ASSOCIATION SURVEYS FOR KNOWLEDGE (ASK)

CENTRAL & EAST AFRICA

CAMEROON, DEMOCRATIC REPUBLIC OF CONGO, GABON, REPUBLIC OF CONGO & MOZAMBIQUE

Prepared by GTF

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GLOBAL TIMBER FORUM'S ASSOCIATION SURVEY FOR KNOWLEDGE (ASK)

This survey seeks to better understand the challenges faced by forest and wood-based industry and trade associations around the world. The responses from associations in Asia, Africa, Europe and South and North America will inform GTF's, and our project partners', knowledge about the skills and capabilities of associations and identify future support programmes particularly focused on priority countries.

The survey is focused on five themes:

Theme 1	Association's profile and capabilities
Theme 2	Priorities in delivering services to members
Theme 3	Challenges faced by the association membership
Theme 4	Analysis of domestic and regional markets
Theme 5	Analysis of international market and customer needs including legality and sustainability aspects

The survey was developed in collaboration with our project partners: FAO (Food and Agriculture Organisation of the United Nations) and WRI (World Resources Institute). The survey was made up of three complementary sections. Respondent associations were encouraged to complete all three sections.

The survey results are anonymised and non-attributable except at regional level. GTF will share relevant data with survey respondents and our partners to better assist the development and funding of trade-focused responsible timber trade programmes.

Cameroon, Democratic Republic of Congo, Gabon, Mozambique & Republic of Congo

GTF wishes to thank the following associations for their time in contributing to this survey:

Cameroon

1. *Association Nationale des Exploitants Forestiers Négociants et Transformateurs de Bois du Cameroun* (ANEFNTB)
2. *Fédération Nationales des Associations de PME/PMI de la Filière bois du Cameroun* (FEDE)
3. *Fédération Camerounaise des Professionnels de la seconde transformation du Bois* (FECAPROBOIS)
4. *Association des Exploitants Forestiers Nationaux* (AEFNA)

Gabon

5. *Union des Forestiers Industriels Gabonais et Aménagistes* (UFIGA)
6. *Fédération Gabonaise de Bois Sciage et Placages* (FGBSP)
7. *Syndicat des industriel et Aménagistes Gabonais* (SIAG)

Democratic Republic of Congo

8. *Association Congolaise des Exploitants Forestiers Artisanaux* (ACEFA)

Mozambique

9. *Associacao Mocambicana de Opradores de Madeira* (AMOMA)

Republic of Congo

10. *Association des Menuisiers du Congo* (AMC)





The surveys were conducted in two phases during 2018.

Summary

This survey includes interviews with 10 associations primarily working with smaller operators in Cameroon, Gabon, Republic of Congo, Mozambique and the Democratic Republic of Congo. Between them they work with over 2,600 companies of which 83% have less than 250 employees. The companies serve a variety of markets, from domestic and regional to exporting to Asia and Europe. The associations typically have around 2 employees and do not have specialist staff involved in training or in communications functions. In general, SMEs across the five countries play an important role in supplying domestic demand and feeding regional markets. However, a fraction of SMEs export their products directly to international markets while others sell their products locally to large companies which then place them on international markets as part of their own offer. Some SMEs directly outsource their licenses to the large companies that harvest them and who then own the harvested timber.

The informal forest sector in **Cameroon** employs over 40,000 people and accounts for around one third of the production of timber. The informal sector is dominated by micro, small and medium sized companies. In the past decade Chinese investment has changed the dynamic of the industry with traditional European export markets now challenged by exports to China and other Asian markets. In 2007 Cameroon entered into formal negotiations with the EU to sign a Voluntary Partnership Agreement (VPA). In 2011 the VPA was signed and Cameroon began in earnest to develop its timber legality assurance scheme and to clarify the status of its forest laws and of forest titles. To date no FLEGT Licenses have been issued. Through this long period the Cameroonian forest industry has struggled to continue to supply European export markets seeking assurances of legality.

The **Democratic Republic of Congo** has gone through two turbulent decades of change in its forest sector and major changes to its forest laws and concession system. Only around 5% of the wood harvested is exported and domestic markets are therefore important to the industry. Negotiations for a voluntary partnership agreement with the EU in began in 2010 and continue at a slow pace.

About 65% of the **Republic of Congo** is covered in dense forest and the forestry sector makes an important contribution to the country's economy. Timber is exported primarily to the EU and China. Serious governance problems in the forest sector are reflected in the reported high levels of illegal logging within the country. Congo entered into negotiations for a voluntary partnership agreement (VPA) with the EU in June 2008. The agreement was signed in May 2010 and ratified in February 2013. Despite some progress with implementation of the VPA and the establishment of an independent monitor, very few of the necessary policies and regulations needed to ensure good forest governance have been implemented. Priorities for action to address illegal logging include the enforcement of legislation, tackling corruption and improving legality in the artisanal sector.

Gabon's forests are entirely state-owned, and about half of the country's forests are allocated for production. Timber is the country's second most important export after oil; 90% of its log production is exported, mainly to China and the EU. Gabon began negotiations for a voluntary partnership agreement (VPA) with the EU in September 2010. In 2018 the President of Gabon announced that the Republic of Gabon will require all forestry companies operating in the country to be FSC certified by 2022. Gabon has 15.9 million hectares of forest concessions, of which over 2 million are FSC-certified and has the potential to increase this area by around 13 million hectares with this announcement. The announcement, with its implications especially for the smaller Gabonese operators, has led to deep concern for their future status.

Mozambique is Africa's largest exporter of timber to China and this trade overshadows the industry generally. The informal sector and small and medium sized operators form the back bone of the industry. The formal sector is estimated to employ around 18,000 people with perhaps as many again in the informal sector.

Broadly the **constraints** of the associations are:

i. lack of resources to build capacity to support their membership
ii. lack of technical skills to share with and to support the development of their membership
iii. insufficient funding to grow capacity
iv. lack of knowledge of their membership to be able to lobby in domestic and international fora
v. lack of tools to support their membership who face changing forest legality systems
vi. lack of tools to support their members in building a greater understanding of export market requirements
vii. lack of market data and related market access data to support their members

Key **challenges** for SMEs include:

i. the lack of available forest resources and lack of access to legal wood supply
ii. the lack of adequate affordable and sustainable funding and finance to grow, equip and develop their business and work force
iii. a changing legal environment and a lack of clarity as to the forest legal system, its implementation and their role in compliance
iv. corrupt government actors that take advantage of their position and knowledge to "tax" small operators
v. the gap between current capacity and that required to export to more profitable markets
vi. a lack of domestic and international demand for legal and sustainable products

Part 1 - Association profile & capabilities

Geographical coverage

The associations interviewed draw their membership from within their own countries. The focus of their activities is almost exclusively within their own borders and none of them have members based in other countries.

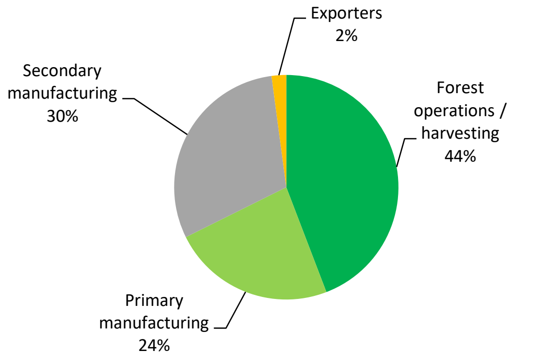
Membership & services offered

Profile of membership

The 10 associations surveyed have a combined membership of over 2,768 individuals and companies. One association has only a single active member company. One association currently has no members as it is in the process of formation.

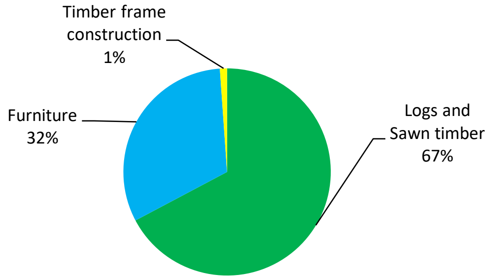
Sectors represented

The membership across the 5 countries is dominated by operators in the forest sector and primary and secondary processing.



Products traded

The membership primarily trade in logs and/or sawn timber with around one third involved in furniture manufacturing.



Volume traded by members

Only 2 of the associations were able to provide data as to the volume of wood traded by their membership.

Value of products traded by members

Only one Cameroonian association was able to provide data as to the value of the wood products traded by their membership.

Capacity - number of staff

Staff numbers are fairly consistent between the associations. The average number of full time equivalent positions across the region is 1.6 members of staff. This includes senior management and administrators. The largest association has 4 members of staff, the smallest just one. One association has only volunteers and no paid staff.

Technical staff

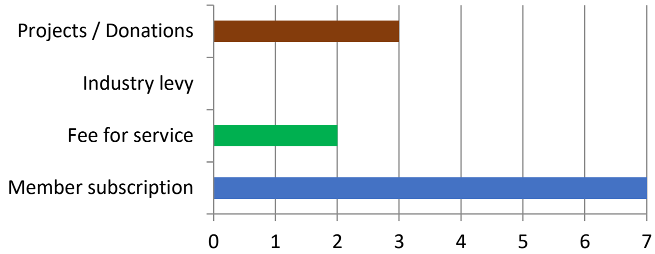
None of the associations has dedicated staff available to answer technical questions from the membership.

Overall budget

Five of the associations were able to provide data regarding their annual operating budget. The average across the countries was just over $97,000 per annum. The smallest reported budget was $15,000 per annum, the largest $300,000.

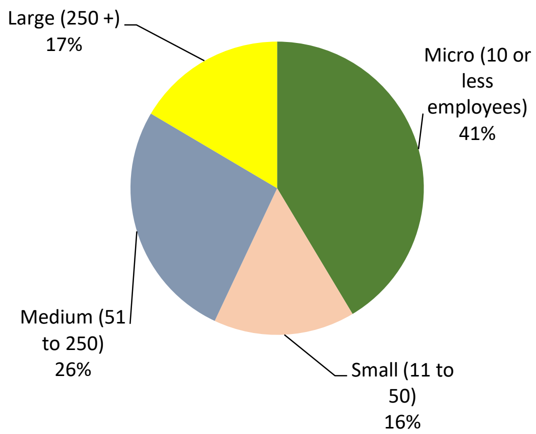
Funding

Seven of the ten associations interviewed are funded through membership subscriptions. Additionally, two also receive funding through payments for services. Three of the associations also rely on donations and project funding (one associations relying entirely on donations).



Size of member companies

The 2,700+ members of the associations are dominated by micro, small and medium sized organisations. 17% of the organisations they represent have more than 250 employees (primarily in Mozambique and Gabon).



Raw material sourcing

The associations' members almost exclusively source hardwood species from natural forests.

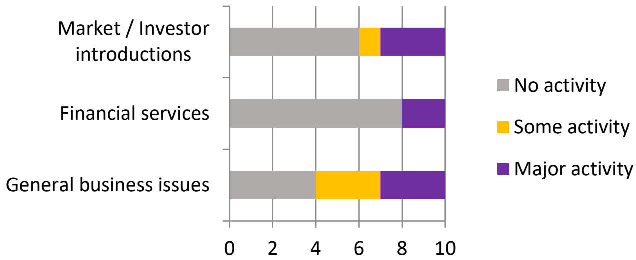
Part 2 – Priorities and challenges in delivering services to members

Services currently provided

Across the region the most common services provided are government relations and stakeholder engagement closely followed by public affairs.

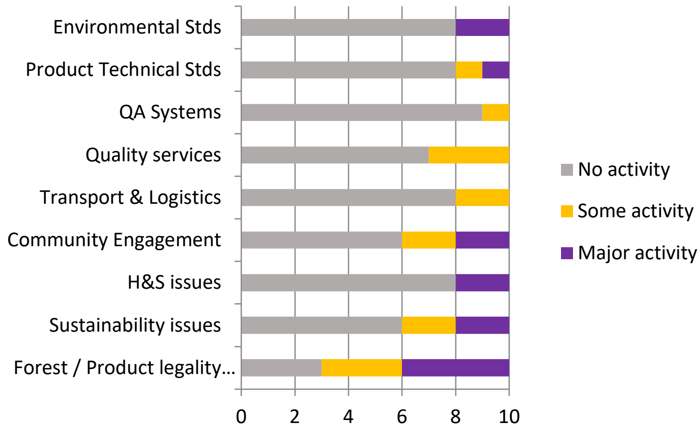
Business services provided

The associations typically do not regard provision of business services, such as market introduction, financial services as major activities. Support for general business issues features as an activity for more than half of the associations.



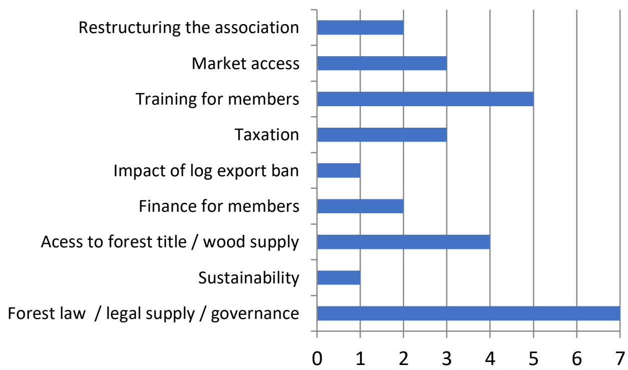
Technical services provided

The associations offer a wide range of technical services. The most common services offered are those relating to forest or product legality, followed by quality services, sustainability (usually certification related) and community engagement.



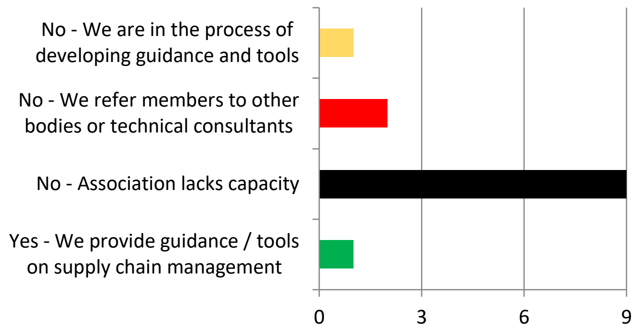
Priorities for service provision

The current top priorities for the associations in terms of services offered are dominated by issues relating to forest governance, changing forest legislation and the availability of "legal" wood. A related priority is the need for access to forest and wood supply. Other key issues mentioned include the need to provide more training to members and support for accessing new markets. Reducing the administrative burden of fees and taxes is another important set of concerns. Two associations also stressed their need to restructure themselves to better meet the needs of their members.



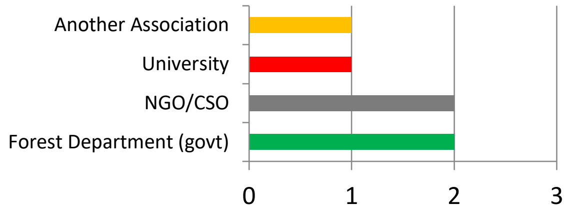
Supply chain management support

Only one association (with the largest operational budget) provides technical support for supply chain management issues – primarily to support exports to Europe and compliance with the EU Timber Regulation.



Technical support – external partners

When referring to external agencies the most commonly used external partners are NGOs and civil society organisations and Government agencies and departments.



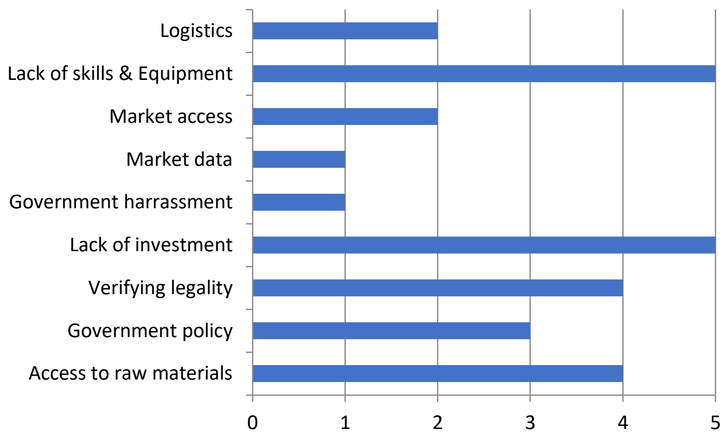
Part 3 – Challenges faced by membership (particularly SMEs)

Top challenges for members

The main challenge for members of the associations is a combination of a lack of investment and a shortage of skills and suitable equipment to profitably exploit the resource.

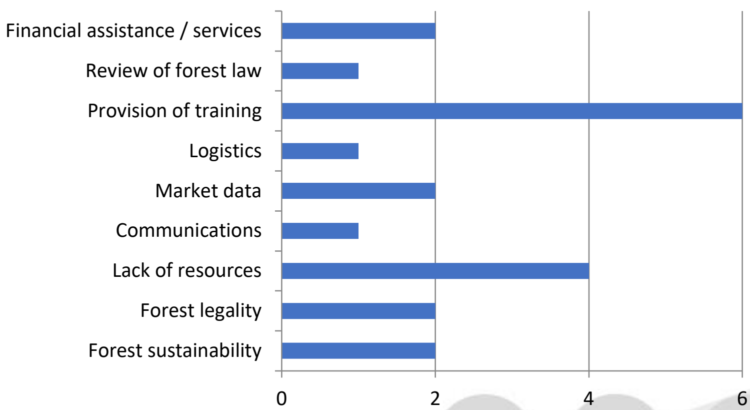
Inability to verify legality of the material for key export markets and difficulty in accessing raw materials are also of wide concern.

Government policy and legislative changes were also identified as a major concern.



Challenges in delivering current services

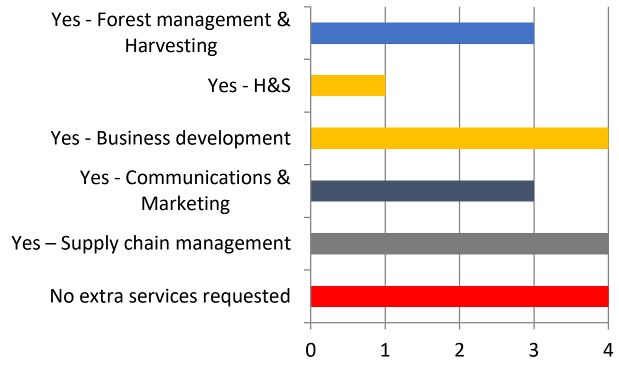
The most challenging areas for the association are dominated by their limited ability to provide training that their members request due to a lack of resources and often due to a lack of information.



Training needs

Training needs identified were dominated by supply chain management, general business development skills, forest harvesting and management and communications.

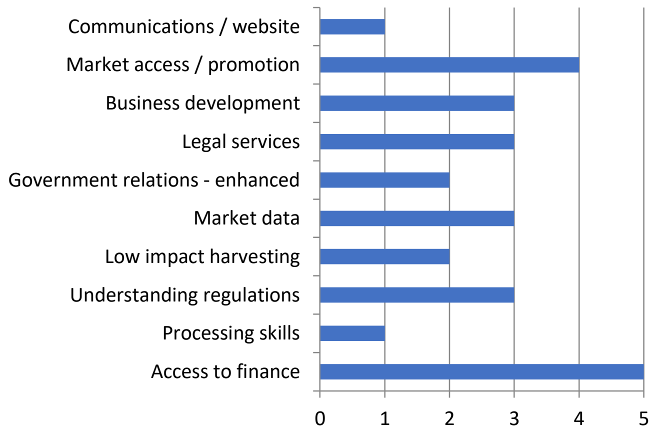
Currently where training services are offered it is either charged as a separate one-off cost or it is free and the costs are covered by donor agency funding.



Additional services the associations would like to deliver

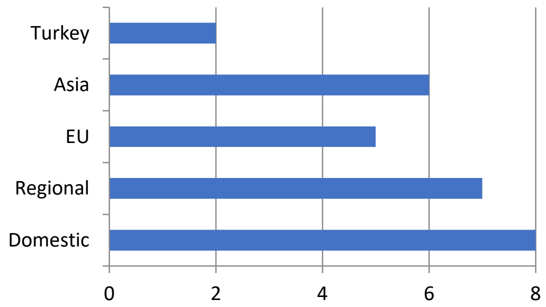
The associations have no shortage of ideas as to additional services that are needed by their members.

The two most desirable new services include the provision of access to finance and services relating to marketing or market access.



Main markets

The associations' members predominately trade in their own domestic markets. Regional exports and exports to Asia (predominately China) are the other dominant markets.



Target markets

The majority of association members see the EU and USA markets as new potential markets to target.

Exports – challenging issues

To increase exports or to enter the markets that are targeted the main issues identified are:

- Lack of export market knowledge
- Lack of raw material
- EUTR compliance
- Species / Volume / Quality issues
- Demand for FSC

Part 4 – Analysis of domestic and regional markets

Sourcing

All of the associations surveyed stated that their members only sourced from domestic forest (i.e. there were no imports).

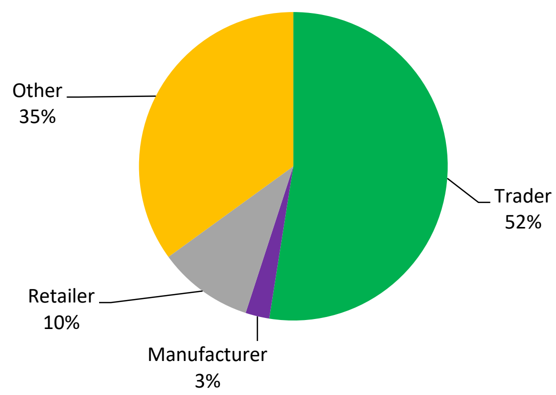
Exports – significance to members

Across the associations surveyed an average of 54% of their members were involved in export. Nine of the ten associations stated that some members export, the lowest estimating 10%, the highest estimating 95% of all trade being exports.

Customer profile

The profile of the customers for the memberships varies widely. Across the ten countries traders represent the major market.

The "other" category primarily consists of local markets.



Part 5 – Analysis of international market and customer needs including legality and sustainability aspects

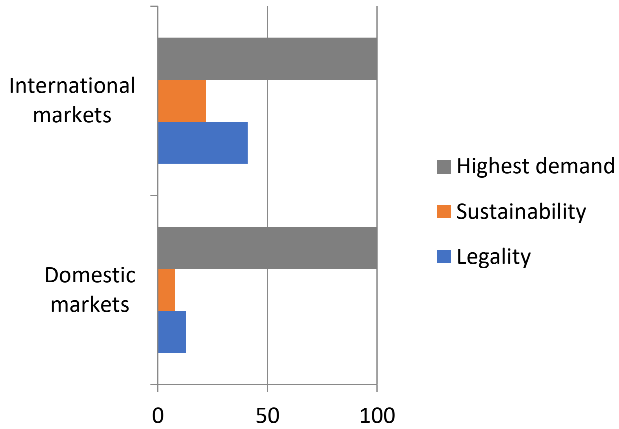
Legality – level of demand from international and domestic markets

For those associations who have members that export, the demand for and questions around legality are not that frequent. The only market mentioned by name was the EU countries.

The level of demand from domestic markets for legal timber was estimated at a very low level by the respondents. Those that recorded any demand estimated the level at one third of the level of demand from international markets (on a scale ranging from zero – no demand: to 100 – frequent demand).

Sustainability – level of demand from international and domestic markets

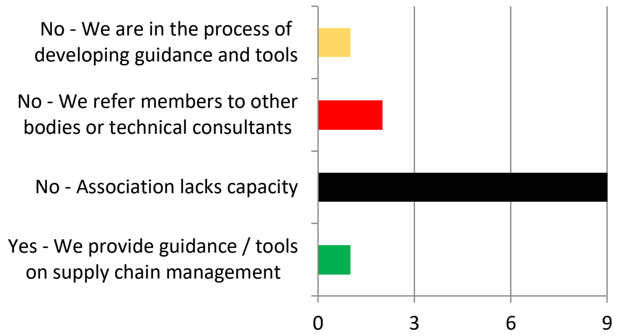
For those associations who have members that export, the demand for and questions around sustainability are not that frequent. The only markets mentioned by name were the European Union countries and USA.



Supply chain management support – availability

Of the 10 associations surveyed only one provides support for supply chain management to their members.

Two of the associations refer their members to technical bodies or consultants. One association is considering developing a training offer.

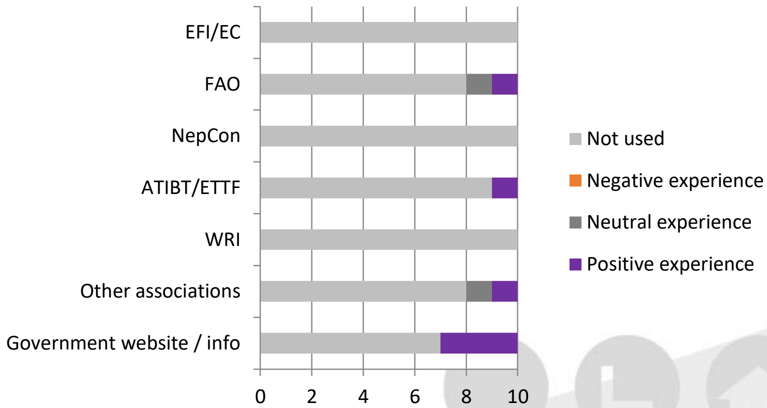


Supply chain management support – risk assessment provision

One of the associations surveyed has developed risk profiles for their membership.

Supply chain management support – risk mitigation advice

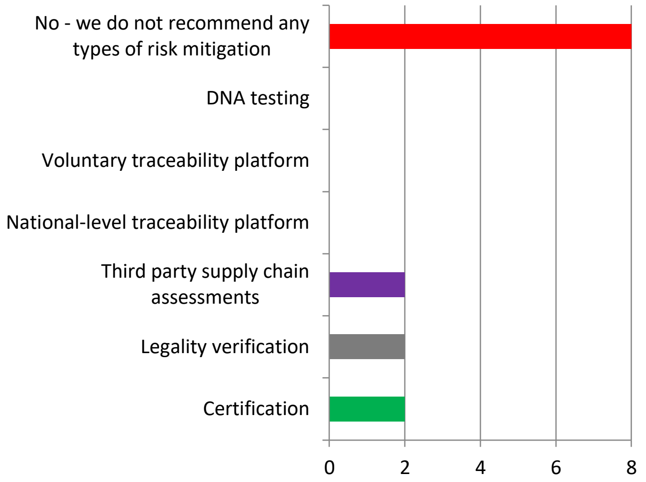
The main sources of external information to provide guidance on risk mitigation were through domestic government sources, FAO



and other associations. In most situations the associations do not refer their members to outside bodies.

Types of risk mitigation recommended to members

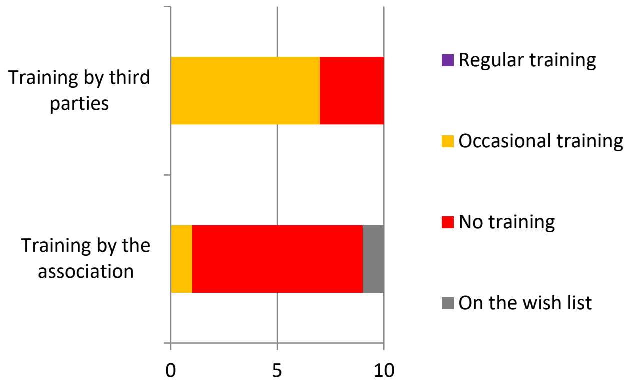
Only two associations recommend any specific forms of risk mitigation to their members.



Supply chain management support – training offered

Most associations offer occasional supply chain management training to their members. This training is almost exclusively offered via third parties and is *ad-hoc* (not part of a routine programme of training).

In the main they would prefer to offer the training themselves rather than using third parties.



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