

A photograph of a forest floor covered in sawdust and logs, with stacks of cut timber in the foreground. The text 'STRENGTHENING LEGALITY IN THE DOMESTIC TIMBER MARKET IN CAMEROON'S FOREST REGIONS' is overlaid in white capital letters.

# STRENGTHENING LEGALITY IN THE DOMESTIC TIMBER MARKET IN CAMEROON'S FOREST REGIONS

## Capitalisation document of the RELEMDOT Project

Written by:

Geneviève Ndjiki Weladji  
Ernest Mballa Bimi

November 2020



# Strengthening legality in the Domestic Timber Market in Cameroon's forest regions

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Photo 1: Ets Meching wood yard in Abong-Mbang

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## CONTEXT

**T**he Voluntary Partnership Agreement (VPA) signed by Cameroon and the European Union (EU) that came into force in December 2011 stipulates that all forestry operations products traded either on the international or the domestic market must be of legal origin. This requirement was reflected in the signing of the joint order **N°0878/MINFOF/MINCOMMERCE of 26 April 2010** on the organisation and functioning of the Domestic Timber Market known as «**MIB**». The Ministry of Forests and Wildlife (**MINFOF**) has also instituted several mechanisms to promote the supply of legal timber to the domestic market. This led to the

adoption in 2012 of the Procedures Manual for the modalities of transactions/handling of timber products within the physical sites of the Domestic Timber Market, completed by decision **N°188/D/MINFOF/SG/DPT/SDTB of 6 May 2015 revised in 2020** and setting the modalities for the valorisation of forestry operations waste.

Despite these texts aimed at encouraging the formalisation of the activity of small processors so that they supply the domestic market with legal sawn timber, it must be noted that the share of illegal sawn timber of informal origin remains very high. **CIFOR** believes that the  $\frac{3}{4}$  sawn timber sold on the domestic market is of informal origin<sup>1</sup>. One

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1. Pye-Smith, C., 2011, Cameroon: a forest wealth ignored. CIFOR, Bogor, Indonesia; CERUTTI P.O., LESCUYER G., 2011. The domestic market for chainsaw milling in Cameroon: conditions, opportunities and challenges. Bogor, Indonesia, CIFOR Occasional Paper 59. 56p.

of the causes of this situation is the lack of information and support for wood processing operators. The difficulty of obtaining supplies from legal sources is also a challenge. In fact, most of the timber exploited by logging company, the main holders of timber exploitation permits in Cameroon, is destined for a foreign market that is more remunerative than the domestic market and remains out of reach of the cameroonian middle class.

Based on this obvation, the project «**Strengthening legality in the domestic and cross-border timber market in the forest regions of East and South Cameroon, RELEMDOT**» implemented by Action for Sus-

tainable Development (ASD) since 2016 thanks to the financial support of the European Union, Sweden and the United Kingdom through the **FAO EU FLEGT** Programme, has made it possible to support timber processing operators (or very small and medium-sized enterprises) in these two regions. The latter was thus informed and made aware of the legal requirements and regulations relating to forest management, and then supported in the formalization of their activity with the Ministry of Small and Medium Enterprises, Social Economy and Handicrafts (**MINPMEESA**) and **MINFOF**.

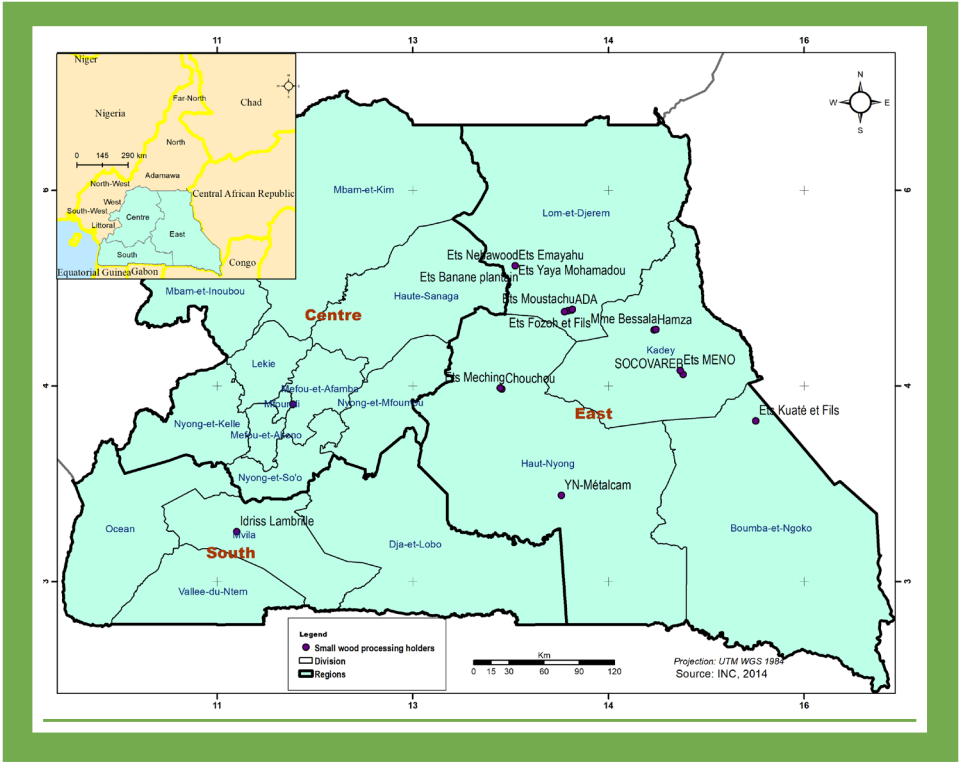


Photo 2: Mapping of small processors supported by the project

# RESULTS ACHIEVED BY THE PROJECT

- **140 operators**, including **26 women**, have been informed and made aware of the legal and regulatory requirements relating to forest management and the exercise of their processing activity.
- **24 procurement contracts** were signed with legal timber holders (community forests, communal forests, industrial saw-mills).
- **12 operators**, including a woman, have obtained their Certificate of Registration as Timber Processors (**CEQTB**).
- **5 operators** have obtained their Certification of Registration as Timber Exporter (**CEQEBT**).
- **2 operators** have obtained an authorisation for the recovery of forestry waste (**AVREF**) with a communal forest.
- **9 operators**, including 1 woman, obtained waybill books for transporting sawn timber (**LVD**).
- **A study** on women's involvement in the domestic timber market in the East and South regions was produced.
- **15,000 m<sup>3</sup>** of legal timber were marketed in 2019<sup>2</sup> by beneficiaries

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2. Data for 2020 were not yet available at the time of writing.

**Table 1 : List of beneficiaries , and legality documents obtained**

	Wood processor /Corporate name	A d m i - n i s t r a - t i v e file	Site visit re- port	ADMTB	C E - Q T B	AVREF	LVD	LVD- mib	CEQEBT
1	Ets Prêt à Partir								
2	Ets Yaya Mohamadou								
3	Ets Meching								
4	Ets Hamza El Hadj								
5	Gic SOCOVAREB								
6	Ets ADA Fils								
7	Ets NDJANDJA et Fils								
8	Ets Nebawood								
9	Eco Traiding								
10	YN-Métalcam								
11	Ets Chou Chou								
12	Ets Kuaté et Fils								
13	Ets Banane plantain								
14	Idriss Lambrille								
15	Mme Bessala								
16	Ets MENO								
17	Ets Emayahu								
18	Ets Dane								
19	Ets D'ess wood & Fils								
20	Ets Moustachu								

**Mastery of regulatory procedures and tracking of legality documents obtention files by supported operators.** Thanks to the support of the project, more than a hundred operators have been trained on the regulatory procedures for obtaining legality documents at MINFOF. Around ten operators are now able to compile and renew legality document application files independently, and also to coach and support other operators in these procedures

**Diversification of wood supply sources.** With the support of the project, some operators have been able to partner with legal resource holders and obtain their supplies from community forests, communal forests and industrial sawmills, or from all three sources at the same time, as it is the case of **Ets Hamza Elhadj** and **Ets Meching**. Thanks to this, these operators did not need to resort to illegal channels to obtain raw materials. Within the framework of the project, they called upon a production team that went to the exploitation site to take the resource, as provided for in the contract signed with the resource holder.

**Increase in production and sales volumes after formalisation,** leading to an increase in turnover for operators. In 2019, the cumulative volumes sold by 7 supported operators have on average tripled compared to the volumes sold in previous years, increasing from **5000** to **15000 m3** in total. It is difficult to know the overall

turnover generated by these **7 operators**, however, ASD estimates that it could be between **800 million** and **1 billion CFA francs**. Facilitating access to the resource has been the main factor in the increase in sales by these operators. Also, they have more time at their disposal because they now work during the day, as opposed to the period when their informal activity forced them to work at night.

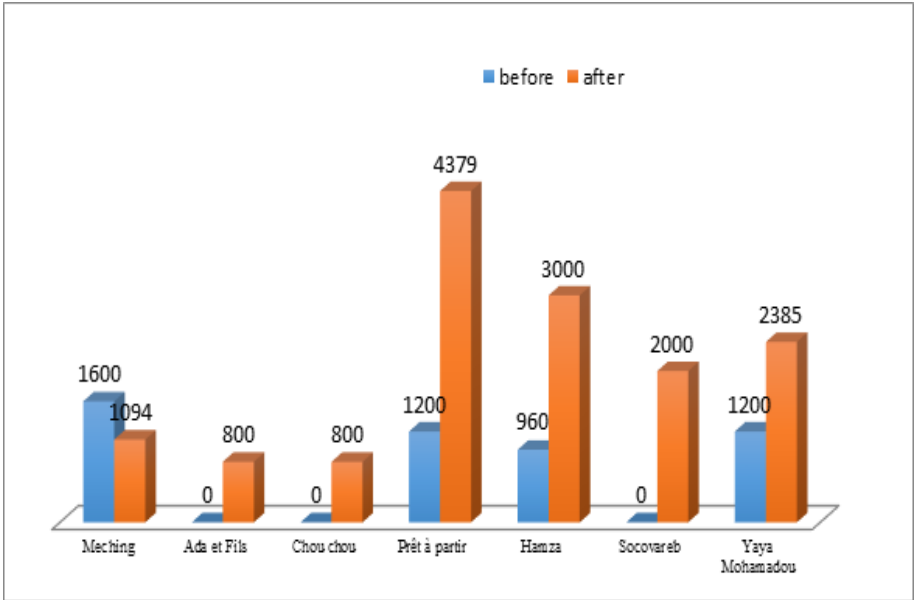


Figure 1: Comparison of the volumes of wood sold by each processor before and after the project

Reduction of incidental taxation of about **75%**<sup>3</sup> during the transport of wood and processed products by operators. Controls during the transport of timber and timber products are carried out by MIN-FOF agents and other forces of law and order. When the legality of the timber or timber products is attested by documentation, law enforcement officers sometimes invoke other shortcomings, for example concerning the vehicle transporting these products. Incidental taxation charges have not been **100%** eradicated.

Tableau 2: Variation in corruption costs during transport before and after formalization of processors

Route	Expenses related to corruption/incidental taxation	
	Without legal documents	With legal documents
Deng-Deng- Douala	500 000 - 1 000 000	150 000 - 200 000
Deng-Deng- Kousseri	800 000 - 850 000	450 000 - 500 000
Batouri - Kousseri	1 000 000 - 1 500 000	900 000 - 1 000 000
Mindourou- Kousseri	1 000 000 - 1 500 000	200 000 - 350 000
Mbang - Kousseri	1 000 000 - 1 500 000	250 000 - 300 000
Mindourou- Douala	1 000 000 – and more	200 000 - 350 000
Abong-Mbang- Douala	500 000 and more	200 000 - 250 000

3. Differences observed during the project as compared to the situation before the project

# CHALLENGES

The reluctance of some operators to formalise their activity. Although they have been operating for decades, the majority of operators were not registered as VSEs or SMEs. Therefore do not have the required documents for an administrative file (taxpayer's card, trade register and certificate of non-remuneration of tax) necessary for the procedures for obtaining legality documents at MINFOF. This situation is due to the fear of not being able to cover the costs of formalisation and the regular payment of taxes.



Photo 3: Skidding of wood waste by Ets Hamza

## Project Response

Sensitisation and information workshops by MINPMEESA agents have made it possible to let operators be aware that only about **50,000 FCFA** should be spent to formalise one's activity. Thus, **8 operators**, including **3 women**, were accompanied for the formal registration of their businesses with the MINPMEESA Regional delegation of the East and South.

**High cost of legality and complexity of the procedures for obtaining legality documents.** The cost of acquiring legality documents is between **940,000 FCFA** and **1,250,000 FCFA**, including the cost of moving from the processing site to the MINFOF headquarters in Yaoundé for the filing and follow-up of files. For these operators, who are used to buying wood stems from village communities, this represents a significant financial investment. This process can also be very time-consuming due to the complexity of the procedures, requiring regular trips to MINFOF headquarters and close monitoring which can take several months or even a year to complete. For example, the visit to the processing site is generally carried out by the regional delegation, whereas it would be easier to do so at the divisional level. Similarly, the certificate of ownership of wood processing equipment is signed by the Minister, even though the divisional or regional delegate has the authority to sign it.

## Project Response

The pedagogical aspect was essential: the project focused on raising awareness by explaining to operators the advantages of legalising their activity. The testimonies of operators formalised during the first phase of the project were also essential during the awareness-raising workshops, as well as their coaching in some cases. The project also facilitated the movement and follow-up of the application files for the legality documents of voluntary operators. In some cases, the project covered expenses relating to MINFOF teams' field trips, as well as the travel of operators to follow up their legality files at the MINFOF's headquarters.

### **Unfair competition from illegal timber in the domestic market.**

The formalisation of the activities of processors has allowed some of them to market legal timber on the domestic market. However, these operators face unfair competition from informal and/or illegal sources wood, partly due to a lack of communication about the existence of formal operators willing to supply the domestic market with legal timber. The virtual MIB (Domestic Timber Market), which should be designed by MINFOF to serve as a showcase and exchange platform between legal timber holders and consumers of legal timber and timber products, is still not functional.

## Project response

ASD organised a business meeting between some potential buyers of legal wood - wood depots traders of Yaounde wood members of the National Association of Collective Sellers of wood and bi-Pro-

ducts (**ANCOVA**), the craftsmen of the Cameroonian Federation of Associations and professionals of secondary wood processing (**FECAPROBOIS**) and the operators supported by the project and having legal wood at their disposal. The objective of this meeting was to match supply and demand to initiate business relations. At the end of this meeting, partnerships between a processor (Ets prêt à partir) and ANCOVA wood traders began to be set



Photo 4: Wood processing by Ets Ada & Fils in Bertoua

## OPPORTUNITIES

- **Use of local and legal timber in public procurement. Special** attention should be paid to the marketing aspect in supporting processors who have already taken the first step towards legality. One suggested measure is the obligation to use local and legal timber in public procurement in Cameroon through a regulatory or legislative measure. This would constitute a crucial commercial outlet for legally operating SMEs. The increase in turnover would allow them to make much-needed investments, such as the acquisition of more suitable equipment to improve the quality of their product to meet market requirements.
- **Extension of MIB procedures throughout Cameroon.** Between 2015 and 2019, the legal and regulatory MIB procedures were being tested by MINFOF in two pilot regions (East and South). Before the adoption of MIB procedures for obtaining legality documents, operators had to have the authorisation to work in forestry signed by the Prime Minister, and the minimum time required to study this file is 6 months. In recent years, this approval has not been granted to operators. We, therefore, believe that the extension of MIB procedures to the national territory is an opportunity to be seized by operators

## TESTIMONIES



«Since I have my legal documents for the transformation and transport of processed wood, I have peace of mind every time I send my wood to the market. I have been illegally logging timber for 13 years. I was like a bandit, always trying to run away from the checkpoints, but now I work during the day and walk freely, with my head held high and able to face all the forestry checkpoints. She remembers «I once landed a truck I had hired in a ravine, the reason being, the forestry patrol was about to catch me red-handed stealing wood in the middle of the night».

**Mrs Meching, CEO of Ets Meching at Abong-Mbang**



«The formalisation of my activity has allowed me to become more professional, for example, now i can easily transform wood into several other forms (slats, rafters, etc...), which is more profitable. Thanks to the signing of a purchase agreement with the Batouri communal forest and two community forests, my production has tripled, and consequently my turnover as well. I have been able to put about 3000 m<sup>3</sup> of legal timber on the national market in 2019 ».

**M.Hamza,CEO of Ets Hamza at Batouri**



Photo 5 Ets Prêt à Partir wood yard in Bertoua

*ASD expresses its deep gratitude to the European Union, Sweden and the United Kingdom for their financial support through the FAO EU FLEGT Programme, and to the Ministry of Forestry and Wildlife of Cameroon for its technical and institutional support, without which the implementation of this project would not have been possible.*



Photo 6 : Visit of the Socovareb wood processing unit in Mindourou



Action for Sustainable Development (ASD) is a non-profit association under Cameroonian law that works in the field of environment and sustainable development. Its vision is to contribute to maintaining a stable balance between economic profitability, nature conservation and social equity in the management of natural resources.



Office location: Yaoundé-Cameroun, Carrefour Essomba

Phone: + 237 695 25 81 26

E-mail : [asdcameroon@gmail.com](mailto:asdcameroon@gmail.com) [ndjiki@yahoo.fr](mailto:ndjiki@yahoo.fr)

Website : <https://www.asdcameroon.com>

Facebook : ASD-Cameroun

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