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# Ghana Timber Risk Mitigation Guide

## Timber



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# Ghana Timber Risk Mitigation Guide

NEPCon has evaluated the risk of illegality in Ghanaian timber supply chains across five categories:



Legal rights to harvest



Taxes and Fees



Timber harvesting regulations



Third party rights



Trade and transport

This Timber Risk Mitigation Guide provides advice on how to mitigate the risks identified.

## Timber source types and risks

There are five timber source types found in Ghana. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation. We have analysed the risks for these source types and found the risks differ between them.

- 1. Natural forest in forest reserves:** Natural forest within Ghana’s forest reserves (permanent forest estates). These forests are on stool/skin lands and owned by chiefs but vested in Ghana’s president and managed by the Forestry Commission.
- 2. Natural forest off forest reserve:** Natural forest outside of Ghana’s forest reserves, on land owned by chiefs, families, individuals, and public institutions.
- 3. Plantation in Forest Reserves:** Plantation within Ghana’s forest reserves (permanent forest estates). Plantations established by the Forestry Commission are managed by the Forestry Commission, whereas private plantations are under special benefit sharing arrangements with investors.

4. **Plantation off forest reserve:** Plantations outside forest reserves, on lands which may be owned by stool (community), family, individuals or public institutions. The plantations are privately managed, and the Forestry Commission conducts monitoring and issues the Plantation Production Certificate.
5. **Submerged forest:** Underwater forests, off reserve, on stool and family lands. Timber harvesting rights are granted by the Forestry Commission through underwater use rights and salvage permits.

## Map your supply chains

To effectively evaluate and mitigate risks in your supply chain, it is necessary for you to know where the source originates. This will allow you to determine your source type and mitigate the risks associated with that source type. As risks have been identified with all source types, supply chain mapping is necessary to further evaluate, specify and mitigate the risks.



The **Supply Chain Mapping Tool (DD-07)** can be used to record supply chain information at a detailed level.



The **Supplier Management Form (DD-04)** can be used to maintain a complete supply chain overview.



## Legal rights to harvest

The following two risks have been identified related to the legal rights to harvest in Ghana:

1. Risk that timber is harvested under permits which have been granted illegally  
NOTE: This is a complicated area in Ghana and relates to the state's administration and issuance of harvest rights, and whether it does this in compliance with the law.
2. Risk that forest reserves are not managed following approved management plans

Risk	Mitigation recommendations
<p>1. Risk that timber is harvested under permits which have been granted illegally</p> <p><i>The risk relates to all source types except for plantation off forest reserve</i></p>	<p><b>I. Review and verify documents</b></p> <p>a. Natural forest</p> <ol style="list-style-type: none"><li>i. Timber Utilization Contract (TUC) signed by the sector Minister and ratified by the Parliament of Ghana OR</li><li>ii. Salvage permit issued by the Chief Executive of the Forestry Commission of Ghana AND the following documents used for pre-qualification and bidding on the contracts:</li><li>iii. Certificate of Business Registration</li><li>iv. Proof of payment of forest levies</li><li>v. Tax and Social Security clearance certificates</li><li>vi. Timber Operational Specifications (TOS) covering social and environmental considerations.</li><li>vii. Timber harvest schedule for the area</li><li>viii. Performance Bond</li><li>ix. Reserve Bid</li><li>x. Management requirements and restrictions specific to the contract</li></ol> <p>b. Plantation</p> <ol style="list-style-type: none"><li>i. Entry Permit (for plantations in FRs managed by the FC) issued by the District Manager of FSD</li><li>ii. Land Lease or benefit sharing agreement</li></ol>

	<ul style="list-style-type: none"> <li>iii. Certificate of Business Registration from the Registrar General's Department</li> <li>iv. Tax Identification Number (TIN) and Tax Clearance Certificate from Ghana Revenue Authority</li> <li>v. Social Security and National Insurance Trust (SSNIT) Clearance Certificate</li> <li>c. Submerged forest             <ul style="list-style-type: none"> <li>i. Salvage permit</li> <li>ii. Business Registration Certificate</li> <li>iii. Written letter of consent from Land owners</li> <li>iv. Submerged forest use rights concession</li> </ul> </li> </ul> <p><b>II. Consult</b></p> <ul style="list-style-type: none"> <li>a. Forestry Commission and other stakeholders confirm that the application for the TUC went through the competitive bidding processes</li> <li>b. Forestry Commission and other stakeholders confirm land harvested under a salvage permit does not qualify for a TUC</li> </ul>
<p>2. Risk that forest reserves are not managed following approved management plans</p> <p><i>The risk relates to source types in forest reserves and submerged forest</i></p>	<p><b>I. Review and verify documents;</b></p> <ul style="list-style-type: none"> <li>a. Natural forest             <ul style="list-style-type: none"> <li>i. Map of the concession/permit area</li> <li>ii. Coupes/harvesting schedule or blocks approved by the Forestry Commission of Ghana</li> <li>iii. Pre-harvest inspection reports</li> <li>iv. Yield for Timber Utilisation Contract, or yield marking for salvage permit approved by the Forestry Commission</li> <li>v. Compartment Harvesting plan approved by the Forestry Commission</li> <li>vi. Signed Social Responsibility Agreement (SRA) with forest fringe communities</li> </ul> </li> <li>b. Plantation             <ul style="list-style-type: none"> <li>i. Map of the plantation</li> <li>ii. Plantation development plan</li> <li>iii. Signed SRA</li> </ul> </li> <li>c. Submerged forest             <ul style="list-style-type: none"> <li>i. Blocking report</li> <li>ii. List of potentially harvestable tree species</li> <li>iii. Extraction plans for underwater logging (specifying extraction methodology and providing space to serve as terrestrial log yards or similar provisions for temporal log storage)</li> <li>iv. Maps of delineated or blocked area</li> <li>v. Signed SRA with forest fringe communities</li> </ul> </li> </ul>



## Taxes and Fees

The following three risks have been identified related to the taxes and fees in Ghana:

1. Risk that royalties and harvesting fees are reduced by underreporting harvest volumes
2. Risk that companies do not settle their timber rights fees on time
3. Risk that social responsibility agreements with communities or landowners may not be fulfilled (see risk for third parties' rights)

Risk	Mitigation recommendations
1. Risk that royalties and harvesting fees are reduced by underreporting harvest volumes	See 'Trade and transport', below.
2. Risk that companies do not settle their timber rights fees on time  <i>Risk relates to forest reserve and off reserve areas, including plantations, but do not apply to private plantations</i>	<b>I. Review and verify documents;</b> <ol style="list-style-type: none"> <li>a. Debit notice and certificate of payments: payment records shall show that payments were made within the specified time</li> <li>b. Collection note or deposit signed by the contractor</li> <li>c. Deposit slip for the implementation tax and the annual compensatory tax payable at the latest by 30 June of each year</li> <li>d. Deposit slip and harvesting tax payable by the forestry company, at the rate of 1.25% per m<sup>3</sup> of the value of the species</li> <li>e. FC receipts of stumpage/Bill payment</li> <li>f. Logger's Forestry Commission Statement Account</li> <li>g. Acknowledgement of Social Obligation Compliance</li> </ol>

	h. Receipts of payments for any arrangement contained in the submerged forest concession agreement
3. Risk that social responsibility agreements with communities or landowners may not be fulfilled	See 'Third Parties' Rights', below.



## Timber harvesting regulations

The following eight risks have been identified related to the timber harvesting regulations in Ghana:

1. Risk that the harvested volume exceeds the approved yield
2. Risk that harvesting regulations set out in the "Logging Manual" and "Key Standards for Logging in the High Forest Zone" are not implemented
3. Risk that protected species are illegally harvested through the abuse of salvage permits
4. Risk that protected areas are illegally harvested
5. Risk that companies operate without a required Environmental permit
6. Risk that safety equipment is provided to or used by workers
7. Risk that the terms of the collective bargaining agreements are not met by companies
8. Risk that workers do not have contracts and obligatory insurance

Risk	Mitigation recommendations
1. Risk that the harvested volume	I. <b>Review and verify documents;</b>



<p>exceeds the approved yield</p>	<ul style="list-style-type: none"> <li>a. Yield (list of individual trees in natural forest in forest reserve granted for harvesting) or allowable cut (quantities or volume allowed for harvest in plantations, natural forest harvest with a salvage permit or natural forest off-reserve), issued by the Forestry Commission</li> <li>b. Yield map for on-reserve harvesting, showing the concession area and approved trees for harvesting, and other features like slopes and water bodies.</li> <li>c. Tree Information Form (TIF) containing the markings and dimensions of each felled tree (natural forest)</li> <li>d. Log Information Form (LIF) for logs derived from each tree (natural forest)</li> <li>e. Plantation Production Certificate (PPC) (for plantations, instead of TIF and LIF)</li> </ul> <p>Information on TIF, LIF and PPC should be consistent with the approved yield or yield markings</p> <p><b>II. Onsite verification:</b></p> <ul style="list-style-type: none"> <li>a. Confirm that only trees given in the yield are harvested</li> </ul>
<p>2. Risk that harvesting regulations set out in the “Logging Manual” and “Key Standards for Logging in the High Forest Zone” are not implemented</p>	<p><b>I. Review and verify documents</b></p> <ul style="list-style-type: none"> <li>a. Logging plan (outlining proposed trucking and hauling routes as well as log yards taking into consideration fine grained areas), which is approved by the Forestry Commission and available onsite during felling operations.</li> <li>b. In the case of on-reserve operations, a post-harvest check is conducted by the Forest Services Department of the Forestry Commission to verify compliance with harvesting regulations. If operations comply with the relevant harvesting regulations, a compartment closure certificate is issued.</li> </ul> <p><b>II. Consult</b></p> <ul style="list-style-type: none"> <li>a. The Forest Services Department of the Forestry Commission on records of harvesting offences committed by loggers are maintained in offence registers at various Forest Services Department offices</li> </ul> <p><b>III. Onsite verification</b></p> <ul style="list-style-type: none"> <li>a. Confirm that logging activities follow the logging plan, “Logging Manual”, and “Key Standards for Logging in the High Forest Zone”</li> </ul>
<p>3. Risk that protected species are illegally harvested through</p>	<p><b>I. Review and verify documents</b></p> <ul style="list-style-type: none"> <li>a. Special permit for harvesting Restricted timber species, issued by the Forestry Commission for the defined harvesting unit.</li> </ul>

the abuse of salvage permits	
4. Risk that protected areas are illegally harvested	<p><b>I. Review and verify documents</b></p> <ul style="list-style-type: none"> <li>a. Approved harvesting schedule/blocking that excludes large Protected areas (referred to as "coarse grain" protection (e.g. Provenance areas, Globally Significant Biodiversity Areas, etc.) must be available to the logger and the Forest Services Department of the Forestry Commission.</li> <li>b. The forest logger must possess forest progress maps or TUC area map showing locations of large protected areas within a Forest Management Unit or defined forest area.</li> <li>c. Yield maps indicating locations of fine grain protection areas (All trees in fine-grained areas are required to be exempted) must be available from the logger onsite</li> </ul> <p><b>II. Onsite verification</b></p> <ul style="list-style-type: none"> <li>a. Confirm that that protected areas are not harvested</li> </ul>
5. Risk that companies operate without a required Environmental permit	<p><b>I. Review and verify documents;</b></p> <ul style="list-style-type: none"> <li>a. Environmental Permit</li> <li>b. Environmental Impact Assessment (required if logging includes conversion of hill forest land to other land use, logging or conversion of forest land to other land use within the catchment area of reservoirs used for water supply, irrigation or hydro-power generation or in areas adjacent to forest, wildlife reserves, and conversion of wetlands for industrial, housing or agricultural use) Note: While the EPA requirements are clear, it has so far not been applied in normal forestry operations (i.e., Environmental Permits and EIA are not conducted). This is mainly because the forestry planning and management requirements are considered sufficient to meet the EPA requirement. There is therefore some unwritten gentleman agreement between the FC and EPA.</li> </ul> <p><b>II. Consult</b></p> <ul style="list-style-type: none"> <li>a. The Forestry Commission and the Environmental Protection Agency confirm whether an Environmental Permit or Environmental Impact Assessment is or is not required.</li> </ul>
6. Risk that safety equipment is provided to or used by workers	<p><b>I. Review and verify documents;</b></p> <ul style="list-style-type: none"> <li>a. National Health Insurance Scheme (NHIS) identity cards of workers for registered persons on the NHIS.</li> <li>b. Records that demonstrate that all employees are registered under the NHIS</li> <li>c. Training records that demonstrate that adequate health and safety training have been given to employees and contractors consistent with the risk associated with their responsibilities.</li> </ul>

	<ul style="list-style-type: none"> <li>d. Valid certificate of registration from the Department of Factory Inspectorate for timber processing activities</li> <li>e. Periodic industrial hygiene inspection reports issued by the Department of Factory Inspectorate must be available. The timber operator must have evidence to demonstrate that observations raised in these reports are addressed</li> <li>f. Records on compensations that demonstrate that the workmen compensation law is consistently implemented in events of accident, death or injury of an employee arising from work</li> </ul> <p><b>II. Consult</b></p> <ul style="list-style-type: none"> <li>a. Workers to confirm that: <ul style="list-style-type: none"> <li>i. health facilities are available to employees and contractors</li> <li>ii. safe working environment and personal protective equipment are provided</li> <li>iii. employees are registered on the NHIS</li> </ul> </li> <li>b. National Health Insurance Agency confirms that workers are registered on the National Health Insurance Scheme</li> </ul> <p><b>III. Onsite verification:</b></p> <ul style="list-style-type: none"> <li>a. Confirm that health facilities are available to employees and contractors</li> <li>b. Confirm that safe working environment and personal protective equipment are provided</li> </ul>
<p>7. Risk that the terms of the collective bargaining agreements are not met by companies</p>	<p><b>I. Review and verify documents;</b></p> <ul style="list-style-type: none"> <li>a. Employment contracts of employees</li> <li>b. A binding Collective Bargaining Agreement (CBA) signed between the employer and the local workers' union, specifying the condition of employment (including employer and employee responsibilities, wages, leave, etc.)</li> <li>c. Records that demonstrate that casual workers who have worked for more than 6 months continuously are made permanent staff and are given a formal contract</li> </ul> <p>Employee contracts and conditions of service shall be consistent with the regulations of the CBA</p> <p><b>II. Consult</b></p> <ul style="list-style-type: none"> <li>c. Workers' union and employees confirm that the terms of the collective bargaining agreements are met by companies</li> </ul>
<p>8. Risk that workers do not have</p>	<p><b>I. Review and verify documents;</b></p> <ul style="list-style-type: none"> <li>a. Social security numbers of permanent employees</li> </ul>

contracts and obligatory insurance

b. Receipts for Staff Social Security and National Insurance Trust (SSNIT) contribution payments, issued by SSNIT

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a. Employees on whether they have contracts and are provided with insurance



## Third party rights

The following three risks have been identified related to third party rights in Ghana:

1. Risk that Social Responsibility Agreements (SRAs) between timber operators and adjacent forest-fringe communities are not implemented, with operators not paying communities the amounts owed to them (5% of the stumpage fees), or at all
2. Risk that compensation paid to farmers or landowners in off reserve areas is below legally required levels
3. Risk that trees, species and volumes are mis-classified, both during harvesting and enumeration, to reduce the fees payable to local communities through SRAs (See risk for trade and transport, below)

Risk	Mitigation recommendations
1. Risk that Social Responsibility Agreements (SRAs) between timber operators and adjacent forest-fringe communities are not implemented, with operators not	<p><b>I. Review and verify documents;</b></p> <ol style="list-style-type: none"> <li>a. Signed social responsibility agreement (SRA) between timber operator and eligible forest fringed communities (copies of this agreement should be available from timber operator, forest fringe community and the relevant FSD)</li> <li>b. Records of SRA payments (should be maintained by the timber operator and should also be available to the community)</li> </ol> <p>The value of payments made by the timber operator to relevant local communities this support shall not be less than 5% of the stumpage value of timber harvested from the defined forest area</p> <p><b>II. Consult</b></p>

<p>paying communities the amounts owed to them (5% of the stumpage fees), or at all</p> <p><b><i>Risk relates to all source types</i></b></p>	<p>a. Neighbours, local communities, landowners and other stakeholders confirm that SRA payments are made and are not be less than 5% of the stumpage value of timber harvested from the defined forest area.</p>
<p>2. Risk that compensation paid to farmers or landowners in off reserve areas is below legally required levels</p> <p><b><i>Risk relates to all source types</i></b></p>	<p><b>I. Review and verify documents;</b></p> <p>a. Signed social responsibility agreement (SRA) between timber operator and eligible forest fringed communities (copies of this agreement should be available from timber operator, forest fringe community and the relevant FSD)</p> <p>b. Records of compensation payments for damaged farms, crops or local infrastructure should be maintained by the operator</p> <p><b>II. Consult</b></p> <p>a. Neighbours, local communities, landowners and other stakeholders confirm SRA payments are made and compensation paid for damaged farms, crops or local infrastructure</p>
<p>3. Risk that trees, species and volumes are misclassified, both during harvesting and enumeration, to reduce the fees payable to local communities through SRAs (See risk for trade and transport, below)</p>	<p>See 'Trade and transport', below.</p>



## Trade and transport

The following four risks have been identified related to trade and transport in Ghana:

1. Risk that species is incorrectly identified or classified during enumeration and that lower value species are substituted with closely related high value species
2. Risk that harvested volumes are under-reported
3. Risk that stock numbers of approved trees are repeated in order to harvest more trees outside the yield
4. Risk that salvage permits for rosewood (a CITES species) that has already been felled are abused to harvest standing trees not covered by the permits

Risk	Mitigation recommendations
1. Risk that species is incorrectly identified or classified during enumeration and that lower value species are substituted with closely related high value species	<p><b>I. Review and verify documents;</b></p> <ol style="list-style-type: none"> <li>a. Stock summaries that classify species, quantity, and diameter at breast height (DBH) (from the Forest Services Division of the Forestry Commission). For underwater harvesting, pre-harvest inspection summaries, instead of stock summaries, must be available from logger and the Forest Services Division of the Forestry Commission.</li> <li>b. A yield summary that classifies species, quantities, and DBH</li> <li>c. Tree Information Form (TIF)</li> <li>d. Log Information Form (LIF)</li> <li>e. Plantation Production Certificate (PPC)</li> </ol> <p><b>II. Onsite verification</b></p> <ol style="list-style-type: none"> <li>a. Verify that species in all above documents match, and are the species that are harvested and transported.</li> </ol>
2. Risk that harvested volumes are under-reported	<p><b>I. Review and verify documents;</b></p> <ol style="list-style-type: none"> <li>a. Stock summaries that classify species, quantity, and diameter at breast height (DBH) (from the Forest Services Division of the Forestry Commission). For underwater harvesting, pre-harvest</li> </ol>

	<p>inspection summaries, instead of stock summaries, must be available from logger and the Forest Services Division of the Forestry Commission.</p> <ul style="list-style-type: none"> <li>b. A yield summary that classifies species, quantities, and DBH.</li> <li>c. Yield formulae applied to each species based on the species star rating (Reduced formulae used for scarlet star species) (from the Forestry Commission)</li> <li>d. Tree Information Form (TIF)</li> <li>e. Log Information Form (LIF)</li> <li>f. Plantation Production Certificate (PPC)</li> </ul> <p><b>II. Onsite verification:</b></p> <ul style="list-style-type: none"> <li>a. Verify that the harvested volume matches the approved yield and reported harvest volume</li> </ul>
<p>3. Risk that stock numbers of approved trees are repeated in order to harvest more trees outside the yield</p>	<p><b>I. Review and verify documents;</b></p> <ul style="list-style-type: none"> <li>a. Natural forest <ul style="list-style-type: none"> <li>i. Yield / Markings approved by Forestry Commission</li> <li>ii. Tree Information Form (TIF)</li> <li>iii. Log Information Form (LIF)</li> </ul> </li> <li>b. Plantation <ul style="list-style-type: none"> <li>i. Plantation Production Certificate (PPC)</li> </ul> </li> </ul> <p><b>II. Onsite verification:</b></p> <ul style="list-style-type: none"> <li>a. Verify that only approved trees are harvested and that the harvested volume matches the approved yield</li> </ul>
<p>4. Risk that salvage permits for rosewood (a CITES species) that has already been felled are abused to harvest standing trees not covered by the permits</p> <p><i>Risk relates to all source types</i></p>	<p><b>I. Review and verify documents</b></p> <ul style="list-style-type: none"> <li>a. A TIDD-approved contract covering products produced from all species (including CITES species) to be shipped</li> <li>b. TIDD Export permit</li> <li>c. CITES export permit, approved by the Wildlife Department of the Forestry Commission</li> </ul>

## About

# Supporting Legal Timber Trade

Supporting Legal Timber Trade is a joint initiative run by NEPCon with the aim of supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The joint initiative is funded by the LIFE Programme of the European Union and UK Aid from the UK Government.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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