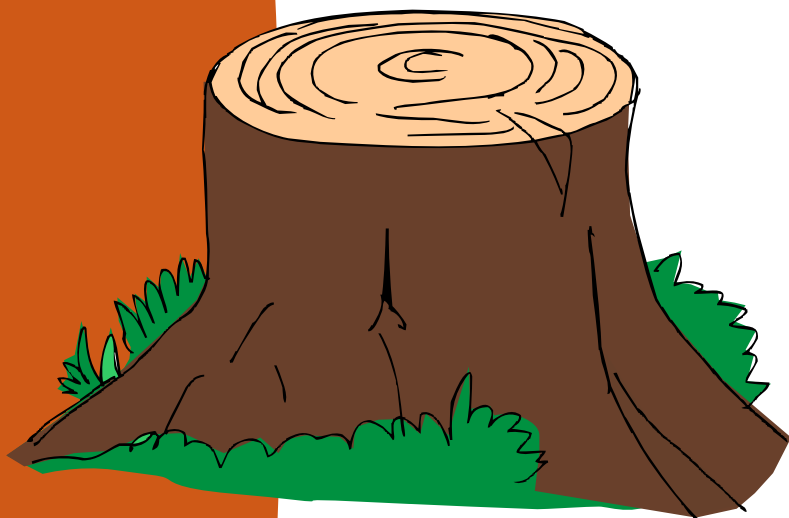


Sourcing Wood Legally in Ghana



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**Tropenbos International Ghana
Kumasi, Ghana
March 2015**

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Acronyms

CoP	Certificate of Purchase
FC	Forestry Commission
LAS	Legality Assurance System
LI	Legislative Instrument
MLNR	Ministry of Land and Natural Resources
TLAS	Timber Legality Assurance System
TIDD	Timber Industry Development Division
TREC	Timber Rights Evaluation Committee
TUC	Timber Utilisation Contract
TUP	Timber Utilisation Permit
VPA	Voluntary Partnership Agreement

Ghana's Voluntary Partnership Agreement (VPA) with the European Union places much emphasis on how wood sold on the international and domestic markets are sourced. How the wood is sourced will determine whether it is legal or illegal and this can be verified through a wood tracking system.

This makes it important for all actors along the lumber supply chain which includes producers (loggers and millers), retailers and consumers to know how to acquire legal wood. It is also important to know the responsibilities that need to be performed and the requirements that have to be met by these actors to make their businesses legal.

This document provides all the options for sourcing wood legally in Ghana in relation to the VPA as well as the associated prescriptions. It describes all the permit regimes currently operating in Ghana. It also elaborates on other timber flows to the supply chain and the requirements that need to be met to stay compliant.

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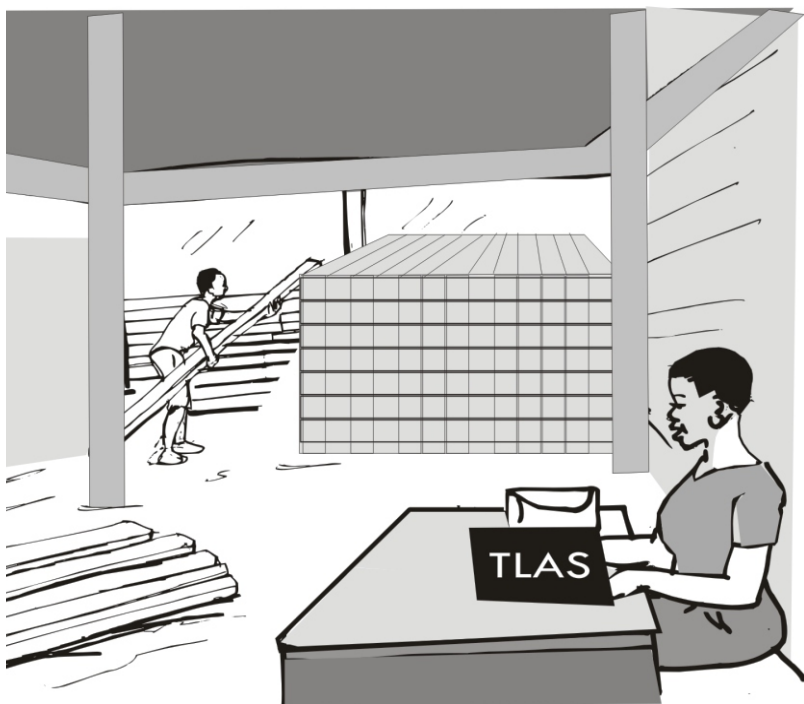
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K. S. Nketiah

March, 2015

The Voluntary Partnership Agreement (VPA) is a contract between Ghana and the European Union (EU). The contract is to ensure that Ghana and the EU trade only in wood from legal sources. This is to promote sustainable forest management. To put the VPA into practice, a Timber Legality Assurance System (TLAS) is needed. The TLAS is a system that aims to ensure that timber is harvested according to the legal conditions related to forest management in Ghana.



The Timber Resources Regulation, 2012 (L.I. 2184) provides the legal basis for implementing the (TLAS). The law also mandates the Forestry Commission (FC) to use a wood tracking system as a way to establish legality of timber as defined under the VPA.

With this, it is important for all timber market players to know and understand the requirements of the TLAS for each timber business. It will help them to follow all legal requirements and make sure all necessary documentation are in place in response to the requirements of wood tracking system. This is to make it easy in confirming the legality of timber along the supply chain. Especially for retailers in the domestic timber business, it is essential to know and understand where and how one can access legal timber as well as the needed capacity to conduct business legally.

Importantly, retailers shall also be required to know the pre-conditions that control timber coming from all legal sources onto the domestic market. Again, retailers need to understand their responsibility to allow the tracking, verification and validation of their legal timber and timber products.

Generally there are three main types of felling permits recognized by law in Ghana. These are Timber Utilization Contract, Salvage Permit and Timber Utilization Permit.



2.1 Timber Utilization Contract (TUC)

TUC is a written contract signed by the Minister of Lands and Natural Resources and approved by the parliament of Ghana. It grants timber harvesting right upon competitive bidding. TUC applies to all naturally occurring trees irrespective of location; whether found on lands previously subjected to timber rights, public or stool lands or even isolated lands (family and private lands). However, TUCs do not apply to private forest plantations or timber grown or owned by an individual or group.

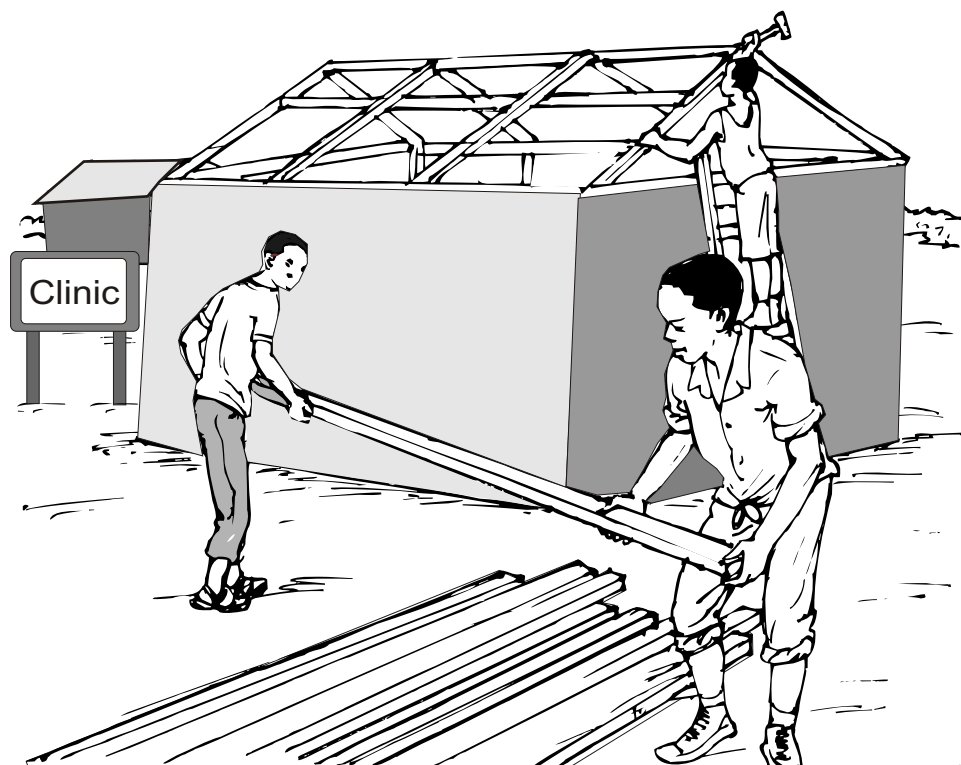
2.2 Salvage Permit

Salvage Permit is an administrative permit signed by the Forestry Commission to recover trees from an area undergoing development such as road construction, expansion of human settlement or cultivation of farms. However, to qualify as legal timber under the VPA LAS, the permit needs to be accompanied by the applicant's application document and an inspection report from the Forest Services Division.



2.3 Timber Utilization Permit (TUP)

TUP is for logging a fixed number of trees on a small scale for social or community purpose. It is granted on an area of land not subjected to TUC. This type of permit is normally granted to district assemblies, town committees, any rural community group or a non-governmental organization.



The permit is however subject to certain stated conditions. Timber or lumber originating from TUP cannot be sold on the domestic market or exported.

This is simply the proof of legal ownership of abandoned or seized timber. Although not a felling permit, timber acquired through a CoP is recognized as legal. It only proves that the buyer of such timber has legal ownership of it. Timber covered by a CoP is accepted by the VPA LAS as legal wood and can be sold or exported.



The VPA TLAS requires that applicants for any of the above permit types should follow the definition of legality and associated principles and criteria for legal timber under the VPA. The following matrix describes the types of permits, procedures to follow and required documentation.

Description of Allocation of Rights, Procedures for Allocation and Documentation Required

Timber Rights Allocation	Procedure For Allocation	Documentation Required
Natural Forest Timber Utilization Contract (TUC)	a. Logger takes part in a competitive bidding process	1. TREC pre-qualification report
	b. The Forestry Commission encourages the sector Ministry to award TUC to logger	2. Letter of consent
	c. Logger complies with all conditions specified in sector Minister's notice of award under the relevant Act. This includes a secured consent from concerned individual, group or land owner	3. TREC bidding report
	d. The Minister carries out the TUC in the prescribed format	4. FC report to sector Ministry on compliance
	e. Parliament signs TUC	5. TUC award
Salvage Permit	a. Enterprise applies to Forestry Commission(FC) for Salvage Permit	6. TUC and Parliamentary Hansard
	b. Forest Services Division – FC conducts inspection and submits a report to Chief Executive of FC justifying the need to recover commercial trees in a defined location.	1. Application document from applic
	c. FC issues Salvage Permit	2. FSD's inspection report
	d. FSD enters details of Salvage Permit in its central database	3. Salvage Permit
Certificate of Purchase	a. FC determines the offence and court orders the sale of seized timber product	1. Court Order
	b. Certificate of Purchase issued to the buyer according to statute and due process for selling seized timber is followed	2. Certificate of Purchase 3. FC sale report

This section provides the various possible sources of timber and the general pre-conditions to be verified to proof the legality of timber to be sold on the domestic market along the chain of custody.

5.1 Timber flow from concession (reserves and off-reserves)

Even though most retailers do not have a TUC, they can still access timber originating from a concession area (forest reserve or off-reserves) to sell on the domestic market. However, the following governing rules must be followed as evidence of credibility to the retail business.

- Timber rights should be acquired lawfully and timber sourced from existing TUC or an approved plantation permit area.
- Timber felling right holder should commit to operate either as legal entity or enter into partnership agreement with either a saw miller or artisanal miller to produce dimensioned lumber for the domestic market.
- In cases where a timber felling right holder has partnered with another entity such as an artisanal miller to supply dimensioned lumber to the domestic market, proof of such legal partnership agreement will be required by the forest regulator (i.e. FC and MLNR)

- The timber felling right owner must be in good standing with FC and or has good track record in forest operations.
- Where such partnership agreement exists, evidence of the agreement will be required by the regulator i.e. the FC.
- The quantity and quality of logging residue generated must be endorsed by all parties including the FC as acceptable raw material for producing dimensioned lumber.
- Find out that the Timber Felling Rights Holder is in good standing with the FC and or has a good track record in forest operations.

5.2 Logging residue timber flow

Lumber traders can access legal wood from timber harvesting operations as logging residues. This could be obtained from concession (on or off reserve) regulated by a prescribed Timber Rights Allocation regime. Legal wood can also be milling residues from wood processing facilities such as saw mills.



The Timber Resource Management Regulation (L.I. 1649) of 1992 mandates the head of the Forestry Commission to give out any standing timber or logs left over from operations. The offcuts and branches can be given out as raw wood material for the benefit of inhabitants of the area. This happens when a tree felling rights holder's (timber contractor's) operation has ceased, or elapsed.

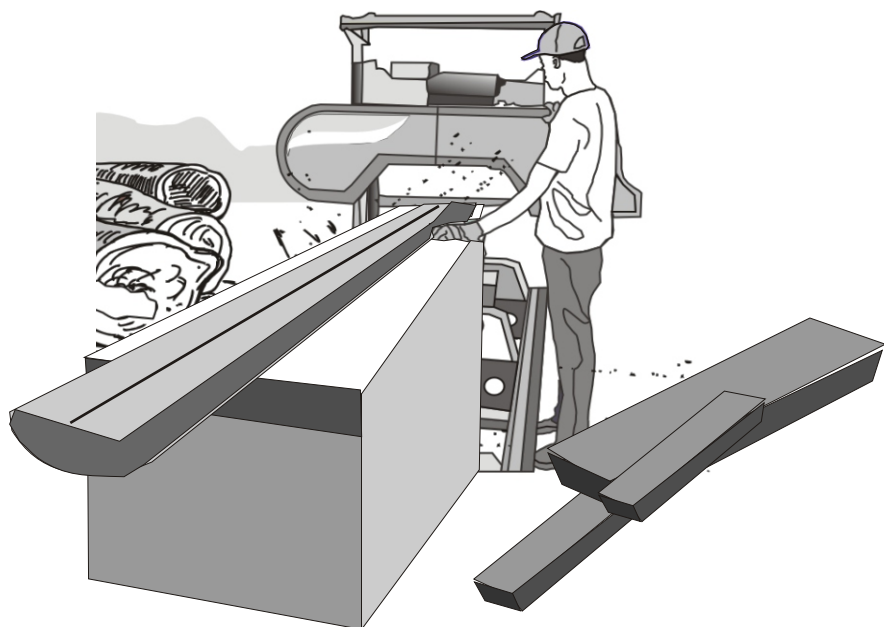
In such situations also, a lumber retailer (saw miller or artisanal miller) can reach an agreement through partnership with the timber contractor to access logging residue. However, the following regulations will apply which the trader must take note of and comply.

Pre-conditions to be verified

- Ensure that the logging residue is from a reserve or off reserve concession area which has a valid Timber Allocation Right. It could even come from an existing TUC area.
- The Timber Felling Rights Holder has the first option to use the logging residue but has chosen to enter into a partnership agreement with a legal entity (saw miller or artisanal miller). The agreement should be that the logging residue will be processed into dimensioned lumber for the domestic market.

5.3 Mill residue timber flow

Mill residues include lower quality dimension lumber that fails to meet export standards. It could also be pieces of logs that can be re-used for dimension lumber. The right of access to all mill residues rests with the Mill owner. However, where there is an agreement to partner with the saw miller or the artisanal miller the following regulatory conditions must be followed.



- All mill residues including rejected timber should be good enough to be used for dimension lumber for the domestic market.
- A miller has the right to use his milling residue or enter into a partnership agreement with a legal entity such as saw miller or artisanal miller for reprocessing into dimensioned lumber for the domestic market.
- Where the miller has partnered a legal entity such as artisanal miller, proof of such legal partnership will be required by FC.
- The quantity and quality of mill residue generated must be endorsed by all parties including FC as acceptable raw material for producing dimensioned lumber.

5.4 Purchased timber

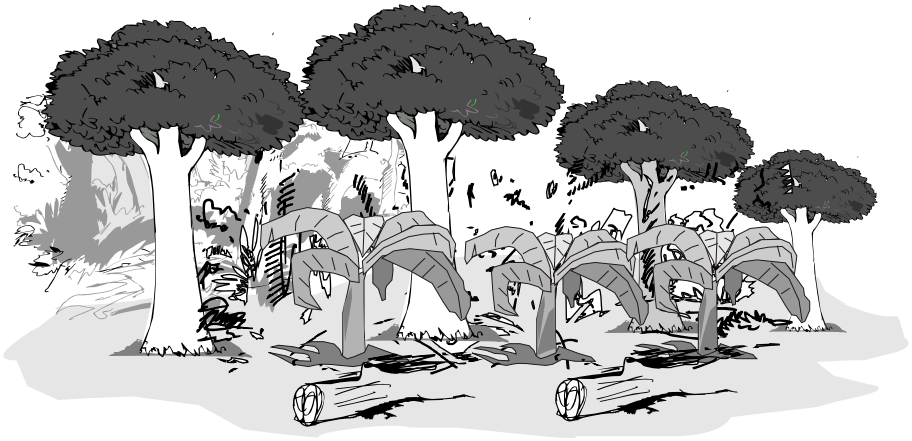
A Timber Felling Rights Holder can purchase logs outside his/her holdings or buy certain species which he/she does not have in stock. Such purchased logs enter the supply chain at log landings in the forest, mill gate arrivals and log yards as well as temporal log storage points. Where a purchased timber is sourced from a prescribed Timber Rights Allocation such as a TUC by a retailer, the timber rights holder shall arrange a Log Sales Agreement (LSA) which shall be endorsed by FC. However, in broad terms the following pre-conditions shall govern such trade activities;

- There should be a valid timber rights allocation in the form of a TUC from FC in order to confirm the source of timber
- The buyer (e.g. Saw miller or artisanal miller) should demand a valid property mark
- Where a middleman or sales agent is involved, there should be a letter from the Timber Industry Development Division (TIDD) confirming the activities of the agent/middle man in that particular forest district.
- Where the LSA has been concluded between the timber felling right holder and another entity for the purchase of logs intended for the supply of dimensioned lumber to the domestic market, proof of such LSA will be required by FC.
- Ensure that the TUC holder is in good standing with FC and or has a good track record in forest operations.

5.5 Salvaged timber

The major source of salvage timber is from agricultural landscapes in off-reserve areas. Measures to regulate salvage timber harvesting are based on timber harvesting in off-reserve areas. However, once it enters the domestic market supply chain, a retailer wanting to buy lumber must ensure that the following legal requirements have been met.

- Timber felling right holder's application to the FC
- FC inspection report
- Evidence of a salvage permit from FC



5.6 Confiscated and abandoned timber

In situations where the FC has seized abandoned or illegally acquired timber, the court is authorised by law to dispose of the wood product by auctioning it.

Where it is processed wood, the retailer can also access it by participating in the auction process. The retailer once determined the winner shall be given a document by the FC as proof of ownership of abandoned or seized timber. This document is called Certificate of Purchase (CoP). Any timber covered by the CoP is duly recognized by the TLAS as legal and can be sold on the domestic market or exported.



Domestic market retailers should ensure they do not mistakenly trade in illegal wood. This they can do by gathering adequate information to study. The following list suggests the range of indicators to guide all lumber and wood transactions.

6.1 Indicators retailers should look out for in every transaction for legal timber

- What regulations, laws, standards and procedures apply to any given transaction?
- What documents are needed under which regulation?
- Have the documents been validated (Is it forged? Has it expired?)?
- Are the documents the original or photocopied?
- Were the documents issued by the relevant authority?
- Are the stamps and signatures genuine?
- Is the format of the document correct?
- Does the information in the document match with what is in reality (e.g. volumes, species, number of logs, boundaries of logging area, etc.)?

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