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## ROBLEMS, CHALLENGES AND PROSPECTS IN THE CONSTRUCTION OF WOOD PROCESSING UNITS IN CAMEROON





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## ABBREVIATIONS AND ACCRONYMS

Art:	Article
CIFOR:	Centre for International Forestry Research
COMIFAC:	Central African Forest Commission
CPB:	Centre for the Promotion of Timber Products
DPT:	Department in charge of Promoting and Processing Forest Products
GESP:	Growth and Employment Strategy Paper
RWE:	Round Wood Equivalent Volume
FAO:	Food and Agriculture Organisation
GEF:	Global Environment Facility
GFBC:	Wood Processing Companies and Suppliers in Cameroon
ILC:	Interior Logging Cost
MINEPAT:	Ministry of the Economy, Planning and Regional Development
MINFOF:	Ministry of Forestry and Wildlife
MINPMEESA:	Ministry of Small and Medium-Sized Enterprises, Social Economy and Craft
ATO:	African Timber Organisation
ITTO:	International Tropical Timber Organisation
NGOs:	Non-Governmental Organisations
NTFP:	Non-Timber Forest Products
SME:	Small and Medium-Sized Enterprises
PAWP:	Products from Advanced Wood Processing
AWP:	Advanced Wood Processing
FMU:	Forest Management Unit
WPU:	Wood Processing Unit



## Introduction

The vision of the forestry and wildlife sector presented in the strategy paper for the sector by 2020 is to have “An ecologically viable Cameroon, whose forests and wildlife sustainably and progressively contribute to its economic, social and cultural development”. Its strategic objective is to give value to timber forest products in order to improve the contribution of the timber sector to national economy.

Specific objectives, which focus on wood processing, are aimed at: Optimizing the collection potential in the forest; Promoting species that are fairly or not known in the market; Increasing the volume of sub-regional wood processed in Cameroon; Giving value to the waste from the exploitation and processing of wood; Enhancing the level of skills and productivity in the timber sector; Improving the regulatory framework so as to encourage advanced wood processing; Easing access to legal timber for local and national dealers.

This note analyses the current benefits, limitations, initiatives, as well as the challenges of constructing wood processing plants.

## Opportunities for constructing timber processing units

It should be noted that the wood processing industry has an enormous development potential: “Market shares of African countries only stood at 1% on the world market for PAWP of tropical timber, whereas the Asia-Pacific and South American regions took up 83% and 16% of the world market, respectively”. However, the African member countries of ATO represent about 86% of the forests in Central and West Africa, and 15% of the world’s tropical forests. The vast majority of PAWP exports of tropical timber from Africa revolves around Côte d’Ivoire and Ghana, these two countries have adopted strategies to ban timber exportation in the form of logs, which have boosted the AWP sector.

The strong points of the second wood processing are experimented through its huge socio-economic development potential:

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- The demand for 1st class timber is estimated at 200 000 m<sup>3</sup> (85 000 m<sup>3</sup> for Yaoundé);
- Sales figures of more than CFAF 10 billion, which is about 6 billion for Yaounde;
- Contribution to employment: The second largest employer in the private sector: about 11 200 jobs, with 5 300 in Yaoundé;
- A rapidly growing market (about 4%). The demand for processed wood has increased, with many large development projects. Timber products worth 2 billion are imported every year.
- MINFOF is planning on (how to increase) increasing the rate of direct employment in the timber and NTFP sectors by at least 35% by 2020.
- Nevertheless, there are many difficulties that plague the advanced wood processing sector.



*1 JMN Consultant 2005 Study on the identification of the sector of the 2nd transformation of wood in Yaounde. Ministry of Forestry and Wildlife, and Cooperation Service and the Cultural Action of the French Embassy, Yaounde, Cameroon.*

# Limitations in the construction of wood processing units

There are 114 FMUs in Cameroon divided into 100 forest concessions covering over 7 252 759 hectares.

105 FMUs have been approved, with 88 of them still under development and 43 others being certified.

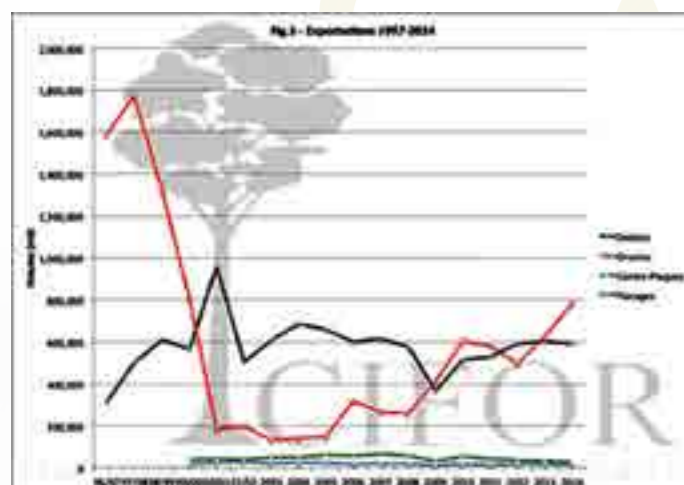
As far as commercial logging is concerned, the State has allocated 87 licences over a space of 190 039 hectares. The study on the economic relevance of the forestry and wildlife sector in regard to processing can be summarised with the following data:

POSTS	2006	2007	2008	2009	2010	2011
Timber for industrial use	2 005 369	2 013 892	1 894 853	2 400 000	2 400 000	2 400 000
Exported timber	316 202	266 460	257 578	412 637	607 647	582 301
Locally processed timber	1 689 167	1 747 472	1 637 385	1 987 363	1 792 353	1 817 699
Production industrial chainsaw milling (mostly exports)	600 524	613 035	577 519	364 985	764 532	593 363
Veneer production (mostly exports)	57 158	64 286	59 408	31 220	52 548	44 790
Plywood production (mostly exports)	17 885	21 668	17 983	11 350	17 078	13 114
Rate of timber processing	84,2%	86,8%	86,4%			

Source: IFAO, FAO, MINFOF

The annual timber production capacity stands at 7 million m<sup>3</sup>. But annual timber production fluctuates between 2 000 000 and 2 500 000 m<sup>3</sup>. 20 to 30% of licensed timber is logged annually.

Wood exportation from 1997-2014 (source: CIFOR)



The total production of Cameroonian forests (for exportation, in Round Wood Equivalent volume, RWE) now stands at about 2.7 m<sup>3</sup>. It also records 800 000 m<sup>3</sup> of timber with a reduction of 600 000 m<sup>3</sup> whereas the production of plywood and veneer is less than 100 000 m<sup>3</sup>.

Limitations that have been identified at the level of advanced wood processing are varied:

- Irregular supply of timber to small processing units belonging to national operators (whereas foreign companies have a greater majority of FMUs);
- Equipment is often obsolete;
- Inappropriate infrastructure transport, electricity, communication, harbour facilities, etc.);
- Political instability and social conflict;
- The absence or the inconsistencies in industrial policies to develop the sector;
- The State's inability to implement and control forestry policies;
- Lack of skilled workers in the management, production and sale of PAWP;
- Lack of risk capital and the high cost of financing in the sector;
- Liberal integration of multinationals in the sector (who largely dominate the sector) whose activities are determined by their foreign operations (exportation of rough and wet wood, which is then processed abroad);
- Lack of space in the local markets for PAWP with more of the products from importation, which are often made of material other than solid wood (ex: furniture made of compressed wood)
- Local timber markets are dominated by the informal sector, which does not follow the same rules and costs as bigger companies and also dictate the adoption of low prices on local markets. Industrial sawmills are unable to sell on the local market, given that prices are lower than their cost of production.

# Possible solutions

The solutions proposed in the strategy paper of the forestry and wildlife sub-sectors are presented in nine levels:

- Develop and promote knowledge on species that are not well known;
- Encourage synergy with other stakeholders in professional training;
- Build the capacities of wood specialists;
- Organise internal timber clusters and markets;
- Enforce rules and regulations in the advanced wood processing sector;
- Define quality standards;
- Supervise wood processing activities;
- Organise and promote the wood energy sector;
- Strengthen partnerships with more experienced countries in wood processing.

The industrialisation plan for advanced wood processing also provide for initiatives which aim at extending strategic plans earmarked for the 2010-2020 strategy:

- Introducing a conducive economic, fiscal and institutional environment for industrial investors. In this regard, it is important to lift all the aforementioned hurdles which slow down industrial investment, in general, and especially advanced wood processing;
- Securing basic infrastructure and services (energy, transport, communication) when(while) developing advanced wood processing plants;
- integrating the industrialisation plan of the forestry sector in the general development plan of each country; industrialisation master plans should be drawn up while ensuring that they are integrated in the national development plans;
- the promotion of industrial or small scale SMEs, including the informal sector;
- giving value to products and by-products thanks to recycling and diversification;
- promoting a large number of secondary species in order to reduce the pressure on the main species exploited;
- ensuring regular supply to primary processing units established in the country;
- encouraging forest resource management and certifying forestry products;
- training qualified staff;
- Promoting the use of wood as raw material for

construction.

- The draft bill of the 2012 Forestry Law, on its part, proposed some innovations to help boost advanced wood processing and develop wood processing plants:
- The introduction of an «Internal Timber Market», whose organisation and functioning shall be fixed by a joint decision from the ministers of forestry and trade. All those with timber exploitation licences will henceforth have to supply local markets with legal timber<sup>2</sup>.
- Ministers of Forestry, Public Contracts, Public Works and Trade shall set a level for the use of timber products to construct public buildings, equipment and furnishing of the said buildings<sup>3</sup>.
- The Minister of Forestry shall provide users with technical information on the different uses of products, especially those that are being promoted<sup>4</sup>
- In order to encourage stakeholders to get involved in advanced wood processing and better development, the following have been earmarked: 5:
- Ban on timber exportation. However, the exportation of wood from products that are being promoted shall still be authorised;
- Cause all wood processing plants to make good use of wood waste. Lay down recycling norms and, follow-up and evaluation methods following normal channels.
- Encouragement of partnerships, from MINFOF, between owners of forest exploitation licences and operators of the wood energy sector in order to promote the use of all exploited timber products; periodic fairs on the use and development of timber products;
- The Minister of Forestry shall introduce a support programme for small and medium-sized enterprises at the 2nd and 3rd processing stages. The said programme shall focus on: Training and transfer of technology; Assistance in the purchase/importation of processing equipment; Access to resources; Networking between operators in order to facilitate production and sale.
- Questions could be raised, and rightly so, on the ability of the Minister of Forestry to implement these actions so as to boost advanced wood processing in Cameroon.

2 Draft Bill, Art 166  
3 Draft Bill, Art 144  
4 Draft Bill, Art 152

Draft Bill, Art 109, Art 122, Art 116; Draft Bill Art 144 to 151, Art 155

# Challenges in the construction of wood processing units



from public administrations to adopt an encouraging legal and regulatory framework for local advanced wood processing.

- **The involvement of the different stakeholders in implementing the advanced wood processing strategy.** All steps at the moment are being taken solely by the administration. The development of ILCs and wood processing are still exclusively under the control of the forestry administration. And yet, administrative bottlenecks and lack of technical know-how of the administrative staff, compared to that of the private sector, should cause MINFOF to concentrate more on working out a normative framework for follow-up and evaluation; delegation in the implementation of identified actions to trade unions and associations in the private sector. A market-oriented approach could avert the lack of innovation and sluggishness in the administration.

The Ministry of Forestry and Wildlife obviously has a coherent strategic framework but the only problem is at the level of its implementation. The major challenges are:

- **The adoption of the Forestry Law and its follow-up texts on processing:** since 2008, the process of revising the Forestry Law was initiated, and in 2015, the draft bill is still being discussed at the Prime Minister's Office. The officials of the Ministry of Forestry confirm reception of instructions from the Prime Minister's Office to defer the adoption of all application texts before adopting the new law. The development of WPU could depend of the lack of interest

- **Professional networks in the sector are faced with organisational and strategic problems in terms of planning, programming, provision of resources, effective use of resources, follow-up and evaluation.**

MINFOF drafted texts for decisions, which they forwarded to the Prime Minister's Office, on advanced wood processing. They are:

1. Decision No. 0878/MINFOF/MINCOMMERCE of 26 April 2010 to lay down the organisation and functioning of Internal Logging Costs, with, most especially, certification conditions for the actual ILC sites;
2. A Prime Ministerial Order to lay down encouraging tax systems for ILC timber;
3. A decision from MINFOF mainly to specify the obligations of owners of ARB, AEB and VC in supplying the ILC (with measures to revise project specifications, considering the said obligation); the obligation of owners of ARB and VC to make an inventory of all mature timber; the obligation to log all exploitable timber in ARB; ban on the re-exportation of timber that is seized and auctioned; integrate all types of timber and their by-products so as to factor all of it in SIGIF 2; the obligation to publish all available options and consider requests from ILC sites.

## CONCLUSION

The State of Cameroon is committed to advanced wood processing in order to improve the contribution of timber products to economic growth and employment for an emergent Cameroon by 2035. The study acknowledges that the wood processing sector has huge potential and opportunities. The Ministry of Forestry takes credit for working out a coherent strategic vision and strategy, included in the forestry sector strategy, the revised forestry policy, the industrialisation plan for advanced wood processing and the texts on the forestry law of 20 January 1994 that are currently being revised and the implementation decrees on forestry.

- Prerequisites to the implementation of the aforementioned proposals go through:
- A synergy of actions of stakeholders in the sector: 2TB entrepreneurs, public administrations, financial institutions, NGOs, etc.;
- The need to improve the business environment through concrete and effective incentives;
- The adoption of the forestry law and its follow-up texts.

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