

**Joint EU Chainsaw Project/TIDD Meeting on Policy Direction on Domestic Lumber
Supply**

Date: 31st May, 2010

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Acronyms

CSMP	Chainsaw Milling
EU	European Union
FAWAG	Furniture and Wood Workers Association
FC	Forestry Commission
FORIG	Forestry Research Institute of Ghana
GTMO	Ghana Timber Millers Organization
GTA	Ghana Timber Association
MLNR	Ministry of Lands and Natural Resources
MSD	Multi-Stakeholder Dialogue
MSD-SC	Multi-Stakeholder Dialogue Steering Committee
NF	National Facilitator
NPC	National Project Coordinator
NREG	Natural Resource and Environmental Governance
PA	Project Assistant
PD	Programme Director
PMT	Project Management Team
RMSC	Resource Management Support Centre
TBI	Tropenbos International
TIDD	Timber Industry Development Division
TOR	Terms of Reference
VPA	Voluntary Partnership Agreement

Present:

1. Dr Kyereh Boateng	Scientific Coordinator, TBI Ghana
2. Dr Emmanuel Marfo	Research Scientist, FORIG
3. K.S.Nketiah	PD, TBI Ghana
4. Edward Obiaw	Director, RMSC
5. Oppon Sasu	Liaison Manager, FC
6. Douglas Asamany	Executive Director, TIDD
7. B.I. Ahmed	FC
8. Henry G. Coleman	Manager, TIDD
9. Mercy Owusu Ansah	NF/CFA, EU Chainsaw Project
10. James Parker Mckeown	NC, EU Chainsaw Project
11. Jane Aggrey	TBI Ghana
12. Peter Edem Zormelo	Manager, TIDD
13. Alex Boadu	Operations Director, FC
14. Alex Asare	Manager, RMSC
15. U.K. Armoo	Legal Unit, FC
16. Emmanuel Fosu	PA, EU Chainsaw Project (Recorder)

Apology:

1. Joseph Osiakwan	Senior Planning Officer, MLNR – On Official duty
2. Chris Beeko	Coordinator, VPA, FC - Attending meeting in Accra
3. Raphael Yeboah	Executive Director, FSD – Travel Outside the country

Agenda:

The agreed agenda for the meeting were:

- Opening
- Introduction
- Welcome statement by TIDD Executive Director

- Purpose of the meeting
- Presentation by TIDD
- Presentation by EU Chainsaw project
- Discussions(result harmonization and way forward)
- Closing

Proceedings	Action
<p>1.0 Opening The facilitator, Dr Kyereh Boateng called the meeting to order at 10:40 am after a short prayer by Mrs. Mercy Owusu Ansah.</p> <p>1.0 Introductions and Programme Outline Members introduced themselves after which the facilitator outlined the programme for the day's meeting.</p> <p>3.0 Apologies The facilitator announced apologies from Mr. Joseph Osiakwan who was on official duty with the MLNR; Mr. Chris Beeko was attending a meeting in Accra and Mr. Raphael Yeboah had also traveled outside the country.</p> <p>4.0 Welcome Statement by TIDD Director The Director of TIDD thanked members for attending the meeting and expressed his happiness that the meeting had become a reality after a number of attempts to organize it. He indicated that after attending the National MSD 3 meeting, he found out that the EU CSM Project and the TIDD project were pursuing the same agenda of trying to address the problems associated with supplying legal lumber to the domestic market and it has since been his desire that the two projects work together. He hoped that at the end of the meeting, there will be agreement on a way forward for harmonizing the two processes. On that note he wished all members a successful meeting</p> <p>5.0 Purpose of the Meeting The PD of TBI Ghana expressed his joy for the calibre of persons present at the meeting. He pleaded with members to face the realities on the issue of the domestic lumber market. He explained that TBI Ghana has no hidden agenda/interest in pushing forward for legalising illegal chainsaw milling in Ghana, but interested in providing a platform for stakeholders to discuss the issues surrounding illegal chainsaw milling and come out with the alternatives. He presented the purpose of the meeting as follows.</p> <ul style="list-style-type: none"> ➤ To present updates on the TIDD and EU-CSM projects ➤ To discuss how the two processes can be harmonize. <p><i>Expected outputs</i></p> <ul style="list-style-type: none"> ➤ Agreements between TIDD and EU-CSM projects on how to proceed with the process jointly ➤ How to harmonise results to have common message and process ➤ How to produce Joint recommendations to ministry and policy makers from the two processes <p>6.0 Presentations 6.1 TIDD Presentation</p>	

Mr. Peter E. Zormelo made a power point presentation (attached in annex) on updates of the TIDD process. The presentation covered the following:

- Introduction to the TIDD process
- Background to the TIDD process
- TIDD/FC approach to finding permanent solution to supplying legal timber to the domestic market
- TOR of the Technical Committee to draft National Procurement Policy on legal timber for the domestic market
- Work done by the of the Technical Committee
- Proposed policy directions and preferred policies options by the industry
- Report on FC internal consultation meeting

6.2 Presentation by EU Chainsaw Project

The National Project Coordinator made a power point presentation (attached in annex) on updates on the EU chainsaw project. His presentation covered the following:

- The EU-CSM project and its objectives
- The project strategies
- Partners
- The 3 recommended policy options
- What has been done after the formulation of the 3 recommended policy options
- Some outcomes from MSD discussions
- Important issues worth noting

7.0 Harmonisation of the two process and Way Forward

After a lengthy discussion on the updates and the two projects, members agreed that the two processes are aiming at one objective – addressing the problems associated with supplying legal timber to domestic market - but using different approaches. The TIDD project is using a multi-stakeholder consultation process fuel by research information, while the EU-CSM project is using the multi-stakeholder dialogue process also fuel by research information. The formal timber industry (GTA, GTMO and FAWAG) perceive TBI as supporting legalization of chainsaw milling and therefore have some reservations about the EU-CSM project. Both process sees the GTMO as the stakeholder who is not willing to be fully involved in the two process

The following agreements were made:

- TIDD will complete its consultation process by mid July 2010 and prepare its stakeholders for a joint MSD meeting with the EU-CSM project's stakeholders. The EU-CSM project will be invited to attend some of the consultation meetings.
- The EU-CSM project should complete its study on the Cost-Benefit and Scenario Analysis by August 2010. The Cost-Benefit and Scenario Analysis report will form one of the bases for the joint MSD meeting which will be organized in September 2010.
- Since some of the key stakeholders i.e. the industry has some reservations about the EU-CSM project, TIDD will lead the discussions during the joint MSD meeting. The Joint MSD meeting will be planned by both TIDD and TBI and co-financed.
- During the joint MSD meeting, the pros and cons of the three policy options will be thoroughly discussed and analyzed and the viable one selected by the

TIDD, TBI, PMT
and NREG

stakeholders

- After agreeing on the viable option, both projects will work together to develop conditions for the selected option
- The outcome of the joint MSD meeting including the conditions will be jointly presented to the MLNR, the FC board and policy makers by the two projects by the end of October 2010. In the presentation, the three options will be mentioned and the reason for selecting the viable one will be highlighted.
- One official from TIDD will be part of the PMT and the MSD-SC

Other agreements made were:

- The need for a working definition of Artisanal Milling
- Annual Allowable Cut of 2 million m³ to be used as the basis for the cost/benefit analysis, but there is need for a critical look at the issue of Annual Allowable Cut of 2 million m³ in relation to the demand for lumber, and forest productivity
- The FC legal team to be part of the team of experts working on the Cost-Benefit Analysis of the policy options
- Immediate attention is needed on sawmills operating within the free zone using local timber resources.
- TBI and TIDD will further discuss the project on Mobile Recovery Teams
- Access to timber should be broadened to cover unexploited yields/species, non-incumbent areas, imported timber material and reserved areas not under TUPs.

8.0 Closing Statement

The facilitator and the PD of TBI Ghana thanked all members for their contributions which have resulted in a successful meeting and that all members can be proud of the outcomes. He urged all to continue with discussions on the domestic lumber market in their various forums dispassionately to contribute to sustainable forest management.

The meeting ended at 3:15 pm.

Emmanuel Fosu(PA) – Recorder

ANNEX

Annex A – TIDD Presentation

<p>TIMBER INDUSTRY DEV'T DIVISION (FORESTRY COMMISSION)</p> <p>DOMESTIC SUPPLY OF LEGAL TIMBER AND THE WAY FORWARD</p> <p>TIDD/FC MEETING WITH TBI-GHANA KUMASI</p> <p>31-05-2010</p> <p>1</p>	<p>A. INTRODUCTION</p> <p>TIDD in collaboration with FORIG undertook a study of the domestic timber market in 2009 to determine the lumber supply and consumption pattern with the view of evolving a policy to address the adverse effect of CSL and significantly reduce its production and patronage.</p> <p>2</p>	<p><i>Introduction Contd.</i></p> <p>The final report recommended 3 policy options</p> <ol style="list-style-type: none"> 1. Sawmills should supply the domestic market with legal timber obtained from sustained yield. 2. Sawmills and other players supply the domestic market with legal timber obtained from sustained yields. <p>3</p>
<p><i>Introduction Contd.</i></p> <p>3. Artisanal improved mills to supply all lumber required by the domestic market whiles Sawmills focus on export, in keeping with sustained yields.</p> <p>4</p>	<p>B. BACKGROUND</p> <p>The government of Ghana in 1998 by the Timber Resource Act 571 and its operative instrument LI 1649 banned chained lumbering (CSL). In spite of the clarity of the law on the ban, this illicit activity has continued to flourish due to:</p> <ol style="list-style-type: none"> <u>Failure of Past Polices and Gov't Directives</u> Past government policies and programmes to eradicate or minimize CSL have not been successful <p>5</p>	<ol style="list-style-type: none"> <u>Lack of political will</u> For eg. The Public Procurement Act of (Act 663) explicitly state that only sawmill lumber should be used in the execution of government projects contracted by MDA particularly MM&D Assemblies. <u>Weak enforcement of Laws/ Policies</u> General apathy on the part of institutions and agencies mandated to enforce these laws and policies. <p>6</p>
<ol style="list-style-type: none"> <u>Lack of Fiscal Interventions and Incentives</u> to motivate sawmillers supplying the domestic market with legal timber. <u>Lack of Negotiated Guiding Price</u> for the domestic market. Uncompetitive domestic timber price as against expert price is a disincentive to Local producers. <p>7</p>	<ol style="list-style-type: none"> Lack of effective monitoring and validation of production and supply. Lack of Product standardization Connivance of some law enforcement personnel and field staff of FC. <p>8</p>	<p>C. TIDD/FC'S APPROACH TO FINDING A PERMANENT SOLUTION.</p> <ol style="list-style-type: none"> 1. Setting up of a technical committee at Divisional level to collate and develop a Draft National Procurement Policy on timber for the Domestic Market for a wider stakeholder consultations and adoption. <p>9</p>

<p>2. TOR of the Committee</p> <ol style="list-style-type: none"> Evaluate the Policy Options recommendation in the Domestic Market Study Report. Review existing relevant policies on the procurement of timber in the country. Receive and collate inputs from relevant stakeholders. <p style="text-align: right;">10</p>	<p>TOR contd.</p> <ol style="list-style-type: none"> Develop a draft procurement Policy Paper Undertake any other related activities. <p>3. Work of the Committee</p> <p>The committee has held 6 meetings with 2 stakeholders consultative meetings with industry operators and trade associations including GTMO, GTA, FAWAG and WAG.</p> <p style="text-align: right;">11</p>	<p>GTMO was represented by its CEO whiles other groups had 5 representations each.</p> <p>4. Position on illegal chainsaw operation</p> <p>Participants at the 2 day meeting were unanimous in their position that the laws banning CSL should be enforced.</p> <p style="text-align: right;">12</p>
<p>5. Policy Direction</p> <p>Policy option one (1) of the final report of the DMS was adopted with some modifications.</p> <p><i>Sawmills especially distressed and idle mills and identified loggers should be designated and equipped to produce solely for the DM.</i></p> <p><u>limitations.</u> Strict monitoring is required for success.</p> <p style="text-align: right;">13</p>	<p>6. Policy Implementation</p> <p>Proposals sequel to the adoption of Policy option</p> <ol style="list-style-type: none"> Establishment of a limited liability company to be managed by a strong management board drawn from institutions like AGI, GREDA, GTMO, GTA, FAWAG, FC & BRRI and mandated to procure and stock legal timber at established depots for sale to consumers. <p style="text-align: right;">14</p>	<ol style="list-style-type: none"> Allocating specific LUS as quota in approved yields for production of lumber onto the DM Establishment of Timber Depot at strategic locations throughout the country. Funds for seed capital to be sourced from VPA/ EU and other DP's Sustaining supply of legal timber to the DM through: <p style="text-align: right;">15</p>
<ol style="list-style-type: none"> Amendment of laws on stumpage fees charged in favour of LUS for DM supply. Increase export levy on Air Dried lumber or outright ban of Air Dried Lumber. Fiscal and policy intervention as an incentive for production for the DM. Develop local pricing Policy in consultation with all stakeholders. Stiffer punishments and sanctions for all offender. <p style="text-align: right;">16</p>	<p style="text-align: center;">REPORT ON FC INTERNAL CONSULTATION MEETING</p> <ul style="list-style-type: none"> VPA requires improvement of supply of legal timber on the domestic market through FLEIGT licencing. Can the AAC support granting of additional concessions for the DM? Upfront payment of stumpage fees for approved yield. (This requires the review of existing laws). <p style="text-align: right;">17</p>	<p style="text-align: center;">PREFERRED POLICY DIRECTION</p> <ul style="list-style-type: none"> Policy options two was preferred by all the groups. Participants were however against the 'legalization' of the activities of the chain saw operators. The following amended Policy Direction option 2 or (Option 4) was therefore adopted after the Group discussions: <p style="text-align: right;">18</p>

<p><u>Policy Option 4</u></p> <p>That Sawmills and artisanal improved mills excluding chainsaw milling should supply the domestic market with legal timber obtained from sustained yields.</p> <p style="text-align: right;">19</p>	<p><u>Conditions for this Policy Direction to succeed include:</u></p> <p>a. Tag species not exploited by sawmills for export for the local market</p> <p>b. Sell these species to artisanal and other distressed mills to process for the local market as a short term measure</p> <p style="text-align: right;">20</p>	<p>c. Develop a policy directive to compel concessionaires to remove all timber tree species so that 'non exportable species' would be sold for processing for the domestic market.</p> <p>c. Put in place various tax and other fiscal incentive packages for millers to produce for the local market.</p> <p style="text-align: right;">21</p>
<p>e. Publish periodic tree journals advertising left over species /trees for purchase and processing for the local market</p> <p>f. That the National Procurement Policy should be reviewed to involve FC in the area of ensuring that MDA's and other contractors execute government projects using only legal timber else FC would sanction them</p> <p style="text-align: right;">22</p>	<p>g. For effective distribution of legal timber/ logs on the local market timber depots are established to ensure availability at all times while ensuring that producers have ready market for their produce on the local market.</p> <p style="text-align: right;">23</p>	

Annex B – Chainsaw Project Presentation

<p style="text-align: center;">EU project</p> <p style="text-align: center;">Developing alternatives for illegal chainsaw lumbering through multi-stakeholder dialogue in Ghana and Guyana</p> <p style="text-align: center;">By James Parker</p> 	<h3 style="text-align: center;">3.0 Objectives of the project</h3> <p>The specific objective is:</p> <ul style="list-style-type: none"> • Level of conflict and illegality related to CSM by local communities reduced. <p>The overall objectives are to:</p> <ul style="list-style-type: none"> • Reduce poverty and promote viable livelihoods in forest-dependent communities. • Reduce the occurrence of illegal logging. • Promote the conservation and sustainable management of tropical forests in developing countries. 	<h3 style="text-align: center;">Project Strategy</h3>  <pre> graph TD A[Inform international policy & practice (result 2)] --> B[Institutionalize MSD (result 4)] C[Action research] --> B D[Action plans: - Policy recommendations - Alternative livelihoods - Supply of legal lumber to the domestic market] --> B E[Establish an effective MSD to discuss CSM issues (National consensus about CSM in Ghana reached)(result 3&4)] --> B F[Understanding CSM issues (causes and consequences) (result 1)] --> D G[Sharing Int. lessons and experiences (Best practices to address illegal CSM determined) (result 2)] --> D H[Establish an effective MSD to discuss CSM issues (National consensus about CSM in Ghana reached)(result 3&4)] --> D </pre>
<p>Partners in Ghana:</p> <ul style="list-style-type: none"> • Forestry Commission • Forestry Research Institute of Ghana (FORIG) <p>Project period: 2007-2012</p> <p><i>The project is financed by the European Union.</i></p> 	<h3 style="text-align: center;">The 3 policy options</h3> <ul style="list-style-type: none"> ➢ Sawmills alone to supply the domestic market with legal timber ➢ Sawmills and other players to supply the domestic market with legal timber ➢ Artisanal millers alone to supply the domestic market with legal timber. 	<h3 style="text-align: center;">What has been done after the formulation of the 3 policy options??</h3> <ul style="list-style-type: none"> • Sent recommendations to MLNR, FC, development partners and International Forestry Decision Maker • Options are being discussed by stakeholders on the MSD at national, district and community/constituency levels for consensus on a viable option.
<ol style="list-style-type: none"> 1. SWOT analysis of the 3 options 2. Develop strategies for addressing to the weakness and threats of the 3 options 3. Identify some research gaps key among the list is: Scenario and cost-benefit analysis of the 3 options 	<h3 style="text-align: center;">Perception on preferred Option</h3> <ul style="list-style-type: none"> • Data collected so far (3 MSD meetings) on stakeholders' preferred option points to option 2 	<p>Important to note</p> <ul style="list-style-type: none"> • The EU chainsaw project does not have a preferred option • Interested in facilitating an effective multi-stakeholder process involving all stakeholders and fuel by sound information to reach consensus on a viable option • The project will present the options with all the necessary information to the MLNR and the FC for decision



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