

> : SUSTAINABLE FOREST MANAGEMENT POLICIES IN CENTRAL AFRICA

Taking the informal sector into account

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For 20 years, the Congo Basin countries have been implementing policies aimed at the sustainable management of their forest resources and at poverty reduction. These policies target the major timber concessions, whose production is exported, but overlook the informal small-scale chainsaw milling sector, which supplies domestic and regional markets. Yet this sector has taken the lead in terms of the volume of timber produced and provides jobs and income.

At a time when States are increasingly urged to guarantee the legality – or even sustainability – of their production, it is urgent that they implement policies to ensure their small-scale chainsaw milling operations are more sustainable and to formalise the sector.

Over the last 20 years, the Congo Basin forest countries have developed and adopted forest policies with three goals: promoting the sustainable management of forest resources; contributing to growth in gross domestic product; and reducing poverty in rural areas. Over the years, and with the support of international donors, laws have helped to improve forest management methods. For example, in the Central African Republic (CAR), all concessions are now managed according to a forest management plan validated by the government

authorities; and in Cameroon, 78% of concessions are managed in this way.

However, these policies primarily concern export-oriented industrial activities, and overlook small-scale production. Yet small-scale chainsaw milling, which is chiefly informal, has undergone rapid development to meet the demand for cheap timber in Central African countries and other nearby countries (Chad, Nigeria, Uganda, Sudan, Rwanda and Angola), as well as the interests of stakeholders all along the chain of custody.

Economic and social significance

> Small-scale chainsaw milling provides thousands of jobs

Today, in the Central African countries, the annual volume of timber from informal chainsaw milling (around 1.1 million m³) consumed on domestic markets or unofficially exported to nearby countries is greater than that of timber from the industrial sector, as shown in Table 1. This situation nevertheless differs from country to country. In Cameroon and the Democratic Republic of the Congo (DRC), informal chainsaw milling accounts for 57% and 87% respectively of total timber production, and supplies rapidly growing domestic markets. However, in Gabon, small-scale chainsaw milling only covers 23% of needs, due to lower domestic demand. In the Central

African Republic (CAR), this proportion reaches 34%, due again to limited demand and to the lower quality products supplied to markets by formal companies.

In addition to the volume of timber it produces, the informal sector also provides thousands of jobs in Central African countries. In Cameroon, around 45 000 people find their main employment in this sector, which is more than three times the number of direct jobs provided by the industrial timber sector (13 000). These include operators, transporters and prospectors in rural areas, and also traders and handlers in cities (around 4 000 in Yaoundé, Douala and Bertoua). In the cities of Congo, the CAR and Gabon, more than 1 000 people have jobs directly linked to the sale of small-scale timber production.

Table 1: Informal timber production has taken the lead in Central Africa

Volumes of timber (m ³) in 2009	Cameroon (Yaoundé, Douala, Bertoua)	Gabon (Libreville)	Congo (Pointe-Noire, Brazzaville)	DRC (Kinshasa, daily flow only)	CAR (Bangui)
Informal timber production for domestic markets	662 000	50 000	99 000	146 000	33 000
Informal timber production for unofficial export to nearby countries	60 000	0	0	> 50 000	6 000
Total informal timber production	722 000	50 000	99 000	196 000	39 000
Formal timber production (from industrial waste or small-scale permits) for domestic markets	198 000	20 000	10 500	Not estimated	34 000
Official exports of industrial timber	343 000	150 000	93 000	29 000	41 000
Total legal timber production (domestic consumption + official exports)	541 000	170 000	104 500	29 000	75 000
Informal production / total production (%)	57	23	49	87	34

Source: Lescuyer *et al.*, 2012.

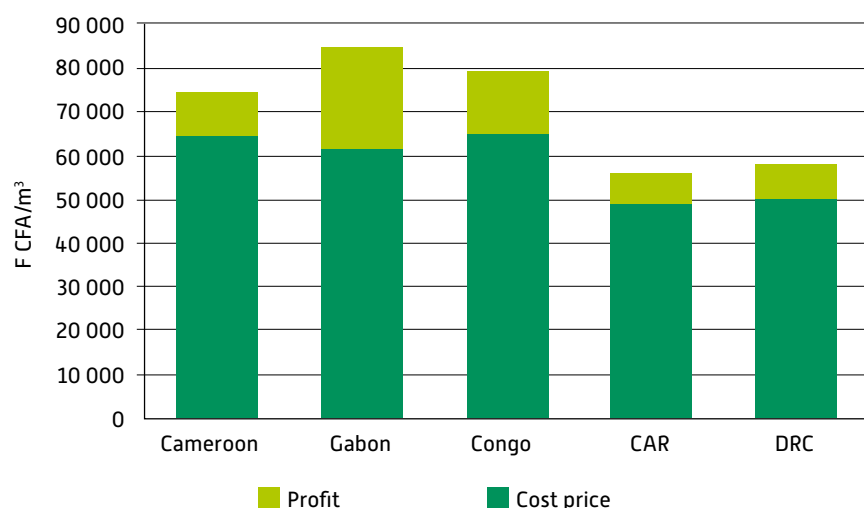
The success of the small-scale chainsaw milling sector is down to its acceptance both by urban consumers, who gain access to low-cost materials – prices are three to four times lower than those of industrial timber –, and by rural stakeholders, who see it as a significant source of income.

Indeed, despite its informality and the illegal levies made on operators, small-scale chainsaw milling is a profitable activity, as shown in Figure 1, which summarises the cost price

of the activity and the profit made by millers. This profitability is confirmed in all of the countries studied: the profit margin stands at almost 12% in Cameroon, the CAR and the DRC, and reaches 18% in Congo, and even 30% in Gabon.

In addition to the profits earned by village-based rural millers, a considerable proportion – or even the majority in Cameroon and Gabon – of costs generated by small-scale chainsaw milling provides income for

Figure 1: **Informal chainsaw milling is a profitable activity for millers.** Source: Lescuyer *et al.*, 2012.



> **The informal timber sector is also a source of income for outside stakeholders**

- people living close to operations: wages, payments to customary owners for trees purchased, etc. The annual income generated by the informal sector in rural economies is estimated as follows: 25 billion CFA francs in Cameroon, or four times the amount of the annual forest fee redistributed locally; 4.1 billion CFA francs in Congo, which is more than the forest taxes collected by the State in 2010; 2.2 billion CFA francs in Gabon, or a quarter of the forest taxes collected in 2010; and almost 522 million CFA francs in the CAR, or more than half of forest taxes.

The informal timber sector is also a source of income for outside stakeholders: government officials and urban elites. Certain government officials demand informal payments from small-scale chainsaw millers and transporters before authorising them to continue their activity; these payments are estimated at 2-3% of operating costs in Gabon, around 6% in the CAR, 9% in Cameroon and in the DRC, and as much as 17-18% in Congo. Moreover, urban elites (businessmen, armed forces, etc.) control part of the sector for their personal benefit.

> **Formalising the small-scale chainsaw milling sector: a shared interest**

Strengthening a fragile sector

- Despite its economic and social significance, small-scale chainsaw milling is a fragile sector that needs to be strengthened, not only for States, but also for small and medium forest enterprises and for individual millers who are

currently in a vulnerable socio-economic situation.

The States are the main losers in the development of small-scale chainsaw milling, which goes against their strategy of formally managing and taxing forest resources. In addition to foregone tax revenue, small-scale chainsaw milling could compromise their efforts to sustainably manage forests. Indeed, the environmental impact of this sector is a source of concern, even if small-scale millers argue that timber resources are not being depleted. Although at the scale of the Congo Basin, small-scale informal chainsaw milling cannot be systematically associated with a rapid degradation of forest resources, the situation differs from country to country. In Cameroon and Gabon, small-scale chainsaw milling is most often carried out in the agroforestry zone granted by the State to local populations to conduct their activities, and not in the permanent forest estate, which is further away. However, in Congo and the DRC, it is often carried out in forest reserves, for two reasons: first, the depletion of several tree species, such as the okoumé in southern Congo; and second, the search for large trees providing long timber products to meet urban demand, as in the Eastern Province of the DRC. In-depth studies are needed in order to determine the impact of small-scale chainsaw milling on forests.

Small and medium forest enterprises would also benefit from the formalisation of small-scale chainsaw milling; they are unable to access domestic markets because their selling prices are higher than those of illegal products.

Finally, the majority of individual millers hope to see the sector formalised in order to obtain legal permits, and thereby avoid extortion and threats from certain State agents and elites. Indeed, very few millers have official logging permits. Legal frameworks do provide for small-scale logging permits authorising the felling of a limited number of trees. But these are either incomplete or unsuitable – being too technical, too centralised or too costly – to the needs of small-scale millers, which explains why they are rarely requested. Millers therefore come to agreements with the customary owners of trees, and sell their products directly on urban markets.

A few words about...

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Graphic design: Patricia Doucet, Communication Service

Distribution: Christiane Jacquet, Communication Service

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www.cirad.fr/publications-ressources/edition/perspective-policy-brief

Reform, incentives and sanctions

In order to professionalise and formalise the sector and to improve its contribution to the national economies, many challenges lie ahead, requiring a combination of incentive and coercive measures.

The priority is to facilitate the issuance of official permits to small-scale millers, which requires the development of legal frameworks adapted to suit the needs of these actors. In this respect, the creation of decentralised logging permit systems is a first stage.

Second, the reform should aim to improve the institutional context in which

This text is the result of research and expertise by CIFOR and CIRAD, with the support of three donors: the European Union, through the PRO-Formal project (Policy and regulatory options to recognise and better integrate the domestic timber sector in tropical countries); the Directorate-General for International Cooperation of the Netherlands; and the Agence Française de Développement. Thanks to these initiatives, two research areas have been explored: one monitoring flows of small-scale timber in major Central African urban markets; and the other on the impact of small-scale chainsaw milling on rural economies.

The findings have led to several publications:

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