

## Recommendations for controlling illegal chainsaw milling in Ghana

These recommendations follow from a case study of chainsaw milling in Ghana, an international workshop on chainsaw milling (25-26 May 2009 in Accra, Ghana) and a two-day technical working committee meeting, within the framework of the EU-funded project "Developing alternatives for illegal chainsaw milling in Ghana and Guyana through multi-stakeholder dialogue".



The EU-funded project "Developing alternatives for illegal chainsaw milling in Ghana and Guyana through multi-stakeholder dialogue" is being carried out by Tropenbos International in collaboration with the Forestry Research Institute of Ghana (FORIG) and the Forestry Commission (FC) in Ghana, and with Forestry Training Centre (FTCI) and Iwokrama in Guyana. The project aims to find sustainable solutions for the problems associated with the production of lumber for the local timber markets in Ghana and Guyana. It involves all stakeholders in dialogue, information gathering and the development of alternatives for unsustainable chainsaw milling practices. The overall objectives of the project are to reduce poverty and promote viable livelihood in forest-dependent communities; reduce the occurrence of illegal logging; and promote the conservation and sustainable management of tropical forest in developing countries.



# Introduction

Illegal chainsaw milling has become one of the main forest governance issues in Ghana. Chainsaw milling (CSM) was outlawed in 1998 but it continues to be the major supplier of lumber to the domestic market. Most stakeholders agree that the ban has rather worsened the situation, put more pressure on the timber resources and increased conflict amongst stakeholders.

Recent research estimates that illegal chainsaw operators fell more than 800,000 trees in a year (i.e. 2.4 million m<sup>3</sup>), exceeding the annual allowable cut (AAC) of 2 million m<sup>3</sup> of the formal industry. This means a total annual harvest level of about 4.4 million m<sup>3</sup>, far beyond the sustainable level for the forest resources.

Illegal chainsaw milling supplies 80% of lumber to the domestic market and sustains rural livelihoods. It provides employment to 86,000 - 93,000 people; it stimulates and maintains other rural enterprises. CSM is very profitable: the gross revenue generated by chainsaw enterprises annually is between USD 14.2 – 20.5 million. The distribution of this revenue is skewed towards the urban lumber brokers who sponsor the operation. Apart from the chainsaw operators and their assistants, a number of other stakeholders including community leaders/traditional rulers, farmers/tree owners, law enforcement personnel, resource managers, politicians and transporters are directly involved in the illegal chainsaw milling enterprise. Chainsaw operators do not pay stumpage fee for the trees they fell due to the absence of a legal framework. The loss of stumpage revenue to the state is estimated at more than USD 18 million per annum.

The available timber resources for logging and chainsaw milling are dwindling. Ghana's forest cover has gone down from 8 million hectares at the beginning of the 1900s to about 1.6 million hectares, and the deforestation rate is alarming: 65,000 hectares per year. Ghana is now a low-cover forest country with a huge industry over-capacity (about 5 million m<sup>3</sup> per annum). It is therefore imperative that workable measures are urgently put in place to control the timber industry, including illegal chainsaw milling and manage Ghana's forest resources sustainably. Without any additional measures, the timber industry is set to decline; with additional measures, this decline can be managed and the forest sector will be able to continue contributing to the development of the economy.

## Why It Has Been Difficult To Bring Illegal Chainsaw Milling Under Control

The huge **demand** for lumber on the domestic market and the inability of sawmills to feed this market with adequate supplies of legal timber combine to create a business opportunity for illegal chainsaw milling. The prices of chainsawn lumber are substantially cheaper (40%) than sawmill lumber with wider varieties (70 species) and, different sizes and dimensions (more than 25) readily available. The market is expanding including illegal overland exports. The influence of the market is so strong that it has been able to undermine and eventually neutralise the implementation strategies for enforcing the ban. Chainsaw milling is also a very **profitable** business and gives a good and quick return especially to some actors in the urban areas (financiers/lumber brokers).

Illegal chainsaw milling has gained prominence as a major source of **economic opportunities** in forest fringe communities where other viable economic opportunities are limited. It has helped to sustain rural economies and livelihood in ways such as: employment; community benefits like supply of lumber, fuel wood and transportation as well as informal taxes collected by district assemblies.

The **tree tenure system** effectively vests tree ownership and management rights in the state. This alienates communities and farmers even though they decide the fate of trees on their lands. In addition, the financial benefits of timber revenue accrue exclusively to district assemblies and traditional authorities (chiefs), not the farmer. These, over the years have served as impetus for farmers and community members to offer strong support for chainsaw operators who are willing to pay them directly for the trees growing on their farmlands.

There is overwhelming evidence that **corruption** is prevalent among frontline staff of the law enforcement agencies. These corrupt practices and weak **law enforcement** have facilitated illegal chainsaw milling and make it attractive to people.

Institutions responsible for enforcing the ban and managing the country's forest resources are frustrated by unworkable policies, lack of resources, including inadequate field staff and the increasing lack of cooperation and

trust of local stakeholders. The frustration has **weakened the institutions'** bid to effectively enforce the ban and manage the forest resources, giving way to connivance and illegality.

Enforcement of the ban on chainsaw milling is complicated by **inconsistencies in sector policies** and the very laws that proscribe it. Different interpretation of the law by staff, arbitrariness in interpretation, reliance on discretion and lack of a working manual have all led to ambiguity in the law.

It has also been observed that **political interference** has greatly facilitated the drivers of chainsaw milling in Ghana. Enforcement of the ban at the operational level has not been effective due to political interference particularly by chiefs and local politicians. Probably more importantly is the lack of **political will** to effectively enforce the ban in an all out manner. Observers believe this stems from the fear of the social consequences that could erupt from a possible physical clash between law enforcers and chainsaw milling actors.

## Some Examples Of Best Practices

In countries like Uganda, Guyana, Kenya and Nigeria, **regularisation of chainsaw milling** has made it easier to manage the activities at a sustainable level. In these countries chainsaw milling has been transformed into artisanal logging and strengthened with timber tracking systems and improved forest management practices to provide lumber to the domestic market and economic opportunities for people in rural areas; the activity also generates revenue for government. By regularising the practice and taxing chainsaw millers and dealers, artisanal logging is characterised by less illegalities and conflicts in these countries.

Monitoring of the chainsaw milling practice can be supported by the installation of an effective **log tracking system**. The Guyana Forestry Commission (GFC) introduced such a system in 2000 to verify the origin of produce and control the levels of harvesting timber. By far the most significant findings and implications since the introduction are those from a social perspective. It has exposed and hence reduced the number of illegal operations of chainsaw milling.

Legislative measures alone have not been sufficient to manage the chainsaw business. The involvement of communities in the system has been very important in making use of social control mechanisms. **More community ownership** of the resources has led to a better protection of trees. In Kenya for example farmers invest in trees as a kind of savings, because of the direct benefits that go to them.

## Formulation Of Policy Options

Chainsaw milling has been banned for over 10 years now in Ghana. In spite of this ban, the practice is on-going and highly accepted among the general public. The free hand sawing with chainsaw is however known to be very wasteful, and also very difficult to control. For any policy option to be effective, it should aim at optimising or re-creating the advantages of chainsaw milling whilst at the same time reducing any ill effects of the practice. The policy should also address the pull factors or drivers that give rise to the perpetuation of the practice. From the chequered history of the ban and experiences from elsewhere, as discussed above, the transformation of chainsaw milling into artisanal logging presents an interesting option worth exploring.

Domestic market demand for lumber has been identified as the major driver for illegal CSM in Ghana. Without addressing the domestic timber supply **within the context of the production and supply of legal timber**, it may almost be impossible to develop and enforce an adequate CSM policy. **The policy option should therefore ultimately put adequate legal timber on the domestic market in conformity with the sustainable production capacity of the forest resource.** Export policies should be fully aligned with domestic market policies since they both draw timber from the same resource.

## Multi-stakeholder dialogue is necessary

The way forward lies in addressing the demand of the domestic market in relation to sustainable supply of raw material from the forest in keeping with the carrying capacity of the forest resources. Ultimately, supplies may have to come from plantations and elsewhere. But for now, we outline three possible policy directions, for addressing the domestic market demand from the current forest resources. In view of the diverging perspectives held by different stakeholders, a **multi-stakeholder process** is needed to involve all stakeholders in selecting a policy direction for supplying the domestic market with legal timber on a sustainable basis.

The EU funded project on chainsaw milling “Developing alternatives for illegal chainsaw milling in Ghana and Guyana through multi-stakeholder dialogue” is facilitating a multi-stakeholder dialogue (MSD) in Ghana. In this process all stakeholders participate in decision making, supported by sound information to inform and enable them to weigh the merits of various options. By addressing illegality on the domestic market, this process is actively supporting the VPA-process in Ghana. It is therefore recommended that the Ministry of Lands and Natural Resources adopts this MSD process already in place and directs it to **dialogue along the range of general policy directions** outlined below:

1. Sawmills alone to supply the domestic market with legal timber.
2. Sawmills and other players to supply the domestic market with legal timber.
3. Artisanal millers alone to supply the domestic market with legal timber.

The purpose of multi-stakeholder discussion and analysis will be to map out consequences and identify modalities for implementation of each policy direction. Other policy options that do not necessarily fit into any of the identified policy directions could also be identified and developed by the MSD for the attention of Government. The outcome and recommendations from the MSD could then form a basis for a sector policy to address chainsaw milling in Ghana. A number of other conditions must be met for any policy to be successful. Freehand chainsaw milling is however considered to be incompatible with any of the options presented. The strategy to achieve a reduction of this practice will depend on the policy options that will be selected. It is observed that a general **timber harvesting and trade improvement policy** arrangement must be in place to enable any of the specific policy options to work as expected. These conditions are specified below.

### General conditions necessary for success of any policy selected

- Apply and enforce a scientifically supported sustainable AAC throughout the forest estate, in particular the Forest Reserves.
- Stimulate tree growing on farms and in plantations to increase future supply.
- Any option will lead to a reduction of opportunities in the chainsaw subsector, implying the need to provide efficient and competitive alternative livelihoods for displaced chainsaw operators.
- Register and provide a code of conduct for all lumber traders/dealers.
- Improve rural community access to timber for non commercial use through artisanal practises through leases or other forms of user rights.
- Optimise the harvest of yield allocation.
- Statutory fees should be paid (and collected) regularly and promptly.
- Enhance the capacity of the Forestry Commission in forest monitoring.
- Improve mechanisms for involving rural communities in forest monitoring.
- Establish mechanisms to induce the right political will for policy implementation.
- Improve benefit sharing of timber revenue to also cover farmers.
- Formalise cross border trade with industry.
- Mount a vigorous consumer campaign against freehand chainsawn lumber.
- Introduce a public timber procurement policy.

### Policy direction 1: Sawmills to supply the domestic market with legal timber obtained from sustained yields

This policy direction implies the maintenance and full enforcement of the chainsaw milling ban, and the development of a range of options to encourage sawmills to supply domestic markets. Apart from the general conditions mentioned above, a number of specific conditions as listed below would have to be met. These conditions would have to be discussed and evaluated by a broader stakeholder group (multi-stakeholder dialogue), in terms of what each would cost and their implications. The conditions specific to this policy direction are:

- a. Develop fiscal measures and other mechanisms to induce saw millers to supply lumber to the domestic market.
- b. Work out modalities for saw millers to supply required volume of lumber to the domestic markets.
- c. FLEGT and other licensing for export should be linked to the supply of a quota to the domestic market.

Some constraints of this policy direction include:

- The continued costs, efforts and political will needed to truly enforce a chainsaw milling ban.
- The costs to Government of bridging the gap between prices offered at domestic and export markets.

### Policy direction 2: Sawmills and other players supply the domestic market with legal timber obtained from sustained yields

This policy direction implies some form of regularisation of chainsaw milling, and decisions on the allocation of harvesting rights to artisanal millers and the logging industry. Objectives for on-reserve and off-reserve forest management will have to be determined. Options must be developed to create a level playing field between saw millers and other players on the domestic market. A detailed discussion of this policy direction by the MSD is expected to identify options for addressing the various policy dilemmas that will emerge.

Apart from the general conditions mentioned above, a number of specific conditions need to be met:

- a. Provide organised artisanal practitioners legal access to off-reserve timber resources in conformity with the AAC.
- b. Impose same tax and stumpage fees to saw millers and artisanal practitioners.
- c. Work out modalities for saw-millers to supply a defined quota of lumber required by the domestic market.
- d. Develop fiscal measures and other mechanisms to induce saw millers to supply lumber to the domestic market.
- e. FLEGT and other licensing for export should be linked to the supply to the domestic market.

Some constraints of this policy direction include:

- The time, effort and political will needed to organise and regularise the chainsaw milling subsector and deal with 'free riders'.
- The costs to Government of bridging the gap between prices offered at domestic and export markets.

### Policy direction 3: Artisanal improved mills to supply all lumber required by the domestic market while sawmills focus on export, in keeping with sustained yields

This policy direction implies some form of regularisation of chainsaw milling, and decisions on the allocation of harvesting rights to millers and the logging industry. Objectives for on-reserve and off-reserve forest management will have to be determined. The feasibility of this policy direction will depend on the ability of sawmills to supplement domestic log supply with imports.

Apart from the general conditions mentioned above, a number of specific conditions need to be met:

- a. Pilot and rollout artisanal milling teams (mobile recovery teams).
- b. Provide organised artisanal practitioners legal access to off-reserve timber resources in conformity with the AAC.
- c. Impose the same tax and stumpage fees to saw millers and artisanal practitioners.

Some constraints of this policy direction include:

- The time, effort and political will needed to organise and regularise the chainsaw milling subsector and deal with 'free riders'.

## Concluding Remarks

1. With the transformation of chainsaw milling into artisanal milling, and the fulfilment of the prescribed conditions, the profit margin of chainsaw milling will be reduced, making it less attractive to engage in.
2. In a regularised environment, the operators will need to organise themselves, introducing mechanisms for monitoring of the activities of their own members.
3. It is to be noted that the current total off-take from the forest substantially exceeds sustainable levels; it is therefore imperative to scale the level of harvesting, regardless of the option one goes for.
4. The several on-going initiatives for growing trees are commendable. Government must however continue to stimulate the plantations and forest restoration through the removal of disincentives to tree growing and forest protection by actual land users (benefit sharing scheme; tree ownership).
5. The on-going research by the Forestry Commission and Forestry Research Institute of Ghana to scientifically determine the size of the domestic market will provide the necessary basis for any discussion on the domestic market; it should therefore be given the needed support. The provision of a regularly updated scientific basis for a sustainable AAC remains a research challenge of utmost importance.

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