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TCI&FO: Improved Governance for more Investment in the Forest Sector

The Informal Timber Sector in Central Africa: another challenge to improve Forest Governance

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Context

Forestry development programs mainly oriented to the formal export industrial forest sector: Main past and ongoing development strategies and programmes in the forestry sector in Central African countries are aiming to support the formal industrial forest sector which is solely oriented towards the export markets, leaving the growing domestic market to an expanding informal sector.

The informal timber sector is covering a lot of domestic markets for rough-sawn wood and joinery. Recent studies in Cameroon have shown that domestic consumption of wood and wood products is 2 to 3 times higher than reported exports, and that the informal sector is covering more than half of the domestic demand. The total production of timber products by the informal sector in Cameroon was estimated in 2002 at 300,000 m³, equivalent to 1,000,000 m³ in logs volume. An important part of the wood is coming from the management of trees on farm land (agroforestry). In the Democratic Republic of Congo, timber harvested by informal operators is reported to be 5 to 8 times higher than the amount of timber extracted by formal enterprises.

The informal timber sector is big and much more important than the formal sector in terms of employment and livelihood for the poorest segments of the population. It includes mainly local sawyers, small sawmills, carpentry, shops and deposits of timber. For example, in Cameroon, the sector offers each year at least 6,300 jobs including 4,200 equivalent permanent jobs in rural areas (or minimum the double temporary jobs). It is estimated that around 100.000 people (adults and children) would depend directly from this sub sector to live. The value added of the sector was estimated in 2002 to nearly 20 billion FCFA (40 million USD). This does not include informal sawmills and carpentry employments.

The informal timber sector often escapes the attention of national policies, which provide significant barriers to integration into formal structures (heavy and costly procedures: registration, management plan, processing capacities, taxes, etc.) and few incentives for operating within a regulatory framework.

Main characteristics

The positive side is that:

- it is the **source of the main means of living for a large number of poor people;**
- **its importance is increasingly recognized** and there are emerging efforts to support it better through changes in policies, legislation and other supportive measures. For example, the

European Union Action Plan for Forest Law Enforcement Governance and Trade (FLEGT) is promoting actions in favour to the sustainable informal sector development.;

- there is an increased **participation of informal sector players in sustainable resources management** through partnerships with local community forests associations and with formal forestry enterprises

However, on the negative side, it results in:

- **Overexploitation of resources and very few incentives to manage resources sustainably.** Collectors are not interested in investing in managing public forest resources, resulting in depletion of the latter in response to growing demand. Since processing is performed in the forest with very basic equipment, it is inefficient and much of the wood remains on the soil and is wasted.
- **Low income for most of the operators.** Since they are informal, they receive only a small share of the market value of the products, with a significant proportion going to intermediaries.
- **Operation outside the legal framework resulting in losing of fiscal revenues and leading increasingly to criminalization.** Activities are indeed often managed by well-organized illegal networks, which focus on private appropriation of public wealth. The expansion of the informal sector is becoming one of the key drivers of illegal logging, in addition to the other causes usually quoted such as insecure tenure, corruption and poor governance.

Main issues

- Although so important, it is **poorly known and very difficult to handle**. Few statistical data and reports are available to describe the ITS situation.
- It is indeed a **“moving target”**, since low capital and skill requirements make easy entry and exit from the informal sector.
- It is **complex**, as it often mixed purely informal activities and highly organized trading.
- It is **sensitive in nature**, since large scale operators and local elite can have considerable interest in preventing small forest users from gaining a formal status.
- Being considered as illegal, its operators are most **difficult to approach**.

Some operational options to address the informal timber sector

- (i) **“Decriminalizing” it:** the entrepreneurial spirit and engagement of the informal sector should be developed rather than only penalized for its negative aspects. Indeed, the informal timber sector should be channeled through empowerment, organization, collective action, negotiation, and conflict resolution to support rights, improve capacity, encourage and enhance management and stewardship responsibilities, and raise incomes of rural households.
- (ii) **“Channeling” informal wood harvesting and processing activities towards community forests,** based on a national strategy, training initiatives, and some legal protection to informal actors; and
- (iii) **Encouraging initiatives to associate informal operators with industrial enterprises.**

Possible priority actions to support the informal timber sector development

- **Addressing prevailing inequities and constraints** related to access to natural resources on public lands, property and tenure rights of local communities, and key actors engaged in informal forest utilization;
- **Rationalizing institutional and regulatory frameworks.** Policies and institutional settings should be adjusted so that they support the stabilization and development of the informal sector. Rules

and regulations should be rationalized to make them accessible and comprehensible, especially to local resource users;

- **Providing outreach promoting best practices to informal users.** Outreach, technical assistance and financial support should be provided to members of the informal sector to improve harvesting, processing, marketing, and organizational capacities;
- **Connecting informal users to existing service providers:** credit , financial and business development services with attractive schemes to move into the formal sector;
- **Creating incentives for conservation and sustainable management.** The productive capacity of the informal sector should be linked to ongoing programs and incentives that promote best management practices in forestry (e.g. forest certification programs, payments for environmental services, use of logging and milling residues, etc.).