



Factsheet

New forests: Leveraging Public Private Partnerships (PPPs) for Enhancement of the Ghanaian Forest Products Sector

Introduction and background

- Public Private Partnerships (PPPs) are joint public-private strategic investment models for enhancing various sectors of economies worldwide
- In Africa PPPs have the potential to leverage the development of the forest products sector where national governments are often constrained with resources for effective governance and development
- Knowledge on varied PPP experiences across the African continent remain insufficiently documented to guide policy decisions and practice
- This fact sheet gives a summary of results from an analysis of the forestry PPPs and their contribution to the development of the forest products sector in Ghana

Understanding the context: Forestry and PPPs in Ghana

Forestry, a key sector of the Ghanaian economy, contributes 2-6% of the national GDP and provides livelihood support to 15% (3.6million) of the Ghanaian population. Extensive agriculture, mining, logging and fuelwood exploitation have contributed significantly to depletion of forest cover in Ghana. The annual deforestation rate is estimated at about 2% (FAO, 2010), one of the highest in the world. By 2009, direct fiscal aid amounting to USD 643 million had been invested by development partners in support of sustainable forest management in Ghana (Beeko, *et al.*, 2014). Raw material supply to the timber industry, the fourth foreign exchange earner in the country, has declined; with most forest products milling firms operating under capacity, and others gone out of business (Birinkorang *et al.*, 2014).

Public (government) and private (companies, communities and individuals) as separate entities have established forest plantations to address this shortfall in order to sustain the forest products enterprises and support livelihoods of forest dependent communities. By 2015, 260,000ha of forest plantations had been established; 64% and 36% by public and private sectors respectively, with increasing private sector involvement in recent times (Figure. 1).

Joint public-private partnerships have in the past been engaged for concession bid logging in natural forests and large-scale timber milling. New models have emerged recently for large-scale forest plantation development (i.e. primary production) in government degraded forest reserves and on community lands off reserves.

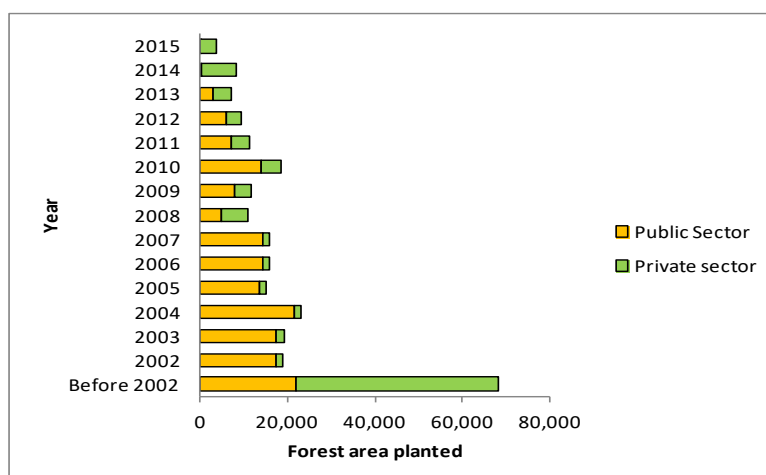


Figure 1: Trends in forest area planting by public and private sectors

Emerging Models in Ghanaian Primary Forest Production

Three distinct models were identified from study results. The models and contractual arrangements are as follows:

1. Government – Company

- *The Forestry Commission (FC) representing Ghana Government releases land in degraded forest reserves to private commercial developers/companies (as sole investor) on Lease Based and Benefit Sharing Agreements (LBAs/BSAs) from 1999-2014.*
- *Over 330 private firms engaged in 7 kinds of arrangements.*
- *128 LBAs/BSAs signed between FC and investors.*
- *Investor pays ground rent of \$2/ha/yr and earns 80-90% of the total proceeds from the plantation; FC, landowner (traditional authority) and community earn 10-20%.*
- *Investor negotiates and grant development amenities to local communities through a Social Responsibility Agreement (SRA).*

2. Government – Community

- *FC supports forest fringe farm households with inputs to restore degraded forest reserves in a taungya system.*
- *Households integrate food crops till canopy closure in 3 years.*
- *Households benefit from food and 40% shares of Standing Tree Value (STV) on signing a benefit sharing agreement.*
- *FC, traditional authority and forest communities earn 40%, 15% and 5% respectively from the STV.*

3. Company-Community

- *Communities release degraded land in off-reserve to company or investor for commercial plantation under various negotiations.*
- *Company engages local youth as paid labourers and provides SRA for local area development.*

Contribution of PPP to forest product sector development

In addition to providing timber for industry and jobs for local people, including women, some of the primary forest production models are also targeted at trading stocks on the carbon market. Over 185, 200 ha of degraded forest land to be restored; 16,070 ha planted by 2016; up to 1000 staff could be employed per company; 17,000 metric tons of food produced from 2012-2014, access to land for food and tree assets by the landless including women via the taungya system.

Best practice PPP models

Government – company models are more inclusive, often large scale, and hold good potential for providing jobs to the youth and women, extra incomes for farm families; and support local area development through provision of priority facilities including safe water, schools, hospitals, roads, markets, etc. for remote communities.



Private teak forest in Ghana

Gender involvement in forestry PPPs



- Local women in large scale nursery production
- Men in nursery and other routine plantation establishment and protection activities
- Male and female skilled technical staff are recruited to provide supervisory roles

Challenges

Major constraints to effective execution of the models include

- No distinct policy or legislative instrument for engagement of PPPs in forestry exists;
- Bureaucratic procedures increase transaction costs for land acquisition and documentation;
- Illegal logging and seasonal wildfires are threats to reducing stand volume and quality; as well as leakages particularly for plantations targeted at carbon trading. Strategies to contain these increase investment costs.

KEY MESSAGES

- One million ha of degraded land is identified in Ghana for restoration over 25 years (2016-2040), offering opportunities for increased PPPs in primary forest production.
- Potential exists for both primary and secondary forest production for pulp and paper, plantation-based construction grade timber and fibre supply, wood-based bio-energy products, plant medicine, seed and nuts for oils, among others.
- Comprehensive evaluation of existing PPPs will be necessary to identify more potentials, as well as shortfalls for redress. Private sector investments in forest plantation PPPs are increasing. Hence, government has to streamline forest sector PPPs modalities to facilitate more productive engagement
- Standard procedures, Legislative Instruments or sector specific policies for forestry PPPs required

References

- Beeko, C. Oduro, K. A. and Obeng, E. A. 2014. Development assistance in the forestry sector: Impacts over the last two decades and implications for the future. Thematic report, Growing Forest Partnerships. www.growingforestpartnerships.org
- Birikorang, G., Marfo, E., Kyere, B. and Obiri, D.B. 2014. Scenario and cost benefit analysis of proposed policy options for the supply of legal timber to the domestic market, Tropenbos International, Wageningen, the Netherlands, 176 pp
- FAO, 2010. Global forest resources assessment: progress towards sustainable forest management. FAO Rome
- Obiri, D.B., Oduro, K. A., Acquah, S B. and Nutakor E. 2017. Strengthening sustainable forest management in Africa: *Public and private sector development on forest products industry in Ghana*. Research Report. African Forest Forum, Kenya. 67pp

For more information, contact:

The Executive Secretary,
African Forest Forum (AFF)
United Nations Avenue, Gigiri,
P.O. Box 30677-00100, Nairobi, Kenya
Phone: +254 20 722 4203, Fax: +254 20 722 4001
Email: exec.sec@afforum.org, Website: www.afforum.org