INTERNATIONAL TROPICAL TIMBER ORGANIZATION

STUDY ON DEVELOPMENT AND PROGRESS IN TIMBER PROCUREMENT POLICIES

Country Case Study: Cameroon

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LIST OF ABBREVIATIONS

BV	Bureau Veritas
CIA	Central Intelligence Agency
EC	European Commission
EU	European Union
FLEGT	Forest Law Enforcement, Governance and Trade
FMP	Forest Management Plan
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
ILO	International Labor Organization
IM	Independent Monitor
ITTO	International Tropical Timber Organization
MINEP	Ministère de l'Environnement et de la Protection de la Nature
MINFOF	Ministère des Forêts et de la Faune
NGO	Non Government Organization
OLB	Origine Légale des Bois
REM	Resource Extraction Monitoring
SFM	Sustainable Forest Management
SGS	Société Générale de Surveillance
SIGICOF	Système Informatisé de Gestion des Informations sur le Contentieux Forestier
SIGIF	Système Informatisé de Gestion des Informations Forestières
SPSW	Secondary Processed Sawnwood
TLTV	Timber Legality and Traceability Verification
UK	United Kingdom
UNDP	United Nations Development Program
US	United States
USA	United States of America
VPA	Voluntary Partnership Agreement

1. INTRODUCTION

Timber procurement policies are being considered and implemented by public agencies, trade associations, and private companies in many traditional tropical timber markets. Several trade associations and larger private companies which are importers, buyers or users of tropical timber and timber products have also developed procurement policies or codes of conduct. More recently, green building codes adopted in a number of countries define specific requirements for how timber and timber products used for construction have been produced which will be impacting the market and competitiveness of tropical timber.

Timber procurement policies are being introduced principally to address public concerns about the environmental credentials of products by adding criteria other than price into the decision making process. Many purchasers are demanding that products come from sustainable, or at least legal, sources and that this be verifiable, in order to maintain credibility with public opinion. In the UK, for example, the Government announced that from April 2009 its central departments will purchase only timber and timber products that derive from sustainably managed forests or are licensed under the EU Forest Law Enforcement, Governance and Trade (FLEGT) regulation; from April 2015 only sustainably produced timber will be purchased. Another important regulatory development has taken place in the United States of America. These types of policies (see the box below) have significant implications for tropical timber suppliers if fully implemented and need to be considered as well.

There is a need for those parties developing and implementing timber procurement policies to duly consider the implications for tropical timber producers as there will be significant economic, environmental and social impacts involved. For tropical timber producing countries such as Cameroon, it is crucial to understand what are the human resources and cost implications and possible benefits that could derive from the implementation of adequate measures which meet the criteria set in procurement policies in tropical timber importing countries. A related aspect is the emerging regulation in the USA and the EU targeted at eliminating market access to illegal produced timber and timber products.

There is a multitude of approaches and specifications in procurement policies and related instruments which represents a potential barrier for tropical timber suppliers in responding to the market requirements and tapping eventual opportunities which they may offer. However, the procurement policies make frequently reference to demonstrable and verifiable evidence on:

- Legal compliance in forest operations and the supply chain
- Sustainable forest management

As new developments are occurring rapidly, there is an urgent need for tropical wood product exporters to monitor these developments, assess their ability to meet these requirements if they are widely adopted, and to explore the market threats – and opportunities –presented by these developments.

There is also a need for those parties developing and implementing timber procurement policies to duly consider the implications for tropical timber producers as there will be significant economic, environmental and social impacts involved. The purpose of the country case studies (such as the study case of Cameroon) is to provide a contribution to the assessment of implications and impacts on tropical timber producers when meeting the requirements defined in procurement policies.

The purpose of the Cameroon case study is to provide a contribution to the assessment of implications and impacts on timber sector when meeting the requirements defined.

The specific objectives of the Cameroon case study are to:

1. Assess positive and negative impacts of timber procurement policies on management of Cameroon's tropical forests, its timber industry, and national economy

2. Assess to what extent suppliers are able to meet the requirements and costs of timber procurement policies

3. Assess to what extent timber procurement policies may open new market opportunities for the timber producing sector of Cameroon

4. Identify and analyze impacts and key factors affecting the ability of suppliers in Cameroon in meeting the requirements and costs of timber procurement policies, and what concrete actions and measures should be taken to enhance the ability of suppliers to overcome the constraints and meet the requirements

2. AN OVERVIEW OF THE FORESTRY SECTOR

Cameroon has an estimated population of 17.8 million for a total land area of 475,442 km^2, including 6,000 km2 of water. A population growth rate of 2.7% and growing urbanization, estimated at 54% of the population, are putting growing pressure on land, which has doubled since 1975 (UNDP, 2008).

Cameroon's economy is based on agriculture and livestock (44% of GDP), industry (16%) and services (40%) (CIA, 2008). The contribution forestry (accounted within agriculture and livestock) to the GDP is estimated at 6.5%.

The total area covered by dense productive forests is estimated at 16,467,570 ha (Eba'a Atyi et al., 2009). The tropical humid forests are mainly exploited for timber, firewood and non-timber forest products, while forests in the north are mainly used for firewood and non-wood products (MINEP, 2007).

In general the forest resources are the property of the State; however, forest exploitation is conducted in the field by private individuals and industrial enterprises that received timber harvesting titles from the government. There are 9 types of legal timber harvesting titles (Table 2.1) in Cameroon that can be grouped as follows:

- The exploitation permits, which include three types of titles: the timber exploitation permit, the special products exploitation permit and the firewood exploitation permit. The exploitation permits are granted for one year and are non renewable, they allow exploitation or collection of well-defined quantities of forest products in a given area. These products may be special products, or volumes of raw timber not in excess of 500 m^3 , or firewood and poles extracted for profit.
- The authorizations which consist of two types of titles: the personal cutting authorization and the wood recovery authorization (rescue cutting and wood collection). A personal cutting authorization is issued for the benefit of an individual for non-profit personal use to collect quantities of wood that cannot exceed 30 m^3 gross. Timber recovery authorizations may be issued as part of a development project likely to cause disruption or destruction in a forest. These permits are only issued after a prior environmental impact assessment has been conducted by the applicant in compliance with norms set by the environmental authority.
- The community forests are granted for a maximum area of 5 000 ha. Logging takes place on behalf of the community, governed, by sales of standing volumes, personal logging authorization, or by permit, in accordance with a simple management plan approved by the forest authority. Industrial exploitation using heavy machineries for skidding and log transportation is forbidden in community forests. Only artisanal and semi-industrial techniques for which felled trees are sawn on the felling spot are allowed.

- The sales of standing volume are granted within the non-permanent forest estate and consist of licenses to log in an area not exceeding 2 500 ha or a specified volume of standing timber for sale.
- Municipal forests (or council forests) have a management plan approved by the forestry administration. The management plan is established at the behest of the heads of municipalities, and any activity must comply with it. Forest products of any kind from operations in council forests belong exclusively to the municipality.
- Forest concessions are assigned after notice from an inter-ministerial committee, and following a public call for tender. Concessions from one company may not exceed a total area of 200,000 ha. After awards, the company signed a tentative agreement for a temporary contract of 3 years during which a plan for sustainable management must be prepared by the company and approved by the forestry administration. Concessions are granted for a period of 15 years and they are renewable.

The large number of timber harvesting title types makes forest operations monitoring quite complex and represents a challenge for forest law enforcement.

Table 2.1 Status of the Allocation of Forest Exploitation Titles in Cameroon (2008

Title type	Base for allocation	Duration	Number allocated	Maximum size	Average size	Total area allocated (ha)
Forest concession	Surface area (ha)	15 years renewable)	103	200,000 ha	58,971.2	6,074,033
Municipal forests	Surface area (ha)	15 years (renewable)	6	Not defined	23,500	141,000
Community forest	Surface area (ha)	25 years (renewable)	177	5,000 ha	3,572.5	632,330
Sales of standing volumes	Surface area (ha) or volume	1 year	10	2,500 ha not defined for volume	2,500	25,000
Wood recovery authorizations	Volume (m^3) or area (ha)	1 year	Not available	Note defined	Not available	Not available
Personal cutting authorization	Volume (m^3)	3 months	Not available	30 m^3	Not available	Not applicable
Timber exploitation permit	Volume (m^3)	1 year	Not available	500 m^3	Not available	Not applicable
Special products exploitation permits	Volume (m^3) or weight (kg)	1 year	Not available	Not defined	Not available	Not applicable
Firewood exploitation permit	Volume (m^3)	year	Not available	not defined	Not available	Not applicable

Of the 9 types of legal timber harvesting titles described above, three can be considered to be designed for sustainable timber production; these are the forest concessions, the community forests and the municipal forests.

While community forests and municipal forests are exclusively granted to local communities or local municipal council grouping persons of Cameroonian nationalities, industrial logging concessions are granted both to Cameroonian an foreign entities. In fact, of the ten biggest logging enterprises of Cameroon (Table 2.2, also Eba'a Atyi (2009)) only CUF and CIBC are funded by Cameroonian investors.

In total there are 105 companies involved in industrial timber harvesting and/or log processing in Cameroon, of these 90 companies have been granted logging rights the 15 others are only involved in timber processing and/or export. Many of these enterprises belong to a few business holdings of European or Asian Interests. A typical example is the Wickwood group (China) which owns seven logging enterprises. Most of the industrial enterprises tend to be integrated to include not only timber harvesting but also log processing. The integration sometimes takes place at the level of a group, in that case many individual logging enterprises belonging to the same business group would supply logs to one or two timber processing mills.

Table 2.2 The 10 Biggest Logging Enterprises of Cameroon and the Rrigin of Their Investments

Enterprises	Log production in 2006 (m^3)	Origin of investment
1 : GRUMCAM	105 893	Vickwood (China)
2 : PALLISCO	97 943	France
3 : STBK	93 386	Lebanon
4 : CFC	91 767	Vickwood
5 : CUF	85 436	Cameroon
6 : SEFAC	84 972	Italy
7 : GWZ	71 857	Netherlands
8 : CIBC	66 757	Cameroon Europe
9 : SIBAF	65 848	France
10 : SFID	65 194	France
% Total production (2006)	**36%**	

Adapted from: Eba'a Atyi (2009)

Although there is no organized market for logs within Cameroon, there are logging and timber processing companies that sell and/or buy log to other companies on the basis of mutual consent without any regulation from the state and no report exists on such exchanges.

Most of the timber products that are exported from Cameroon come from forest concessions and sales of standing volumes. However, it is generally admitted that timber exploitation permits, community forests and municipal forest are playing a growing role in timber products exports in Cameroon. Since 2008, illegal logging activities have substantially decreased in industrial forest concessions (Cerutti and Fomete, 2008), the same can be said for other forest titles where industrial logging happens such as municipal forests and sales of standing volumes. However, in community forests there are still many concerns about illegal activities because the exploitation of these small patches of forests (average size 3572.5 ha to be exploited in 25 years) is difficult to monitor by the forestry administration and most of the sawnwood produced in community forests enters the informal sector which is the basic supply source for the local market.

Timber exploitation permits and wood recovery authorizations are other forest title types where the forestry laws and regulations are frequently abused.

3. MANAGEMENT OF FOREST CONCESSIONS AND FOREST CERTIFICATION

From the zoning plan of Cameroon, about 7.6 million ha of the country's natural forests should be devoted to industrial sustainable timber production. Of these, 6,074,033 ha have already been allocated to logging enterprises as concessions. Table 3.1 gives the status of management in the allocated forests.

For the management of forest concessions the law requires that after a concession has been allocated to an enterprise, the enterprise develops a forest management plan in accordance with norms and guidelines defined by the forestry administration. The development of a forest management must be done within three years after the award of the concession. During the three year transition period (when the forest management plan is under development), the concession managing enterprise is allowed to exploit 1/30th of the concession each year. The development of a forest management plan includes preliminary studies of the natural and the socio-economic environment of the forest concessions followed by the elaboration of the management plan itself. The required studies are: a forest inventory at a sampling rate varying from 0.5% to 5% depending of the size of the concession, a socio-economic study and an environmental impacts assessment study. The forest management norms in force in Cameroon require that all forest management plans for concessions be designed based on a cutting cycle of 30 years. The forest management plan should be approved by the forestry administration before the concession is definitely granted to the concessionaire. The production of 1.7 million m³ from a total of 248,000 ha of annual logging coupes opened in 2007 indicates that the average harvest is about 7m³ /ha (about one tree/ha) in industrial forest concession. Therefore logging remains very selective in Cameroon.

Table 3.1 Status of Forest Management in the Formal Sector of Cameroon

Forest management status	Number of concessions	Total area (ha)
Total allocated	103	6,074,033
Under provisional management agreement (management plan in preparation)	38	1,866,171
With approved forest management plan	65	4,207,862
Annual logging coupes from concessions (2007)	91	248,000
Status of forest certification		
FSC certified	8	899,822
Legality certified (OLB, SGS)	21	1,722,796

By the end of 2008, a total of 103 concessions (or Forest Management Units (FMU)) had been granted to logging enterprises (Table 2.2), 65 of these covering 4,207,862 ha (69.3% of the total area granted) were already managed on the basis of approved forest management plans, and 8 (representing 14.8% of the total area allocated and 21.4% of the area covered by approved forest management plans) were certified for sustainable forest management under the FSC certification system. In order to reach FSC certification, the companies concerned mostly worked to improve their social practices for example with more safety for workers and paying more attention to the indigenous people where the live within or close to the forest concession. They also worked with research institutions and NGOs to establish plots for the monitoring of forest dynamics and the design of wildlife protection measures with the concession. In two cases, the companies had to revise their forest management plans and obtain the approval of the revised plan from the forestry administration.

In addition, there are 21 concessions (1,722,796 ha) holding legality certificates titled OLB (Origine Légale des Bois) when issued by Bureau Veritas (BV), or TLTV (Timber Legality and Traceability Verification) when issued by Société Générale de Surveillance (SGS). BV and SGS are independent verification bodies with international reputation which, in addition to being FSC accredited certifiers, have developed verification standards for legal compliance in forestry operations in countries of Central Africa such as Cameroon. The legality standards are based on laws and regulations in force in Cameroon on the following domains: forestry, environment, labor, processing mills and transport of forest products. In addition, some elements of the standards are based on international conventions and agreements signed by the government of Cameroon. In general, companies are not required to undertake additional activities in order to meet the requirements of legality standards. However in many cases, companies are not well informed on the requirements of international conventions and agreements such as the ones of the International Labor Organization (ILO), in such cases the companies need to pay special attention to the international conventions and may need to spend some financial resources on safety equipments required by ILO for forest workers for example.

4. MANAGEMENT OF MUNICIPAL AND COMMUNITY FORESTS

By the end of 2008, a total of six municipal forests had been granted to local municipal council covering an aggregate area of 141,000 ha. Similarly, 177 community forests had been granted for a total area of 632,330.

Municipal forests (sometimes designated as local council forests) are allocated upon request to local decentralized municipal councils which possess patches of forest areas in their territories. A Municipal Council consists of elected municipal counselors (5-year term) headed by a mayor. The municipal council is responsible for the management of a municipal forest. Forest management plans for municipal forests have been developed in most cases within the framework of a donor project. Usually, the municipal councils are not in possession of all equipments needed for industrial timber harvesting, they then subcontract timber extraction operations to a well equipped logging company. Benefits derived from the management of municipal forests should be used for local development at the level of the municipal territories that includes a number of village communities. Because municipal forests are in general larger (average size 23,000 ha) than community forests, they are managed according to the same norms as forest concessions, especially industrial logging operations are allowed in municipal forests. However, most local councils do not have necessary financial means to launch preliminary studies required by the law.

Community forests are managed for a cutting cycle of 25 years, and the forest management communities should develop simplified forest management plans to be submitted to the forestry administration for approval before they can start forest exploitation. Timber harvesting in community forests must be done with artisanal means to reduce logging impacts on these small forest (<5,000 ha), log skidding using engine tractors is forbidden and logs have to be processed in sawnwood on the felling site. In general communities managing forests do not have appropriate capacity (financial as well as technical) to meet the requirements of the law concerning the management of community forests. The requirements for a legal management of a community forest include a forest inventory (5% sampling rate), the production of forest maps and the development of a simple forest management plans containing harvesting schedules. Most of the community forests that are currently active are supported either by NGOs that raise external funds or by industrial forest enterprises.

5. COSTS OF FOREST MANAGEMENT

5.1 Management Costs in Forest Concession and Municipal Forest

From the information presented in section 1 (Table 2.1), the average size of a forest concession in Cameroon would be 58,971 ha, and such a concession would theoretically conduct harvesting operations on 1,966 ha each year to produce about 13,762 m^3 of commercial logs annually. Table 5.1 gives the direct costs related to compliance, verification and forests certification in Cameroon. Although the development of a forest management is a legal requirement, it is considered as the first step of improvement forest management plan and it illustrates the additional indirect costs that a company would face before seeking verification of legality and/or certification. On average, an enterprise managing a forest concession in Cameroon needs to invest 147.4 million CFA (294,158 US$) to develop its forest management plan. With the currently operating independent verification bodies it requires about 3.9 million CFA (7,666 US$) annually to obtain and maintain a legality certificate. Once the forest management plan has been developed, if the forest enterprise decides to implement SFM certification, it requires about 27.1 millions CFA (53,713 US$) to have the initial phases of the certification process completed (pre-audit, initial audit and CoC audit). It should be

emphasized that these are only the direct costs related to forest certification which can be estimated at 0.91US$/ha. The indirect costs to meet forest certification are much higher and depend on the specific local situation of the concession. The development of a forest management plan costs 4.94 US$/ha (about 0.71 US$/ha) which is more than five times higher that the direct costs of certification. In addition to the development of forest management plans, companies that intend to go for forest certification support additional costs related to the improvement of their environmental and social practices, but the level of these costs varies on a case by case basis.

Table 5.1 Direct Costs of Compliance, Legality Verification and Forest Certification in Cameroon

Cost item	Total (CFA)	Total US$	CFA/ha	CFA/m³	US$/m³
Baseline timber harvesting annual operation costs (based on one annual coupe)	244,591,810	489,184	124,411	17,773	35.5
Development of a forest management plan	147,427,500	294,855	2,500	357.1	0.71
Direct annual legality verification (TLTV)	3,868,497.6	7,737	65.6	9.4	0.02
Pre-audit SFM certification	2,335,251	4,671	39.6	5.7	0.01
Initial Certification audit	22,013,874.3	44,028	373.9	53.4	0.12
Chain of custody audit (lump sum)	2,755,200	5,550			
Annual surveillance audit	2,335,251	4,671	39.6	5.7	0.01

In the case of municipal forests which are considerably smaller (average size 23,000 ha) the management requirements are the same but the costs per ha are expected to be higher due to some fixed costs that are to be met during the development of forest management plans and auditing costs during the legality verification and forest certification processes. In the case of a municipal forest, the costs related to the development of a management plan per unit area would be at least 25% higher because the regulations for forest inventories in Cameroon require that the sampling intensity be doubled in the case of forest concession which area is less than 50,000 ha. The forest of auditing costs (certification or legality verification should also increase by at least 10%).

5.2 Management costs in Community Forests

An important number of community forests under exploitation in Cameroon have received technical support from donor organizations through international NGOs. A study was conducted in some community forests in 2007 by the Belgian NGO (Julve *et al., 2007*) that estimates the management costs of community forests in Cameroon. Although no community forest is currently certified in Cameroon, there have two pre-audits under the FSC system for two groups of community forests, one with three community forests and the other one with four. The payment of costs of each pre-audit was supported by WWF without substantial contribution of the local community. Table 5.2 gives the cost estimates of managing a community forest of 5,000 ha. These costs are considerably higher per cubic meter or per ha than those of a forest concession. For example for a certification pre-audit the cost for a community forest (481 CFA/ha) are 12 times higher than those of forest concession. This difference

can be explained by fixed costs due to travel costs of auditors coming from Europe. This was the first initiative of its kind in the country and could be reduced over time with local auditing capacity increasing. Furthermore, the administrative procedures related to the development of forest management plans and the annual reporting of forest operations have now been simplified. In any case it would be very costly and even difficult for local communities that manage forest to meet legality verification or certification costs without technical assistance from the forestry administration as it is provided by the law but often not applied.

Table 5.2 Management Costs for a Community Forest with a Certification Pre-Audit

Cost item	Value (CFA)	Value (US$)
Development of a simple forest management plan	8,195,000	16,390
Operational costs (Personnel, Lukas Mill[1], fuel, maintenance of equipment)	89,640 /m³	179.3/m³
Pre-audit (Smartwood)	481 /ha	0.96/ha

Nevertheless, the study by Julve et al. (2007) showed that the forest village communities are capable of making substantial benefits if their sawnwood is sold in international markets rather than in the local market. As already mentioned above, industrial logging using skidding tractor is forbidden in community forest, only artisanal processing for which logs are processed on the felling site with chainsaws is allowed. This process usually produces low quality lumber that cannot be accepted in international market and are sold mainly in local markets. To produce export quality lumber forest managing communities need to acquire special equipments such as chainsaws equipped with special gauge or Lukas mills[1]. The profit margin would be about 20,600 CFA/m³ (41.2 US$) for an annual production of 500 m³ . The study considers that a community managing a forest covering 5,000 ha would harvest around 65 trees per year and obtain 500 m³ . Therefore it is in the interests of the government to promote community forestry as well as appropriate procedures to verify legal compliance because community forestry has a significant potential of contributing to poverty reduction at local level

6. MARKETS OF TIMBER PRODUCTS EXPORTS

6.1 Production of Timber and Timber Products in Cameroon

The formal timber sector of Cameroon produces 2.3 to 2.5 million cubic meters of round logs annually. In 2007 forest concessions produced 1.7 million m³ , while municipal forests, sales of standing volumes, wood recovery authorizations supplied 210,000 m³ , 275,000 m³ , and 155,000 m³ of timber respectively. More than 90% of the total raw log production is processed within the country in 60 timber processing mills including 51 sawmills and 9 veneer/plywood factories.

The production of processed products in Cameroon is not monitored by the forestry administration, however, it is believed that the most important part of processed wood products produced in Cameroon is exported to African and international markets.

[1] Small sawmills equipped with wheels that can be displaced up to the felling site.

6.2 Markets of Exported Logs

From the data collected in Douala (the main seaport of Cameroon where more than 95% of the forest products are exported to international market), Cameroon exported 257,578 m³ of raw logs in 2008 to 20 countries around the world (Ministère des Forêts et de la Faune (MINFOF), 2009). Figure 1 gives the market shares of log exports from Cameroon by region. Asia is by far the most important destination of logs exported from Cameroon with 82% of the total volume exported.

Figure 1 Market Shares of Log Exports from Cameroon by Region (2008)

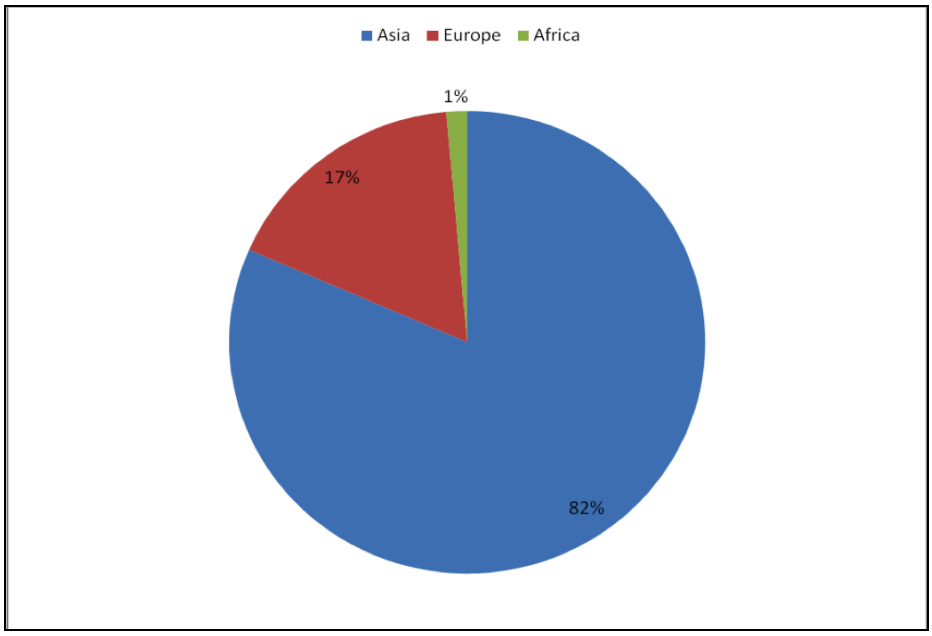


Table 6.1 indicates that the three main export markets for logs are with 147,180 m³ (57.1% of the total volume exported), Viet Nam (53,052 m³) and Italy (18,859 m³). Asian countries (specifically China and Viet Nam which are the most important markets for Cameroon's logs) have not yet developed specific procurement policies for their log imports. However, part of the logs imported by China and Viet Nam would be processed and re-exported to other countries including EU countries, for that reason they will be required to show proof of legality, and the procurement policies of the EU countries will still have impacts even on timber products imported through Asia. Therefore indirect impacts of public procurement policies in European markets are expected from the markets of Cameroon logs in Asia

Table 6.1 Logs Exports from Cameroon by Market in 2008

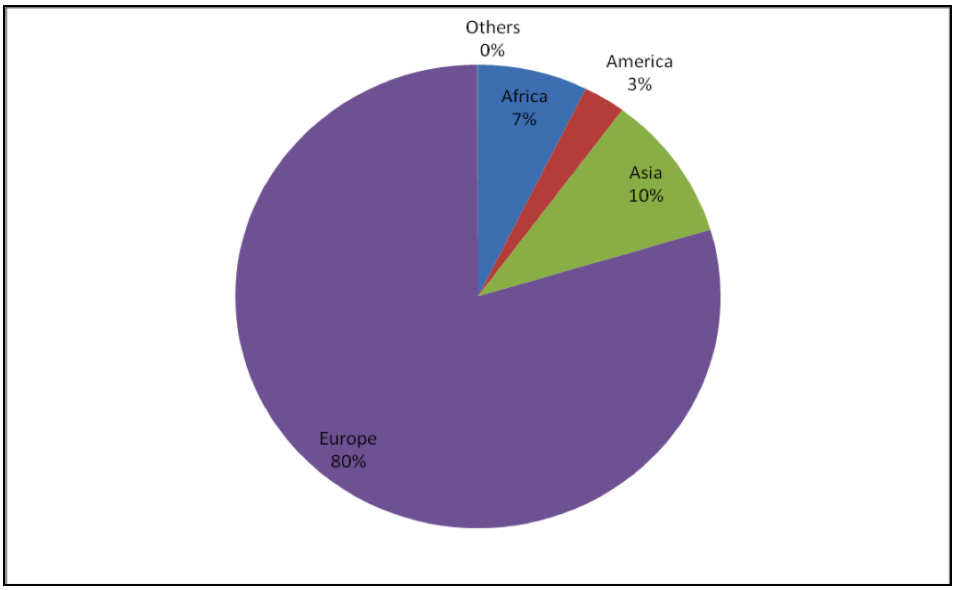
Country	Volume (m³)	% Total	Country	Volume (m³)	% Total
China	147 180	57,14	Spain	2 212	0,86
Viet Nam	53 052	20,60	Hong Kong	2 120	0,82
Italy	18 859	7,32	Portugal	1 134	0,44
Turkey	8 477	3,29	Taiwan	792	0,31
France	7 249	2,81	Tunisia	701	0,27
Belgium	3 393	1,32	Thailand	520	0,20
United Arab Emirates	3 201	1,24	Korea Democratic	442	0,17
Senegal	2 551	0,99	Morocco	356	0,14
Germany	2 528	0,98	Japan	240	0,09
India	2 516	0,98	Netherlands	55	0,02
			Total	**257 578**	**100,00**

6.3 Exports Markets for Sawnwood

The markets of Cameroon sawnwood are more diversified as Cameroon exports its sawnwood to about 60 countries. In 2008 the volume exported was 577,423 m³ through Douala port, which is more than twice the volume of exported logs. The value of log exports in 2008 were not available, however in 2007 that the value of sawnwood export was about eight times higher the value of log exports.

Figure 2 shows that 80% of Cameroon sawnwood exports go to Europe. Compared to logs the share of African markets sawnwood is significantly higher. The role of American markets also becomes noticeable.

Figure 2 Shares of Sawnwood Exports from Cameroon by Region (2008)



The most important importing country of sawnwood from Cameroon is Italy with 111,140 m³ in 2008 (Table 6.2) followed by Spain (88,350 m³) and the Netherlands. In fact the six biggest importers of Cameroon sawnwood are located in the European Union and China, the biggest Asian market, ranks only eleventh. Both in terms of value and volume, sawnwood exports are by far for more important for Cameroon than log exports, and that sawnwood is primarily exported to EU countries, the EU markets are of critical importance for the forest industry of Cameroon. The role of the US market becomes also appreciable as the country is the 8th most important market for Cameroon sawnwood.

Table 6.2 Shares of the Top 20 Sawnwood Importing Countries in the Cameroonian Exports (2008)

Country	Volume (m³)	% total	Country	Volume (m³)	% total
Italy	111 140	19,25	China	12 786	2,21
Spain	88 350	15,30	Hong Kong	12 205	2,11
Netherlands	78 638	13,62	Turkey	9 275	1,61
France	62 941	10,90	Germany	9 235	1,60
Belgium	54 963	9,52	Ireland	8 513	1,47
United Kingdom	17 654	3,06	Saudi Arabia	8 183	1,42
Senegal	16 798	2,91	Malaysia	6 669	1,15
USA	15 474	2,68	Ghana	4 762	0,82
Tunisia	13 347	2,31	United Arab Emirates	4 581	0,79
Portugal	13 015	2,25	Viet Nam	3 385	0,59
			Others	25 509	4,42
			Total	**577 423**	**100,00**

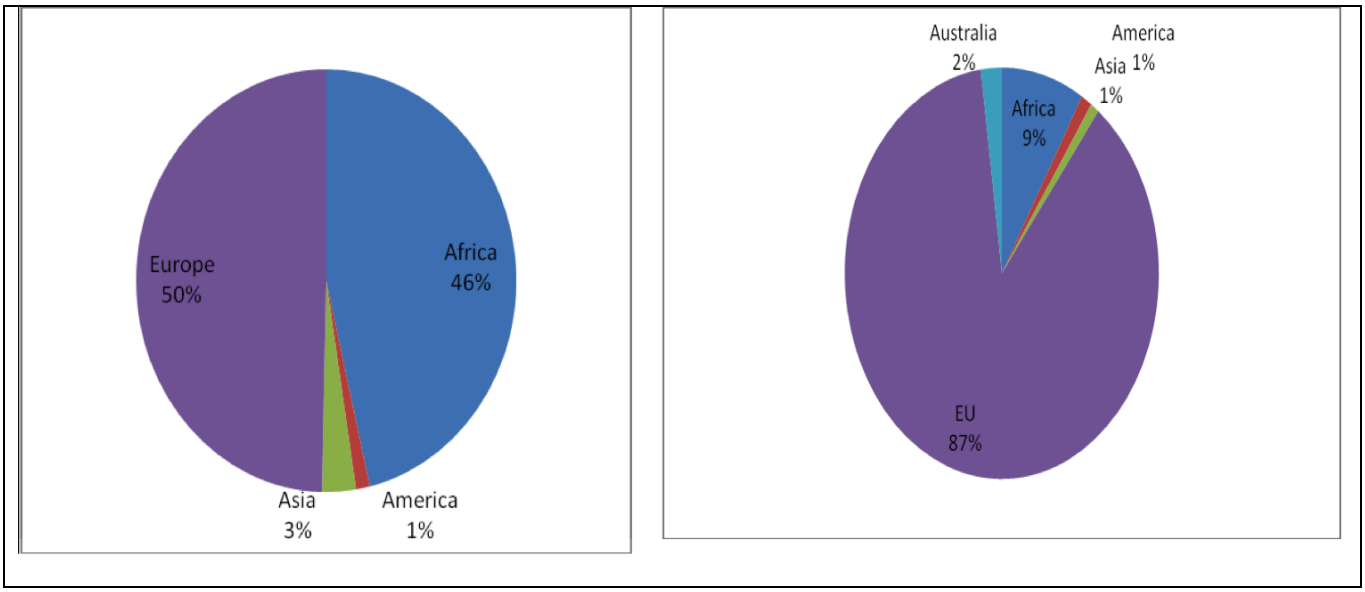
Given the importance of sawnwood for the Cameroon timber sector both in terms of volume and value and the role played by European markets where public procurement policies are applied, these policies should have significant impacts on the Cameroon timber sector. It is known that in addition to EU markets, the US market (through the Lacey Act) will require that only timber products of legal origin be imported. The EU and the US markets represent about 83% of the total export market for Cameroon's sawnwood. Furthermore some of the most important markets of Cameroon sawnwood such as the Netherlands, France, Belgium and the United Kingdom (37.1% of the total sawnwood market) are in the process of adopting public procurement policies which will require that only timber products from sustainably managed forest be purchased for public works. A special emphasis should be made on the market of the Netherlands for which most of the sawnwood imported from Cameroon consist of Azobé lumber used in public hydraulic works, a public procurement policy requiring products from sustainably managed forests will have direct important impacts in Cameroon's timber industry.

6.4 Export Markets for Veneer and Plywood

In 2008 the total volumes of plywood and veneer exports were 17,981 m³ and 59,130 m³ , respectively. Plywood was exported to 21 countries while veneer was destined to 16 countries. As presented in Figure 3, the most important regional destination of plywood exported from Cameroon is Europe with 50% of the total volume exported, followed closely by Africa (46%).

Similarly for veneer, Europe is by far the most important market region of veneer exported from Cameron as it has bought 87% of the total volume exported. Africa comes second with 9%.

Figure 3 **Shares of Plywood (left) and Veneer (right) Exports from Cameroon by Region (2008)**



Data presented in Table 6.3 and

Table 6.4 indicate that for plywood the largest market in 2008 was Italy (4,818 m³) followed by Senegal (4,662 m³) and Gabon (2,180 m³). Concerning veneer the most important market is also Italy which imported 77.4% (45,768 m³) of the total volume of veneer sold by Cameroon in international markets. Italy is followed by Tunisia (4,683 m³) and Spain (3,512 m³).

Table 6.3 **Plywood Exports from Cameroon by Market (2008)**

Country	Volume (m³)	%total	Country	Volume (m³)	%total
Italy	4 818	26,79	Spain	79	0,44
Senegal	4 662	25,93	Germany	61	0,34
Gabon	2 180	12,12	Syrian Arab Republic	59	0,33
Greece	2 122	11,80	France	52	0,29
Turkey	1 734	9,64	United States of	38	0,21
Equatorial Guinea	1 022	5,68	Netherlands	30	0,17

Congo, Republic of	420	2,34	Russian Federation	29	0,16
Thailand	249	1,38	Egypt	27	0,15
Brazil	175	0,97	Korea Democratic	19	0,11
Hong Kong SAR	100	0,56	Tunisia	16	0,09
China, Taiwan	89	0,49	**Total**	**17 981**	**100,00**

Table 6.4 Veneer Exports from Cameroon by Market (2008)

Destination	Volume (m³)	%Total	Destination	Volume (m³)	%Total
Italy	45 768	77,40	Belgium	143	0,24
Tunisia	4 683	7,92	Ghana	131	0,22
Spain	3 512	5,94	Egypt	113	0,19
Australia	1 277	2,16	South Africa	106	0,18
Russian Federation	652	1,10	Korea Democratic	85	0,14
Germany	637	1,08	United Kingdom	83	0,14
France	595	1,01	China*	71	0,12
Brazil	375	0,63	United Arab Emirates	34	0,06
Syrian Arab Republic	321	0,54	Netherlands	32	0,05
United States of	299	0,51	Turkey	32	0,05
Portugal	165	0,28	Thailand	16	0,03
			Total	**58 284**	**98,57**

6.5 Conclusion on the Markets of Timber Product Exports from Cameroon

The timber product exports from Cameroon are very much dependent on European markets which are the principal outlets for all the three major types of processed products exported from Cameroon (Figure 4). The dependency of Cameroon's exports of processed timber products on EU markets is even more emphasized when taking into account the secondary processed sawnwood (SPSW) even though the SPSW still play a non significant role in Cameroon. For example in 2008, Cameroon exported a total of 2834 m³ of SPSW and the total quantity exported went to EU member countries.

Italy is the largest single European market for Cameroonian timber products and procurement policy in Italy is the minimum that would be applied to all EU member countries and which would be limited to legality verification. However, some part of the products exported to Italy is used for furniture for exports and may therefore be subject to tighter procurement policies in other EU countries. Other EU markets such as Spain, the Netherlands, France, Belgium, United Kingdom and Portugal take a significant share of Cameroon timber products as each of these countries imports more sawnwood from Cameroon than China for example, and sawnwood is the lead products from Cameroon that enters international markets.

Statistics presented in Table 6.5 are based on the quantities and values of timber products exported from Cameroon in 2007 (Eba'a Atyi, 2009). It is assumed that prices for different product types are the same for all markets. Table 6.2 shows that about 74% of the value of timber product exports from Cameroon are obtained in EU market for a total value estimated at 261.5 million US$. This demonstrate that, if timber producers of Cameroon are unable to meet the requirements set by a regional procurement policy in the EU, almost 74% (76% if the US and Japan markets are added) of

Cameroon export market for timber products would be jeopardized and the formal forest industry of Cameroon would nearly collapse.

Figure 4 Regional Shares in Timber Products Exports from Cameroon in 2008 (%)

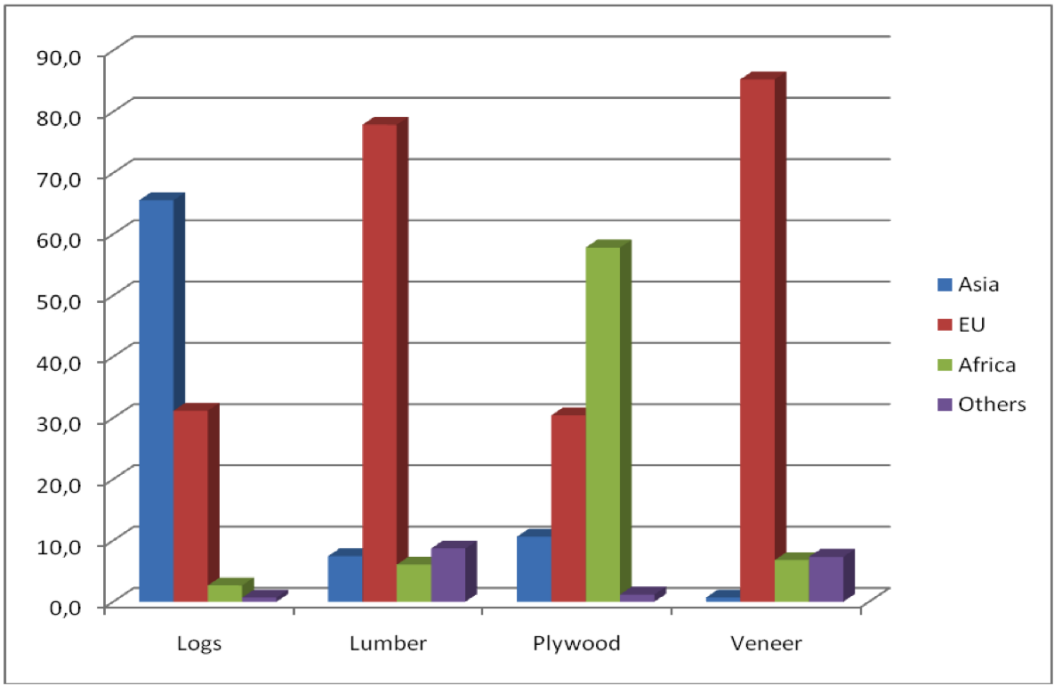


Table 6.5 EU Share in Timber Products Exports from Cameroon (2007

Product	Total volume exported (m^3)	Total Value (US$)	EU market share (%)	Value EU markets (US$)
Logs	257 578	34 066 391	32	10 901 245
Sawnwood	613 036	287 451 324	78	224 212 033
Veneer	59 408	23 366 916	90	21 030 224
Plywood	17 983	10 726 769	50	5 363 385
Total	**948 005**	**355 611 400**	**74**	**261 506 887**

Europe being one of the most active region in the setting of public timber procurement policies (Simula, 2006), both at the regional (FLEGT) and national levels, these policies would have considerable impacts on the Cameroon timber industry. This is perhaps the reason why there are many private initiatives to prove legal compliance using independent verification bodies (see Table 3.1), and to adopt forest certification.

7. STATUS OF THE FLEGT PROCESS

The FLEGT process started in Cameroon with an inter-ministerial conference in 2004 which launched the preparatory phase. A year later the government of Cameroon addressed a letter of intent to the

European Commission (EC), and mutual declaration that defines the framework and scope of the negotiations was signed in 2007. The negotiations to reach the Voluntary Partnership Agreement (VPA) started in November 2007 with a schedule to sign the VPA by the end of 2008. By December 2008, the two parties had held the two formal negotiations planned and six technical bilateral meetings (in preparation of the formal sessions) but a complete agreement was not reach. Since then, additional consultations have taken place and the VPA should be signed before the end of June 2009. The negotiations for the VPA focused on seven points:

1. The agreement implementation field: agreement on legislations and forest products to be taken into account
2. The legality verification system which includes: the national forest law enforcement system, the issuance of legality system, the monitoring system (database), the traceability system and the issuance of FLEGT licences
3. The establishment of an independent auditor
4. Procedures for verification and acceptance of FLEGT licences
5. Modalities for the monitoring of the VPA implementation
6. Institutional arrangements
7. Financial mechanisms and supporting measures.

The first FLEGT licences from Cameroon are expected to be issued in 2012. It is expected that the EC will allocate 11.05 million US$ to support the costs related to the improvement of the traceability system and the independent observer and auditors.

The VPA between Cameroon and the EU is quite ambitious as it intends to cover all products destined to all markets (EU markets, other international markets and the domestic market). It al also intends to be audaciously transparent by putting information in the public domain which has been considered strictly confidential private information in the past. Before the VPA is implemented, the forestry administration will have to face a few challenges (Vandenhaute, 2009) some of the most important being:

- The adaption and field implementation of the national forest law enforcement strategy
- The recording of all data of the forestry sector in a centralized database
- To assure the monitoring of all cases of disputes
- To computerize all forest inventory results for all types of forest titles
- To monitor the bestowing of officially secured documents
- To build the human resource capacity of the MINOF staff in charge of forest law enforcement and monitoring.
-

Some of the pending issues that deserve solutions before the issuance of FLEGT licences in Cameroon include:

- What should be done of illegal4 forest products seized by the forestry administration and auctioned?
- How can the legality of imported wood products coming from countries that have not signed VPA be verified? This is for example the case of Gabon which is not progressing at the same pace as Cameroon with its VPA and from where Cameroon imports small quantities of Okoumé plywood each year.
- How can private initiative of forest certification be taken into account?
- How to improve transparency in all government administrations involved in the trade of timber products?
- How can civil society organizations be involved in the implementation of the VPA?

8. CAPACITY OF THE LOGGING INDUSTRY TO MEET LEGALITY AND SUSTAINABILITY REQUIREMENTS

It appears that industrial private enterprises that have been granted forest concessions from the state and which have developed forest management plans can cover the additional costs related to legality verification and even Sustainable Forest Management (SFM) certification costs. Given that the most important market for Cameroon's timber products are located in Europe, 21 concessions representing 28.4% of the total concession area granted in Cameroon are already engaged in some scheme of independent legality verification while eight concessions (15% of the total area allocated) are FSC certified. All the certified concessions are managed by companies owned by European business groups. For the concessions, obtaining FLEGT licenses should not be too costly once the signed VPA is applied.

The effects of the ongoing economic crisis on the timber industry of Cameroon are not yet adequately known. However, an analysis of available export data through the port of Douala shows that the quantities of sawnwood exported have dropped by -42% during the first quarter of 2009 compared to the first quarter of 2008. Similarly, the plywood exports dropped by 50%. On the contrary the log exports increased by 23% thanks to deliveries to non-EU markets. This suggests that Asian markets for logs are less impacted by the economic crisis and the MINFOFis considering relaxing log exports restrictions.

In municipal forests, the management costs are not yet well known but it can be estimated that they would be able to meet legality verification costs at reasonable costs if there is a market benefit but they would definitely have problems with certification costs if they do not receive external support.

The case of community forests is quite different. Meeting legal compliance costs is already a burden for local communities, which have completed the elaboration of simple management plans with external financial and technical support. It is not clear whether such plans would meet the requirements of PPPs in the EU as importing countries have different requirements. Without external support the village communities will not be able to meet additional compliance and verification/certification costs. Perhaps the costs related to FLEGT licenses, when the VPA is operational, should be mostly supported by the donors or the state as the Cameroon's VPA includes all forest products for all markets in the agreement.

On the other hand, it should be noted that the costs of certification auditing are decreasing in Cameroon as certification bodies are progressively employing national auditors in their operations. In fact, a number of forest management auditors have been trained during the last five year through the ITTO project on the "Promotion of Sustainable Management of African Forests" (PD 124/01). Local training courses have also been organized by certification bodies (especially Smartwood and Bureau Veritas).

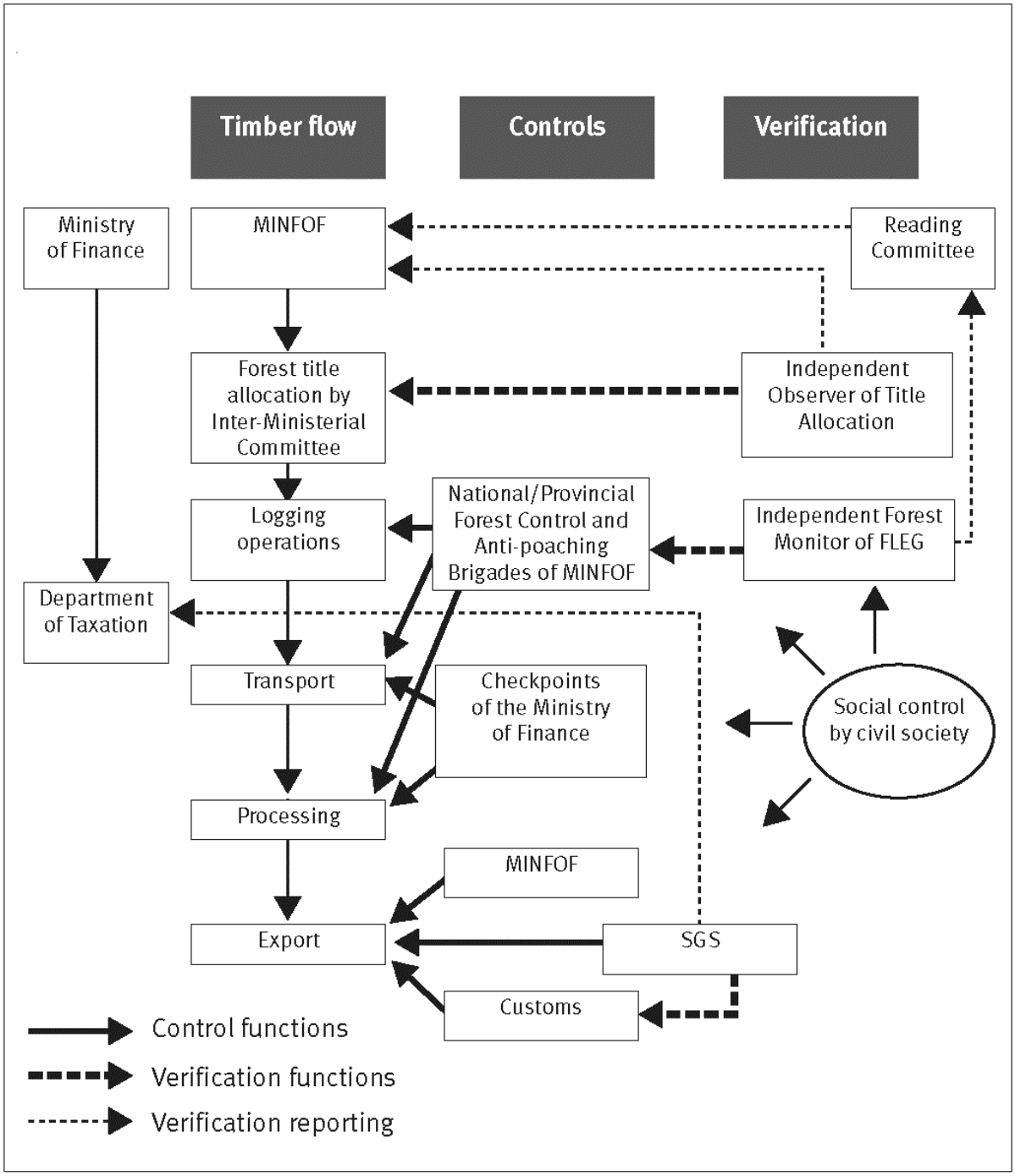
9. NEEDS FOR POLICY AND INSTITUTIONAL REFORMS

9.1 The Forest Control and Verification System in Cameroon

Cerutti and Fomete (2008) give a detailed description of the forest control and verification system in force in Cameroon (Figure 5). The forest control operations are the responsibility of forest law enforcement officers of the MINFOF who check the legality of any forestry-related operation (harvest, transport, processing and export) conducted by private companies, individuals, municipal councils or

forest managing village communities. Monitoring in the field is both routine and in response to requests by concerned individuals, civil society organizations or the private companies. Within MINFOF, a mechanism of internal auditing has been set with the office of the General Inspector who is supposed to assess the functioning and efficiency of the control system. Since 2000, Cameroon has also adopted and Independent Monitor (IM) with the support of the donor community. The IM performs verification during joint missions organized with forest law enforcement officers of MINFOF. A reading committee has also been set to validate the findings of the joint control/verification missions carried out by MINFOF and the IM. Sanctions related to illegal forest activities are taken solely by the MINFOF Minister based on validated field reports including statements of offence.

Figure 5 Forest Verification Actors and Functions in Cameroon



Source: (Cerutti and Fomete, 2008)

To support the follow-up of forest law enforcement activities, three computerized databases have been established:

1) The computerized Forest Information System (SIGIF) based within MINFOF since 1998 to manage areas of logging tittles, area taxes due, active permits during a tax year as well as miscellaneous technical information. In the context of VPA negotiation/implementation, a new version of SIGIF is being constructed.

2) TRINITE II – Forêts, which is a special version of SIGIF set up set up to assist the Forestry Revenue Enhancement Program (PSRF) based in the Ministry of Finance in the management of forest taxes to be paid by each company.

3) The Computerized Forest Infractions and Information Management System (SIGICOF) which should contain data relating to forest law enforcement mission undertaken, enabling the daily management of forest-related legal cases

9.2 Needs for Improvement

By engaging the country in the FLEGT initiative, the government of Cameroon has demonstrated its political will to improve governance in the forestry sector and to meet requirements that are imposed by timber procurements policies in a number of EU countries. On its side, the private sector, by voluntarily adopting independent legality verification and forest certification has also shown its will to adhere to national initiatives related to improved governance and sustainable management of forest resources as a means to meet EU market requirements. However, for an effective nationwide there are still shortcomings that need to be address through policy and legal adjustments.

One of the most important shortcomings for the nationwide implementation of efficient legality verification is related to the current product tracking system (Tecsult International, 2006). The current system is too fragmented to provide consistent, reliable information on production, utilization and exports of timber and timber products.. Piecemeal bits of information is located is in many institutions such as the MINOF (inventory data and forest titles allocation information), the Ministry of Finance (tax information), Douala port (export value and volume information) to name a few. The analysis of trade data has shown that e.g. export trade information is not reliable and there are also gaps elsewhere. There is a need to build one centralized and computerized database in which all the information on all forest titles will be located; this would make cross checking and verification more effective. The other relevant data bases should be adjusted to provide necessary information for verification of legal compliance.

At the institutional level, many public bodies (forestry, tax, customs, judiciary, transport, etc.) need to use the information to be provided by the tracking system. It is thus very important that all the involved public agencies recognize the need to use a common integrated and coordinated information system. The state will have then to decide on the institutional set-up of the national tracking system to be used. It can be seen either as an fundamental element of the comprehensive information system for the forestry sector, or as a specific system to monitor collection of forest tax revenues. The need for clarity is important as these options have quite different implications for system design and implementation.

Concerning legal compliance, forest infractions should be currently registered on the basis of material facts by the forestry control agent. The system should be changed to include infractions discovered by computer cross checking of the information.

Finally, a unified complex traceability system would need significant investment for its establishment and specialist capacity building among public service agents who would use the system. A limited group of specialized staff needs to be trained for the running and maintenance of the system, and a large number of the operational personnel should be trained to use the system.

10. IMPACTS AND BENEFITS OF LEGALITY AND SUSTAINABILITY

10.1 Market Impacts

Cameroon's timber products continue to be primarily sold to European markets; the link between national production and the EU markets has been strengthened since 2003. Cameroon introduced then a policy on log export regulation according to which a list of timber species was forbidden to exportation as raw logs. The list of species forbidden to exportation as logs included the most commercialized species such as Sapelli, Azobé, Tali and Iroko, but Ayous logs could still be exported following quotas issued to applicant companies by the forestry administration yearly in relation to their installed capacity. The revision of the list of species that cannot be exported as raw logs is now being discussed as one of the measures proposed by the forest industry to the administration in order to reduce the negative impacts of the global economic crisis on the sector. The log export regulation led to increase in local processing in the country, it is estimated that in 2006 for example about 95% of the total log production from the industrial sector in Cameroon were processed in the country. Logging/timber processing companies in Cameroon have not tried to divert to other markets that do not require proof of legality or sustainability, instead they have taken various initiatives to meet the requirements of the EU markets. A possible trade diversion to Asian markets may however now result from the effects of the financial crisis if the low export levels to Europe will continue and more demand can be tapped in Asian markets where logs are preferred over processed wood, but this is hopefully a temporary situation.

The prices of timber products exported from Cameroon have not been much impacted by the procurement policies. There are some reports that FSC certified timber products have received price premiums in the Netherlands and the UK, for example the price of certified Azobe lumber is said to have increased by about 5% in markets for public works in the Netherlands[2].

As already developed in the above section entitles "*Conclusion on the markets of timber product exports from Cameroon",* Cameroon is so much dependent on EU market where about 74% of its exports value is made that if Cameroon is not capable of meeting the requirement on legality verification, these market would be jeopardized. When adding the US, Japan and Australian markets the proportion of sensitive markets were procurement policies would require at least legality proof goes up to 76 %, therefore it is crucial that Cameroon implements the VPA currently negotiated VPA by 2012 as it is schedules. Beyong the VPA, 37% of the lumber markets which are sensitive to sustainable forest management (Denmark, France, UK, Germany, the Netherlands, Belgium) would still be threatened if forest certification does not make more progress by 2015.

In the other hand, Cameroon which is expected to implement a VPA and where FSC certified forests already exist would have a market advantage in Europe on other tropical timber exporters from Africa where the VPA are not expected to be implemented by 2012.

10.2 Cost Impacts on Timber Producers in Cameroon

Government costs

As shown in Table 10.1 below, in addition to the financial support provided by the EU, the government of Cameroon would spend about 733.5 million CFA (close to 1.5 million US$) to facilitate the

[2] Personal communication with Yene Yene, Tropical Forest Trust in Central Africa

implementation of the VPA. The costs in Table 2.2 are mainly equipment costs. It is not expected that the government will hire new personnel exclusively for the VPA, but the current staff in different public administration will be trained to upgrade their capacities to deal with the new technological environment and the new procedures. The costs estimates used in Table 10.1 are derived from the training costs experienced by the ITTO project PD 124 Rev.2(M) for the training of forest management auditors in Cameroon.

Table 10.1 Government Costs for the Implementation of the Voluntary Partnership Agreement in Cameroon

Cost item	Amount (CFA)	Amount (US$)
Computers	94,000,000	188,000
Vehicles	230,000,000	460,000
Development of Central Database	120,000,000	240,000
Internet access for all the regional delegations of the Ministry of Forests and Wildlife	80,000,000	160,000
Mobile telephones and connection kits for data transfer	2,000,000	4,000
Development of a computerized link between the database of MINFOF and the data base of the Ministry of Finance	60,000,000	120,000
Furniture and air conditioners	15,000,000	30,000
Printing equipment	50,000,000	100,000
Training of personnel *(1)*	82,500,000	165,000
Total	**733,500,000**	**1,467,000**

(1) Training of 60 staff members from several public administrations

Costs of producers

Table 10.2 to Table 10.4 give the estimation of costs to be supported by Cameroon timber producers in order to meet the requirements of the markets related to legality (Table 10.2) or sustainability (Table 10.3). The estimates in Table 10.2 and Table 10.3 are based on the average surface areas of concessions, municipal forests and community forests which are respectively 58,971 ha 23,000 ha and 3,572 ha.

It can be noted that for legality compliance the highest costs per unit area are to be faced in the case of municipal forests, this is because forest management plan for municipal forest are more expensive than those of concessions or community forests. The reason for the high costs of management plan for municipal forests relates to the fact that the forest inventory is very expensive as the legal requirement is that for all FMU smaller than 50,000 ha the sampling intensity of the forest inventory be doubled (see section 5.1). The lowest cost for the management plan is met for the case of community forests as the law requires that only a simple forest management plan be developed in the case of community forests. For all FMU types the other costs of legality compliance are related mainly to meeting the requirements of international agreements and conventions signed and ratified by Cameroon and which are not very well known by timber producers of Cameroon. If the producers intend to legality requirement of the international markets they will have to comply with those international agreement and conventions an example of which are the regulations of the International Labor Organization (ILO) which requires special safety equipments for forestry workers.

At the contrary the costs per unit area are much higher for community forests which intend to meet sustainability requirements due to the high costs of certification if these small forests are taken individually. The managers will have to support about 98,481.57 USD, 59,340USD and 38,577.6 USA per FMU on average for concessions, municipal forest and community forests respectively (Table 10.3). The additional costs to be supported for forest management planning include additional studies on biodiversity, environmental impact assessment and specific studies of interest for indigenous people. Other aspect of compliance with certification standards would include the establishment of permanent sample plots and additional support provided to local communities in their efforts to improve their wellbeing. It is not expected that the implementation of Reduced Impact Logging (RIL) would increase compliance costs significantly because RIL techniques have also been associated with less forest roads to build as the planning of the road network is optimized.

In aggregate, it would cost the timber producers of Cameroon about 35.6 million USD to meet legality requirement for the whole country as expected by the VPA and 52.53 million USD (including 52.8 million for forest certification and 0.5 million for chain of custody certification for 93 industrial enterprises involved in timber product exports) to satisfy the requirement of sustainability (Table 10.4) put forth by the procurement policies of some international markets in Europe and North America. About 80% would be supported by the industrial enterprises managing concessions. Nevertheless it seems very unlikely that the local communities and the municipal councils will be able to disbursed the amount expected from them (9.3 and 1.3 million respectively) given their weak financial capacities and the level of poverty in the livelihoods. Donors, International organizations must intervene to keep these producers in the timber business.

10.3 Forest Sector Impacts

As shown in Table 2.1 , there has been considerable progress in recent years to move towards SFM in the management of forest concessions in Cameroon. In 2003, no forest concession was managed according to an approved forest management plan; in 2008 the number of concessions covered with approved FMPs was up to 65 covering a total forest area of 4.2 million ha. Moreover, a number of logging enterprises selling their products to EU markets have voluntarily applied for FSC forest certification or legality verification. Interviews with government officials suggest that there is a sharp decrease in forest infractions registered[3] as time goes on, this trend is confirmed by Cerutti an Fomete (2008), the two researchers wrote "*It is widely acknowledged that the incidence and scope of illegal forest activities in Cameroon's forest management units has progressively decreased since 2001.*"

The government has engaged itself in a number of initiatives to improve governance in the forestry sector including the appointment of international NGOs (Global Witness in 2000 replaced by Resource Extraction Monitoring (REM) in 2005, both are UK-based) as independent observers to monitor forest law enforcement operations, the publication of an atlas that provides information on Cameroon's logging concessions (with Global Forest Watch of the World Resources Institute), and the signature of a VPA.

[3] Personal Communication With the Director of Forests also confirmed by Vandenhaute (2009)

10.4 Forest Industry

The forest industry has made a general move towards primary timber processing (especially sawnwood) due to government policy to restrict log exports but also because some European markets are expressing preferences for processed products (for example the UK market has ceased to import logs for more than 20 years). Without doubt forest enterprises engaged in certification have improved the efficiency of their field operations and have established internal auditing systems that monitor the whole production process. By shifting towards legality verification or forest certification, forest enterprises in Cameroon are facing an increase in production costs, however, the most important costs are related to compliance with the Cameroonian law than with auditing although additional costs related to changes in management practices are met in the case of forest certification.

Table 10.2 Cost of Legality Compliance for Average-Size Forest Management Unit (FMU) by type in Cameroon

Type of forest	Forest management plan (USD/ha)	Other /(USD/ha)	Independent verification (USD/ha)	Total (USD/ha)	Forest Management plan (USD)	Other USD	Independent verification (USD)	Total
Concessions	5,00	0,10	0,13	5,23	294 855,00	5 897,10	7 666,23	308 418,33
Municipal forests	6,25	0,11	0,25	6,61	143 750,00	2 530,00	5 750,00	152 030,00
Community forests	3,28	0,15	1,25	4,68	11 716,16	535,80	4 465,00	16 716,96

**Costs of compliance with international agreements and conventions signed by Cameroon*

Table 10.3 Additional Costs of Forest Certification for Average-Size Forest Management Unit by Type in Cameroon

Type of forest	Forest management planning (1)	Other com-pliance with certification standard (2)	Total compliance cost	Certification cost USD/ha	Total USD/ha	Forest management	Other com-pliance with certification standard	Total compliance cost	Certification cost USD (3)	Total USD
Concessions	0,50	0,34	0,84	0,83	1,67	29 485,50	20 050,14	49 535,64	48 945,93	98 481,57
Municipal forests	0,55	0,37	0,92	1,66	2,58	12 650,00	8 510,00	21 160,00	38 180,00	59 340,00
Community forests	0,40	0,37	0,77	9,26	10,03	1 428,80	1 321,64	2 750,44	35 827,16	38 577,60

(1) Additional biodiversity studies, environmental impact assessment, additional social studies on indigenous people, (2) establishment of permanent sample plots, additional support for community development; (3) pre-audit and initial audit

Table 10.4 Costs Estimates for Meeting Legality and/or Sustainability for Timber Producers of Cameroon

Type of forest	Legality USD/ha	Sustainability USD/ha	Total (USD/ha)	Total area allocated (ha)	Number of FMU allocated	Legality USD 1000	Sustainability USD 1000	Total	%
Concessions	5,23	1,67	6,90	6 074 063	103	31 767,35	10 143,69	41 911,03	79,82
Municipal forests	6,61	2,58	9,19	141 000	6	932,01	363,78	1 295,79	2,47
Community forests	4,68	10,03	14,71	632 330	177	2 959,30	6 342,27	9 301,57	17,71
Total	16,52	14,28	30,80	6 847 393	286	35 658,66	16 849,74	52 508,40	100,00

The most worrying impacts concern the informal timber products sector which supplies to the national market and which is believe to employ about 150,000 people. If it is targeted that the national market would also be concerned by the VPA (as currently declared officially), much negative social impact can be expected. It seems unrealistic to include the national market within the VPA with the same time frame as the international markets, because not only of the expected social impacts, but also because the forestry administration has not been able to monitor activities in the informal sector where a multitude of small operators are active. It seems more realistic to design procedures that would allow operators in the informal sector (at least a certain number of them) to progressively enter the formal sector and temporary exclude the national market from the VPA until 2015 at least.

10.5 Impact on Community Forests

There is no impact on community forestry of procurement policies as yet because most products supplied from community forest are destined to the local markets. However, in the long run they should become participants in timber trade when the number of CF's increases and they capacity is improved. It is feared that if the procurement policies are widely applied; most community forest will go out of business because the costs of legality verification and sustainability certification are too high for them.

In 2008, 177 community forests were already allocated for a total area of 632,330 ha. Considering a cutting cycle of 25 years, 25,239 ha of community forests would be harvested each year if all the 177 community forests are active. Assuming that the harvest in a community forest is also equal to 7m³ /ha, the annual national harvest from community forests would be about 177,052 m³ /year. Statistics from the study presented by Lescuyer *et al*. (2009) suggest that the whole business chain from timber harvest to the delivery of sawnwood to the final consumer requires 0.15 job/m³ when artisanal logging and processing techniques are used as is the case of community forests. Thus community forest would provide 26,558 jobs for rural (sawnwood production) and urban (selling) poor people. Currently, timber production from community forests is not monitored by the forestry administration and is part of the informal sector. Therefore if community forests are abandoned because it is too expensive for the communities to meet the costs related to legality verification, more than 25,000 poor people will go jobless, and even the urban middle-class Cameroonians who depend of community forests and the informal sector for construction timber products would face important problems. In preparation to the VPA implementation, the government of Cameroon should devote special attention to the community forests. Perhaps, local officers who already are involved in the granting of community forests should provide more assistance to local communities in meeting VPA requirements to avoid that additional costs (about 5,000 USD per community forest when considering the other costs and the verification costs in Table 10.2) be charged to forest managing communities in order to obtain proof of legality. As part of the informal sector, community forests seems to be the easiest to monitor because the allocation is already documented, the forestry administration can go forth by monitoring the production process.

10.6 Other Development and Social Impacts

It is certain that the contribution of the forestry sector to the State tax revenues has improved since verification of legality started. For example during the year 2007, the central government has transferred a total amount of 6.7 billion CFA (13.26 million US$) to local councils of the forested zone of Cameroon representing 50% of the area based forest tax collected that year. The amount is to be used directly for local development and poverty alleviation. When all the identified production forest

will be allocated, the amount of area based tax revenues transferred to local council will roundup to 7 billion CFA (14 million US$). If Cameroon is not able to meet the requirements of the EU, US and Japan procurement policies related to legality of timber products, at least half of this amount would become uncertain.

It is estimated that the formal forestry sector employs 13,000 people in Cameroon and about 8,000 of these jobs are located in the remotest parts of the country where the government is not able to open and maintained roads. The salaries of the employees of the forestry sector constitute the main financial sources on which local economies run in such regions, at the same time the contribution of forest enterprises to the maintenance of public roads is essential. If Cameroon does not implement the VPA, local development in these landlocked regions will receive an important setback.

Finally, the government of Cameroon is collecting about 52 million US$ of forest taxes annually. Tax recovery has been substantially improved since 2004 (World Bank, 2008) as illegal activities are decreasing. Meeting the requirements of the procurement policies either on legality or on sustainability would consolidate and secure the tax revenues from the forestry sector for the government of Cameroon, in the other hand felling to satisfy these procurement policies will make tax revenues uncertain.

10.7 The Problematic Informal Sector

The most problematic aspect of timber production in Cameroon relates to the informal forestry sector that produces about 1 million cubic meters of sawn timber for consumption in the national markets and employs an estimated 150,000 people (Lescuyer et al. 2009). About 20% of the total timber production of the informal sector comes from community forests that can be potentially be monitored by the forestry administration in the mid-run (section 10.5) but the remaining 80% come from other forest titles for which the administration has shown lack of monitoring capacity and from unregulated/illegal sources such as trees felled in individual farms. If the VPA is implemented (as it is intended) also for the national market the housing and furniture industries in Cameroon will face an important crisis and the self employed people in the informal sector will be threatened to lose their jobs. The VPA may have the perverse impact of increasing poverty instead of reducing it. It seems realistic to postpone the implementation of the VPA for the national market until the forest administration can be able to set affordable regulations for the current informal sector. Socially and politically it seems almost impossible to eradicate the informal sector overnight.

11. RECOMMENDATIONS

1. The government should harmonize the information system of the forest sector in order to establish one reliable database for the sector and decide on the institutional set-up of such a harmonized system.

2. The government should review all the components of the forestry legislation to detect and eliminate contradictions and to include new provisions that recognize the new technological environment characterized by a computerized information system. As discussed in the section on the “needs of improvements”, sanctions on illegal activities are based on statement of offense written by forest law enforcement officers based on material facts observed in the field. The modern technological tools are not included in the legislation.

3. The government should provide incentives to keep community forest in the timber production business because of its important social role. This should be done in such a way that forest managing communities do not support the additional cost of legality verification and proof once the VPA is implemented. As it is done with other ministerial departments such as the Ministry of Agriculture the forestry administration should provide technical assistance to the village communities that manage community forests. The assistance provided by the forestry administration would reduce the costs of management and legality verification and keep community profitable.

4. ITTO should support the government of Cameroon in the building up of institutional capacity to implement new approaches in forest law enforcement and legality verification. ITTO support can focus on the training of forestry administration staff in the development, use and maintenance and maintenance of a centralized computer system with extensions in remotes regions, other pertinent administrations and main export areas. This would complement the results of ITTO project PD 47/98 Rev.2(M) which has enabled Cameroon to set up a database for the monitoring of timber products exports from the seaport of Douala.

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