

Policy options for improved integration of domestic timber markets under the voluntary partnership agreement (VPA) regime in Gabon

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Key points

- The Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, launched in 2003, is the European Union's (EU) response to the global fight against illegal logging. In particular, FLEGT aims at reducing trade in illegal timber between the EU and timber producer partner countries.
- FLEGT operates through two major instruments: bilateral trade agreements — known as voluntary partnership agreements (VPAs) — that are signed with willing producer countries, and the European Union Timber Regulation (EUTR), which came into force in March 2013. The EUTR mandates EU importers to exert due diligence in their sourcing of timber from abroad to exclude illegal supplies.
- To date, six countries have signed VPAs. Among them, five have committed to apply VPA provisions regarding legality verification not only to timber imported to Europe, but also to timber traded on the domestic market in signatory producer countries. This means that timber harvested and traded on the domestic market will be regulated by national VPA licensing schemes (the so-called Timber Legality Assurance System, TLAS).
- Gabon officially entered into VPA negotiations in September 2010. The initial engagement resulted in agreement on a road map and the production of a legality matrix. However, the latter has not yet been validated and negotiations were resumed only recently. It is difficult to predict the final coverage of the VPA, but available information seems to indicate that it will also cover the domestic market.
- The domestic timber market has undergone a drastic transformation in recent years. Pro-Formal results indicate that the domestic consumption of artisanal sawn wood decreased by almost half in 2008–2012, and that more timber than in the past is now supplied by industrial scraps, as industrial production for the national market increased during the same period. These trends are largely explained by the financial crisis, a log export ban effective as of 2010 that forced industrial companies to process timber locally, and increased control and enforcement efforts.
- Also, in recent years, the Ministry of Forest Economics (Ministère de l'Économie Forestière, MEF) has issued an increased number of small-scale exploitation permits including: Special Permits (*Permis Spéciaux*); Pit-sawing Authorizations (*Autorisations de Sciage de Long*, ASL); and Special Logging Authorizations (*Autorisations Spéciales de Coupe*, ASC). Unfortunately, most of these are not listed in the current forestry law and should be considered contentious. Conversely, the Discretionary Permit (*Permis de Gré à Gré*, PGG) (the only small-scale permit included in the current law) was suspended in 2010 and was only reinstated in mid-2014.
- The first community forests, which have long been planned as the legal alternative for chain-saw millers to source their timber, were implemented at the beginning of 2013. PGGs and community forests are complementary and their effective implementation could provide a sufficient amount of legal artisanal sawn wood for the Gabonese domestic market. Effective implementation will require a concerted effort by the administration.

Background

The forest sector in Gabon is regulated by the 2001 Forest Code.¹ The sector represents about 4.3% of gross domestic product and about 5% of export earnings, and is the largest industrial employer after the State, with about 13,000 formal and at least 1000 informal jobs (de Wasseige et al. 2009; Lescuyer et al. 2011). The code lists four types of permits: CFAD (concessions with a

mandate for sustainable forest management); PFA (Gabonese forestry associates permit), community forests and PGG (discretionarily attributed permits).

As in other Congo Basin countries, Gabon's legal framework is not well adapted to support the development of a legal domestic timber market. The various exchanges held by the Pro-Formal project, its Gabonese partners and the government indicate that the latter is aware of the need for greater consideration of the sector's contribution to the national economy. However, official

¹ Law 016/01 of 31 December 2001 (*Code Forestier en République Gabonaise*).



Harvesting operations

Photo by Guillaume Lescuyer, CIFOR

efforts to provide better understanding, regulation and control of the sector are still weak. For instance, no official data on production and trade are collected.

Gabon presents, however, at least two major differences with other countries in the region as far as chain-saw milling and domestic timber markets are concerned. First, the vast majority of the population lives in the capital city, Libreville, where timber consumption is also concentrated (Lescuyer et al. 2011).

Table 1. Major quantitative findings — Gabon

Sawnwood (m³/year)	2008–2009	2011–2012
Libreville (market-recorded sales)	51,100	22,382
Libreville (road-recorded entries into the city)	60,000	32,300
Industrial production	280,000	439,000
People employed by informal timber sector (urban)	1,000	504
Contribution to local economies (million EUR)	2.7	1.6
Profit per m ³ harvested (EUR)	36.7	18.6
Profit margin	32%	14%

Sources: Lescuyer et al. 2011; Ministry of Forest Economics (Ministère de l'Économie Forestière, MEF) 2012.

This could make it easier, as compared to other countries, to implement future measures targeting the downstream end of the timber chain. Second, results show that domestic consumption almost halved during 2008–2012 (Table 1). The 2012 results, which were collected at the national scale, also show a decrease in the average profit in comparison to the 2009 data that focused on the Libreville region only.

Several factors could explain this trend. First, a log export ban was introduced by a presidential decision in November 2009 (with effect beginning of 2010, later postponed to mid-2010). The ban was non expected by the timber industry, which had to take quick measures to process 100% of their production in Gabon. The decision thus increased the amount of sawn wood produced locally, with a direct impact on the volumes of (non-exported) timber scraps available for the domestic timber market. Also, some logging companies that were exporting logs before the ban, now had to process those logs and sell them on the domestic market as sawn wood, because they did not yet have an established international network of clients for sawn wood. This could, however, be only a short-term source of timber for the domestic market, as companies develop new international trade channels for their sawn wood. Second, the data collection period 2008–2009 was likely atypical, as many large infrastructure projects (e.g. roads, bridges and stadiums) were being built to host the African Cup of Nations, which took place in 2010. In this sense, consumption in 2011–2012 could be a truer reflection of demand in the domestic market in normal times. Third, interviews held by the project team seem to indicate that the MEF has recently increased control and enforcement efforts, possibly fostered by the renewed attention to the environment paid by the presidency.



Timber ready to be transported from the forest to city markets

Photo by Guillaume Lescuyer, CIFOR

Over the same period, the MEF has issued an increased number of small-scale exploitation permits. In 2008 about 79% of chain-saw millers did not have a permit to harvest, this was down to 58% in 2012. This might indicate an effort to provide small-scale operators with legal access to timber. Unfortunately, most of the recently issued permits are not listed under current law.

Conversely, the PGG (the only small-scale permit included in the current law) was suspended in 2010 and only reinstated in mid-2014. Community forests, which have long been planned as the legal alternative for chain-saw millers, were implemented at the beginning of 2013. Their official number could increase and an effective implementation could follow in a relatively short period of time, but this will require a concerted effort by the administration. This issue should be part of the VPA negotiations or of any discussion held to improve the current legal framework, together with the full 'integration', or definitive exclusion, of currently granted permits.

Policy options

Problem. Several permits are currently issued for 'legal' chain-saw milling.

Recommendations

- Results indicate that the most suitable permits are the ASC and ASL. Only these, after clarifications and amendments to the current regulations, should be issued in the long-term. In particular, as in the case of the other countries of the Congo Basin, decentralization of issue, follow-up and sanctioning seems the best way to avoid disrupting the supply to the domestic market (at least in the short- to medium-term) with the introduction of a centralized VPA regime.

- A regulation is needed to clarify several current issues with the ASC, notably whether it should also cover customary rights of use, which are currently not permitted for commercial purposes.
- Special permits should not be issued any longer as they do not constitute an official logging permit under the Forest Code.
- The number of pilot community forests should be increased to promote legal small-scale logging that might compete with informal chain-saw milling.

Impacts on rural economies

Problem. No official 'agreement' or paper exists to grant the status of 'chain-saw miller'.

Recommendation

- Establish an 'agreement' or similar official recognition for professional chain-saw millers, which could be renewed every year or two for a small fee. Such an agreement must exist prior to the granting of any future permits.

Problem. Results show that many conflicts arise in rural areas because the population require chain-saw millers (as with industrial logging companies) to provide infrastructure that the latter are unable to offer due to a lack of adequate (financial and technical) means.

Recommendation

- Improved legislation and rules on ASLs could consider agreements with customary owners (also signed by the latter) as a precondition to granting permits.

Governance

Problem. There is a proliferation of roadblocks, creating increased financial pressure on forestry operations from several ministries.

Recommendation

- Given the peculiar situation of Libreville as the final consumption point, roadblocks could be organized jointly among several ministries and located at strategic entry points, where they could collect legally established fees.

Problem. The current system of 'premiums' to enforce the law is skewed towards rewarding top officials instead of officials on the ground.

Recommendation

- Reorganize the current system of 'premiums' for enforcement, with an increased share to the team or the official that finds and reports infractions.

Problem. Many chain-saw loggers (individual or groups) can maintain their current businesses because they receive protection from high-level officials.

Recommendation

- As a preliminary step, infractions and possible sanctions could be made public on a regular basis by the MEF (through quarterly publication in daily newspapers and press releases on local radio stations) and by nongovernmental organizations (through their websites), so as to discourage misbehavior by State officials.

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Additional reading

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