



Crime and Persuasion:

Tackling Illegal Logging, Improving Forest Governance





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Left: A logging camp in East Kalimantan, Indonesia.
Between 60 to 80% of the country's timber harvest is illegal.
(Chris Stowers, Panos Pictures)

Cover image: Illegal logging tracks inside
Tanjung Puting National Park, Central Kalimantan.
(Harry Katiwa, Telapak/Environmental Investigation Agency)



Felling a mature tree in East Kalimantan, Indonesia. (Fred Hoogervorst, Panos Pictures)

Introduction

Take a boat up one of the many long rivers in West Kalimantan, in Indonesian Borneo, stop from time to time to talk to the villagers on the riverbanks, and you will discover that illegal logging is about far more than the unlawful felling of trees.

You will soon learn how the law-breakers – the illegal loggers – have put themselves above the law by paying bribes to politicians, the police, the military, forestry officers and even the courts. You will hear, too, about the impact of forest loss on the livelihoods of local people, who will tell you that the wild animals and plants which they hunt and gather, either to eat or sell, have become much rarer as their habitats have been degraded or destroyed. As for the landscape, it tells its own story. A generation ago you would have travelled along broad rivers whose banks were lined with dense forest. Today, many of the rivers are muddied by silt washed off the denuded hills, and punctuated by rusting cranes, rickety jetties and other paraphernalia of the logging industry. One thing you're unlikely to see, unless you travel to very remote regions, is pristine forest.

Crime and Persuasion is about a whole package of issues that fall under the heading of forest governance. It is about the way in which forests have been allocated to benefit industrial logging, nearly always to the detriment of local communities. It is about the activities which are being undertaken to redress the balance of power and give local people a greater say in how forests are used, and the opportunity to improve their welfare by participating more fully in forest management. It is about the way in which three governments in Asia and Africa have reformed their forestry laws, with the support and encouragement of the UK Department for International Development (DFID). And it tells how some logging companies now realise that they need to take much greater care of the environment, and work more closely with local communities, if they are to continue selling their timber to an increasingly 'green' market in Europe. In short, *Crime and Persuasion* is about more than just illegal logging, but illegal logging is an issue which is always bubbling away below the surface. So before we look in detail at precisely what is happening in Indonesia, Ghana and Cameroon, it is worth looking at the nature of illegal logging, and what is being done to bring it under control.



DFID has been working with the Government of Cameroon to make industrial logging more sustainable. Timber lorries near Mesok. (Global Witness IFM)



The unsustainable exploitation of tropical forests has threatened the well-being of Pygmy communities throughout much of Central Africa. A family near Lomié, Cameroon. (Charlie Pye-Smith)

Illegal logging – the impact

In certain respects there are close parallels between illegal logging and the drugs trade. Both are worth billions of dollars. Both tend to be controlled by a relatively small number of individuals who are more likely to be found in flashy city offices than on the forest floor.

Whether they are dealing in drugs or illegal timber, their profits are nearly always laundered through the banking system to be reinvested in other activities. The dirty work of getting timber out of the forests, and transporting it, is left to a vast army of local people. Both these trades rely heavily on bribery to oil the wheels of commerce, and both have helped to fund armed conflicts.

The damage caused by the illegal timber trade, in terms of disrupted lives, is probably greater than that of the drugs trade, and the victims are largely confined to the countries where illegal timber is harvested, not where it is sold. Although tens of thousands of forest dwellers in tropical countries benefit in the short term, for example by earning cash felling and shifting timber, tens of millions see their livelihoods destroyed or diminished by deforestation. There are thought to be some 60 million indigenous people who are entirely dependent for their survival on forests, and around 1.6 billion people – a quarter of the world's population – depend on forests, to a greater or lesser degree, for their food, cooking fuel, building material and much else. The loss of forests, whether as a result of legal clearance or illegal logging, is a direct threat to these people and to future generations.

One obvious difference between the trade in timber and the trade in drugs relates to their legality. The growing and selling of drugs like opium and cocaine is illegal just about everywhere. This means that law enforcement is relatively simple, in the sense that anyone found with the drugs – whether growing them, processing them, transporting them or taking them – is breaking the law. The law surrounding the trade in timber is more complicated as all but a few rare and threatened species can be legally harvested and traded. This means that determining whether a shipment of timber is legal or illegal is far from easy.

If customs officers in, say, Liverpool or Marseilles or Naples come across a consignment of cocaine they will know what to do. But it's not like that with a sapele log from Cameroon, or mahogany timber from Brazil, or merbau flooring from Indonesia. The timber could have been legally harvested, or it could have been illegally harvested. Customs officers must currently make a judgment – if they make any at all – based on the paperwork which accompanies the consignment. But in many timber-exporting countries documents are frequently forged, which means that importing countries are duped into accepting illegal timber. To give just one example, Japan accepts as proof of legality conveyancing documents provided by Indonesia's Forest Industries Revitalization Body. Yet these documents are readily available on the black market in Indonesia, thus making claims of legality meaningless.

When it comes to the economic losses caused by illegal logging, the figure most commonly

quoted comes from the World Bank. According to the Bank, the illegal timber trade probably costs governments some £7 billion a year in lost assets, lost revenues and unpaid taxes. Those concerned with forest loss often point out that this is money which could – and should – be spent on providing health care, clean water and education to the vast numbers of poor people who live in forested countries. True, but it would be naïve to think that countries worst affected by illegal logging would necessarily use these lost revenues wisely. Many are plagued by poor governance. Indeed poor governance and illegal logging go hand in hand. And the revenues countries do receive, from the exploitation of natural resources for example, are frequently spent on projects which benefit a small, largely urban élite rather than the rural poor.

It is hard to give precise figures for the scale of illegal logging, and the same figures seem to crop up time and again, thus giving them a legitimacy they probably don't deserve. Take, for example, Cameroon. In the late 1990s, an environmental organisation suggested that 50% of the timber harvest in Cameroon was illegal. This figure was derived by comparing the volume of exports with the volume of the harvest allocated by the government to timber concessionaires. Since then, the same figure has been repeated many times, yet if the same system of calculation is used today, Cameroon's illegal harvest is just 9%. However, this ignores the considerable trade in illegal timber which is destined for local markets, so the actual figure for the illegal harvest must be much higher than that. But we simply don't have the data to establish a truly accurate figure.



Illegal logging provides a meagre living for forest dwellers like these, but most of the profits go to middlemen and traders. An illegal logging camp in West Kalimantan. (KAIL)



In Ghana, the decision to outlaw small-scale logging and processing operations – such as this one here in Kumasi – has affected tens of thousands of people. (Charlie Pye-Smith)

The figures we have for illegal logging, in Cameroon and elsewhere, should therefore be seen as rough estimates. Nevertheless, they do indicate the immense scale of the problem. In many countries, the illegal trade in timber far exceeds the legal trade. In Cambodia, for example, 90% of the harvest is thought to be illegal. In Indonesia, the figure is between 60% and 80%, and in Bolivia and the Brazilian Amazon it is said to be around 80%.

The forces which drive illegal logging vary from place to place and over time. In Indonesia, the sins of the fathers are being visited on the sons: the political and economic policies of the Suharto regime, and the willingness of international banks to lend vast amounts of money to build pulp and paper mills during the 1990s, has meant that the country's wood-processing capacity exceeds the legal harvest by a factor of around four. The Government of Indonesia has resisted calls to reduce processing capacity, and many, if not most, mills remain in business by buying and processing illegal timber. Much of the processed timber is then exported to Japan and Europe.

Bad neighbours. This Singapore-owned ship was detained by the authorities in Indonesian waters in November 2001. It was carrying 12,000 cubic metres of illegally harvested Indonesian logs. (Telapak/Environmental Investigation Agency)

In Ghana and Cameroon, the two other countries whose forest governance stories are told in this report, illegal logging is now driven as much, if not more, by domestic demand as by foreign markets. In both countries government policies, favouring the export market, have led to an increase in the cost of the legal timber available for domestic consumption. This, in turn, has led to an increase in logging by small-scale enterprises supplying local markets. Matters have been made worse, not better, by the decision to outlaw their activities without giving any thought to the impact this might have on forests and local livelihoods.

The UN Food and Agriculture Organisation (FAO) reckons that half of the world's illegal timber harvest is destined for domestic consumers. The other half goes for export, the main markets for tropical timber being the European Union, the United States, Japan – the latest member of the big consumers' club – China. Over the past decade, China has become a major importer of forest products: between 1996 and 2005, the value of these imports rose

from £3 billion to £8 billion. China now buys half of the tropical logs traded internationally. A considerable portion is illegally harvested and traded, and Chinese demand for timber is fuelling illegal logging and its associated ills in many countries.

Over recent years, China has also become the world's largest wood workshop. Much of the timber which it imports is processed into furniture and other goods which are exported to Europe, the United States and Japan. It is impossible to say how much of this has been made from illegal timber, but there is plenty of evidence to suggest that a significant portion is. Next time you buy bedroom furniture, or a kitchen chopping block, or a garden table labelled 'Made in China,' you may, unwittingly, be supporting a trade which is based on the theft of timber from Indonesia or the Central African Republic or the Russian Far East.

Europe, United States and Japan also import significant quantities of timber directly from timber-producing countries. In a recent report, the World Wide Fund for Nature (WWF) suggested that 26% of UK imports from six key countries could be illegal. The equivalent figure for the European Union was 27%. These figures have been disputed by Forest Industries Intelligence, an industry consultant, which believes that illegal imports are considerably lower. However, an industry lobby in the United States, the American Forest and Paper Association, claims that 80% of the tropical timber imported into Europe is illegal.

Whatever the precise figures, there is no doubting that the UK and other European countries import a significant quantity of illegal tropical timber. As a House of Commons Environmental Audit Committee put it, in its 2006 report, *Sustainable Timber*, "Illegal timber is currently a fact of life within the UK timber trade." The committee also pointed out, in the same report, that when it comes to formulating policies and providing practical support to clamp down on the trade in illegal timber, the UK Government has been an international leader.

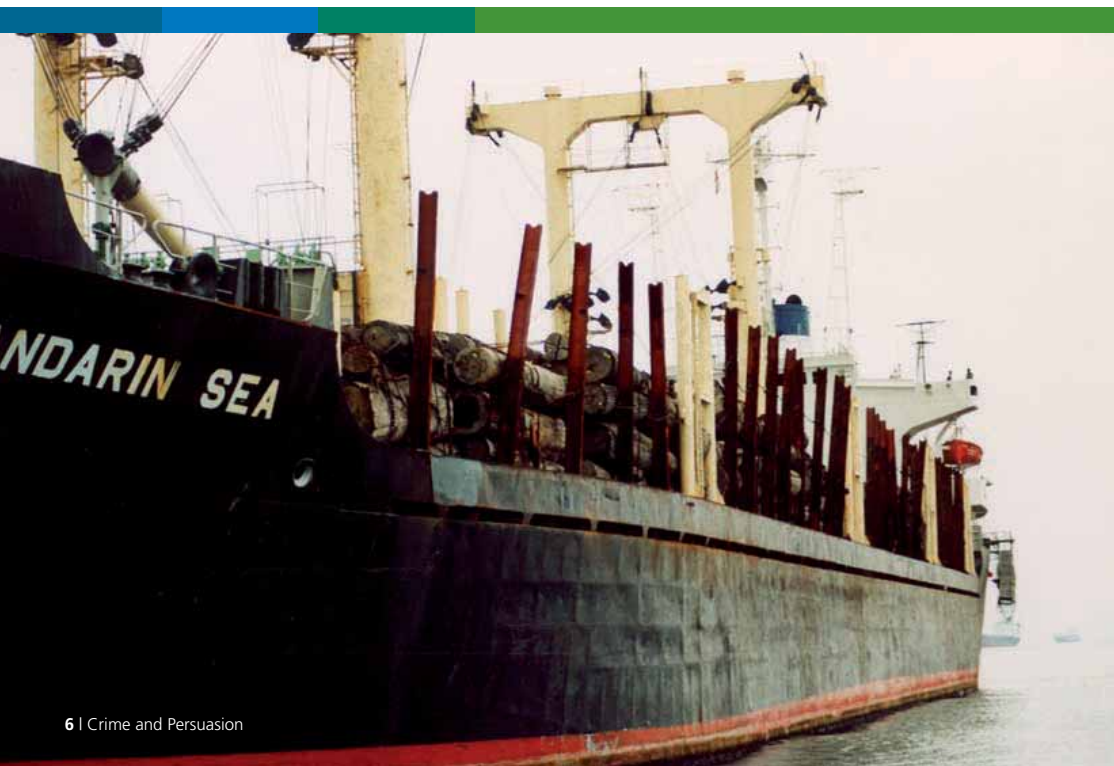
Encouraging reforms – both here and there

Illegal logging first found its way onto the international agenda at a meeting of the world's richest countries – the G8 – at a summit held in Birmingham in 1998. This was one aspect of the G8 'Action Plan on Forests' which seemed to catch politicians' imagination, and various pledges were made to explore the nature and extent of the illegal trade and work out how to control it.

G8 commitments are not legally binding, but once on the agenda, illegal logging never really fell off it and the G8 has returned to it time and again, most notably at preparatory meetings for the Gleneagles Summit in 2005. Some G8 countries – the UK being one – have taken the issue rather more seriously than others.

In the late 1990s, DFID, like many other development agencies, was beginning to rethink the way it worked. It was time, it now realised, to do more than give financial and technical assistance; issues such as good governance and trade policy now came to the fore. Seen through the prism of the forestry sector, this meant that DFID would now spend considerably less money on helping developing countries improve their silvicultural practices; instead, it began to finance projects and programmes which would help to improve the livelihoods of forest-dwelling people, for example by promoting policy reforms and encouraging forestry ministries to work with environmental groups and community organisations. DFID also recognised that, as a consumer of illegal tropical timber, the UK was part of the problem, and could therefore be part of the solution. "We realised that it made no sense giving modest amounts of aid to encourage developing countries to improve forest governance, if we were at the same time importing illegally harvested and illegally traded timber," recalls John Hudson, DFID's forestry adviser.

Around the same time, in the late 1990s, the UK Department for the Environment, Food and Rural Affairs (DEFRA) floated the idea of formulating a public procurement policy. The idea was simple enough. The public sector probably accounts for about 20% of the timber used in the UK, and if central government purchased wood products which were known to





DFID has worked closely with civil society groups to influence forest policy and management. Here, staff from DFID's Multistakeholder Forestry Programme discuss land-use issues with a clan leader in the Wamena Valley, Papua, Indonesia. (Charlie Pye-Smith)

be legal, this would not only set a good example to others, it would help to reduce the scale of illegal imports. The UK's timber public procurement policy came into force in 2000, and since then five other European nations have followed suit. Environmental groups point out that the UK policy has been far from watertight, with instances of timber of dubious origin being used in renovation projects commissioned by central government. Nevertheless, public procurement policies have undoubtedly had a positive influence.

Eventually, it is hoped that the only timber used by the public sector will be certified as sustainably – and not just legally – harvested and processed. Two of the stories told in this report illustrate how the European demands for 'green' timber are bringing about a dramatic change in the way logging companies behave in Ghana and Cameroon. In short, cleaning up our act here means better management there.

On the international stage, the clumsily-termed Forest Law Enforcement and Governance (FLEG) processes, initiated by the World Bank, have led to some significant developments. Three ministerial conferences – the first, held in Bali in 2001, focused on Asia – have helped to draw the world's attention to illegal logging and established various frameworks to enable exporting and importing countries to work together.

One of the spin-offs of the Bali conference came from a meeting between Hilary Benn, who was then DFID Minister, and Mohammad Prakosa, who was then Indonesia's Minister of Forestry. Indonesia's forests were in serious trouble – the country was losing an area of forest the size of Wales each year, much of it to illegal logging – and the ministers discussed the idea of the two countries working more closely together to reduce the trade in illegal timber. As a result they signed a Memorandum of Understanding

(MoU). Among other things, the MoU brought together a wide range of interest groups – from government to industry, from environmental organisations to community groups – to establish a new standard defining what is, and is not, legal. This may sound somewhat esoteric, but the health and future of Indonesia's timber industry may well depend on it.

A few months after the Bali meeting, the European Union published its Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Much of DFID's forest-related work takes place within the framework of the Action Plan. One of its most important proposals involves a series of Voluntary Partnership Agreements (VPAs) between producer countries – Indonesia, Malaysia, Ghana and Cameroon are all involved – and the EU. These agreements will introduce a licensing system which will provide safe passage to legal timber. Once the system is in place, timber which arrives from partner countries at the EU border without the relevant stamp of approval – based on new legality standards and a system of independent verification – will be turned away.

The Action Plan recognises forest law enforcement is a complicated business, and that better law enforcement could lead to the persecution of villagers going about their daily business of collecting firewood and harvesting forest fruits, while the big players are left largely untouched. Indeed, that is precisely what is already happening in many countries where existing forestry laws are aimed at promoting large-scale forestry operations and preventing local people from using the forests. The Action Plan recognises this, and it actively promotes forest policy reforms which will help to tackle such injustices. This is one of the reasons why it has received a cautious welcome from many non-governmental organisations, both in Europe and in producer countries.

Over the past decade, civil society organisations – environmental groups, community organisations, trade unions, faith groups – have become increasingly active when it comes to influencing forestry policy and the way forests are managed. If you had visited the forestry ministries in countries like Indonesia, Cameroon and Ghana in the early 1990s, you would have heard little or nothing about civil society

Forests are about far more than timber. Wild rattan, harvested in Indonesian Borneo, provides a living for large numbers of people in Indonesia. Cleaning rattan in a factory in Java. (Charlie Pye-Smith)



organisations – except, perhaps, some dark mutterings about those tub-thumping pressure groups which had been highlighting the impact of illegal logging and government complicity. Nowadays governments are much more willing to work with civil society groups, and the latter have become increasingly competent partners.

Many of the stories told here show the growing influence of civil society. In Indonesia, for example, Kalimantan's Anti-Illegal Logging Consortium has been working closely with the provincial forestry office and the local police, and between them they have done much to reduce the scale of illegal logging. In Ghana, the Global Forest and Trade Network, which is managed by WWF, is helping logging companies to move towards forest certification. This partnership between civil society and the private sector aims to ensure that over half of Ghana's total forest reserve is certified as sustainably managed in the not-too-distant future. In Cameroon, two UK-based NGOs, Global Witness and Resource Extraction Monitoring, have been working as independent monitors, helping the Ministry of Forestry to clamp down on illegal logging. This has undoubtedly encouraged major concession holders to behave better.

DFID has supported all of these initiatives, and many more besides. If there is one lesson to be learnt from these stories, it is that forest management should not be left just to the state or to the private sector: a consensual approach, involving all who have a stake in the forest, is ultimately in the best interests of both the forests and those whose livelihoods depend on them.

The House of Commons Environmental Audit Committee recently suggested that the impact of illegal logging on the world's poor, on biodiversity, on the economies of developing countries and even on climate change is now so great that there is a moral imperative to tackle the problem. *Crime and Persuasion* shows that significant progress has been made over the past few years.

Tackling Indonesia's forest crisis



A log raft near Tanjung Puting National Park, Central Kalimantan. Like many of the Indonesia's national parks, it has been seriously damaged by illegal logging. (S. Lawson, Environmental Investigation Agency)

Overview

Forty years ago, if you had ventured up the Melawi River, in West Kalimantan, you would have marvelled at a landscape little changed in centuries. Once upstream of the modest town of Nanga Pinoh, you would have passed the occasional village, and small clearings where Dayak forest-dwellers grew rice, but for most of the journey dense rainforest, rich in wildlife, would have towered over the river banks.

Make the same journey today – you will be travelling by speedboat, not sedate canoe – and you will find a very different world. You will still see a few patches of good forest, which is why several logging concessions continue their business here, but much of the more accessible land has been cleared of trees. You'll pass battered barges piled high with logs – some illegal and impounded by the police – and long rafts of logs being tugged downstream to distant processing plants. The settlements have expanded over recent years, and along the river banks you will see scores of gold panning contraptions – all illegal, and all leaking toxic mercury into the water.

Stop off at any of the villages near Serawai – a five-hour speedboat trip from Nanga Pinoh – and you will hear a dispiriting story. “Since the big logging companies arrived,” explains Sukirman Merah, a village teacher, “we’ve seen a big reduction in game, fruit and many of the wild plants we’ve traditionally harvested from the forests.” Besides destroying large expanses of forest, industrial logging has caused serious erosion – in the rainy season the river is rust-red with sediment – and many people are now forced to travel a considerable distance to find clean drinking water.

Ask the villagers whether they are financially better off as a result of logging operations and you'll get a mixed response. Some have earned a wage working for logging companies, and for a short time local cooperatives ran small logging operations which provided a cash windfall. But for most people, logging has brought few lasting benefits. “We’ve had several concessions near our village,” explains Hieronymus Johan, traditional leader of a Dayak community, “but

they’ve cleared the forests and done virtually nothing to improve our livelihoods.”

Of course, there have been winners as well as losers. Logging companies have made handsome profits, as you might expect, and government employees and local politicians have benefited too. “Anyone who wants to get logs out of the forests must pay bribes,” explains Darmawan Liswanto, Coordinator of Kalimantan’s Anti-Illegal Logging Consortium (KAIL). Investigations by KAIL have confirmed that forestry officials, army officers, district heads, members of the local parliaments and the police themselves routinely demand – and receive – bribes from companies and individuals felling, shifting and processing timber in West Kalimantan.

There is nothing unusual about this story: what’s happened along the Melawi River has happened throughout much of Indonesia’s sprawling archipelago. The Minister of Forestry, M.S. Kaban, recently suggested that half of the 120 million hectares of land classified as forest has been degraded or destroyed in the past four decades, and a third of the forest area is now virtually treeless. Indonesia continues to lose around 2 million hectares of forest each year – an area the size of Wales – and if current cutting rates continue, the lowland production forests in Kalimantan and Sumatra will be entirely cleared by 2010. Even the country’s protected areas are rapidly dwindling in extent and quality. Between 1985 and 1999, Kalimantan lost over half the area classified as protected forest, almost entirely as a result of illegal logging.

The seeds of destruction

To understand why the country has lost so much forest, so quickly, we need to go back to 1967. That was when President Suharto nationalised Indonesia’s forests, thus depriving indigenous people and rural communities of the right to freely use land which they had always considered theirs.

Most of the forest estate was divided into huge concessions, and these were allocated to a few business conglomerates. Just five held a third of

the area with logging concessions and two of these – the Bob Hasan and Barito Pacific groups – provided hundreds of millions of dollars of finance for the Suharto family’s business activities.

Limits on the export of unprocessed wood and controlled timber prices meant that vast profits were made from the manufacture of plywood, pulp and paper. Under Suharto’s rule, there was a massive growth in processing capacity, with the pulp and paper industry alone expanding nine-fold between the late 1980s and the end of the century. Most companies ignored regulations which were designed to encourage sound forest management. Indeed, one study, conducted by the Ministry of Forestry in the early 1990s, found that over 80% of concession owners were breaking the law.

The Suharto government fell in 1998, and a new era of political reform – or *reformasi* – heralded a period of uncertainty and turmoil, especially in the countryside. Many communities now began to stake a claim to land which had been appropriated by the state and allocated to concessionaires, oil-palm companies and other business interests. As a result, the scale of illegal logging dramatically increased. Forest loss was further exacerbated by a programme of decentralisation which gave district governments greater control over the management of natural resources. In 2002, the Ministry of Forestry

introduced a law which gave *bupati* – the district heads – the right to allocate 100-hectare logging concessions to local communities. The Ministry’s intention was not to enrich district governments, but to help forest-dwelling communities lift themselves out of poverty. “Unfortunately,” explains Darmawan, “district governments and logging companies manipulated the local people so that they, and not the communities, captured most of the profits.”

To get a licence for a 100-hectare concession, villagers were encouraged to set up cooperatives and make deals with logging companies. “We were convinced this would bring us real benefits,” recalls Moses, head of one of many cooperatives along the Melawi River, “but now we can see we were deceived.” The logging companies paid low prices for the timber and scant regard to forest laws. Many cut timber, illegally, outside the boundaries of the concessions. Most clear-felled the forests, although the law stipulated that trees should be selectively harvested, and used heavy equipment, something expressly forbidden by the law. By the time the Ministry of Forestry withdrew the district heads’ right to issue community concessions, hundreds of thousands of hectares of forest had been cleared under this scheme in Kalimantan. The benefits to local communities were derisory: they gained little, and lost their forests.

Overcapacity in the pulp and paper industry has been one of the key factors driving illegal logging. This timber is making its way to one of Riau Province’s vast mills. (Charlie Pye-Smith)



Action, at last

According to Arman Malolongan, Director-General for Forest Protection and Natural Resource Conservation at the Ministry of Forestry, illegal logging has been costing Indonesia some 30 billion rupiah – around £1.6 billion – a year. This is a staggering figure, amounting to almost half the value of the country's legitimate wood exports.

The scale of these losses, and the realisation that illegal logging was causing serious environmental damage and undermining the rule of law, has encouraged the Indonesian Government to take a number of significant measures to counter the problem during recent years.

In 2001, the Ministry of Forestry began a programme of mill inspections to check for illegal timber. These proved highly contentious – every mill inspected was found to be using illegal timber – and the powerful wood-processing lobby persuaded the Ministry to abandon the inspection programme. However, more vigorous efforts to curb illegal logging were launched after the election of President Susilo Bambang Yudhoyono in 2005. A presidential instruction led to a series of major anti-logging operations, the creation of anti-illegal-logging task forces in the provinces and districts, and the training of an elite force of quick-response forest rangers.

“Major operations against illegal logging, like Operasi Wanalaga and Operasi Hutan Lestari, have had a significant impact,” says Arman. These operations, involving the military, the police and the Ministry, have resulted in thousands of arrests, and the seizure of large quantities of timber, machinery, trucks and boats. Arman suggests that as a result of these and other activities, the illegal timber harvest in some parts of the country has been reduced by half over the past three years.

Military-style clampdowns invariably make the headlines, but less-trumpeted activities have often been just as important. An inspiring example of a long-term approach to the problem of illegal logging comes from West Kalimantan, one of the worst affected areas. This has involved a unique alliance between the Provincial Forestry Office, the Provincial Police and civil society. The results – described more fully in the first story – are plain to see. Although illegal logging continues to be a problem in some areas, it has been much reduced. Take, for example, the cross-border trade in illegal timber. A couple of years ago, over 150 trucks loaded with illegal timber made the journey to sawmills in the Malaysian province of Sarawak each day; now a dozen or less cross the border. Not long ago, illegal loggers had little to fear from the law in West Kalimantan, but this is beginning to change. In 2004, there were under 100 prosecutions for timber smuggling in the province; in 2005 there were over 300.

Sunarno, the head of forest protection at the Provincial Forestry Office, suggests that we shouldn't get too carried away by these achievements. True, the scale of illegal logging in West Kalimantan has been significantly reduced, but illegal loggers are still finding ways of getting timber out of the forests, and will continue to do so as long as there is widespread corruption within government departments. Darmawan Liswanto and his colleagues at KAIL have made a thorough study of the way in which corruption works, and of how the existing system of forest administration enables a whole range of different officials, from forest officers to district heads, to extract money from companies involved – legally and illegally – in the timber industry. This complicated world of bribery and collusion is described more fully in the second story in this section.

Much of the anti-illegal-logging work conducted by KAIL has been funded by the Indonesia/UK Memorandum of Understanding (MoU) on Forest Law Enforcement and Governance. The MoU has also provided support for various organisations which have worked on a new 'legality standard', accepted by the government in December 2006. It is hoped that the new standard, when used with an efficient, computerised timber-tracking system, will not only reduce illegal logging, but make it much more difficult for corrupt government officials to extract bribes from logging companies and wood-processing plants. The final story in this section describes why this matters, both for Indonesia's forests and for legitimate wood-based industries.

The reality of supply and demand. Indonesian timber being smuggled by boat to Malaysia. (KAIL)



Enforcing the law in West Kalimantan

Not long ago, there were over 70 logging concessions in West Kalimantan. Now, just six remain active, covering 416,000 of the 7.2 million hectares allocated for logging during the early years of Suharto's rule.

Take a taxi along the Kapuas River, where it flows past Pontianak, the provincial capital, and you will see how declining timber harvests have affected the processing industry. PT Alas Kusuma still has a thriving business exporting plywood, mostly to Japan, but Barito Pacific's factory has been razed to the ground, and many others are derelict. A few are still intermittently open for business, but these often rely on illegal timber.

"Most of the concessions extracted everything of value they could," explains Lisa Curran, a researcher who has spent over 20 years studying the decline of West Kalimantan's forests, "and by the mid-1990s processing plants in West Kalimantan were already scrambling to find enough timber to keep them going." According

Tracks laid by illegal loggers to get timber out of the forests near Gunung Palung National Park, West Kalimantan, Indonesia. (Charlie Pye-Smith)



In recent years the scale of illegal logging in West Kalimantan has been significantly reduced, but it remains a problem in some areas. (KAIL)

to Curran, the concessions often acted illegally during the Suharto years. They frequently logged outside their boundaries, exceeded the annual allowable cut and under-reported their harvest to reduce their taxes. However, Curran believes that the sheer scale of illegal logging increased after the fall of the Suharto government.

There were two main reasons for this. Many rural people saw illegal logging as a way of improving their incomes, and they found work felling and transporting illegal timber for the province's *cukong*, the big players who control the illegal timber trade. The processing sector, already suffering from raw material shortages, both in West Kalimantan and neighbouring Malaysia, provided an eager market. The illegal harvesting of timber also became more widespread when logging companies rushed to take advantage of the 100-hectare community logging permits allocated by *bupati*, the district heads. They frequently flouted the law by using heavy machinery, clear-felling the forests and cutting trees outside concessions.

Some of the best remaining forest was to be found in the national parks, and these became a prime target for illegal loggers during the early years of *reformasi*. Take, for example, Gunung Palung National Park, which is renowned for its large, though now declining, population of orangutan. Curran and her colleagues estimate that between 1999 and 2002 the national park lost forest at the rate of over 9% a year as a result of illegal logging. Bastarin, the elected head of Simpang Tiga, a village to the south of the national park, confirms the scale of

destruction. And he should know: like three-quarters of the people in his village, he was involved in illegal logging at the time. "After a while, we were going further and further into the national park in search of good timber," he recalls.

In 2001, Bastarin met Darmawan Liswanto, who was then working for the NGO Titian and was later to become Coordinator of Kalimantan's Anti-Illegal Logging Consortium (KAIL). "By the time I met Darmawan, I had already begun to realise that I gained very little from illegal logging, as most of the benefits were going to the *cukong*," explains Bastarin. After conversations with Darmawan and others, he decided there were better ways to make a living. He was hired by Flora and Fauna International to work for its orangutan protection and monitoring unit – a classic example of poacher-turned-gamekeeper – and he now arrests illegal loggers when he finds them inside the national park.

Bastarin estimates that the illegal timber harvest in the area has declined by some 70% in the past three years. This is largely a testament to better law enforcement. Operasi Wanalaga, a government operation against illegal loggers, undoubtedly had an impact in 2004, and more rigorous patrols within the national park have also acted as a deterrent. However, an imaginative alliance between the Provincial Forestry Office, the Provincial Police and civil society has done most to bring illegal logging under control, both here and throughout West Kalimantan.

Arman Malolongan, who was head of the Provincial Forestry Office when this alliance began to take shape, recalls how Indonesia's decentralisation laws had a profound impact on forest administration, giving district forestry offices much greater control over forest management. This immediately led to an increase in illegal logging. "District forestry offices now came under the *bupati*, rather than the provincial forestry office, and most *bupati* were not remotely interested in sustainable forest management," he explains. "The *bupati* were always claiming they issued small-scale concession licences to raise money for the districts, but some were taking money for themselves." In fact, four of the province's *bupati* faced corruption charges at the end of 2006, and many of the charges related to illegal forestry activities.

Before he was posted to the Ministry of Forestry in Jakarta in 2003, Arman began to enlist the support of local NGOs, whom he regularly invited to his office after hours to discuss the best ways of tackling illegal logging and countering corruption and malpractice in the district forestry offices. His successor, Tri Budiarto, also realised that he needed to work with civil society, and together with Darmawan Liswanto he established KAIL, which brought together some 20 NGOs from around the province. Two months after Tri became head of the Provincial Forestry Office, a new chief of police, Nanan Soekarma, was appointed. On his second day in office he met Tri and immediately declared a major crackdown on illegal logging. In his view, illegal logging was just as much of a problem as people-smuggling and drug-dealing.

According to Sunarno, Head of Forest Protection at the Provincial Forestry Office, the illegal timber harvest has probably been reduced by 50% during the past three years. The number of prosecutions has significantly increased, and sentences have got harsher. In 2006, 11 Malaysians were found guilty of illegal logging, and three were sentenced to nine years in prison, which is more than the average murderer gets. Within a relatively short period of time, the amount of illegal timber smuggled across the border into Malaysia declined significantly. Although local *cukong* have tended to get off more lightly than Malaysian *cukong*, they can no longer bribe their way out of trouble as easily as they could in the past. (See box: The rise and fall of a robber baron)

Kalimantan's Anti-Illegal Logging Consortium (KAIL), supported by DFID, has played a key role in the struggle against illegal logging. KAIL coordinator Darmawan Liswanto (centre) with investigators from local non-governmental organisations on the Melawi River, West Kalimantan. (Charlie Pye-Smith)



KAIL, whose illegal logging research has been funded by the Indonesia/UK Memorandum of Understanding, has played a major role in reducing forest crime. Its staff conduct undercover surveillance operations, often visiting logging camps in the guise of second-hand clothes salesman or eco-tourism researchers. They gather evidence which they pass to the police, the Provincial Forestry Office and the Attorney's Office. They have established a good network of contacts within local government, at both district and provincial level, and they have helped to influence the way the police tackle illegal logging.

"KAIL has provided us with important intelligence about the activities of many *cukong*," says Police Commissioner Sriyono, the Director of Criminal Investigations at the Provincial Police Headquarters in Pontianak, "and they've helped us to develop a new approach to forest crime." The police, he says, now have a much better understanding of the key factors which encourage illegal logging. One is corruption, so the police have targeted corrupt government officials and sacked some 20 police officers who have been taking money from illegal loggers. Another is rural poverty, which is why the police have decided to target the *cukong*, rather than the villagers who are driven by poverty to do the dirty work of getting the illegal timber out of the forests.

Darmawan believes good progress has been made during recent years, but he warns against complacency. Many people in positions of power in the districts are still involved in illegal logging, and some districts continue to promote policies which lead to forest loss. For example, the expansion of oil-palm plantations in Ketapang District means that surviving areas of logged-over forest are now under threat, along with the livelihoods of the villagers who depend on them. (See box: Losing out to oil-palm plantations.) Darmawan also doubts whether senior political figures at the provincial level are committed to the eradication of illegal logging. Two individuals who did much to clamp down on the practice – police chief Nanan Soekarma and forestry head Tri Budiarto – have been transferred to other posts. Darmawan and his colleagues are convinced that the latter was moved by the Governor precisely because he had been such a zealous opponent of forest crime.

Losing out to oil-palm plantations

Fifteen years ago there was a thick belt of forest around Gunung Palung National Park and this acted as a reasonably effective buffer zone. Now, just one-tenth of this area is forested, and most of this is secondary forest. Soon, most of this will be gone too. Ketapang District has recently issued a permit for the clearance of 20,000 hectares of land to the north of the village of Simpang Tiga. This will be converted to oil-palm plantations which will stretch right up to the park border. Similar schemes are planned for other areas adjacent to the national park.

A group of villagers in Simpang Tiga is hoping that 500 hectares of forest will be saved as a

village forest, or *hutan desa*, which will be managed by the community. "If we could protect this piece of forest," says Bastarin as he leads us along a wooden track which illegal loggers have been using, "then we would still be able to harvest building timber and non-timber forest products." Furthermore, he adds, the village forest would continue to provide an important habitat for wildlife. Recently, he came across an orangutan nest; today, we see a pair of macaque swinging through the trees.

Although the Provincial Forestry Office and the Ministry of Forestry have approved the plans for a village forest, the district government has failed to respond. Without its approval, all the

The rise and fall of a robber baron

In 2005, West Kalimantan's Provincial Forestry Office received reports that Tian Hartono – better known as Buntia – was illegally harvesting timber in a protected area in Sintang District. A team went to investigate, and filed a report with the police. "Buntia has always been on very good terms with the police," explains Yuyun, KAIL's chief investigator, "and it came as no surprise to us that the report got stuck with them." KAIL decided to send its own team to investigate, and a few months later it submitted a comprehensive file to the Attorney's Office listing Buntia's forest crimes. The Attorney's Office now felt compelled to bring charges against Buntia.

Darmawan Liswanto recalls that when he first came to West Kalimantan in 1989, it was common knowledge that Buntia was dealing in both legal and illegal timber. He had several concessions and processing plants, and his illegal activities were protected by the police, the *bupati* and others in positions of power. "When I returned again in 1996, Buntia's business was stronger than ever," recalls Darmawan, "and everybody said he was untouchable."

Until recently he was, but the big players like Buntia can no longer pervert the course of justice as easily as they could in the past. Prior to his trial in 2007, the Attorney's Office was demanding a sentence of 10 years and a fine of 2 billion rupiah (£110,000). "We are confident that the evidence is strong enough, and that he will be convicted," said Rido Wanggona, who had helped prepare the case. And recent history seemed to be on his side: between January 2005 and March 2006, 37 people were sentenced to jail for illegal logging in West Kalimantan, and only three of those prosecuted were found not guilty.

Buntia was initially sentenced to two years in jail, and ordered to pay a fine of 2 billion rupiah (£110,000). The case was then referred to a higher court and the punishment was reduced to 16 months in prison and a fine of 1 billion rupiah (£55,000): not as much as the prosecution wanted, but rather more than this timber baron bargained for.

forest here will be cleared to make way for oil-palm plantations, and there will be no *hutan desa*. Clearing the land may not be illegal, but according to Lisa Curran, who used satellite imagery to reveal the massive scale of forest loss in and around the national park, the plans amount to little more than "government-sanctioned destruction." As if to emphasise the lack of concern within Ketapang District about the environment, many local politicians are arguing that the national park should be de-gazetted. This would be a disaster, according to Bastarin. He already fears that the loss of remaining secondary forest outside the park will lead to an increase in timber-raiding within the park.



Poacher turned gamekeeper. Bastarin used to make a living harvesting timber in Gunung Palung National Park. Now he's helping to protect it. (Charlie Pye-Smith)

Power corrupts

In 2006, Indonesia came 134th in Transparency International's corruption index. This suggests that some progress has been made since 1996, when Indonesia was ranked as the most corrupt country in the world. Now, 29 other countries fare worse. During the Suharto era, people whispered about corruption, fearful that they would lose their jobs, and possibly their lives, if they made too much fuss. Today, in contrast, honest government officials – and there are many – are often prepared to talk openly about the problem of corruption.

In West Kalimantan, as elsewhere, corruption in the forestry industry is as much a part of life as the heat and mosquitoes. Individuals and companies involved with illegal activities routinely bribe government officials. But it's not just those involved in illegal activities that end up paying bribes. Legitimate companies are also sucked into the web of corruption, and find it almost impossible to operate without providing bribes to an extraordinary array of officials. "The police, the army, forestry offices, the courts, the navy, customs, the *bupati* offices – individuals from all these institutions are involved in forest corruption," explains Dedi, Commander of the Ministry of Forestry's Quick Response Special Unit (SPORC) in West Kalimantan.

When illegal loggers do fall foul of the law they will nearly always try to buy their way out of trouble. Sometimes this works; but not always. Sunarno, the Provincial Forestry Office's head of forest protection, recounts how Tian Hartono, alias Buntia, twice called at his home early in the morning when he, Buntia, was facing serious

charges of illegal logging. "Both times he came with a large bag of cash," says Sunarno. "He was hoping to buy me off and get us to withdraw evidence against him." Sunarno, needless to say, ordered Buntia to leave.

Since he was elected in 2005, President Susilo Bambang Yudhoyono has introduced a number of measures to tackle corruption, and these have undoubtedly had an impact. However, some believe that Presidential Instruction 4/2005 has inadvertently made matters worse, not better. The instruction lists 18 institutions which have the authority to tackle illegal logging, and it encourages them to work more closely together. The idea is fine in principle, says Sunarno, but in practice some individuals within these institutions have interpreted this as a mandate to extort money from those involved in the legitimate timber trade.

Gusti Hardiansyah of PT Alas Kusuma agrees. "The Presidential Instruction has made our life more difficult, and increased the level of corruption," he says. While we are discussing the issue, his mobile phone rings. It is the weekend, but this is no social call: it is from a military commander from a district where Alas Kusuma has a logging concession. He tells Gusti that he would like to see him soon. Why? "Because he wants something from us," explains Gusti, "and if he doesn't get it, he might hold up our timber barges, or cause other problems." Gusti reckons that if you analyse the value of a cubic metre of timber when it arrives at the factory gates, around a third will have gone on 'entertainment expenses' – in other words, on payments to government officials.

According to anti-corruption researchers at Kalimantan's Anti-Illegal Logging Consortium (KAIL), an absurdly elaborate system of forest bureaucracy encourages corruption. Take, for example, the paperwork which concessionaires must obtain before they can begin logging. Every year, they have to produce an annual logging plan, or RKT, and this must be approved by the provincial governor. But before it reaches the governor's desk, the RKT must make a tortuous journey along a conveyor belt of different officials, many of whom will demand under-the-table payments. First, it has to go to the head of the trade and production division of the district forestry office; then it is passed to the



Logs arriving by river at PT Alas Kusuma's mill near Pontianak, West Kalimantan. (Charlie Pye-Smith)



The finished product, awaiting export to Japan. The label indicates that the company has adopted Reduced Impact Logging (RIL) harvesting techniques in its concessions. (Charlie Pye-Smith)

head of the district forestry office, who passes it on to the secretary of the district, who then passes it on to the *bupati* to sign. After that, the RKT is sent to the provincial forestry office, and another complicated journey begins before it reaches the governor's office. Once the RKT has been approved and signed by the governor, timber harvesting can begin, but then another whole raft of paperwork is required before the concessionaire can shift the logs from forest to factory. "If you're prepared to pay high bribes, you can probably get a timber transportation document in a matter of hours," explains Adriani, who works on anti-corruption issues at KAIL. "But if you're not prepared to pay anything, it could take a very long time."

KAIL's case-tracking work reveals that corruption is widespread not just in the districts – even district task forces set up to tackle illegal logging have colluded with illegal loggers (see box: The auction scam) – but in the Attorney's Office and the courts. One case which highlighted corruption at high levels concerned the activities of Prasetyo Gow, better known by his alias Asong. In September 2004, police in Ketapang inspected two boats carrying 1000 cubic metres of timber belonging to Asong. He was unable to show a legitimate transportation document and he was taken into custody. A case was made against him. A few days before the judges gave their decision, a member of staff at the Provincial Forestry Office, passing through the lobby of a Pontianak hotel, chanced upon Asong. He was deep in conversation with two

prosecutors from the Attorney's Office, a police investigator and one of the three judges trying his case. You can draw your own conclusions about why Asong was found not guilty and allowed to go free.

Unfortunately, this is not an isolated incident of judicial corruption. It is just one of 22 recent examples, highlighted in data from the Ministry of Forestry, of judgments going in favour of individuals against whom, according to Forestry Minister M S Kaban, there was sufficient evidence to incriminate. Kaban made an official complaint to the Judicial Commission, requesting that it investigate the judges concerned, most of whom were in Papua. "I suspect that behind the rulings there has been something that is in conflict with the legal norms," he said when interviewed by the newspaper *Tempo*.

All this makes for depressing reading, but it shouldn't disguise the fact that in West Kalimantan the activities of KAIL, together with the forest governance work of the West Kalimantan Co-ordination Unit (UKK), an organisation established by KAIL and the Provincial Forestry Office, are shining an increasingly bright light on forestry corruption. Encouragingly, many government officials – even in district forestry offices, where corruption is at its worst – have been willing to work with KAIL and other civil society groups to tackle corruption. Power still corrupts, but not as absolutely as it did in the past.

Illegally harvested ramin being processed in a factory in Central Kalimantan. (D. Currey, Environmental Investigation Agency)



The auction scam

Presidential Instruction 4/2005 instructs governors and *bupati* to set up task forces to tackle illegal logging. Some of these task forces have made good progress. Others, according to Sunarno, Head of Forest Protection in West Kalimantan's Provincial Forestry Office, have colluded with the local *cukong* and helped them to launder illegal timber.

It works like this. The *cukong* – the financiers who control the illegal logging business – pay villagers to cut down trees, providing them with chainsaws and other equipment. Once the timber they want has been felled, the *cukong* inform the district task force about its whereabouts. As the timber has already been felled, and there are no 'suspects' on site, the task force impounds the timber, and it is sold at an auction. The timber is invariably sold to the *cukong*, and both they and the district government (and its officials) profit. The *cukong* will pay a very low price for the timber – perhaps 500,000 rupiah (£28) a cubic metre, less than half what they will sell it for – while the district government officials pocket the payments.



Rewriting the law of the jungle

You can easily draw parallels between drug-smuggling and the trade in illegal timber, but there is a crucial difference between the two trades. Hard drugs are almost always illegal, which in theory makes life simple for law-enforcement agencies: if someone is found with the stuff, they are guilty of a crime.

Timber, in contrast, can be both legal and illegal, and in countries like Indonesia it is often hard or impossible to distinguish between the two. Many consignments of timber which leave Indonesia with paperwork claiming they are legal are nothing of the sort. But then again, plenty are. All of this makes it very difficult for consumer countries to determine what is, and is not, legal.

The problem stems, in part, from poor law enforcement, corruption and the widespread forging of documents in Indonesia. But it also reflects a profound state of confusion about the law. If you ask villagers in remote parts of Kalimantan who is responsible for logging illegally in their area, they will often respond by saying: "What do you mean by illegal?" This is a perfectly reasonable question: others – in business, government and the NGO world – are likely to say just the same. There are widely differing perceptions about legality – indigenous communities tend to have a very different view to timber concessionaires and the government – and national and local forest laws are often contradictory.

These were among the key findings of a series of five workshops, held in 2003 and funded by the Indonesian/UK Memorandum of Understanding on Forest Law Enforcement and Governance. Workshop participants included representatives of the timber industry, community leaders, government officials, forestry researchers, legal experts and NGOs. What was needed, they all agreed, was a clear definition of legality. Without one, Indonesia would continue to suffer from high levels of

illegal logging. And without a clear definition, Indonesian companies would find it increasingly difficult to export timber, especially to the European Union, which was in the process of introducing new regulations against illegal timber imports.

The writing, in fact, was already on the wall. In 2002, the Ministry of Forestry's Industrial Restructuring Working Group devised a set of protocols to investigate the origins of timber in large mills. Those found using illegally harvested logs would be obvious candidates for closure – and closures were needed if overcapacity in the processing industry was to be tackled. The protocols were first used by an independent team, sponsored by DFID, to investigate a mill in East Java. The mill was found to be using illegal timber and making false claims about the sustainability of its products. A further round of inspections conducted by the Ministry found evidence that other mills were also relying on illegally harvesting timber. As a result, three of the UK's largest buyers immediately withdrew from the Indonesian market.

Although the Ministry of Forestry abandoned its mill inspections in 2004, Moray McLeish, leader of the MoU team when the workshops were held, believes they provided an added impetus to develop a new definition, or legality standard. "The results of the inspections made headlines, and UK companies got the message that much of the timber coming out by Indonesia was illegal," he explains. "At the same time, the Ministry realised it had to do something."

While McLeish and his MoU team were drafting a new legality standard, based on the discussions at the five workshops, consultants hired by The Nature Conservancy (TNC) were developing a timber-tracking system in East Kalimantan. TNC wanted to see if it was possible to develop a bar-coding system to track timber from the forest floor to processing plants and points of export. In principle, this would enable anybody to scan a bar-coded tree, or derivative of a bar-coded tree, at any point on its journey and get a complete biography: species, date of felling, licence to harvest, owner of concession and so forth.

"It made sense for us to work with TNC," recalls McLeish, "so once we had produced a draft legality standard we handed it to them to test." The standard was field-tested by URS and SGS, the consultants who were developing the

timber-tracking system, in co-operation with PT Sumalindo Lestari Jaya, one of the few companies in Indonesia with forests and processing plants certified by the Forest Stewardship Council (FSC).

The legality standard went through a series of revisions, and in 2005 it was handed over to a local certification body, Lembaga Ekolabel Indonesia (LEI). Since then, the standard has been subjected to further field tests in a wide range of different conditions, from plantations in Sumatra to community forests in Java and the furniture industry in Bogor, as well as in large concessions and processing industries in Kalimantan. The field tests have been overseen by a small technical team – the *tim kecil* – established by ministerial decree and including representatives of industry, government, academia and civil society.

The new standard should make it much easier for buyers to distinguish between legal and illegal timber. It specifies the legal requirements relating to origin, production, transport, processing and trade through seven broad principles. These cover, among other things, land tenure, environmental impact, community relations and workers' rights, taxation and log identification and timber tracking. "One of the great strengths of the legal standard," suggests Agus Setyarso, Director of the MoU programme, "is that once it was passed on to LEI to refine and develop, it had an Indonesian institutional home. This has made it much easier to get everyone to buy into the new definition."

One of the most remarkable things about the whole process is how little dissent there has been. The Forest Industry Revitalization Body (BRIK), which has been responsible for providing the conveyancing documents which enable companies to export timber, might easily have balked at a process which would reduce its powers. It didn't. Likewise, some opposition might have been anticipated from the Association of Timber Concessionaires (APHI), but it has enthusiastically embraced the multistakeholder ethos which has guided the whole process of defining a new standard. "At the moment, there is much confusion about the legal status of timber, which is bad for business," explains APHI's director, Nanan Rofandi. "We believe the new legality standard will help our members gain access to international markets."

Illegally harvesting timber inside Tanjung Putting National Park, Central Kalimantan.
(Telapak/Environmental Investigation Agency)

As well as being an active member of the *tim kecil*, APHI has served on the steering committee, chaired by the Ministry of Forestry, which was established to oversee its work and determine how the new legality standard could be put into practice. When the steering committee was formed, there was no guarantee that the Government would adopt the new legality standard, but Secretary-General Boen Purnama, who chairs the committee, has proved an ardent supporter. "This is a very important issue for us, and we simply can't avoid tackling the legality issue if companies are going to sell their timber on the international market," he explains.

Boen points out that Japan, currently the main market for Indonesian timber, has developed a green procurement policy. Currently this only applies to government departments, but there is every reason to suppose that the demand for legally verified timber will increase in Japan in future. The European Union is also an important market for Indonesian timber. While the new

legality standard was being refined, the Indonesia Government and the EU began discussions which were expected to lead to a Voluntary Partnership Agreement (VPA). Such an agreement will make it much easier for consumer countries to determine the legal status of timber. A clear definition of legality, and an acceptable system of establishing legality, will be needed if normal trade between Indonesia and the EU is to continue.

Besides helping Indonesian companies gain access to important foreign markets, Boen hopes that the new legality standard will apply to all timber produced in Indonesia, including timber for domestic consumption. Along with a computerised timber-tracking system, it should help to reduce opportunities for bribery and significantly lessen the scale of illegal logging. "We will never reduce illegal logging to zero," says Boen, "but I am confident that if we have a clear definition of legality and improve our law enforcement, it will make a significant difference."

Tropical hardwoods being unloaded from traditional schooners at Sunda Kelapa Docks, Jakarta. It is hoped that the new legality standard will significantly reduce the amount of illegal timber being landed here. (Mark Henley, Panos Pictures)



The tough task of saving Ghana's forests

Much of the timber which supplies the domestic market in Ghana has been illegally harvested and processed. A timber market in Kumasi. (Charlie Pye-Smith)



Overview

No matter which road you take out of Accra, Ghana's capital, you will be struck by how little forest you'll see. It will be many hours' drive before you get your first glimpse of dense rainforest, and even then, you'll probably have to peel off the tarmac road and travel down a dirt track. A century ago, it was a very different story. In 1900, there were some 8 million hectares of forest, clothing most of southern Ghana. By 1990, just 1.6 million hectares of forest survived.

Despite the scale of loss, the forests remain immensely important to human welfare. Around 120,000 people work in the formal forestry sector. At least 50,000 people are involved in the felling and processing of chainsaw lumber, even though these activities are illegal. Up to half a million people could be involved in the bushmeat trade, and forests also provide other goods – fuelwood, mushrooms, medicinal plants – which are important for subsistence and commerce. Further forest loss would therefore pose a direct threat to the welfare of millions of people, as well as to the logging industry and the state, which derives significant revenues through forestry taxes.

So who is to blame? "If you listen to the timber industry," suggests Kyeretwie Opoku of Civic Response, "you'd think most of the forest loss had been caused by farmers, fires and chainsaw operators. But that simply isn't the case." True, these have all taken their toll, but the main driver of deforestation has been the timber industry, whose structure and appetite for raw materials were largely shaped by cheap credit in the 1980s. During this period, processing capacity grew so much that it is now at least four times the sustainable yield of Ghana's forests. The top ten industrial companies alone export more timber each year than the annual sustainable yield.

At first glance, the outlook seems bleak. The forests are being lost at a rate of around 65,000 hectares a year, and many local communities see little or nothing of the benefits which they should receive through the allocation of forestry taxes. The decision to outlaw chainsaw logging and processing has done nothing to save the forests, and corruption in the forestry sector is a



Retailers in Europe increasingly demand certified timber, and before long several logging companies in Ghana should be able to supply it. This timber, awaiting export in a harbour at Takoradi, is not certified. (Charlie Pye-Smith)

major problem. Yet despite all this, there are signs that Ghana's forests – or what is left of them – will be better managed in the future than they have been in the past.

The stuttering process of reform

During the 1980s and early 1990s, the timber industry did much as it pleased. Local communities had little or no say in what happened to the forests and environmental considerations were largely ignored. However, Ghana's 1994 Forests and Wildlife Policy signalled a change in direction. It recognised the need to balance the competing demands on the country's forest estate, and it made a firm commitment to collaborative forest management.

In short, local communities were going to have a greater say in how forests were used. The 1997 Timber Resources Management Act and associated regulations introduced further reforms, including a new permit system involving competitive bidding for concessions. Other measures were introduced to increase the state's share of revenues through stumpage and timber rights fees. The new law also made provision for companies to spend the equivalent of up to 5% of their stumpage fees on projects which would benefit local communities.

Central to the reforms of the forestry sector was the creation of the new Forestry Commission. "The aim was to transform a highly centralised, command-and-control bureaucracy into a service-oriented, profit-driven organisation which would ensure the sustainable

management of forests, and help to generate wealth for the benefit of both the country and the landowners," explains Henry Atta Paidoo, the Forestry Commission's Director of Human Resources. The Commission has undoubtedly made some good progress in recent years, but it has frequently found itself at odds with the timber industry. To give just one example, the industry has suspended payment of a 3% export levy, and this has considerably diminished the Commission's budget. The process of reform has thus been frustrated and incomplete, with serious consequences for both the country's forests and the Commission.

Industry is also getting off lightly when it comes to stumpage fees, but in this instance the Forestry Commission must share the blame. The Commission is supposed to review these fees quarterly, but it has failed to carry out this legal obligation for the past four years. As a result, stumpage fees currently amount to an average £3.50 per cubic metre. According to economist Gene Birikorang, they should be nearer £7.50 per cubic metre. The situation is made worse

still by the failure of many companies to pay on time, or at all in some cases. According to the Forestry Commission, the industry owes the state some 30 billion cedis (£1.65 million), but Forest Watch Ghana believes that the figure could be 10 times higher.

The failure to review stumpage fees, and to collect what is owed, can be partly attributed to the power and influence of the timber industry. The industry puts pressure on politicians, who in turn exert pressure on the Board of Commissioners. All too often, the Commissioners have failed to support staff on crucial issues. For example, it was the Board who instructed staff not to review stumpage fees. "Instead of representing the interests of the Forestry Commission, which is what they should be doing," says Frank Ocran, who chaired the committee which chose a new chief executive for the Commission in early 2007, "most Commissioners are simply out to further their own interests, whether they are in logging, exploiting wildlife or grabbing a share of timber revenues." (See box: A conflict of interests)

Dug-out canoes roughly hewn out of illegally harvested logs, impounded by the authorities in Nkawie Forest District. (Charlie Pye-Smith)



Encouraging better behaviour

Illegal logging is a significant problem in Ghana. Take, for example, the figures for 2001. Of the 3.7 million cubic metres of timber harvested, around two-thirds was illegal. Industrial logging companies probably accounted for 900,000 cubic metres, while illegal chainsaw logging and processing accounted for double that.

Tackling these two activities requires very different strategies, not least because most of the timber produced by industrial illegal logging is destined for export, while chainsaw lumber is almost exclusively used in the domestic market.

A number of steps are being taken to clamp down on illegal industrial logging. One of the more significant is the Forestry Commission's Validation of Legal Timber Project (VLTP), which got underway in 2005. This is establishing a computerised system to track timber from the forests through to saw mills and points of export. By distinguishing between legal and illegal timber, the project should reduce the amount of timber being harvested. There will be other benefits as well, suggests Chris Beeko, the Commission's project coordinator. "A well-designed system will also help to reduce corruption and increase revenue collection," he says

Another initiative which should help to reduce illegal logging by large-scale enterprises – this is the subject of the first story – involves a partnership between an international conservation organisation and the private sector. Ghana's Forest and Trade Network – similar networks, managed by WWF, operate in over 30 other countries – has been largely funded by DFID. The network is encouraging logging companies to improve their management practices in ways which benefit both the forests and local communities. The companies which have joined the network know that if they are to continue exporting to Europe, where buyers increasingly demand timber which comes

from forests that are certified as sustainably managed, they must change their ways. By the end of 2008, at least five companies should achieve certification.

However, there are many companies operating in Ghana which have neither the means nor the inclination to join the exclusive club of certified timber producers. And many of these harvest and trade illegal timber – although they won't be able to sell to the European market for much longer, it is hoped. In 2006, Ghana and the European Union began negotiations to draw up a Voluntary Partnership Agreement (VPA). Other countries – including Indonesia, Malaysia and Cameroon – have entered into similar negotiations, and several others have indicated that they will do soon. The VPAs, once signed, will require timber-exporting countries to put in place an independently verifiable system of controls which will provide consumer countries with a guarantee that the timber they are importing is legal.

However, if Ghana is to reduce the illegal harvest, it will also have to tackle the issue of illegal chainsaw logging, which supplies most of the domestic market with timber. "In many ways, it is much harder to address this informal sector of illegal production than it is the export trade," says DFID's senior forestry advisor, John Hudson. "The Government may have to consider allocating areas for the use of chainsaw loggers, and giving them rights and responsibilities," he says.

Chainsaw logging has caused considerable forest loss, especially outside the forest reserves, but it provides an important source of income for some of the poorest people in Ghana. It also provides affordable timber for local markets. The second story in this section shows how the legislation which brought about a ban in 1997 has done little to improve forest management. Instead it has led to an increase in conflict and encouraged corruption.

Local losers

Over the decades, industrial logging companies have made considerable profits from the exploitation – both legal and illegal – of Ghana's forests. The more honourable among them have paid their taxes, a significant portion of which should have been returned to local forest communities. In theory, the latter should have prospered, along with the logging companies. But most haven't. "Communities living in timber-producing areas should be receiving real benefits," says Fredua Agyeman, Technical Director at the Ministry of Lands and Forestry. "But few of them do." Local government is partly to blame, he says, but so are the chiefs.

The final story from Ghana explores the complicated system of allocating the benefits from forestry, and it describes the way in which local élites – and especially politicians and paramount chiefs, the senior tribal rulers – have enriched themselves at the expense of the rural poor. Instead of royalties paying for village wells, classrooms and electrification, they have frequently been spent on grandiose mansions and fancy vehicles.

Nevertheless, there are signs that the old feudal dispensation is being challenged in some areas. The Forestry Commission's decision to make royalty payments transparent has encouraged some sub-chiefs to rise up against paramount chiefs who have appropriated royalties and failed to share them. The Forestry Commission's decision to appoint customer service officers in many districts is also leading to greater awareness among local communities of the injustice that is being done.

When communities are denied their rightful share of royalties, they are much more likely to encourage illegal logging, and collude with those who degrade the country's forest resources. Ultimately, Ghana's remaining forests will only survive if local people feel they are profiting from timber exploitation, and the Forestry Commission realises this. "If they know they will benefit from the forests, then they are much less likely to destroy them," explains Henry Atta Paidoo. "The only way we will get them to come on board is if they think of themselves as shareholders."

A conflict of interests

"The Board of Commissioners should have just one purpose, and that is to act in the best interests of the Forestry Commission," says Frank Ocran, the Executive Chairman of the State Enterprises Commission. "That isn't happening, and the Board is riven with conflicts between competing interests."

Forest Watch Ghana, a network of non-governmental organisations, is also highly critical of the Board. "In recent years, the chairman has acted like a de facto chief executive, setting up offices in the Commission and interfering in the day-to-day running of the organisation," says Kyeretwie Opoku of Civic Response. He also deplores the Board's profligacy, pointing out that in 2004 it met over 60 times, taking up large amounts of staff time and running up a huge expenses bill. And all this at a time when the Commission was so cash-strapped that payments of operational costs and wages to the districts were six months in arrears.

Ocran is opposed to institutional representation on boards – he would rather the Board of the Forestry Commission were made up of retired professionals with no commercial interests – but he points out that where there is institutional representation, members should always declare their interests. "If this Board did that," he says, "at least half of the Commissioners would have to leave the room whatever subject was raised, whether it was to do with stumpage fees, wildlife conservation or the allocation of concessions." This never happens.

"When the people at the top behave in their own interests," concludes Ocran, "people at the bottom of the organisation follow their example. Corruption has become a serious problem in the Commission." He is confident that the new Chief Executive, Nii Ashie Kotey, will clamp down on corruption. "I am under no illusion about the enormity of the problem," says Ashie Kotey. "I intend to come down of hard on those who take bribes in future."

Encouraging good practice

In April 2002, environmental activists from Greenpeace occupied the Cabinet Office, causing severe embarrassment to the British Government.

Greenpeace was publicising the fact that tropical hardwoods, harvested in Central Africa and used in an office refurbishment programme, had not been independently certified as coming from legal and sustainable sources. This meant that the Government was breaking its own public procurement guidelines. But it wasn't just the Government which ended up with egg on its face: the Greenpeace occupation also reflected badly on the company carrying out the refurbishment, Balfour Beatty Ltd, and on its suppliers. One of these was Timbmet Silverman, the leading importer and distributor of tropical hardwoods in the UK.

"As it happens, Timbmet had written to the buyer saying that we couldn't be sure that the timber we were supplying complied with the Government's procurement requirements," explains Mike Packer, Timbmet's Responsible Business Director, "but this event hardened our resolve to encourage suppliers in Africa to improve their forest management."

If you want to see what this means, in practical terms, then a good place to begin is the timber town of Samreboi, in Ghana's Western Region. Samartex Timber and Plywood has been undergoing a process of reform which should eventually lead to the timber from its 14 concessions being certified as legally and sustainably harvested by the Forest Stewardship Council (FSC). The reforms have been encouraged by Timbmet, which told Samartex and other African suppliers that it would only buy their products if they changed their ways.

In late 2004, Samartex was accepted as a member of WWF's Global Forest and Trade Network. "When I visit Samartex now, I can see tremendous improvements in the way it operates in the field," explains Abraham Baffoe, coordinator of the Ghana network. "Samartex is also working very well with the forest communities, often doing things it's not obliged to do by law. And this is helping to improve local livelihoods."

By early 2007, five companies, managing 329,000 hectares of forest concessions, were members of the Ghana Forest and Trade Network, and two others had applied to join. Most of them expect their operations to be fully

certified by 2008, either by FSC or a similar body. "We're not expecting buyers to pay more," explains Garo Kinoyan of Logs & Lumber Ltd, "but if we're certified they will continue to buy our timber. If we're not, they won't." Timbmet has already shown that it means business when it says it expects companies to move towards certification. One company which failed to show any interest lost orders from Timbmet worth around £1 million in just 12 months.

Process matters

To join the Forest and Trade Network, a company must satisfy several criteria. Most obviously, it must have legally-acquired long-term concessions. It is given six months to prepare for a pre-certification assessment, which then identifies the issues the company needs to sort out to achieve certification. Further assessments are made at six-monthly intervals to assess progress.

Throughout this process, the Ghana Forest and Trade Network provides the companies with practical assistance, for example by linking them up with experts who can help them improve felling techniques, or potential buyers in Europe.

The process of reform can be time-consuming and costly. "We had to buy new machinery, change the way we plan our forestry operations, and change the way we fell and extract timber," explains David Moor, who has led the certification process at Samartex. "We've also had to change the mindset of our employees." Moor acknowledges that the reduced impact logging techniques required for certification actually make good business sense: less damage to the forest means a more productive forest in the future. Other companies, such as Scanstyle Mim Ltd, a major supplier of garden furniture to the UK, have also found the technical training invaluable. "Before we joined the network we didn't bother much about road design, and as a result we caused much more damage than we needed to," explains Peter Wiafa Pepera, Scanstyle's Managing Director. "Now we take much greater care. This saves us money, as well as being better for the environment."

A 2006 report by SmartWood, an auditing programme of the Rainforest Alliance, confirmed that Samartex had made significant



Felling a tree on Samartex's concession in Asankrangwa forest district. Samartex is a member of the Ghana Forest and Trade Network. (Ishmael Doodoo, ProForest)

progress in implementing its action plan. If anything was going to delay certification, suggests Samuel Afari, the Deputy General Manager, it was factors beyond the company's control. "One of the basic requirements of certification is that you're operating legally," he explains. "According to the law, we should have converted our old concession leases to Timber Utilization Contracts, or TUCs. We still haven't got these, which means that on paper we're operating illegally. But that's the Forestry Commission's fault, not ours." Under the Timber Resources Management Act of 1997, logging companies were given six months to convert their leases to TUCs. Samartex did the necessary paperwork and submitted it to the Forestry Commission. "The Commission has failed to process the applications, and the uncertainty about our legal status has lost us potential buyers," suggests Afari.

None of this is to suggest that Samartex is a paragon of virtue. Like all companies operating in this part of Africa, it has what the police would refer to as 'form': until recently the company was using timber harvested from Timber Utilization Permits (TUPs). According to the law, these are not to be used for commercial exploitation, but are specifically designed to enable local communities and district assemblies to satisfy their timber needs. It is also alleged that in the past Samartex used its considerable influence with politicians to ensure that forestry policies worked in its favour. The company was among those strongly opposed to paying the 3% export levy, which was an important source of revenue for the Forestry Commission.



Abraham Baffoe, coordinator of WWF's Ghana Forest and Trade Network, believes that companies that have joined the network have made significant progress towards more sustainable forest management. (Charlie Pye-Smith)

People matter too

According to David Moor, SmartWood auditors spent much of their time investigating Samartex's relationship with local communities during their last visit. "They caught us off guard," he recalls, "because we were expecting them to concentrate on technical issues related to forest management."

Fortunately for the company, SmartWood largely approved of the efforts it was making to improve the lives and livelihoods of its own staff – it employs 2,500 people – and those of villagers in and around its concessions.

A community agroforestry project set up by Samartex has transformed 500 hectares of abandoned cocoa fields into productive use, and this has raised farmers' incomes and provided jobs for significant numbers of young people. SmartWood also noted the importance of the medical facilities provided by Samartex – these are free of charge to workers and their dependents – and the company provides water for Samberoi's 15,000-strong population, pays for local primary schools and maintains over 200 kilometres of roads. Samartex's Social Responsibility Agreements with local communities have also injected considerable sums of cash into some forest villages.

Spending money on health, infrastructure and community development programmes costs serious money, as Moor points out. But it's worth it, for several reasons. First, the company knows that its future prosperity depends on having a skilled and satisfied workforce. Second, the goodwill of local villagers is essential for the smooth working of its forestry operations. All the evidence suggests that local chiefs are less likely to countenance illegal logging if timber companies honour their Social Responsibilities Agreements and pay full compensation for damage they cause to farmers' crops. And third, buyers in Europe increasingly want to do business with companies that are behaving in a socially responsible manner.

There is no reason why timber companies who wish to pursue certification shouldn't go it alone. However, there are obvious advantages to joining WWF's Forest and Trade Network, both for producers and buyers. "When we began work in 2003," explains Abraham Baffoe, "it was obvious that timber companies here had no idea how to go about getting certified. We've been able to provide them with a stepwise approach which they're comfortable with, and this has made the whole process less intimidating."

"The Forest and Trade Network has helped in many ways," agrees Peter Pepera of Scanstyle. "It helped to foot the bill for the first audit by SmartWood, and we've benefited from the many training sessions and workshops which it organised." Old markets have been protected, and new markets have opened up with members of the Forest and Trade Networks in consumer countries. During 2005 and 2006, the new markets were potentially worth around £2.6 million to companies in Ghana.

"When we first began talking to companies about the need to get certified, they could be very defensive," recalls Mike Packer of Timbmet. "But now it's much easier to have conversations about these issues, because so many companies are moving in this direction." If, as expected, the five current members of the Forest and Trade Network achieve their objectives, then almost half the total forest reserve area in Ghana will soon be certified as sustainably managed. That is a considerable achievement.



Illegally harvested timber impounded by a district forestry office near Kumasi. (Charlie Pye-Smith)



Atta Kwadwo says that the ban on chainsaw logging and processing has been ill-conceived. He is one of many traders operating illegally in Kumasi. (Charlie Pye-Smith)

Bad law makes matters worse

Martin Olaga and Atta Kwadwo both make a living in the forestry sector and both are happy to talk about their work. While Olaga, the Deputy District Manager for the Forestry Commission in Nkawie Forest District, has the tough task of enforcing the law, Kwadwo, a timber trader in nearby Kumasi, spends most of his life breaking it. Neither is happy about the situation.

The law which has brought these two men into conflict was introduced in 1997. This was when the Government decided to ban chainsaw logging and processing. Although district assemblies had been given a mandate to regulate chainsaw logging in the early 1990s, this small-scale industry was judged to have run out of control. Large numbers of loggers were operating without permits, and both the country's forest reserves, which are dedicated to protection and sustainable logging, and forest resources outside the reserves were suffering as a result. Hence the ban, which immediately outlawed the activities of some 50,000 people.

"It's very difficult to control the chainsaw loggers," explains Martin Olaga. "They often operate at night and many are armed." To emphasise the point, he produces a home-made shotgun from an office cupboard, recently impounded after a raid on an illegal logging camp. According to Olaga, the illegal chainsaw business in his district is controlled by some six or seven 'tycoons' who operate out of Kumasi. Each provides chainsaws to 15 or 20 small gangs who work the local forests. He reckons they are now responsible for up to 40% of the harvest in the district.

In recent years, the Forestry Commission has called upon the help of the army and the police when hunting down chainsaw operators. "I'm afraid to say they have failed us on many occasions," says Olaga. One of the reasons why they have failed is because they are happy to take bribes. The day before, he explains, he helped to organise an operation against a gang of illegal loggers in a forest reserve. "When we arrived, all was quiet," he recalls, "and I found out later that the chainsaw operators had been tipped off. One of the military men had telephoned a tycoon in Kumasi, and he'd warned the chainsaw operators by mobile phone." He and his colleagues do sometimes make arrests, but it is always the small guys who get caught, and the judiciary tends to let them off lightly. "It's very depressing," he says, "and things are getting worse, not better." Most of the forest in the district is now in a poor condition.

Later that afternoon, Atta Kwadwo takes us round Ehwiaa timber market in Kumasi. He proudly points out the band saws and the planing and moulding machines, and we wander around a maze of alleys where lumber of many sizes and species is being loaded on to trucks and pick-ups. There are some 800 people working in the market and all, as Kwadwo points out, are breaking the law. "That's the Government's fault, not ours," he says.

"When I began business 18 years ago, I was acting legally," explains Kwadwo. "In those days I used to get my supplies from chainsaw operators who had a permit to harvest timber outside the forest reserves." When the ban



Logging companies frequently cause serious damage to farmers' cocoa crops and they often fail to pay adequate compensation. (Charlie Pye-Smith)

came into force, Kwadwo simply continued his business – illegally. In the meantime, Ehwiaa market continued to grow and thrive. It's not just local builders and private individuals who get their timber here; government officials, and construction companies acting on behalf of government departments, are major customers too.

Although licensed sawmills are supposed to supply 20% of their timber to domestic markets, their prices far exceed those in markets selling chainsaw lumber. The high demand for cheap wood is one of the main drivers of chainsaw logging and processing. Another is the lack of capacity amongst the law enforcement agencies. District offices of the Forestry Commission have few vehicles and its staff are poorly paid, making them an easy target for corruption.

"The technical officers in the Forestry Commission undoubtedly connive with the chainsaw operators," says Fredua Agyeman, Technical Director at the Ministry of Lands, Forests and Mines. "There is no way you could steal timber without their compliance." Talk to anybody in the illegal timber markets and it becomes clear that the law against chainsaw logging has encouraged corruption. Kwadwo estimates that of the 10 million cedi (£550) which he pays for a truckload of sawn lumber, at least 4 million cedi (£220) goes on bribes. "No pay dash, no get timber," he explains with a shrug of the shoulders. Dealers in Muus market in Accra have a similar story to tell.

"There is no way you could get timber into this market without having an arrangement with forestry officials, police and the army," explains a trader who gives his name as Peter.

Chainsaw logging is said to be environmentally damaging, and there is no doubt that the sheer cumulative scale of operations has led to serious forest degradation. However, from the perspective of many villagers, it may be less damaging than industrial logging. Villagers complain that when big timber companies come to fell trees on farmland, they use heavy machinery, causing considerable damage to cocoa trees and other crops. In their view, the compensation paid is often inadequate. Illegal chainsaw loggers, in contrast, tend to do relatively little damage to the farmers' crops as the timber is removed by hand.

Furthermore, local people are often employed as porters, and this is one reason why villagers often make little effort to resist chainsaw loggers. Chainsaw loggers will also make direct payments to the village chiefs: that's another reason why they are welcome. According to Eric Lartey, Customer Service Officer with the Forestry Commission in Sefwi Wiawso District, the failure of some industrial logging companies to pay a share of stumpage fees to local communities encourages villagers to cooperate with illegal loggers. "We notice that when logging companies fail to honour their Social Responsibility Agreements, communities don't care if illegal loggers come on to the land," he says. "In fact, they often welcome them."

However, for those companies which are making a serious effort to manage their concessions sustainably, and who pay their dues to the local communities, illegal logging can be a serious nuisance. "We have a significant problem in some of our concessions," explains Garo Kinoyan of Logs & Lumber Ltd. "The chainsaw loggers are taking trees that belong to us, and sometimes this puts us into conflict with Forestry Commission staff, as they say we've felled trees when we haven't." Of course, the company's financial losses to illegal chainsaw operators are relatively modest when compared with the loss of revenue, in terms of unpaid taxes, to the state. According to the World Bank, this amounts to around £7.5 million a year.

Most people accept that the current law is unworkable. Kinoyan is speaking for many when he says that he believes the Government

should issue permits to allow some of those engaged in illegal chainsaw logging to continue using chainsaws, both for logging and processing. Most agreed that other measures must be taken too, and these may involve allocating certain areas for chainsaw logging and processing.

The Forestry Commission recognises that the current situation is bad for forests and bad for governance. "We need to come up with a system which ensures that there is sufficient supply for the domestic market at an affordable price," suggests Nii Ashie Kotey, the Chief Executive. "Whatever system we come up with, it must reduce the levels of corruption, and involve local communities in such a way that they benefit, for example by creating new jobs in the villages." In short, reforms are urgently needed. But it may be some time before we learn their precise nature.

Dividing the spoils – unfairly

The villagers of Aserewadio, in the Asankrangwa District of Western Region, have much to be unhappy about. A forest reserve nearby has provided a plentiful supply of timber for logging companies, and loggers also harvest the timber growing around their cocoa fields.

Over the years, the village should have received a reasonable share of the royalties from timber extraction, yet there is no electricity in Aserewadio and some 500 people rely on just one hand-pump for their water. A rutted dirt road links the village to the outside world.

Local government, in the shape of the District Assembly, receives a share of timber royalties, but it has done nothing to improve conditions in Aserewadio. "A few years ago we blocked the logging roads as a protest against the lack of help we'd received from the District Assembly," recalls Chief Abu Beyeeman. "One of the things we said we needed was a primary school. We got a school eventually, but it wasn't the District Assembly that built it, it was a timber company."

In fact, this particular company has done more for Aserewadio than local and central government, and the village is currently using money paid directly by the logging company to build a community centre. However, this is small beer compared to what the villagers believe they should have received in return for the exploitation of their forests. You will hear similar complaints in many other villages scattered around southern Ghana.

Although most land in Ghana is owned by local communities, the right to manage forest reserves and the standing timber outside reserves belongs to the state. Local communities are compensated through payments which derive from the stumpage fees paid by timber companies. The Forestry Commission retains 60% of the fees from forest reserves, and 40% from off-reserve forests, which mostly means trees on farmland. The remainder is paid to the districts where harvesting has taken place. Ten per cent goes to the Administrator of Stool Lands – these being the lands owned by local communities and represented by the wooden stools of the chiefs. The rest is divided up between the district assemblies, which get 55%, the traditional authorities, which get 20%, and the stools, which receive 25%.



According to Chief Abu Beyeeman of Aserewadio, the District Assembly has failed to use timber royalties to improve conditions in his village. (Charlie Pye-Smith)

If this seems arcane, then think of it in these terms. The district assembly is the local government, two-thirds of its members being elected, the remainder being appointed by the President. The traditional authority effectively means the paramount chief, while the stools are represented by sub-chiefs.

In theory, the district assemblies should use the timber royalties for development projects in the villages where timber has been exploited, and for which stumpage fees have been paid. However, district assemblies frequently fail to allocate royalties in the manner intended. "If you look at what happens here," explains Eric Lartey, the Forestry Commission's Customer Services Officer in Sefwi Wiawso District, "the money gets put into a central pool." And that means that the more politically powerful politicians in urban areas will spend the timber royalties in their own constituencies, rather than in the forest villages.

The stools are supposed to symbolise the community, rather than the person – the chief – who occupies the stool, and a portion of the royalties is intended for the maintenance of the stool. Some chiefs allocate a percentage of revenues for community development, but others use the entire amount to maintain the paraphernalia of power – their 'palace,' their robes and so forth – and the wider community receives little or nothing. "You will see the paramount chiefs driving around in the latest Range Rovers, and living in fancy palaces with two wives, one white, one black," says one senior civil servant frustrated by a system which is failing to help the poor. "Not all are like that. But many are."

Rural revolt?

You can tell something's wrong as soon as you drive into the centre of Sefwi Wiawso. Armed soldiers guard the palace and patrol the streets nearby, a strange sight in this most peaceful of countries. The palace is closed, we are told, and the chief has retreated to his personal home. He still carries out some of his official duties, but his days are said to be numbered – not because of the threats to his life, though these are genuine, but because a large body of sub-chiefs intends to 'destool' him; in other words, to relieve him of his powers.

It seems that the paramount chief has not only been taking the 20% of royalties allocated to the traditional council, he has also been pocketing the 25% which should have been shared among the sub-chiefs. According to the local office of the Administrator of Stool Lands, the paramount chief claims that he has paid the sub-chiefs; the latter claim he hasn't.

"I should have been getting royalties, but they have never come," explains Kwasi Nkuah, the chief of a village near the district capital. "The same has happened to all the other sub-chiefs as well, and we're now in the process of destooling the paramount chief." We ask Chief Kwasi what he would have done with the royalties, had they come. He says he would have spent some on the stool and his clothes; the rest would have gone on rehabilitating the local school, building toilets for the village and improving the water supply. "The whole community has suffered because of this," he says.

In the neighbouring district of Juaboso, the paramount chief has already been destooled and replaced with another who has pledged to share the timber royalties more equitably. Much of the credit for this must go to the Forestry Commission. In recent years the Commission has made public the allocation of the royalties to the districts, and this has made the process of disbursement more transparent. In Juaboso, the Customer Services Officer made it his business to distribute the accounts among the sub-chiefs. This is how they discovered that the paramount chief was swindling them out of their royalties.



If timber royalties were distributed in a fair and transparent manner, villagers like these, in Aserewadio, would be considerably better off. (Charlie Pye-Smith)

It is worth stressing that destoolings such as these will only help to improve the lives of local communities if the chiefs use the royalty payments for the good of all, rather than just for themselves. Some paramount and sub-chiefs do act in the best interests of their communities, but they are the exception rather than the rule. Indeed, even when payments go directly from companies to communities, the latter may lose out.

Abraham Baffoe, co-ordinator for the Ghana Forest and Trade Network, has kept a close eye on the Social Responsibility Agreements (SRA) between logging companies and local communities. "In one district where one of our members is working there is a very progressive paramount chief, and he's been happy to endorse whatever the local communities decide to do with the SRA funds," explains Baffoe. "But in other areas the paramount chiefs have been obstructive, arguing that they, not the communities, should decide what happens to the money."

If a rural élite continues to appropriate the lion's share of forestry royalties, then we can expect to see an increase in conflict, both between local communities, and between communities and the state, according to Kyeretwie Opoku of Civic Response. Already, he says, communities are colluding with gangs of illegal loggers, and in some areas there have been violent confrontations between local communities and the police. "The Government needs to have a serious rethink about the way in which the benefits of forestry are shared," says Opoku. "If not, then we will witness more and more conflict."

But will the Government listen? Fredua Agyeman, Technical Director at the Ministry of Lands, Forests and Mines, believes it must. "We need to incentivise local communities to look after our forest resources," he says, "and that means we need to introduce new regulations that guarantee that a significant share of the royalties goes beyond the district assemblies and the chiefs to reach local communities. Ultimately, it's all about good governance."

Serving the community

"In the past, we haven't been very good at communicating what we're trying to do," explains Alhassan Attah, Executive Director of the Forestry Commission's Timber Industry Development Division. "We've got to improve the way we engage with local communities, landowners and industry."

Customer Service Officers (CSOs) are proof of the Commission's determination to move away from the old command-and-control model to a more service-oriented approach. So far the Commission has only been able to supply CSOs to around half of the 42 district forest offices, but they are already having a significant impact.

Eric Lartey took up his post in Sefwi Wiawso in 2003. "I'm here to work with anybody who has a stake in the management of the forests," he explains. His 'customers' include forest-fringe communities, the timber industry, traditional authorities, the district assembly and local NGOs, but most of his time is spent sorting out the problems of marginalised communities.

The main problems which local communities face relate to compensation for damage done by logging companies, and the Social Responsibility Agreements between companies and local communities. "If I hear that the company has failed to pay compensation for damaging crops, I'll convene a meeting and encourage the company to pay," explains Lartey.

Most generally do so promptly – something they wouldn't have done were it not for his intervention.

Problems related to Social Responsibility Agreements (SRA) are often harder to solve. The 1997 Timber Resources Management Act stipulated that companies with Timber Utilization Contracts had to allocate up to 5% of their stumpage fees to support community development projects. Prior to this, companies dealt directly with the chiefs, supplying them with tin roofs, plywood and other goods requested by the chiefs. These informal arrangements ensured that they remained on good terms. The introduction of SRAs changed all this, as the communities are now supposed to have a say in how the money is spent. Many chiefs are unhappy about this, and Lartey has the delicate task of trying to ensure that the communities benefit from the SRAs without alienating the chiefs.

"Changing the culture of an organisation is never easy," says Henry Atta Paidoo, the Forestry Commission's Director of Human Resources. "Some district managers have acknowledged the need for change, and have welcomed the appointment of CSOs, but others have been resistant, as they see the CSOs as a threat to their status." In Lartey's case, the district manager recognises that his presence has helped to encourage greater transparency and improved the relationships between the Commission and local communities.



Customer Service Officers like Eric Lartey are helping to improve the relationship between the Forestry Commission and local communities. (Charlie Pye-Smith)

Cameroon changes course



Improving forestry practices in Cameroon is a major challenge (J C Vincent, Still Pictures)

Overview

Chief Cyprien Magellan Douam has seen plenty of changes during his lifetime. In 1973, when he was a teenager, the population of Kongo, a scattering of hamlets in Cameroon's densely-forested East Province, was no more than 60. Now it is over 950, thanks in no small part to the chief's own prodigious efforts.

"Since I was born I have had 11 wives, and I have 22 children still living," he says proudly. He has many grandchildren too. Sitting in the main room of his sprawling family compound – the walls are decorated with snake skins and eagle claws – he reflects on the changing times. "In the old days, people could die in this village without ever living in a proper house," he says. "But now, everyone has a proper house."

During the past five years, the revenues from Kongo's Community Forest have paid for over 60 new tin-roofed houses, a small shop, a grinding machine, equipment for the community hall and much else. Chief Douam is unhappy about his loss of power –

a management committee determines what happens in the community forest. He is also upset by the way in which some revenues have been embezzled. But he concedes that for most people life in Kongo is better now than it was in the past. This is largely the result of the forestry reforms introduced in Cameroon over the last decade.

The reforms might never have happened had Cameroon not experienced a severe economic crisis in the late 1980s, sparked off by the collapse of commodity prices. This dramatically affected domestic purchasing power and the structure of the timber industry. Local consumption of timber began to decline and exports increased rapidly, a trend which continued after the devaluation of the currency in 1994. Anybody in the forestry industry will tell you that sustainability was not a preoccupation in those days. "It was *le coup sauvage*," explains Eduardo Annunziato, the general manager of Groupe SEFAC. "Logging companies just took what they wanted, without any thought to the future of the forests." And logging companies supplying the European market were largely to blame for the rapid loss of forest.

Fortunately for the forests, and for forest-dwelling communities, the Government decided to reform its forestry policy in return for support from the World Bank and the International Monetary Fund. The World Bank realised that forestry could make a much stronger contribution to the national economy, but if that was to happen, dramatic reforms were needed. These were introduced in the 1994 Forestry Law.

Although there was resistance from civil servants and the National Assembly – the reforms were initially watered down – the World Bank was able to insist, as a condition for its later structural adjustment credits, that the Government should achieve certain objectives. These included introducing measures which would significantly increase state revenues from the timber industry; which would ensure that the benefits of forestry activities were shared with local communities; and which would encourage sustainable management and local processing.

Pygmy communities are heavily dependent on the forests for their food and well-being. Children setting out on a hunting expedition. (Giacomo Pirozzi, Panos Pictures)

Involving local communities – easier said than done

In the past, local communities received little or no benefit from the exploitation of Cameroon's forests. The forests belonged to the state – they still do – and local communities were not allowed to profit commercially from their use, although they could harvest game, wild fruit and other forest products for subsistence.

The new law sought to change this in two main ways. It introduced mechanisms to share taxes from forestry – these taxes rose from 5 billion CFA (£5 million) in 1994 to 30 billion CFA (£30 million) by 2006 – with local governments and forest communities. It also gave local communities the right to establish community forests of up to 5000 hectares and to keep the revenues derived from timber. The first story in this section looks at the impact of these reforms.

The current mechanisms for sharing forest taxes look good on paper. Half the Redevance Forestière Annuelle (RFA) paid by logging companies – some £44 million over the past five years – goes to local councils. The councils are supposed to allocate 80% for their own development programmes, and direct the rest to projects which benefit the forest-fringe villages. However, just a small fraction of these revenues does what it's supposed to do. "Our research suggests that much of the

revenue is embezzled by local mayors and the management committees," says Patrice Bigombe Logo, Executive Director of the Centre de Recherche et d'Action pour le Développement Durable en Afrique Centrale (CERAD). This is one reason why many forest communities remain abjectly poor.

While some villages, such as Kongo, have undoubtedly benefited from their community forests, many have experienced profound difficulties. The whole process of establishing community forests is excessively complex and costly, and many observers believe that the Government has failed to provide sufficient support. Most communities have received help from NGOs, but all too often the NGOs have failed to see the projects through to fruition. "Many villagers have become disillusioned," explains Robinson Djeukam of the Centre pour l'Environnement et le Développement (CED). "They thought the reforms would help them climb out of poverty, but they see that just a few people are benefiting."

CED is one of many organisations which are currently seeking to make the process of establishing community forests more user-friendly, and it is to be hoped that in the not-too-distant future community forests – which already cover 400,000 hectares, equivalent to 7% of the country's production forests – will do much more to enhance local livelihoods.

Community forestry can do much to improve local livelihoods. Cutting timber with a portable saw in the forests near Lomie. (Charlie Pye-Smith)



The changing scale – and nature – of illegal logging

If you browse through the websites of many environmental groups, you'll read that illegal logging accounts for 50% of the timber harvest in Cameroon. You'll probably get the impression that foreign-owned timber companies are largely to blame. This may once have been true, but times have changed.

The 50% figure, first proposed in 1998, was derived by comparing timber exports with the legal harvest: the former were double the latter. "Since then, many environmental groups have continued to copy and paste the same figure into their reports, without doing any further research," says Paolo Omar Cerutti of the Center for International Forestry Research (CIFOR). He points out if you use the same methodology to calculate the scale of illegal logging, then it fell dramatically over subsequent years, to 19% by 2000 and 9% by 2004. This looks like good news, and in many ways it is, although these figures only apply to the volume of exported timber, and ignore, among other things, the considerable harvest for domestic consumption, much of which is illegal.

The second story focuses on illegal logging and the role of independent forest monitors. In 2000, DFID invited Global Witness to carry out scoping studies of illegal logging in Cameroon. Since then, two organisations, Global Witness and Resource Extraction Monitoring (REM), have worked with the Government of Cameroon, conducting numerous field missions, many in partnership with law enforcement officers of the Ministry of Forests and Fauna. "In the early years, independent monitors were seen as unwelcome intruders by many people in the Ministry," explains Albert Barume, REM's project director, "but in the last couple of years, attitudes have changed. Most people in the Ministry are now very positive about what we're doing."

The project has led to significant improvement in forest law enforcement, and helped to reduce illegal logging, especially by industrial timber companies. As a result, one of the worst offenders, the Lebanese-owned Société Forestière Hazim, ceased operating in Cameroon, and others have cleaned up their act. According to Barume, there has been a change in the nature of offences. Few companies now risk logging outside the boundaries of their concessions, although there has been an increase in the use of fraudulent paperwork. The project has also helped to put information about illegal logging into the public domain, and kept a close eye on the legal processes instigated against those found guilty of illegal activities. Although the number of fines imposed on companies has increased, the rate of payment is disappointingly low, and the independent monitors have argued that many of those who have paid their fines have been let off too lightly.

Although illegal logging by large concession holders is declining, illegality remains rife when it comes to activities conducted by small-scale logging enterprises exploiting small concessions and community forests. "We are now saying to the Ministry that they have got to solve this problem, as this is where most of the illegal logging takes place," explains Barume. This will be far from easy, as small-scale enterprises – legal and illegal – provide a livelihood for tens of thousands of people.

Bulldozing a road through the forests near Massok. (Sven Torfinn, Panos Pictures)



Preparing gorilla soup in a village in South-east Cameroon. Population growth, poverty and the opening up of forests by loggers has led to an increase in bush meat consumption. (Sven Torfinn, Panos Pictures)



Timber on its way to a saw mill, East Province. (Charlie Pye-Smith)

Improving forest management

"The permanent forest estate is now much better managed than it was in the past," says Ebamane Nkomba, a former director of L'Ecole des Eaux et Forêts du Cameroon.

Although he doesn't claim to be an architect of the forestry reforms, a report which he and colleagues produced in the early 1990s probably influenced the thinking of the World Bank, and many of their proposals were incorporated in the new law. One of these was that there should be long-term forestry permits. "Under the old Forestry Code, companies were given five-year permits, and there was no incentive to manage the forests sustainably," he recalls. This system simply encouraged *l'écrémage* – the creaming off of the most valuable timber. This still continues in some areas, but the new law seeks to encourage more sustainable harvesting practices. Companies must now bid for 30-year concessions in an auction, and they can only exploit one-thirtieth of each concession each year.

During the month before the reforms were introduced, many companies intensified their harvesting operations, like heavy drinkers racing to sink as many pints as possible before closing time. Many, needless to say, were unhappy about the controls to which they would now be subject, and some even left the country. But others realised that the reforms were necessary. "We're very happy that we have been pushed in this direction," explains Eduardo Annunziato of Groupe SEFAC. "It means that we are now exploiting the forests in the way they should be exploited, and that is good for the company's future, and good for the forests."

The 1994 Forestry Law has encouraged better forest management of the permanent forest estate, and so have the activities of the

independent monitors. But there is another factor too: European buyers are increasingly demanding that their timber should come from sustainably managed forests. As a result, many of the large European-owned operators in Cameroon are currently in the process of seeking certification by the Forest Stewardship Council (FSC) or a similar body. By mid-2007, just one logging company, Wijma, had achieved certification – through this was strongly contested by some environmental groups – and others were moving in the same direction. Pallisco, Transformation Reef Cameroon (TRC) and Decolvenaere Cameroon had become members of WWF's Global Forest and Trade Network, which was helping them move towards certification. All had undergone audits which established the legality of their operations; now they were in the process of making the changes required to convince a certification body, and their European buyers, that they were operating in a sustainable way. The final story in this section looks at the way in which these and other companies are reacting to the increasingly green demands of the European market.

Nobody would claim that everything is in perfect order in Cameroon's forestry sector. Corruption is endemic and *le poisson pourrit par la tête*: the fish rots from the head down. As Serge Menang of DFID points out: "Tackling corruption in the forestry sector, which is one of the most corrupt in Cameroon, will take an enormous act of political will at the very top." However, despite the corruption and the many other challenges which face the forestry sector, Cameroon has achieved more than any other country in Central Africa. That is why international donors are also encouraging Cameroon's neighbours to introduce forestry reforms.

The birth pangs of community forestry

It takes the best part of a day to drive from the capital, Yaoundé, to the small town of Lomié. Most of the journey is along a dirt road punctuated by villages which all look much the same.

In terms of natural resources, East Province, with its dense rainforest, is one of the richest in Cameroon, yet the vast majority of people live in poverty. Dilapidated mud-walled dwellings line the road, and behind these you'll glimpse small fields of cassava and other crops, and sometimes shacks where families of Baka Pygmies live. Very few people have electricity or running water.

Not that everyone is trapped in poverty. From time to time you will pass houses of considerable size, each with a large garden, and perhaps a colonnaded porch and a shiny 4x4 parked outside. These are the homes of businessmen or politicians who have done well – and sometimes rather too well, in the case of the latter, from the appropriation of public funds. And some villages are better off, though the term is relative, than others, and you can tell this by the state of the houses – they have tin roofs rather than thatch – and other projects financed through the proceeds of community forestry.

Kongo and Moangue, two villages in the forests to the south-east of Lomié, are culturally worlds apart. Kongo is predominantly Bantu, whereas Moangue is populated entirely by Baka Pygmies. But they have one thing in common: both have established community forests and used the revenues to improve the lives of local

Community forestry has brought considerable benefits to Kongo village, but some of the profits have been embezzled. (Charlie Pye-Smith)

people. In Kongo, the profits from community forestry have paid for the construction of over 60 new houses; in Moangue, 19 new houses had been built by mid-2007, and others were planned. These were all private houses, for the use of individual families, but some of the funds had been used for social projects, for example to buy grinding machines, refurbish the local school and establish small oil-palm plantations.

The 1994 Forestry Law gave communities the right to establish community forests. It was hoped that these would help to create employment, increase incomes and improve forest management in areas outside the permanent forest estate. By the end of 2006, over 320 applications had been submitted to the Ministry of Forests and Fauna. One hundred and seven had been granted, covering 400,000 hectares. While some communities have undoubtedly benefited from their community forests, many others haven't. The experiences in Kongo and Moangue – both of which are considered to be success stories – highlight how just how difficult it is, under the present administrative system, for rural communities to launch a successful community forestry enterprise.

"The problems start at the very beginning," explains Jean Abbé Abessolo, who runs the Réseau de Foresterie Communautaire in Yaoundé. "Before a community can apply for a community forest, it has to set up a legal entity, or an association. This is a complex process, which requires an understanding of the law, organisational skills and money – things that most villagers don't have." The process is almost always funded by an NGO or by a local élite. At best, this means that the community becomes dependent on the NGO; at worst, it means that the local élite will seek to retain most of the profits from the community forest.

But setting up an association is just the first hurdle. Once that's done, the association – in Kongo's case, it is called COBANKO – must produce a Simple Management Plan. "These plans are not simple at all; they are very complicated and require considerable skills," explains Pascal Cuny of the Netherlands Development Organisation (SNV), which has helped communities around Lomié establish



The Baka pygmies of Moangue have had trouble finding a reliable partner to manage and exploit their community forest. (Charlie Pye-Smith)



Profits from community logging have been used by the villagers in Kongo to buy a grinding machine. (Charlie Pye-Smith)

community forests. "The community must either rely on NGOs to organise the production of management plans, or hire consultants. That can be very expensive." The cost for the first management plan in Kongo was over £1,500, and it was considerably more in Moangue.

Once the Ministry of Forests has agreed to the Simple Management Plan, the community can exploit its timber. And this is where the real problems often begin. Lacking the ability to fell and transport timber themselves, most communities are forced to do deals with logging companies. Kongo's first contract was with an operator who exploited the forest in an environmentally-destructive manner, and the Ministry suspended the permit to log. Over the years, the community has made deals with other timber operators, some proving better than others. Although significant revenues have been raised, most villagers believe that they have received a rough deal. "The people we've dealt with have been predators, out to make a profit for themselves," explains Jean-Pierre Adjoum, a member of COBANKO. "It's very difficult to find good partners."

Remy Moti, the secretary-general of COBABO, the association set up by the Baka of Moangue, tells a similar story. "The first person we made a deal with was a thief," he recalls. "He cut the timber and left without paying." Recently, however, COBABO came to an arrangement with another company, and this seems to be working well. The company pays 30,000 CFA (£30) a cubic metre, and payments are made before the timber is removed. Not that everything is perfect: the company recently failed to pay the wages of workers hired in the village.

According to research by Phil René Oyono of CIFOR, the associations set up to manage the forests tend to be badly run and lack transparency. And they are frequently corrupt. Some £6,500 of community funds went missing in Kongo, and a similar story can be told for many other villages. All too often the village élites capture most of the profits, and this leads to disenchantment among the rest of the population. "Many people are getting very tired of the whole process," explains Charlie Nkoleh, who manages a micro-credit facility in Lomié. "The NGOs promised so much and they failed to deliver, and many of the community forests are now being seriously degraded by destructive logging practices and illegal logging." Ten years ago, he says, villagers could go into the forest for half an hour and they'd come back with food for the pot. Now they can spend three days without catching or shooting any wild game.

None of this is to suggest that community forestry has failed. There have already been some qualified successes – Serge Menang of DFID suggests around 20 fall into this category – and a coalition of NGOs, partly funded by DFID, is currently rewriting the community forestry manual, which provides guidance on every aspect of establishing and managing community forests. It is hoped that the Ministry will approve the new manual, which will simplify administrative procedures and address many of the problems which communities have experienced. "Some say that we've gone too fast with community forestry in Cameroon, but if we hadn't gone so fast, we wouldn't have identified the weaknesses so quickly," says Menang.



If you want to glimpse what the future of community forestry could look like, then you could do no better than visit a cluster of villages – Messessea, Bingongol I and II and Mintoum – a short distance north of Lomié. Here the association established to promote community forestry, AVILSO, has made a thorough study of the experiences of other community forestry projects. “This has helped us to develop our own management strategies,” explains Joseph Payong, President of AVILSO. “Instead of making deals with logging companies, we’re harvesting the timber ourselves.” Predatory loggers, in short, are not getting a look in.

The first thing that strikes the visitor is the optimism and confidence. The villagers really believe they have established a system which will improve their livelihoods. Payong

readily admits that they couldn’t have done this without the support of a small NGO called the Association for the Promotion and Support of Sustainable Development Projects (ADA) and its business-savvy co-ordinator, Paul Leheche.

“I started looking at community forestry in the late 1990s,” explains Leheche, a Cameroonian who was brought up and educated in Paris, “and it was obvious that the village élites were capturing most of the profits.” Leheche suggested to the villagers that they would be best served by buying their own portable saw and processing the timber themselves. This didn’t work out, so Leheche decided to lease a portable saw to AVILSO. He also encouraged them to establish a community development council which oversees the activities in the community forest and the allocation of revenues – it is constituted in such a way as to guarantee

transparency – and he linked AVILSO with a ‘fair-trade’ timber buyer in Belgium.

By mid-2007, the villagers were selling two loads of sawn timber a month. AVILSO was receiving 200,000 CFA (£200) a cubic metre, which far exceeds the payments logging companies make for timber from other community forests. Soon, explains Payong, they will be selling larger quantities of timber. “We will use the revenues to build new wells, improve housing, provide scholarships for children and set up a reforestation programme,” he says. By harvesting and processing the timber themselves, AVILSO has become a major employer. The population of the four villages is 300, and over 100 people are now gaining employment – either full-time or part-time – in the community forest.



Patrice Bigombe with a Pygmy family near Kongo village. (Charlie Pye-Smith)

The benefits scandal

In rural Cameroon 1.6 billion CFA (£1.6 million) should go a long way. This is the amount that one logging company paid in taxes to Mindourou Rural Council between 2000 and 2007, yet there is astonishingly little to show for this considerable sum of money. There’s no electricity in the main village, the water system doesn’t work properly, and there’s not even a butcher or a baker.

The 1994 Forestry Law introduced measures which significantly increased the amount of tax paid by logging companies. One of the principal taxes is the Redevance Forestière Annuelle (RFA). Companies holding large-scale logging concessions now pay at least 1,000 CFA (£1) per hectare per year. If, like a number of companies, you have several hundred thousands of hectares of concessions, this tots up to a considerable sum. The tax is set at an even higher rate of at least 2,500 CFA (£5) for smaller concessions known as Ventes de Coupe. Half of the taxes go straight to central government, and the other half is shared – or should be shared – between rural councils and local communities, the revenues being split 80:20.

Councils which receive RFA payments have a regional management committee chaired by the mayor. Representatives of local government

departments and the village management committees, which are supposed to be democratically elected, sit on this committee. The share which goes to the community is not given directly in cash. Instead, the village committees submit proposals to the regional management committees for funding. On paper, this all sounds fine. But in practice, local communities have received relatively few benefits. “We estimate that less than 20% of the revenue that should have reached local communities have actually got there,” explains Robinson Djeukam of CED, “and frequently this has been spent on projects determined by the mayor and the local élites, rather than by the villagers themselves.”

In Mindourou, the Baka Pygmies have received a particularly poor deal. Take, for example, the village of Cyrie, which has a population of around 300. The exploitation of the local forests has brought them hardly any benefits at all. This is partly a reflection of the Pygmies’ marginalisation in Cameroon. Their villages are not recognised by the state as administrative units, and are therefore not eligible for, among other things, a share of the forestry taxes. “They say that our culture is based on being nomadic, and the administration refuses to recognise our village,” explains the chief, Martyn Elimbo.

When the villagers complained to the administration that they were receiving none of the forestry taxes, they were told they should elect a representative to sit on the management committee of the neighbouring Bantu village, Mongbwabela. But this, they say, was a token gesture, like the occasional gifts of rice and fish which the administration gave in lieu of a share of forestry taxes. The chief lists with understandable resentment all the benefits that his Bantu neighbours in Mongbwabela have received: tin roofs for their houses, a well-equipped community hall with a satellite dish and a television, as well as kerosene and clothes.

Several years ago, the President’s wife was visiting the area and the mayor of Mindorou decided that something needed to be done for the Pygmies. He ordered the building of a community centre in Cyrie. It is a smart new building, but the local community has never been given a key, so it remains permanently locked. In any case, it wasn’t something they’d asked for: they would have much preferred things of practical use, like a proper well, or some tin roofs. Although the Bantu villages have fared better – nearly every one has a community hall paid for by forestry taxes – they too have been given little choice about the way in which the forestry taxes are used.

According to Patrice Bigombe of CERAD, embezzlement is a major problem through forested areas in Cameroon, and all too often politicians and local élites have used the taxes for their own personal use. “Many of the building projects, such as the community halls,” he explains, “are invoiced at two or three times their real cost, and the declaration of fictitious project is very common.” As long as corruption remains so prevalent, local communities will continue to lose out. And as long as the administration refuses to recognise Pygmy villages, the Pygmies will lose out most of all.



The Pygmies in Cyrie village have finally got their community hall, paid for by forestry taxes, but they have yet to be given the key. (Charlie Pye-Smith)

Enforcing the law

Cameroon is twice the size of the United Kingdom and almost half the country is covered by dense rainforest, some three-quarters of which can be exploited for its timber. Enforcing the law over such a vast area poses considerable problems.

You get some idea of how difficult this is when you talk to local staff of the Ministry of Forests and Fauna. "We've got 1.3 million hectares of forest under our jurisdiction here," explains André Tiayo, the Ministry's chef de poste in Lomié, "and all I've got is a small number of staff and an old vehicle which only functions for two days out of every seven." Even protected areas are severely understaffed. For example, just 27 guards – who have to operate on foot, as there is only one old vehicle – cover 700,000 hectares of forest in and around Campo-Ma'an National Park.

And yet Cameroon has made considerable progress when it comes to enforcing forestry laws, particularly over the past five or six years, and especially on the 6.5 million hectares classified as permanent forest estate. The major logging companies are no longer able to behave as they did in the past. "We are subject to much

tighter controls now, in the forests as well as at the saw mills and on the road," explains Josephine Djioussi of the Italian-owned Groupe SEFAC.

One of the major influences has been the introduction of independent monitoring, which began in 2000. The first five-year phase of the project, funded by DFID, the World Bank and the EU, was managed by Global Witness, which conducted over 120 field investigations, many in partnership with staff from the Ministry. The second phase of the project, which will run until the end of 2008, is being implemented by another UK-based organisation, Resource Extraction Monitoring (REM).

Although there was considerable hostility within the Ministry to the idea of independent monitors – the World Bank pushed for these reforms – they have now been fully accepted, and the Ministry acknowledges that the monitors have made a significant difference to law enforcement. "Enforcing the law is very difficult when your means are as modest as ours," explains Sale Seini, "but we have managed to reduce the scale of illegal logging, and the presence of independent monitors has made a significant difference."

Logging companies sometimes try to prevent field inspections by blocking roads with logs. Here, an investigator from Global Witness takes a GPS reading. (Global Witness IFM)

The independent monitors conduct field missions, sometimes independently but mostly with teams from the Ministry. Their reports are then analysed by a reading committee, and eventually they go to the Minister for his approval. They are subsequently published on the internet. If companies are found to be breaking the law, the Ministry can assume a judicial role and impose a fine. Serious offences are also dealt with in court. Besides assisting with field investigations, the independent monitors also assess the Ministry's success – or otherwise – in getting companies to pay fines, and they keep an eye on the progress of court cases.

The scale of illegal logging has undoubtedly decreased, especially on concessions run by industrial logging companies, and the nature of infractions has changed. "In the early days, we noticed that a lot of companies were logging outside the borders of their concessions, but this is less of a problem now," says Albert Barume, REM's Project Director. "Infractions now tend to be more subtle." For example, companies falsify documents, harvest timber below the legal size and try to avoid paying taxes.

REM reports that Ministry staff have become increasingly effective when conducting field missions, and they have improved their reporting standards. The Government's decision to increase the number of foresters working for the National Forest Law Enforcement Brigade, which was established in 2005, has also made a difference. However, the Ministry's provincial staff have often proved less cooperative, according to Barume, when it comes to mounting law enforcement operations in the provinces.

Although missions conducted by the Ministry and the independent monitors have led to an increase in the number of reported offences, negotiations between the Ministry and companies which have broken the law have led to massive reductions in the fines originally set by the Ministry. For example, APRODE was found guilty of illegal logging during the period March 2005 to February 2006. The Ministry first demanded a payment of 651 million CFA (£650,000). After negotiations, the Ministry reduced the fine to 20 million CFA (£20,000) – a reduction of 97%. Many other companies have had their fines dramatically reduced during the same period, thus reducing the deterrence value of the exercise.



Independent monitors checking the legality of timber in the field. (Global Witness IFM)

Illegality in the small-scale logging sector remains rife, although it would be wrong to suggest that large-scale enterprises are blameless here: many of the latter use the former as a means of acquiring timber. The fault here lies partly with the Government. During the 1990s, the amount of wood harvested by small-scale enterprises and individuals rapidly increased, and by the end of the decade much of the harvest was thought to be illegal. "As a result, the World Bank encouraged the Government to cancel small-scale logging permits in 1999," explains Paolo Omar Cerutti of CIFOR, "and this meant that the small-scale logging sector became illegal overnight." Cerutti believes this had a significant impact on livelihoods. Officially, it is said that the small-scale logging sector employs around 6000 people. But if you factor in all the indirect employment, up to 150,000 people could be involved, according to the 2006 *Audit Economique et Fiscal du Secteur Forestier du Cameroun*.

REM is now encouraging the Ministry to focus its enforcement activities on small-scale permits, such as Ventes de Coupe, or Sale of Standing Volume Permits. However, as Cerutti points out, the law needs revising, not just enforcing. "The small-scale sector is extremely important in terms of providing livelihoods and timber for domestic consumption," he says, "and recent experience has shown that suspending small-scale permits has simply increased the levels of corruption without changing the way forest operations are carried out." He and many others would like the Government to introduce measures to create a viable and economically sustainable small-scale sector.





Preventing bush-meat poaching on logging concessions is often difficult as new roads provide easy access to hunters. (Sven Torfinn, Panos Pictures)

A world in transition

"The difference between the way concessions are managed now and the way they were managed 10 years ago is like night and day," explains Josephine Djiussi of Groupe SEFAC. Talk to anyone who works for one of the major foreign logging companies which is heading down the path of timber certification, and you will hear much the same story. A decade or so ago, little attention was paid to the welfare of the environment or forest-dwelling communities. But times are changing.

Companies like Groupe SEFAC have undergone a significant process of reform for several reasons. First, and most obviously, they were obliged to change the way they harvested timber by the 1994 Forestry Law. In the past, logging companies received short-term permits which provided no incentive to manage forests sustainably. Now, companies bid for 30-year permits. In any one year, their activities are confined to an *assiette de coupe* which represents one-thirtieth of their holdings, and it will be 30 years before they return to the same plot of forest, giving the vegetation plenty of time to recover. Better law enforcement, encouraged by the activities of the independent

monitors, has also made a significant difference to the way companies behave. However, another factor has been just as important in recent years. Major importers in Europe are now demanding that the timber they buy and use comes from forests which are sustainably and legally managed. As a result, most of the major foreign-owned timber companies in Cameroon are now actively pursuing forest certification.

Several companies in Cameroon have been awarded the 'OLB' certificate by Bureau Veritas Certification, indicating that the timber they are exporting to Europe has been legally harvested, processed and transported. "But in a few years' time, proof of legality simply won't be enough," explains Djiussi at Groupe SEFAC. "We'll need to be fully certified if we are going to continue selling to the European market. That's the way the world is going." Other companies are also reacting to demands for environmentally-friendly timber. "It's the market that has pushed us towards certification," agrees Jacques Huleux of the Dutch-owned Transformation Reef Cameroon (TRC).

Some companies have been pushed faster than others. For example, Wijma, a major supplier of

hydraulic timber, had no other choice than to become certified as quickly as possible if it wanted to carry on doing business with the Dutch Government, whose public procurement policy now demands certified timber. In 2005, 40,000 hectares, representing one Forest Management Unit out of the eight managed by Wijma, was certified by the Forest Stewardship Council (FSC).

This may have pleased Wijma's customers, but it caused considerable consternation among environmentalists, and their objections obliged FSC to launch an investigation. This found that some of the environmentalists' complaints, but by no means all, were justified. FSC temporarily suspended its accreditation of the certifier, Bureau Veritas Certification, and Wijma was instructed to sort out various problems. Failure to do so would result in the suspension of its certification.

In the past Wijma had a very bad reputation, and Caroline Duhesme of Bureau Veritas believes that environmental NGOs simply couldn't believe that the company could have changed sufficiently for its operations to be worthy of certification. "I'm sure that their past reputation influenced the way they reacted," she says. Other companies have also found themselves under attack from environmentalists. Sometimes the attacks have been justified, and there is clear evidence of wrongdoing. However, logging companies argue that environmentalists often fail to acknowledge the sheer difficulties of working in remote tropical forests; they also fail to give sufficient credit to those companies which are genuinely trying to change their ways.

One company which has come under attack from environmentalists in recent years is Pallisco. It has been accused, among other things, of failing to prevent bushmeat poaching on its concessions, felling undersized trees and marking felled timber in such a way that it could lead to fraud. The first two claims have been made by environmental groups; the latter was a finding of a field mission conducted by REM and the Ministry of Forests and Fauna. So if you wish to paint an unflattering picture of Pallisco, you'll be able to piece together what seems like compelling evidence – as some French journalists did in 2004. The company had gone out of its way to show the journalists what they were doing. And then, according to Vincent Pelé of Pallisco, they were thoroughly stitched

up, both in print and on television. "The journalists came with a preconceived idea of how they were going to criticise us," he says, "and they simply harvested information that would back their case. The picture they presented of Pallisco was unfair and misleading."

There is no doubt that Pallisco has sought to change the way it does business. Pelé says that the company has not been pushed towards certification, as Wijma has been, by its buyers in Europe, but the latter have made it clear that they would like Pallisco to move in that direction. The company has obtained its OLB certificate of legality and is currently working towards FSC certification.

Pallisco has relied heavily on the help and advice of other organisations. For example, when it set up a management department, or *cellule d'aménagement*, to prepare management plans for its concessions in 2002, it enlisted the technical support of a Belgian organisation, Nature Plus. Together they conducted a series of sylvicultural, environmental and social surveys. Nature Plus completed its collaboration in 2004, but the *cellule*, with its small staff of foresters, sociologists, biologists and cartographers, continues to provide guidance on all aspects of the company's forestry operations.

The company has also entered into partnerships with a range of other organisations. For example, it has signed a protocol with the Antwerp Royal Zoological Society, and a biologist has been studying the impact of logging on gorillas and other wildlife. Pallisco has also entered into an agreement with the

Sign of the times? A battered poster informing villagers which species are protected. (Charlie Pye-Smith)



International Labour Organisation in Cameroon, one of the main objectives being to tackle HIV and AIDS through training and education. And Pallisco is one of four companies to joined Cameroon's WWF's Central African Forest and Trade Network. Here, as in Ghana, WWF's network is helping companies to move towards certification by providing technical support, helping companies to get hold of the expertise they need and providing contacts with possible buyers in Europe. "The whole process of working towards certification has required a change in mentality by everyone in the company," explains Pelé. "We've all had to buy into a new vision and a new way of operating."

When companies in Cameroon first began to consider certification, the Ministry of Forestry was far from enthusiastic. Its senior staff saw certification as a form of quasi-imperialism, with outside forces determining the way in which their – the state's – forests should be managed. But now, says Pelé, attitudes have changed. "They understand that certification makes financial sense, not just for us, but for the

Government," he says. Large-scale logging companies pay significant amounts of tax, and they will continue to do so if they can sell to the European market, which currently takes some 85% of the timber exported from Cameroon.

"Companies like Pallisco are now much more open and transparent than they used to be, and that is something that should be acknowledged," says Patrice Bigombe of CERAD. When he was recently hired as a social auditor by a certification organisation, he witnessed a meeting between the managing director of a European-owned timber company and a group of Pygmies. The managing director listened attentively, and promised to address the Pygmy's grievances. "Ten years ago, this sort of meeting would never have happened," says Bigombe. "The Pygmies could have never got close to the senior management of a logging company. But there have been huge changes in the way logging companies do business since then." And one of the forces driving these changes is forest certification.

Sustainably managed forests should benefit both wildlife and people. (Charlie Pye-Smith)



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Charlie Pye-Smith

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