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RIVATE SECTOR PARTICIPATION IN THE IMPLEMENTATION

of VPA- FLEGT in Cameroon

Issues and Challenges



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ABBREVIATIONS

ANJEFTB :	National Association of young loggers and wood processors of Cameroon
VPA - FLEGT:	Voluntary Partnership Agreement
CIFOR:	Centre for International Forestry Research
NMC:	National Monitoring Committee (VPA FLEGT)
DCP :	Division for Cooperation and Programming
DF:	Directorate of forests (MINFOF)
DPT :	Directorate for the Promotion and processing forest products (MIN-FOF)
EFI :	European Forest Institute
FLEGT :	Forest Law Enforcement, Governance and Trade
GAFC :	Association of Actors of the Cameroon Forestry Sector
GFBC :	Grouping of the Timber Sector in Cameroon
MINEP :	Ministry of the Environment, Nature protection and sustainable development (Cameroon)
MINEPAT :	Ministry of the Economy, Planning and Regional Development (Cameroon)
MINFOF :	Ministry of Forestry and Wildlife (Cameroon)
NGO:	Non Governmental Organisation
CSO:	Civil Society Organisation
GDP:	Gross Domestic Product
PME/PMI :	Small and Medium Enterprises/ Small and Medium Industries
SEFNA :	Union of National Loggers
STIEPFS :	Union of Industrial Processors and Exporters of Special Forest Products
EU:	European Union
UFA :	Forest Management Unit
WPU:	Wood Processing Unit

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INTRODUCTION

In 2010, Cameroon and the European Union signed the Voluntary Partnership Agreement FLEGT to ensure that all imports of timber products covered by the Agreement, within the European Union, from Cameroon, have been legally produced or acquired. Both parties pledged through this agreement to promote the development of forest industries in Cameroon and to improve the competitiveness of this sector¹.

Forestry companies contribute significantly to the national economy. According to the study on the economic and social importance of forestry and wildlife sector, the turnover stands at 809.63 billion CFA francs and the contribution to GDP is 4.9%².

Negotiations that preceded the signing of the VPA-FLEGT and which took three years have seen the participation of various actors both on the Cameroonian side and the European Union³.

Literature on the forest sector generally assumed that participation problems only concern civil society, community or indigenous people's forests⁴.

The purpose of this discussion is to demonstrate that the issue of participation in the implementation of the VPA-FLEGT also involves the private sector, es-

pecially SMEs of the wood sector.

By SMEs, we understand, by meaning of Law No. 2010/001 OF 13 APRIL 2010 on the promotion of small and medium enterprises in Cameroon, companies employing between one and 100 persons and whose annual turnover excluding VAT does not exceed one billion francs CFA⁵

VPA-FLEGT is limited to the marketing of timber and timber products, our field of analysis will exclude SMEs from the wildlife sector and NTFPs. Small and medium size enterprises of the wood forest sector include SMEs that are holders of sales of logs, small titles; wood processing SMEs, custodians of wood and chainsaw millers.

While large forestry companies joined in the Grouping of the Timber Sector of Cameroon (GFBC) are well organized and well prepared enough to face the challenges in the implementation of the VPA-FLEGTs, can we say the same for small and medium enterprises of the national forestry sector?

The purpose of this note is to highlight the problems and challenges of the participation of SMEs in the implementation of the VPA-FLEGT.

1 Article 2 of the Voluntary Partnership Agreement FLEGT between Cameroon and the European Union

2 MINFOF, Facts and figures, 2013, P. 22

3 During negotiations, Cameroon was represented by representatives of various ministries, parliament and the private sector and civil society. From the EU side, the negotiations were conducted by the European Commission with the active participation of Member States, particularly Germany.

4 Wodschow, Astrid Marie Hansen; Nathan, Iben. Voluntary partnership agreement in the EU's Forest Law Enforcement Governance and Trade Action Plan: what characterizes a "good" participatory process? Lessons learnt from Cameroon; 2012. Paper presented at Illegal logging and new modes of governance, Frederiksberg, Denmark.

5 LAW No. 2010/001 OF 13 APRIL 2010 on promoting small and medium enterprises in Cameroon distinguish very small enterprises, small enterprises and average enterprises. The very small enterprise is defined as a company that employs more than five (05) persons and whose annual turnover excluding VAT does not exceed fifteen (15) million CFA francs. Small enterprise is a business that employs between six (06) and twenty (20) persons and whose annual turnover excluding VAT exceeds fifteen (15) million CFA francs and not exceeding one hundred (100) Million Francs CFA



I - PRESENTATION OF SMEs IN THE FORESTRY SECTOR IN CAMEROON

SMEs in the forestry sector can be analyzed by types of activities. Without the list being exhaustive, we can distinguish the timber operator SMEs (Sale of logs, small title); operators with special permits, including ebony and assamela. Wood processing units; custodians of wood; chainsaw millers and the umbrella organizations of SMEs by sector.

SMEs in timber operation

There are nearly 60 companies of SME operators in the Cameroon forestry sector. They are mainly holders of small titles and sales of logs.

Wood processing units (WPU)

There are about 200 wood processing units registered at MINFOF. 160 are limited to the first transformation, 29 to the second, 10 to the 3rd and 1 to the 4th transformation. 80% of timber processing activities are provided by the primary processing of timber companies. The main products of these large industries are for export.

90% of volumes processed concern non planed and non-dried timber, most mills are installed to comply with the minimum processing rate, and many of them are not on the cutting edge of technology. However, second and third processing WPU are close to nearly 800⁶ in Cameroon.

6 Landrot J.J, (2001), Study on the practical level of natural forest management of tropical African production. Application to the case of central Africa, First part: forest production, Paris, ATIBT.

7 Cerutti P.O. and Lescuyer G. 2011 The domestic market for chainsaw milling in Cameroon: situation, opportunities and challenges. Occasional Paper 59. CIFOR, Bogor, Indonesia. P. 26

8 JMN Consultant 2005 Study on identifying the area of the second processing of wood in Yaounde. Ministry of Forestry and Wildlife and Department of Cooperation and Cultural Action of the Embassy of France, Yaounde, Cameroon. MINEPAT competitiveness of growth sectors project

9 Study CIFOR, op. cit. P. 31

10 Study on the economic importance of the forestry and wildlife sector

Chainsaw millers and buyers/ custodians of wood

There are about 40,000 artisanal Sawyers and 4000 sellers/buyers of wood⁷. A study in the city of Yaounde⁸ revealed that from an economic point of view, the sector represents about 6 billion FCFA annual turnovers for artisans (carpenters, cabinetmakers, craftsmen). The total number of workers in the sector is estimated at nearly 5,300 people, with about 4,550 artisans (craftsmen, frames, subcontracting and furniture) and 750 carpenters, concrete casers, and scaffold erectors . The annual payroll is estimated at 1.7 billion FCFA.

According to the studies from CIFOR⁹, the total domestic output is about 4.3 million cubic metres per year (round wood equivalent) that is, almost double the official estimate of timber production in Cameroon.

Operators of special products

In 2014 nearly 20 companies obtained special permits for the operation of ebony, realizing a turnover of nearly 4 billion FCFA¹⁰.

Umbrella organizations of forest sector SMEs

Besides the Grouping of the Timber Sector which groups major operating companies and/or processors of wood and whose products are mainly for export, there are four associations or unions of small and medium enterprises in the timber sector:

- The Union of Industrial Processors and Exporters of Special Forest Products (STIEPFS). It has 15 members

including five operating in the operation of special woods such as ebony;

- The Union of National loggers (SEFNA);
- The National Association of Young Loggers and wood processors of Cameroon (ANJEFTB);
- Association of Actors of the Cameroon Forestry sector (GAFC). It has 20 members.

These unions and association of national operators essentially operate through small titles that have a short life span, and whose sustainability of exploitation is subject to debate.

II - SMEs OF THE WOOD SECTOR AND VPA-FLEGT IN CAMEROON

Studies carried out by TFT on the differences between the requirements of the VPA and practices of forest sector SMEs revealed that the compliance of these in the context of the VPA-FLEGT is an important challenge¹¹.

The main hurdles include:

- Ignorance of the regulations on the approval of the subcontracting agreement, the requirements for the safety of the employee at the site, the creation of the Health and Safety Committee.
- Shortcomings in the realization of inventories and difficulties more pronounced among major operators in the future realization of geo referenced inventories.
- The non-compliance of standards in forest areas.
- Failure to comply with social obligations such as the affiliation of employees to the national social insurance fund.
- Non compliance with the biodiversity-related and environmental obligations such as memos prohibiting poaching.

SMEs of the wood sector benefited from capacity building actions to prepare them to face the challenges of the implementation of the VPA-FLEGT.

In this connection, TFT, has executed two projects in the direction of wood sector SMEs. The first was to:

- evaluate the functionality of the VPA-FLEGT legality



grid by performing evaluations of deviations based on requirements thereto related;

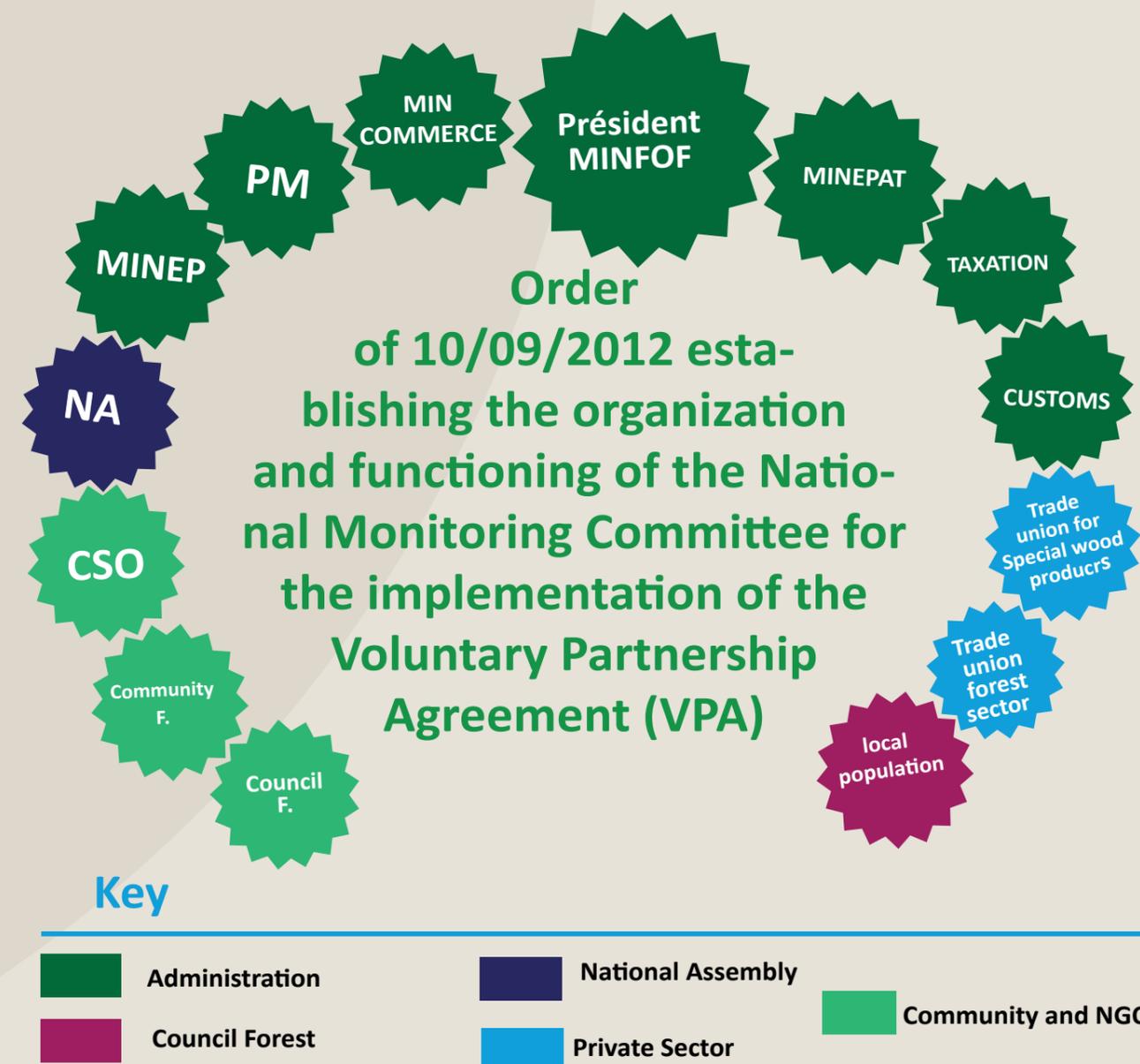
- Support companies through awareness and technical support to reverse these differences identified during assessments;
- Draft a procedures manual for the FLEGT legality grid contributing to the establishment of a transparent framework for obtaining various documents from the administrations involved.

The second, thanks to support from EFI was to prepare SMEs in the wood sector in the implementation and compliance with legal requirements defined in the context of VPA-FLEGT by helping ten test companies to assess their level of compliance by reporting to the VPA-FLEGT legality grids and educating SMEs in the context of a workshop on the legal requirements of the VPA-FLEGT in Cameroon.

III - THE PARADOX RELATED TO PRIVATE SECTOR PARTICIPATION TO THE IMPLEMENTATION OF VPA-FLEGT

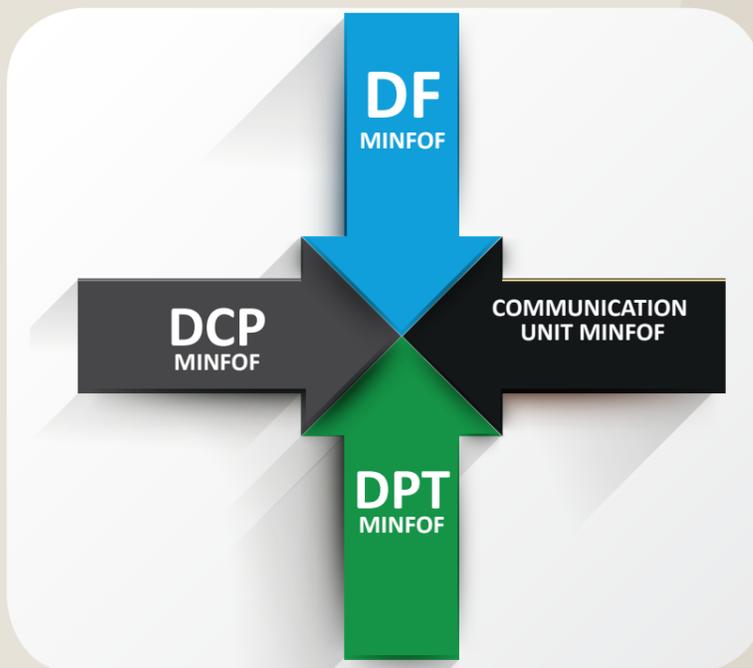
A review of the composition of the National Monitoring Committee of the VPA-FLEGT and its technical secretariat reveals the marginal participation of the domestic private sector within the framework of the consultation on monitoring the implementation of the VPA-FLEGT.

Composition of the National Monitoring Committee



¹¹ - Read for this purpose, the European Forest Institute report (EFI) and The Forest Trust (TFT), (2013) Support for SMEs in the wood sector in Cameroon compliance evaluation with the requirements of VPA-FLEGT legality pp 3-17

NMC technical secretariat



Administrations constitute 50% of the members of the NMC. The figure rises to 60% if we add the 4 members of the technical secretariat which are all in

MINFOF. The private sector is represented by two members. The national private sector is represented by the union of special forest products.

During the negotiation phase, the private sector was represented by the Grouping of the timber sector in Cameroon and the Union of Industrial Processors and Exporters of Special Forest Products. After signing the VPA, the text creating the NMC, without drawing up a comprehensive assessment of stakeholder participation, designated two representatives of the private sector. However, MINFOF asked the representative of the Union of special products to appoint its representative. The following table shows the categories of enterprises in the forestry sector, their weight in terms of turnover and employment and representation in the NMC.

	Annual production	Sales realised	Number of employees	Number of companies	Number of representatives in NMC
Big companies including GFBC	-60% of national production of logs is estimated at 582 301m ³ of logs -70% of national production debited estimated at 1817699m ³ of debit ¹⁴	290 714 871 117,0 ¹³	17 850 ¹⁴	15	1
SME industrial lumber	-40% of national production of logs is estimated at 582 301m ³ of logs -30% of national production debited estimated at 1817699m ³ of debit	77 620 870 588,2 ¹⁶	3159 ¹⁷		0
Operator of special products (ebony)	4000 t ¹⁸	6.400 000 ¹⁹		< 20	1
Buyers/sellers of timber			4000 ²⁰	128	0
chainsaw millers		67,69 Billions FCFA ²¹	40 000 ²²	8 000	0
Timber processing units		NA		132	0

2011 figures

14;15;16;17 See note 13;15;13;

18 MINFOF, *Economic importance of the forestry and wildlife sector*, 2013 p.164 ;19 See note 17

20 MINFOF, *Economic importance of the forestry and wildlife sector*, 2013 p.98 ;21 See note 19

22 MINFOF, *Economic importance of the forestry and wildlife sector*, 2013 p.97

23 These frustrations were expressed during the meeting with the leaders of SME and stakeholders of the national timber exploitation trade unions.

A reading of this table reveals some paradoxes.

The most representative SME of the wood sector in terms of employees or turnover are not represented in the consultation frameworks such as the National Monitoring Committee for the implementation of the VPA-FLEGT.

Operators of special products have a place in the NMC, while their contribution to the national economy is the least important among the identified categories of SMEs.

The designation of the national forest sector representative was after consultation of stakeholders in the forestry profession. This has created a sense of

frustration of most representatives of SMEs¹³ who do not identify with the designated representative. Further, there is the lack of accountability of the representative vis-à-vis the actors in the profession which could have manifested through regular reports and meetings for defining the position of national trade unions to defend within the NMC.

This lack of participation of SMEs in the implementation of VPA-FLEGT monitoring bodies is even more paradoxical that the impacts of the VPA-FLEGT on national wood sector SMEs are huge.

IV - Understanding the lack of participation of SMEs in the wood sector the implementation of the VPA-FLEGT



for SMEs to organize their representation in consultation frameworks, to designate their legitimate representatives. The irregular holding of general assemblies jeopardizes the principle of participation which consists in the base consultation held before the NMC and account rendered to proxies after.

The low involvement of the wood sector SMEs in monitoring VPA-FLEGT results in the lack of information flow; relay of the NMC recommendations; consultation in order to know their views.

The deficit of wood industry SMEs' participation in the implementation of the VPA-FLEGT originates from internal dysfunctions of associations supposed to defend the interests of SMEs. On the structural and organizational level, these groups face many shortcomings. The number of members per union fluctuates between 15 and 30. However, very few members regularly pay their dues. General meetings are held irregularly. Employees often work on a voluntary basis or are paid by the founder of the association's company or trade union, hence, resulting in low availability and slowed life of the organization.

These shortcomings have resulted to difficulties

In conclusion, the selection of representatives of the domestic private sector was of little benefit to forest sector stakeholders such as trade unions. Indeed, many of them suffer from problems of structural organization, the faulty flow of information and consultation.

23 - These frustrations were expressed during the meeting with the leaders of SME and stakeholders of national timber exploitation trade unions.



V - SOME SOLUTIONS FOR BETTER PRIVATE SECTOR PARTICIPATION IN THE IMPLEMENTATION OF THE VPA-FLEGT

The national private sector is experiencing a lack of participation in the implementation of the VPA-FLEGT due to internal malfunction and a lack of willingness of the forest administration to consult stakeholders at the base. Some initiatives would facilitate the reduction if not elimination of this deficit;

1 Rethinking the selection and designation of representatives of the private sector within the NMC: The two seats allocated to the private sector should be rethought in the light of the various links in the timber industry: farmers, processors, chainsaw millers, custodians of wood.

2 The designation by SMEs in the forestry sector

of their own representatives. Private sector representatives' appointment methods are blurred. It would be desirable that the President of the NMC invites national SME associations to nominate their representatives in the NMC.

3 Building the structural capabilities of umbrella organizations of forest sector SMEs in order to facilitate the flow of relevant information between the NMC and SMEs and between SMEs.

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