



Eighth African Development Forum (ADF-VIII)

Governing and Harnessing Natural Resources for Africa's Development

Addis Ababa, Ethiopia
23-25 October 2012

Distr.: GENERAL

ECA/ADF/8/5
19 October 2012

Original: ENGLISH

Forest Resources

Issues Paper 4



African Union



African Development Bank



Economic Commission for Africa

I. INTRODUCTION

1. Africa is endowed with diverse, rich natural and plantation forests which cover 23 per cent of the land area of the continent. These forests provide a wide range of goods and services that create opportunities for development, and support the livelihoods of millions of people, living in and around the forest.

2. They play an important role in the national and local economies in the region, contributing on average 6 per cent of the Gross Domestic Product (Barrow and others, 2009), but this value does not include fuelwood which accounts for about 90 per cent of domestic energy, subsistence forest uses or informal and illegal forest production. The importance forest resources is further demonstrated by for example, the value of wood products (both fuelwood and industrial round-wood) removed from the forest which increased from \$2.6 billion in 1990 to \$2.9 billion in 2005, and in some key forest countries such as Central Africa Republic and Cameroon timber accounts for 50 per cent and 25 per cent of foreign exchange respectively.

3. Although difficult to capture in national accounts, non-wood forest products make significant contribution to the economy, and are important source of income and food security for many people. For instance, in 2000, shea nut production was estimated at 650 000 tons per year, one-quarter of which was exported, at a value of \$13 million (Teklehaimanot, 2004). Shea butter, produced from the nuts of *Vitellaria paradoxa* is used in confectionaries, pharmaceutical and cosmetic products. The bark of *Prunus* whose extract is used for treatment of benign prostatic hypertrophy is exported to Europe at a value of about \$220 million per year (Cunningham and others, 2002). And, Africa dominates world production of valuable gums and resins (Gum Arabic from *Acacia* Senegal and *A. seyal*. and frankincense from *Boswellia* spp. and myrrh from *Commiphora* spp.). However, these high value products are exported as raw materials and they fetch very little for producers in Africa.

4. Forests provide vital ecosystem services that support development and viability of other sectors; such as agriculture, portable water supply and power generations and play significant role in global climate change dynamics. African forest constitute 21 per cent of global total of carbon stock in forest biomass and have the ability to sequester up to 680kg of carbon per hectare per year, thereby providing critical buffer against global climate change (Katerere and others, 2009). Forests can also contribute to an inclusive and equitable green growth economy through their multiple functions.

5. Over the course of last decade, forests have regained prominence on the international agenda due to increased awareness of environmental challenges and climate change. In this context, new opportunities to generate income and reduce poverty have emerged under reduced emissions from deforestation and forest degradation (REDD) and the role of conservation, sustainable forest management and enhancement of forest carbon stock (REDD+) schemes. However, there are challenges to realizing this potential in transition to green economy which this ADF-VIII segment should address.

6. Despite the importance of forests in Africa's socio-economic development and sustainable development, the rate at which forest are declining due to increasing deforestation, land degradation and poor forest management practices is a serious cause for concern. From 2000 to 2010, Africa recorded an annual loss of about 3.4 million hectares making it second largest net forest loser in the world. The drivers of this deforestation mainly

include, illegal logging, agriculture expansion, fuelwood extraction, settlements and uncontrolled fires. Policy, legal, institutional, technical and economic constraints have also undermined wider application of sustainable forest management in the region. Urgent measures are needed to ensure the sustainable management and development of forest resources.

How best should African countries stem threats to its forest resources and make sure forests and forest sector activities deliver socially equitable economic growth and achieve sustainable development in the region while ensuring environmental integrity?

7. This issues paper therefore complements the concept note in highlighting challenges in forest sector development and raises some key questions to help focus the ADF-VIII discussions on options for African countries, to achieve rapid socio-economic transformation from their forest resource base and forest sector activities.

II. OBJECTIVE

8. The overall objective of this issues paper is to provide background material, identify key strategic and specific issues in forest sector development, raise key questions to guide ADF-VIII deliberations in order to arrive at actionable recommendations to maximize and sustain forest sector contribution to Africa's socio-economic transformation and sustainable development.

Key strategic issues

A. Maximizing benefits from forest exploitation

9. Africa forest wealth has the potential to promote economic growth and reduce poverty of rural communities and forest depend people, but these resources are currently not exploited in ways that maximize its full developmental value. Most forests do not have forest management plans, wood is harvested haphazardly using simple tools and/or low technology machinery that generate a lot of waste, and diminish resources over time. Measures are therefore needed to reverse this trend and ensure sustainable forest exploitation.

How can the continent maximize the developmental value of the exploitation of its forest resource base? What are the risks that short-term gains from forest exploitation will compromise long-term sustainable forest management?

10. Historically, forests especially in West and Central Africa were an important source of valuable timber for markets in Europe and USA, but recently countries imposed log export restrictions to stimulate more value added and processing within the region and according to ITTO, the proportion of logs produced that were converted to further processed products increased from 81 per cent in 2009 to 84 per cent in 2011. In 2010, only 16 per cent of logs produced were exported as logs. Value addition within the region is mainly semi-processing logs, there is a need to extend value chain from upstream plantations and natural forests to downstream secondary and tertiary processed goods, and ensure maximum benefit from worldwide growing demand of forest products.

How can African countries position themselves to reap economic benefits from local, regional and international trade in forest products? What should they do individually or collectively to revolutionize the value addition chain and links to markets in their favour?

B. Capitalizing on gains from improved forest governance and strengthen institutions to drive transformative forestry development

11. Weak forest governance, corruption and illegal logging in many African countries have been major barriers to realizing the full development benefit of forests. Forest revenue is lost from widespread poor collection and inappropriate accounting mechanism, corruption in public forest administration which functions well below the minimum critical mass capacity.

12. Nevertheless, progress in good governance has been made; several countries have put in place institutional and legal frameworks to stem out corruption and illicit timber trade; for example, the Yaoundé Declaration on Forest Law Enforcement and Governance by the Central and West African states. Many countries also have made commendable institutional reforms to have a more dynamic forest sector, based on the new forest paradigm ushered in at the Rio Earth Summit.

What should countries do individually and collectively to revamp the capacities of public forest administrations so as to promote resource-driven and structural economic transformation for the forest sector?

III. THE SPECIFIC ISSUES

A. Policy, legal and regulatory issues

1. Enhancing forest policy reform, integration and implementation in national and sectoral development policies and strategies

13. In order for forests to sustainably contribute to economic development, effective forest policies and legislation that make provisions for the generation and equitable sharing of economic benefits need to be in place and effectively enforced to address forest sector challenges. Most of these challenges are cross-sectoral and problems relating to unsustainable forest management emanate mainly from outside the sector. Enhancing SFM and economic contributions of forest requires raising the profile of forests on the political agenda, effective engagement with and integration of forest considerations into other sectoral (such as land, agriculture, climate change, energy, transportation, trade, education and environment) policies, strategies and legislation.

How can good practices in forest policy and legislation development or reform and enforcement be scaled up and replicated? What kind and level of support is needed to assist countries and strengthen their capacity to implement and enforce forest policies and legislation?

14. Many countries are beginning to appreciate the complex web of inter-relationships between food, agriculture, forests, people, macroeconomic policies and political systems that define their environment. They are now addressing policies on macro-influences on agricultural production systems associated with adjacent up-stream forests, maintaining land under forest and growing trees on farms, to supplement basic needs and ensure stable water supply for irrigation.

2. Legislative and policy architecture for mainstreaming gender into forestry and natural resource management

15. In most African countries, women play pivotal roles in both formal and informal forestry sector activities, but their roles are not fully recognized and documented, their working conditions are usually not equal to men and are denied ownership rights to trees and forests. Lack of statistical data on the role of women in forestry is a handicap to policy formulation thereby making women's contribution undervalued and underreported.

What quick methods could African countries use to conduct baseline studies on the gender situation in forestry and women's contribution in all sectors to develop a reliable data management system for monitoring, so as to have a clear vision of the situation of women in forestry at all levels?

B. Economic issues in enhancing the role of forest resources in development

1. Enhancing linkages between the forest sector and the rest of the economy

16. Forests have a significant potential to improve human well-being and economic development. Two issues need to be examined for enhancing the role of forests in this regard. These issues are: enhancing backward and forward linkages between the forest sector and the rest of the economy; capturing opportunities offered by REDD+ initiatives to enhance economic gains and achieve sustainable forest management; and harnessing opportunities offered by the transition to green growth to enhance economic gains and achieve sustainable forest management. Enhancing backward and forward linkages between the forest sector and the rest of the economy has the potential to expand employment and income growth.

- (a) *What are the barriers to enhancing backward and forward linkages in the value chain between the forest industry and other productive sectors of the economy?*
- (b) *Given that small and medium forest enterprises (SMFEs) have a great potential to enhance the contribution of forest economic benefits, what are the existing barriers to the creation and development of SMFEs in community forest enterprises (CFEs)? How can these barriers be overcome?*

2. Sustainable management of demand and supply gaps in forest products

17. Since the colonial times, forest rich countries allowed unsustainable logging to supply valuable hardwoods to European markets; gave private concession holders a free hand to develop forest infrastructure with little government control. This, coupled with inability of forest institution to inventory forest resources and effectively monitor concessions increased malpractices and misuse of forest resources. Thus, the supply and demand of forest products

is not well managed, forests are exploited without due regard to annual allowable cut or levels of harvest, impacting negatively on forest resources.

18. With the exception of South Africa, local investment and direct foreign investment in the forest sector has declined, the establishment of forest plantations has also steadily decreased and existing plantations in forest rich countries are poorly managed due to large volumes of indigenous timbers available.

19. Africa continues to export raw and semi-processed forest products due to poor technology and entrepreneurial skills. For similar reasons, bamboo which made important contribution to China economic transformation, in Africa substantial resources remain underutilized.

What policies and regulations should be introduced to stimulate both local and foreign direct investment and corporate private sector investment in plantation development?

What economic policies and incentives are needed to stimulate and support local enterprises to engage in processing and value addition of forest products?

3. Capturing opportunities offered by the Reducing Emissions from Deforestation and Forest Degradation initiatives to enhance economic gains and achieve sustainable forest management

20. The growing demand for environmental services provides a major opportunity for Africa, to potentially generate substantial financial resources for investment in sustainable forest management, through new financing mechanisms and instruments. Tapping into these new financing mechanisms and instruments related to carbon sequestration has been slow in Africa, due to the absence of enabling environment in many countries and currently prohibitive compliance costs.

21. The real benefits of REDD+ to sustainable forest management is still debatable and current market prices of carbon can only cover a small part of the investment cost for sustainable forest management in the African context. Most of the existing REDD+ initiatives are hinged on both carbon sequestration and other revenue streams such as in wildlife conservation areas.

In light of the diverse and multi-level interests in the forest sector, how can REDD+ initiatives be better designed and implemented to improve forest-sector and economy-wide productivity and value addition, expand economic benefits and address poverty and other needs at national and local levels?

22. Significant amounts of carbon stocks have accumulated since the baseline year of 2000 from community initiatives that include tree growing on farm. These could be used to start carbon offset projects to encourage communities to participate in new frameworks of carbon financing.

What opportunities exist for community-based carbon projects to expand rapidly? What role can the various stakeholders, including regional, subregional and national organizations and development partners play?

4. Leveraging opportunities offered by green growth initiatives

23. With current shifts to green economy development, many African countries are faced with growing competition for good land for large scale agriculture and biofuel investments.

- (a) *How can the transition to green growth in the forest sector be used to improve sector- and economy-wide productivity and value addition, expand economic benefits and address poverty and other needs at national and local levels?*
- (b) *What are policy/legislative and national development options and actions needed to underpin green growth and maximize the economic, social and environmental dividends from forests and the forestry sector?*
- (c) *What are the threats and risks associated with the transition to green growth in the forest sector, in the context of Africa's urgent needs to enhance economic benefits, reduce poverty and achieve sustainable forest management?*

C. Governance, equity, human rights and social issues

1. Strengthening governance of the forest sector to enhance multiple benefits from forests to diverse stakeholders

24. Issues of accountability, transparency, equity, upholding rights and democratic principles which are key tenets of good governance of natural resources underpin the success in enhancing and increasing economic as well as social and environmental benefits from forests. Given the multiple interests and goals (including income generation, food security, energy, climate change consideration, cultural needs) that need to be simultaneously and synergistically met, and the diverse and multi-level stakeholders in the sector, addressing these issues with regard to forests is a challenge and is of utmost importance. The main policy issues to be discussed include:

- (a) *What are the major forest governance and rights issues and barriers in the region and how can these barriers be overcome?*
- (b) *What opportunities exist and how can they be used to track and enforce good forest management within the framework of enhancing good political, economic and environmental governance?*

D. Environmental stewardship for sustainable forest resource development

1. Safeguarding and enhancing forest-based environmental services for sustainable development

25. Beyond economic benefits, forests provide a wide variety of other ecosystem services which underpin the economic performance and viability of other sectors, people's well-being and environmental sustainability. These services include the vital role of forest in climate

change mitigation and adaptation. Other services provided by forests include stabilizing soils, protecting land from erosion by wind and water, and maintenance of a steady supply of clean water.

What actions are needed to strengthen capacity and enhance adoption by African countries of mechanisms to certify and enforce environmental and forest sustainability in the production and distribution of forest products?

2. Managing the impact of mining and land development on forest resources

26. Forest laws and regulations have provisions on quarrying and small-scale mining within forests. However, mining is increasingly becoming a major threat to sustainable forest development and management in many African countries. What used to be small-scale illegal mining has expanded and governments are granting mining concessions on large areas of forests.

What specific policies, laws and measures are needed to address the growing illegal mining in forests or ensure coherence of forestry and mining activities?

E. Knowledge base, human and institutional capabilities issues

27. Forest resources are continuously being degraded due to poor management and harvest of forest products. One contributing factor is inadequate government institutional and human resources capacity to develop, implement plans and programmes. In addition, poor know-how of forest stakeholders, inability to harness indigenous knowledge and lack of generation of additional knowledge, has major implications on sustainable forest management. Therefore, in order to strengthen the knowledge base, and human and institutional capabilities to achieve sustainable forest management and enhance the role of forests in inclusive economic growth and development, the following issues need to be considered and addressed:

In light of the current and emerging priorities and challenges confronting the forest sector, what strategies should countries adopt to strengthen institutional and human resource capabilities, enhance knowledge generation and build stable funding mechanism?

IV. A CROSS-CUTTING ISSUE: REGIONAL COOPERATION AND INTEGRATION

28. African countries increasingly are recognizing that regional cooperation and integration is essential if they are to reap maximum benefits from forest resources in terms of regional trade in forest products, forest industrial development, knowledge generation and human resources capacity-building, negotiations and mobilization of international support and fight illegal exploitation and mismanagement of forest resources. Such initiatives have been incorporated in the NEPAD action plans on forests, the Congo Basin Convergence Plan and the ECOWAS Policy Framework on West African Forests and the Africa Law Enforcement and Governance Process.

What can be done to strengthen cooperation in forest management, governance and generate support to accelerate the implementation of subregional and regional forestry programmes?

V. CONCLUSION

29. While many African countries have a wealth of forest resources, these resources are not optimally harnessed to drive development. There are great opportunities for African countries to embrace the shift to green growth and for forest resources to become key pillars for socio-economic development. However, this calls for effective actions to mitigate deforestation and revamp forest sector activities. It calls for radical changes in engagement by various players in forest sector activities. Given the pivotal role played by forests, African countries cannot afford to lose this new window of opportunity.

References

African Forest Forum (AFF), 2011. Statement on African forests in present and emerging climate change arrangements, African Forest Forum, Nairobi, Kenya.

Alhassan N. Attah, 2007. Market Competitiveness of West and Central African Forest Products and services and the influence of Market Conditions on Forest Investments. A paper presented at the West and Central Africa Tropical Forest Investment Forum: Issues and Opportunities for Investment in Natural Tropical Forests. Accra, Ghana, 28-30 August 2007.

Barrow, Edmund, and others, 2009. Forests are important to the Rural People of Africa. Some Empirical Data. IUCN.

Cunningham, A.B., Ayuk, E., Franzel, S., Duguma, B., and Asanga, C. 2002. An Economic Evaluation of Medicinal Tree Cultivation. People and Plants, Working Paper No. 10, UNESCO, Paris.

ECA/UNEP. 2012. Green Economy in the Context of Sustainable Development and Poverty Eradication: What are the Implications for Africa?

El Lakany, H., Jenkins, M. and Richards, M. 2007. Background paper on means of implementation. Contribution by PROFOR to discussions at UNFF-7, April 2007. Available at: www.fao.org/forestry/media/14704/1/0/

FAO. 2004. Forests and Forestry Chapter. New Partnership for Africa's Development (NEPAD). Comprehensive Africa Agriculture Development Programme.

FAO/FRA. 2010. Global Forest Resource Assessment . FAO. Rome.

FAO/FOSA 2003. Forestry Outlook Study for Africa Report. The African Forestry and Wildlife Commission and FAO.

Gondo, P. 2010. Financing of sustainable forest management in Africa: An overview of the current situation and experiences. UNFF Expert Group Meeting, Nairobi, Kenya.

ITTO. 2011. Tropical Forest Tenure Assessment: trends, challenges and opportunities. ITTO Technical Series No. 37. April 2011.

Katerere, Y., Minang, P. and H. Vanhanen (2009). Making sub-Saharan African forests work for people and nature: Policy approaches in a changing global environment. Special Project on World Forests, Society and Environment (WFSE) of the International Union of Forest Research Organizations (IUFRO), World Agroforestry Centre (ICRAF), the Center for International Forestry Research (CIFOR) and the Finnish Forest Research Institute (METLA). Nairobi, Kenya.

Lundgren, B., Owino, F. Ishengoma, R. and Gondo, P. 2010. African-Swedish Collaboration Programme on Sustainable Forest Management. African Forest Forum (AFF) and Royal Swedish Academy of Agriculture and Forestry (KSLA).

Macedo, M.N., DeFries, R.S., Morton, D.C., Stickler, C.M., Galford, G.L. and Shimabukuro, Y.E. 2012. Decoupling of deforestation and soy production in the Southern Amazon during the late 2000s. Proceedings of the National Academy of Sciences (PNAS) 10.1073/pnas.1111374109.

Sukadri, D. S. 1997. A prototype expert system model for assessing forest management policy. Paper presented at the XI World Forestry Congress, Antalya, 13 – 22 October 1997.

Tapsoba, E. K. 2007. Mainstreaming gender issues in forestry in Africa. Proceedings of Regional workshop convened by the University of Ghana, Centre for International Forest Research and the International Union of Forest Research Organisation. Accra, Ghana. July 2007. FAO-Netherlands Partnership Programme.

Teklehaimanot, Z. 2004. Exploiting the potential of indigenous agroforestry trees: Parkiabilobosa and Vitellariaparadoxa in sub-Saharan Africa. In: Nair, PKR, Rao, MR, and Buck, LE. New Vistas in Agroforestry: A Compendium for the 1st World Congress of Agroforestry. Kluwer Academic Publishers, Boston. 207-220.

Timko, J. 2010. HIV/AIDS, Forests and Futures in sub-Saharan Africa. ISBN: 978 1 85864 975.