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# Experiences and lessons from supporting the private sector in Ghana

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# Content

- The Ghana Forestry Sector
- Ghana private sector – who they are
- Support to the sector
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- Looking ahead

# Forestry Sector in Ghana

- Vision for sector has been sustainable forest management – captured in PLR & MOPs
- Certification started 30 years ago, driven by the Ministry of Lands and Natural Resources
- Goal was to certify all companies – did not achieve
- Sector was characterized by huge over-capacity and obsolete equipment; over 250 companies
- Massive illegal logging, by both informal and formal sectors

# The Forest Sector in Ghana

- With the advent of the VPA, it was the intention of both government and industry to retool the industry to become a processing hub
- Measures were to be put in place to also rationalise the domestic market, which at the time was hardly differentiated from supply for exports

# The private sector: Large Companies

- These are mostly exporters, operating as free zone companies
- Together these control about 400,000 ha, almost 50% of Ghana’s total production area
- These companies run the entire production chain from harvest to export
- Global Forest and Trade Network targeted these large companies for support

# Private sector: Medium scale Companies

- These also run the entire supply chain
- They export most of their produce worldwide, but in relatively smaller volumes
- Local and regional markets are still significant
- One initiative (by KWC) targeted these companies through **Group Certification**.

# Private sector – Small scale actors

- Some of them are logging companies (GTA members) who own concessions with no processing facilities
- Converted illegal operators with who have acquired wood mizers but have no logging concessions
- They sometimes sell to middle men who eventually export
- Also includes small-scale processing companies & artisans (e.g. Carvers)
- These have been targeted by many initiatives

# The changing structure of the industry

- Many big companies have folded up or downsized in the last 15 to 20 years
- Many large companies just feeding on old concessions with much smaller machines (wood mizers)
- Many new ones coming up – links with volumes supplied to the domestic market
- Emergence of small mills with focus on domestic & Regional markets

# Why the changes

- Resource scarcity
- Increasing distances between mills and forest resource: > 100 km
- Production efficiency --- low recoveries
- Market requirements for additional documentation: EUTR, Lacey Act etc.

# Current Classification of Mills in Ghana

| Size Category | Input per month, $M^3$ | No. registered with GTMO | Estimated Total No. registered with RGD |
|---|---|---|---|
| Small | < 2,000 | 40 | 150 ++ |
| Medium | 2,000 – 4,000 | 10 | 30 + |
| Large | > 4,000 | 6 | |

# Observations

- A lot of awareness created amongst producers, both legal and illegal
- Changing market trends i.e. increasing supply to domestic and regional markets
- The realization among some illegal producers that it is possible to move towards legal production
- Discussions around public procurement policy (though not yet finalized)

# Status of companies meeting legality/FLEGT requirements

- Companies having received certification support are in a more likely position to meet FLEGT requirements
- Mainly because they have systems and personnel in place, giving them a higher understanding of what is or may be required

# Support to the Private Sector

- Presentation is based on work done by Nature and Development Foundation (formerly WWF –WA)
- Done through WWF's Global Forest and Trade Network, promoting mainly FSC forest certification for more than 5 years
- A gap analysis was conducted by a third party
- An action plan is then developed with companies to address the identified gaps

# Support to the Private Sector

- NDF's FAO funded project is attempting to replicate the GFTN approach by engaging the other companies, identifying the gaps they have in their supply chain, this time not against FSC standards but against Ghana's legality standard
- Capacity strengthening to position actors
- Support to foster peer-learning within the sub-sector

# Work done with the Companies

- A team monitors progress over time
- Support was provided to the companies during audits
- They were also helped to create market links
- They were assisted to answer questions posed by buyers in their due diligence efforts
- Others taken through ToTs to foster peer-learning
- Working together to develop policy and enabling legal framework

# Challenges experienced to meet legal requirements

- Keeping the requisite documentation/record keeping
- recruitment and maintenance of additional more qualified personnel (qualified foresters) a challenge for many small companies
- Industry largely places all effort on core business – production and sale
- There is a lack of capacity in most companies except for a few
  - They largely rely on third parties/ consultants to develop projects outside their core business of production and sale especially if it is not a regulatory requirement
  - Anything outside of this is considered a waste of time and resources e.g. Unwillingness to accept IDH support due to excessive (in their opinion) documentation and scrutiny. Fortunately, FLEGT requirements are all regulatory.

# Lesson learnt

- Providing support through other groups that can simplify processes for companies
- Money is not always the problem. Some companies just don't have what it takes to write project proposals or manage donor funded projects (c.f. IDH support to industry)
- Industry capacity is essential for the success of FLEGT or Certification for that matter
- Clear policy environment for SMFEs to operate

# Moving Forward

- Leadership of industry in measures to meet their internal requirements
- Technologies & capacities that make industry more efficient
- Platforms and incentives that allow in-country or regional practical lesson and experience sharing
- Stronger industry associations with stronger technical staffing
- Clear policies and regulations to facilitate access to legal raw materials

# Moving Forward

- Simplify options for engagement or as it was in the example of certification support provided by GFTN or KWC in the case of Ghana
- Finding ways to synergize documentary requirements with other sectors such as Customs – avoiding duplication of effort
- Need for more interventions that target the industry directly
- Finding ways to support regional cooperation towards legality