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SUSTAINABLE WOOD VALUE CHAINS FOR SUSTAINABLE DEVELOPMENT IN AFRICA

I. Background

1. Africa has more than 20 percent of its territory covered by forests of different types. The continent's economic growth has outpaced the global rates with a number of countries among the fastest growing economies in the world. Projections indicate that the African urban population will grow from 500 million to 1 billion in 2040. However, the economic performance is uneven across the region as well as within individual countries, and sustainable development is still far below the internationally agreed targets. Africa has a challenge but also an opportunity to establish a sustainable path to development, building low-carbon rural and urban landscapes with a reduced material footprint. Forests, their products and value chains are a vital element if such trajectory to sustainable development is to be pursued.

2. The aspiration of Africa Vision 2063 is that, by 2063, Africa will be a prosperous continent with the means to drive its own development through the sustainable, long-term stewardship of its resources. Africa will be a continent of seamless borders, and cross-border resources will be managed through dialogue and cooperation. Africa must, therefore, consolidate the positive turn-around, using the opportunities of demographics, natural resources, urbanization, technology and trade as a springboard to ensure its transformation and renaissance to meet the people's aspirations. Reflecting this, the vision of the Sustainable Forest Management Framework for Africa is that, by 2063: *Africa will have zero deforestation and forest degradation and its forests will be protected, sustainably managed and restored through collaborative, cross-sectoral and transformative efforts to ensure the prosperity, food security and resilience of its people*¹. The value chain approach to forests can be instrumental in achieving this vision, as it provides an opportunity to multiple sectors, groups and

¹ Sustainable Forest Management Framework for Africa (2020-2030), African Union, 2020

stakeholders with different interests in forests' goods and services, for creating synergies, and negotiating mutual and balanced benefits while ensuring sustainability of actions at different levels (social, economic and environmental). between.

II. The wood value chains in Africa: challenges

3. Forest value chain development in Africa is still in its early stages. While a diversity of wood and non-wood forest products are produced, in particular for local markets, processing is almost restricted to primary and secondary levels, and largest part of production is informal, jeopardizing formulation of policies. The informality, often mixed with illegality, also prevents the access to technical and financial means, curbing the potential of value chain development. In spite of the abundant forest resources and the continuous investments to improve forest governance and sustainability of wood production in the region, Sub-Saharan Africa has turned from a net exporter of forest products to a net importer in the past 10 years. The whole continent is now a net importer with a trade deficit of over USD 2 billion in 2017. Forest products imports are mainly processed forest products, such as pulp and paper products and wood-based panels, reflecting an industry characterized by low value-addition.

4. In fact, informality and illegality mask the actual contribution of value addition in the forest sector, while making most of these contributions unsustainable. An assessment of the sustainability of wood value chains in the Congo Basin, conducted by FAO and WWF-France in 2017/18, revealed that in some countries the volume of timber directed to charcoal, sawn wood and plywood, furniture and construction for African markets exceeds the total volume of timber exported to outside the African continent. Africa's wood industries comprise a high proportion of informal and small-scale operations. Better analysis of formal and informal value chains is needed to identify opportunities and bottlenecks to be addressed by policies, programmes and investment strategies aimed to strengthen sustainability of wood production and support the growth of a legal and sustainable market for wood products in Africa, realizing the full potential of socioeconomic and environmental benefits.

5. Challenges needing urgent attention, as reflected in the SFM Framework for Africa (2020-2030) include the following:

- Weak wood-processing industry characterized by old and obsolete machinery, reducing the capacity to increase sustainable production, value adding, marketing and trade;
- Unethical trade practices, lack of good product standards for most forest products, and limited market information;
- Informal nature of forest production, which is dispersed, uncoordinated and rarely in national plans and which receives little investment or other forms of assistance;
- Weak management of natural resources due partly to a lack of clearly defined ownership of resources and partly to a lack of technical capacities for forest inventory, management, use, control and monitoring;
- Illegal harvesting and trade in forest products and services, including outside Africa, among African countries and also within national borders²;
- Insecure forest tenure and restricted access to forests as well as a lack of effective mechanisms for land-tenure reform;
- Inadequate mainstreaming of forestry into national development plans and strategies;
- Limited coordination and harmonization between agriculture, food security, infrastructural development and forestry;

² Corruption and the Illicit Exploitation and Trade of Africa's Natural Resources (AU, February 2019)

- Inadequate and sometimes lack of local rule of law that would enable good governance and create mutually supportive and cooperative relationships among governments, civil society and the private sector;
- Inadequate mechanisms for raising domestic public funds for the forest sector.

III. Opportunities and ongoing initiatives in support of sustainable wood value chains in Africa

6. To address the above-mentioned challenges, many initiatives in Africa and worldwide are contributing to development of wood value chains, through facilitating the establishment of enabling conditions, for instance:

- Since its inception in 2003, the **FLEGT** Action Plan (Forest Law Enforcement, Governance and Trade) has been instrumental in bringing the issues of timber legality and of the social and environmental impacts of logging and wood trade to the forefront of the agenda in most major timber producing countries of Africa. Eight African countries (Ghana, Liberia, Cameroon, Gabon, Central African Republic, DR Congo, Republic of Congo and Côte d'Ivoire) have committed to improve the governance of their logging sector by discussing and implementing wide-ranging FLEGT reforms. The later aim at: i) improved participation of stakeholders in the definition and implementation of forest-related legal frameworks; ii) increased transparency and accountability in the public management of the sector; and iii) strengthened contributions of the logging sector to the national development and to poverty reduction strategies at the local level. With the financial support of the EC, DFID, and SIDA, FAO has played a key role in the field implementation of FLEGT reforms in Africa since 2009. The FAO EU FLEGT programme has supported more than 200 projects carried out by forest administrations, civil society and private sector organizations.
- **The Forest and Farm Facility (FFF)** seeks to support Forest and Farm Producer Organizations (FFPOs) for climate-resilient forest landscapes and improved livelihoods for their members. FFF just finalized its first year of Phase II implementation in five core partner countries in Africa (Ghana, Kenya, Zambia Togo and Madagascar). The paradigm shift is building on FFF's emphasis on forest and farms together as production systems; it focuses on a transition from single commodity value chain to portfolios of bankable businesses – focused on baskets of products linked to landscapes. Supporting baskets of products needs a basket of funds. FFF is seeking to help FFPOs in identifying the most practical investment options, from personal and community savings and loans to banks, direct investment through value chain integration, as well as access to government incentives and funds based on blended finance. For almost all of these, better and more business plans are needed, and FFF is building on hands-on trainings and tools to support a new pipeline of 'finance-ready' plans.
- **The Sustainable Wood for a Sustainable World Initiative³ (SW4SW)**, launched in 2018, has its focus on strengthening social, economic and environmental contributions from sustainable wood value chains to the Sustainable Development Goals (SDGs), the Global Forest Goals and climate change commitments. The initiative is a joint initiative of the Collaborative Partnership on Forests (CPF), and brings together expertise from FAO, the Center for International Forestry Research (CIFOR), the International Tropical Timber Organization (ITTO), the World Bank, and the World Wide Fund for Nature (WWF), to enhance the socioeconomic impact of the forest sector and support efforts to achieve the Sustainable Development Goals (SDGs), the Global Forest Goals and climate change commitments with the urgency needed. The Convention of International Trade in Endangered

³ <http://www.fao.org/forestry/sustainable-wood/en/>

Species of Wild Fauna and Flora – CITES Secretariat joined the SW4SW initiative as a sixth partner in October 2019.

7. An assessment of most direct contributions from wood value chains to the SDGs guides the main impact areas targeted by the SW4SW Initiative: poverty alleviation through cash and in-kind income; food security through wood fuel and reconciliation of wood production with non-wood forest products; women employment in particular in charcoal; sustainable access to energy; generation of decent employment; innovation; low carbon products for more sustainable rural and urban landscapes; reduced waste and increased processing efficiency; climate change mitigation through forests and carbon storage in sustainable wood products; and deforestation reduction. Such framework provides for stakeholders to visualize how forestry can be better integrated in national development strategies and design specific instruments and interventions to accelerate progress towards the SDGs and other international, regional and national targets.

8. Through setting up collaborative activities with a broad range of stakeholders along wood value chains, at global and local levels, the Initiative establishes direct dialogue with public and private sectors, as well as finance and technical communities to build the necessary cooperation towards more sustainable production and increased socioeconomic impact. In Africa, two SW4SW sub-regional dialogues, one in Douala, Cameroon (28-30 May 2019) and one in Johannesburg, South Africa (29-31 October 2019)⁴ gathered a total of 126 participants from 28 countries, out of which 32 women. They identified critical features of wood formal and informal value chains in the region, as well as their main contributions to the SDGs, their governance, access to markets and to a bioeconomy approach. Each of the dialogues produced initial SW4SW roadmaps, with a set of priorities to increase the sustainability of the wood value chains. For instance, they highlighted the importance and diversity of domestic markets, mostly informal; the pressure such markets exert on natural forest production, even though generating multiple contributions to livelihoods; and importance of smallholders and communities.

9. In addition to the two regional Dialogues, representatives of Cameroon, Madagascar, Mozambique, Namibia, and the COMIFAC participated in the “International Forum of Sustainable Forest Products Industry - Sustainable Wood for a Sustainable World (SW4SW)” in China, discussing concrete action towards sustainable timber trade. This meeting’s conclusions pointed out areas for South-South cooperation: i) increasing value addition and efficiency of wood value chains as ways to generate jobs and income; ii) capacity building on national legal requirements; iii) diversification of species; and iv) exchanges on managing the forest sector to maximize contribution to climate change adaptation and mitigation and poverty alleviation.

10. Often the SW4SW work complements the work of other initiatives and organizations. For instance, in support of economic feasibility and finance for forest restoration projects, capacity development for smallholders and producer associations to build business plans and access finance together with the FFF, and improvement of governance for production and international trade and development of regional markets, in collaboration with the FLEGT in case of overlapping countries. The expert meeting “Catalyzing private finance for inclusive and sustainable forest value chains”⁵, in April 2019, put together private investors with representatives of producer associations to discuss challenges and options to strengthen markets and finance for forest value chains in Africa. The meeting concluded with the recommendation to facilitate and support value chain participants with finance intelligence, capacity development on business and finance, and cross-sectoral dialogues. Following such recommendations, FAO initiated in Uganda and Kenya, a “capacity building and mentoring” process with participants along the forest value chains. The primary audiences are tree

⁴ <http://www.fao.org/forestry/49096-0f8ca8b5f372a2ade5f92642109929d88.pdf>

⁵ Catalyzing Private Finance for inclusive and sustainable forest value chains:
<http://www.fao.org/forestry/48858-064440fb9719c37f1b7b2a3e957b017c1.pdf>

growers and their associations, Small and Medium Enterprises (SMEs) and other potential organizations that are developing local projects.

11. A key element to support forest value chains in Africa is availability of consistent and reliable information. Improving availability and use of socioeconomic information can improve policy formulation and better identification of approaches to achieve specific SDGs targets. Such information should refer not only to the actual state of forests and the forest sector, but also the perspective for the natural base and socioeconomic dimension, providing for improved planning in line with the African and international market development. The production of more consolidated sectoral information and trend analysis in the region in the form of a forest outlook for Africa can be a structuring action towards development of forest value chains, identifying opportunities for development of wood and non-wood forest products as well as ecosystem services.

IV. Points for consideration

The Commission may wish to invite countries in the region to:

- a) Strengthen wood value chains' contributions to the SDGs by adopting a sustainable value chain approach to forest production;
- b) Engage with FAO and other public and private partners, as well as regional and international organizations to formulate and implement strategies, policies, action plans and most immediate activities to promote sustainable wood value chains
- c) Work in collaborative fashion with other African countries, regional and international organizations to improve sustainability of African wood market and trade towards increased value addition, job generation in particular benefiting the youth, technology and product diversification, with environmental integrity;
- d) Launch path towards strong sustainable wood value chains in Africa by coordinating alignment of relevant processes and initiatives, at regional and national levels, such as the SW4SW, FLEGT, landscape restoration, REDD+, the Sustainable Forest Management Framework for Africa (2020-2030), and climate change strategies, as well as building linkages to other economic sectors, for instance construction, and non-forest organizations and programmes, such as the Economic Commission for Africa, as well as planning and financial ministries.

The Committee may wish to recommend FAO to:

- a) Engage with financial and technical partners, to secure means to enhance, upon request, national capacities and efforts in the region towards the formulation, and implementation of strategies, policies and action plans to strengthen sustainable wood value chains, observing the priorities identified in the SW4SW Dialogues in Africa, the Sustainable Forest Management Framework for Africa (2020-2030) and other related meetings and processes.
- b) Mobilise funding and engage partners (public and private sector, relevant international and regional organizations) to produce a forest outlook for sustainable development in Africa, identifying trends and opportunities for development of wood and non-wood forest products as well as ecosystem services.
- c) Engage with the public and private sectors to improve the public perception of sustainable wood products, emphasizing the contributions from sustainable wood value chains to the SDGs and climate change, while pointing out the differences between sustainable and unsustainable wood products and curbing illegality.