LeBillon, Milne, Verver and Dahles, 2015).

The third significant challenge is that the two Departments that are formally in charge of implementing the Forest Law lack power and capacity. While the Forest Department was a quite powerful agency in the 1990s, the Forest Administration seems to have lost power to other Government agencies in the era of the economic land concessions, and both agencies profoundly lack resources to deal with illegal logging on the ground. The significance of this can be illustrated by referring to personal communication with the management team of a protected national park in Cambodia. The management team consisted of a director and 10 rangers who were supposed to patrol and protect around 2000 km<sup>2</sup> of forest. All the rangers were ill-equipped and some of them were young and unexperienced. They faced a range of challenges including the establishment of a government hydropower project, people encroaching on the forest, poachers, illegal loggers from 20 very poor communities located inside and in the vicinity of the forest. If the rangers heard chain saws in the denser parts of the forest, the loggers or poachers would have plenty of options to escape before the rangers could even reach them. It was dangerous for the unarmed rangers to approach the illegal loggers who often had weapons. The rangers did not have the power or authority to arrest offenders, but would have to call and rely on the goodwill of the police (which had no official authority in the park) or the military.

Good forest government in Cambodia today, is thus challenged fragmented powers and intra-jurisdictional conflicts; the interest of powerful stakeholders in maintaining existing structures and practices that lead to destruction of the forest, and that government agencies that have the formal responsibility over forest and forest law enforcement suffer from a lack of power, capacity, and resources.

#### d. *The emergence and current status of legality verification in Cambodia*

The international community began to focus on forest legislation and reform in Cambodia in 1995. In 1999, the World Bank and other donors funded the Forest Crime Monitoring and Reporting Project, and the RGC agreed to appoint Global Witness (an advocacy NGO), as independent monitor. Global Witness brought attention to a number of controversial issues, including how government officials benefitted from forest concessions. This approach ultimately led RGC to abandon the NGO from Cambodian territory (Luttrell 2006). Nevertheless, Global Witness has continued to monitor the Cambodian forest sector closely from abroad. International actors have also been deeply involved in formulating the Land Law, the Forest Law, the National Forest Program, and in the formulation of many other legal frameworks, and they have pushed hard for RGC to finally ban the economic land concessions.

In the field of timber legality verification, however, little has happened until 2010, when MAFF in a letter to the EU delegation in Cambodia, expressed interest in entering negotiations about a VPA (Source: personal communication with a representative from the EU delegation). Between 2010 and 2013, there were VPA pre-negotiation phase activities involving FA representatives (source: personal communication with the Forestry Administration in Cambodia in 2013, RGC, 2010a; www), but the process stopped. In 2015, EU again expressed interest in having a VPA with RGC (#). However, while Vietnam and the EU signed a VPA in 2017, there are only weak signs that that Cambodia and the EU still are engaged in FLEGT-related regional dialogues

There is an ongoing debate whether the VPA EU has signed with Vietnam is worth the paper, if not EU also can have a VPA. Thus, the criticism is that under the new VPA “all due diligence responsibilities would rest with a Vietnamese government agency, the last government agency that for the last two years has been happy to accept hundreds of billions of dollars of unequivocally sources timber from Cambodia.” Since the EU has a strong interest in having a VPA with Cambodia (otherwise the Vietnam VPA may not make as much sense), and given, the RGC has shown interest, there is a good prospect that negotiations will be taken up again. As from the Cambodian side, it is a question who would support it, at least there seems to be some ambiguity. There is something about legality verification, and as long as Vietnam demands the timber, why should Cambodia care.

*e. The potential of legality verification*

In Cambodia, good governance in the forest sector is challenged by fragmented powers and intra-jurisdictional conflicts, which lead to overlapping claims and resource conflicts at various levels; the problem that powerful stakeholders within and outside government have interests in and benefit from structures and practices that lead to destruction of the forest; and that government agencies that have formally been assigned responsibility over forest and forest law enforcement suffer from a lack of power, capacity, and resources.

It can be argued that existing intra-jurisdictional conflicts have opened up for increased power of the one-party state and the military, and for marginalization of disempowered communities. Also, in spite of all the attempts of international actors over the years to support legal reforms (and in a single case, legality verification), none of these have ever resulted in improved forest governance, or in solving on-the-ground problems. Apparently, the interventions have only had effect in terms of contributing to creating institutional and organizational ‘winners and losers,’ or, in other words, reinforcing power of some organizations and interests over others. The substantive problems of illegal logging and deforestation have also not been solved. The interventions have at most changed the institutional set-up, but not prevented forest destructive practices to continue.

[.....]

**V. Conclusion: Theoretical and strategic insights**

What is clear from this review is that greater theoretical, conceptual, empirical and causal attention must be placed on carefully distinguishing different types of international influences (the independent variables) but also the types of governance challenges they are being championed to address (the dependent variables). It is simply not the case that substantive policies will all move in the same direction with a particular type of TBR, nor is it the case that will always be enhanced. Students of LV and ‘good governance’ hence need to devote more attention to the implications of this for those who care about the practice and outcomes of efforts to build good forest governance through TBR. The next step requires more careful integration of empirical results that have unfolded over the last 10 years, with more nuanced conceptual and theoretical orientations that distinguish governance issues surrounding legitimacy and authority on the one hand, and practical problems that improved governance is expected to address (such as, in the forest sector, deforestation, forest degradation, forest livelihoods, and biodiversity loss).

This analysis also has practical implications for those promoting TBR in two ways. First, those organizations promoting particular transnational instruments must better identify **whether** they seek to address actual substantive problems regardless of deliberations through building domestic democratic processes; and or whether they are focused on improving **procedural governance and democracy** (Hyde 2011). Second, strategists must be careful to identify more clearly whether, when and how, the proposed form of TBR might ameliorate or exacerbate, different types of challenges. Finally, it should not be assumed, as the vast majority of literature on 'good governance' does that attention to norms of transparency, inclusion and openness, will necessarily lead to enhanced legitimacy within a domestic context. In the case of Cambodia, it does not seem immediately obvious that such requirements within LV systems will have any discernible effect on stakeholder and citizen expectations of legitimacy of either state. In fact, as efforts to promote these norms may exacerbate conflict, we could easily expect legitimacy to be undermined, as enhanced. What we do not have, aside from a few studies, is any systematic assessment about how these global interventions might relate to notions of appropriateness or consequences (March and Olsen 2004), or output legitimacy and input legitimacy (Scharpf 1999). And, it seems quite clear especially during the first phase of LV that authority, rather than legitimacy, might be a more useful way to assess influence, if there is any at all.

For all these reasons what is clear is that we need much more nuanced attention to the design of global interventions, the nature of domestic challenges, and potential for either making things worse, making them better, or having no effect at all. Failure to apply such a systematic framework may help explain why, despite 30 years of well-intended efforts to promote good governance and on the ground problem solving such as deforestation and degradation, there is a growing frustration about the slow pace of change in domestic settings.

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## Endnotes

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<sup>1</sup> This section draws on Nathan, Hansen and Cashore 2014

<sup>4</sup> According to Risse (2011:3), the concept of limited statehood needs to be strictly distinguished from the way in which notions of weak and fragile, failing or failed statehood are used in the literature. Thus, weak states are sometimes defined as states that has external sovereignty but lack internal sovereignty (Jackson et al), or as states that have high scores on indicators such as corruption, human right violations, etc. (www). Sometimes they are equaled with fragile states that are close to a melt-down a sometimes, they are just seen as states that lack power to govern, The concept of weak states has been criticized, however for lumping very different types of States together. Thus, for instance, Vietnam could be characterized both as a weak state and as a strong state depending on perspective. Areas of limited statehood, on the contrary, concern those parts of a country in which central authorities (governments) lack the ability to implement and enforce rules and decisions or in which the legitimate monopoly over the means of violence is lacking, at least temporarily. There is, in other words, a governance gap which is due to a lack of "shadow of hierarchy." The ability to enforce rules or control means of violence can be restricted along various dimensions: (1) Territorial; 2) Sectoral/policy areas, 3) Social, that is, with regard to specific parts of the population, and 4) Temporal (Risse: 4-5). It follows that the opposite of "limited statehood" is not "unlimited" but consolidated statehood, that is, those areas of a country in which the state is able to make and enforce central decisions." It also follows that areas of limited statehood can be found in countries in the South as well as in countries in the North.

<sup>5</sup> Other prominent examples of LV with less focus on capacity building in developing countries, are the 2008 amendment of the US Lacey Act (USDA, 2013), and the Australian Illegal Logging Prohibition Act from 2012 (#). These policies have in common with the EUTR that they promote legality verification as a means to access their markets, and that they target major wood-consuming markets in industrialized nations by prohibiting the import of timber harvested in contravention to the laws of the country of origin (cf. Winkel et al. 2017; Bartley 2014; Overdevest and Zeitlin, 2014).

<sup>6</sup> Bollen and Ozinga (2013) do argue that LV in six countries has resulted in a consolidation, not dilution" of environmental and social sustainability requirements.