



# DISTRICT ASSEMBLY USE OF TIMBER ROYALTIES IN GHANA



**Civic  
Response**

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Civic Response is a natural resources and people's rights organization working to entrench rights of people and seeks particularly, to advance the rights of communities that depend on forest resources for their livelihood. Civic Response has been and continues to be a major stakeholder in the negotiation and implementation of the Voluntary Partnership Agreement (VPA) which is part of the EU's Forest Law Enforcement, Governance and Trade Action Plan (FLEGT-AP). It has also been part of the REDD+ discussions in Ghana.

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**Cover Photo:** Truck loaded with rainforest timber, Atobiase, Ghana. Getty Images

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## Disclaimer

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# ABBREVIATIONS

<b>CSO</b>	Civil Society Organisation
<b>DA</b>	District Assembly
<b>DO</b>	District Officers (Planning Officer, Budget Officer, Accountant)
<b>FC</b>	Forestry Commission
<b>LI</b>	Legal Instrument, a form of regulation in Ghana
<b>MLF</b>	Ministry of Lands and Forests (previous to Ministry of Lands and Natural Resources)
<b>OASL</b>	Office for the Administration of Stool Lands (under the Ministry of Lands and Natural Resources)

# 1. INTRODUCTION

Forest concessions are based on the premise that a country can afford to lose some forest – that may or may not be replaced through genuinely sustainable forest management – provided the proceeds are used for the economic development of the country whilst also ensuring positive social and environmental benefits.

*The policy aims at the conservation and sustainable development of forest and wildlife resources for the maintenance of environmental stability and continuous flow of optimum benefits from the socio-cultural and economic goods and services that the forest environment provides to the present and future generations whilst fulfilling Ghana's commitments under international agreements and conventions. — Ghana's 2012 Forest Policy statement<sup>1</sup>*

As in many forest-rich countries in West and Central Africa, Ghana has adopted the timber royalties mechanism as one way to achieve this. By taking concession areas out of public control and leasing them to private contractors, wealth generated from subsequent logging should, by rights, be shared. In Ghana there is a particularly strong legal and customary sense that the forest owners are local communities, as represented by their traditional leadership structures, or stools.<sup>2</sup> The Constitution of the Republic of Ghana expounds this right by detailing the redistribution of timber royalties to the Office for the Administration of Stool Lands (OASL), the relevant Stool, Traditional Authority, and District Assembly (DA; see Section 3 for further details).

This study examines one aspect of this redistribution, that to DAs. The purpose of the study is to contribute to improving the use of forest royalties for the development of Ghana. The study assesses the current situation in a selection of Districts and makes recommendations from this evidence to those involved in the distribution to and management of DA timber royalties. In particular it identifies governance failures and discusses how transparency and accountability might be strengthened.

The study forms part of the Forest Governance Monitoring System developed by Civic Response under the EU- and DFID-project Tackling deforestation through linking REDD+ and FLEGT.<sup>3</sup> The Forest Governance Monitoring System was outlined in 2015 as a methodology to “generate the needed evidence or information for advocacy for greater accountability, transparency and participation of local communities in forest decision making”.<sup>4</sup> In its review of sector governance, it notes that: “Poor accountability in the District Assembly system makes the revenue going to District Assemblies less efficient and untraceable.”<sup>5</sup> This study therefore seeks to test this assertion and provide an evidence base for the steps required to overcome “inequity in benefit sharing from the forest sector [that] contributes to poverty and illegal logging.”<sup>6</sup>

The study also hopes to make a contribution to the FLEGT initiative, in particular impact monitoring of the VPA, by highlighting some issues regarding how the level of royalties generated, and therefore the proportion that forest resource owners should benefit from for their local social and economic development, continues to fall in real terms.

<sup>1</sup> Ministry of Lands and Natural Resources, 2011, Ghana Forest and Wildlife Policy, p.10;

<http://theredddesk.org/sites/default/files/Revised%20Forest%20and%20Wildlife%20Policy.pdf>.

<sup>2</sup> Constitution of the Republic of Ghana, 1992, Article 267; [www.politicsresources.net/docs/ghanaconst.pdf](http://www.politicsresources.net/docs/ghanaconst.pdf). The 1927 Forest Ordinance adds “the ownership of land within a proposed forest reserve shall not be altered by its constitution as a forest reserve”, Clause 17(1). <http://faolex.fao.org/docs/pdf/gha40761.pdf>.

<sup>3</sup> Tackling deforestation through linking REDD+ and FLEGT is a three-year project from March 2013 to March 2017 coordinated by Fern ([www.fern.org](http://www.fern.org)). It operates in Cameroon, Liberia, and the Republic of Congo as well as Ghana, where Civic Response are the lead implementing organisation (<http://loggingoff.info/countries/ghana/>). The project is mainly funded by the European Union Programme for Environment and Sustainable Management of Natural Resources including Energy (ENTRP) Priority 1/Lot 1: Climate Change mitigation.

<sup>4</sup> Civic Response, 2015, Forest Governance Monitoring System, p.2;

<sup>5</sup> Civic Response, 2015, Forest Governance Monitoring System, p.11;

<sup>6</sup> Civic Response, 2015, Forest Governance Monitoring System, p.10;

## 2. METHODOLOGY

The study selected 16 DAs in four Regions (see Table 1), and was primarily conducted through semi-structured interviews with District Officers (DO), DA members and/or District representatives of the OASL. Three target Districts did not yield any response, and another was substituted due to the location of the District Forest Office (see Annex 1 for details). Thus, 14 Districts were included in the final survey, where Forest Watch Ghana member Civil Society Organisations (CSOs) conducted a total of 23 interviews with individuals or small groups. The questions used as the basis for the interviews are in Annex 1.

Selection was on the basis of purposive sampling. The Regions, and the Districts within them, were chosen for a combination of two reasons, the relatively high level of logging operations and the availability of Forest Watch CSOs to conduct the research. As Annex 3 demonstrates, the selected Districts, between them, cover some 52% of the forest royalties generated in that Region.

REGION	DISTRICT ASSEMBLIES
ASHANTI	<b>Bekwai Municipal</b> , Adansi North, <b>Amansie West</b> , and <b>Atwima Mponua</b> Districts
<b>BRONG AHAFO</b>	<b>Berekum Municipal</b> , Dormaa Municipal, <b>Asunafo North Municipal</b> and <b>Asunafo South</b> Districts
VOLTA	Biakoye, <b>Jasikan</b> , and <b>Kadjebi</b> Districts
WESTERN	<b>Wasa Amenfi Central</b> , Wasa Amenfi West, <b>Sefwi Wiawso</b> , Sefwi Akontombra, <b>Bia East</b> , and Juabeso <b>District</b>

**Table 1:** District Assemblies selected in the study. Those in bold are included in the final results.

Alongside the interviews, six years official Forestry Commission (FC) and OASL disbursement reports (covering 2010 to 2015) were analysed to determine total royalties received by each DA. Summary data from these reports are provided in the Annex 3.

In drafting the report, email correspondence with the relevant Forest Watch Ghana CSOs sought to gather further details and minimise misinterpretations. Finally the draft report was made available for validation by Forest Watch Ghana member CSOs.

## 3. LEGAL BASIS FOR ROYALTIES AND THEIR DISTRIBUTION

### 3.1 *Legal framework concerning collection and redistribution*

Within the forest sector, royalties are calculated on the basis of both the volume of timber cut (stumpage) and the annual ground rent for the logging concession, with the former representing over 97% and the latter not more than 2.5% of the total. The area rent is determined by law and is paid to the OASL,<sup>7</sup> whereas the stumpage is revised periodically by the Minister responsible for forests in consultation with stakeholders and is paid to the FC.<sup>8</sup>

Clause 267(6) of the 1992 Constitution of the Republic of Ghana is quite clear on the way royalties should be redistributed:

*Ten percent of the revenue accruing from stool lands shall be paid to the office of the Administrator of Stool Lands to cover administrative expenses; and the remaining revenue shall be disbursed in the following proportions-*

*(a) twenty-five percent to the stool through the traditional authority for the maintenance of the stool in keeping with its status;*

*(b) twenty percent to the traditional authority; and*

*(c) fifty-five percent to the District Assembly, within the area of authority of which the stool lands are situated.*<sup>9</sup>

The FC has superimposed on the Constitution a clause from the 1927 Forest Ordinance that “there shall be paid to the owner in the proportion decided by the Forestry Commission the whole of the gross yearly revenue of the forest reserve accruing under this Act, subject to the deduction of a sum of money not exceeding one third of the gross revenue as the Forestry Commission may reserve for expenditure on the improvement of the forest in the interest of the owner... Where the deduction is made the Forestry Commission shall render an account of its expenditure to the owner.”<sup>10</sup>

Hence, the constitutional distribution has been modified by the FC in that it claims 50% of the stumpage (but not the area rent) prior to the constitutional formula being applied. The FC describes this 50% as its 'management fee', and provides the following justifications:

*... under a special arrangement (memorandum of understanding-MoU) between FC and the OASL, the role and function of stumpage collection and disbursement has been ceded to the FC. Under the MoU, FC is authorized to retain a portion of the stumpage.*

*FC's share of stumpage payable is to cover cost incurred in the protection of the forest. FC's portion of the stumpage is to be applied to cover cost and expenses of staff remuneration, administration, operations and investment.*

*The existing scope of stumpage disbursement therefore stipulates that after the 10% administrative fee for OASL has been deducted, the remaining stumpage payable shall be shared by a 50/50 ratio between the FC and the other stakeholders.*<sup>11</sup>

The net effect of this modification is clearly seen when the percentages are presented side by side, as in **Table 2**.

PAID TO	IN THE CONSTITUTION	ACCORDING TO FC / OASL STATEMENT, C.2007	ACCORDING TO DISBURSEMENT REPORTS
The Forestry Commission		45%	50%
The office of the Administrator of Stool Lands	10%	10%	5%
	of the remainder:		
The relevant Stool	25%	11.25%	11.25%
The relevant Traditional Authority	20%	9%	9%
The relevant District Assembly	55%	24.75%	24.75%
<b>Total</b>		<b>100%</b>	<b>100%</b>

**Table 2:** Constitutional royalties redistribution formula, as modified for timber royalties by the FC

### 3.2 Framework for the management of royalties

There are no published guidelines on how each of the three beneficiary groups – District Assembly, Stool and Traditional Authority – should use their share of royalties. There are anecdotal reports (including mention by two interview respondents, see Section 4.3) of an attempt to write guidelines but that this was left in project documents and never finalised. No one in central FC or OASL offices contacted by the authors could say with certainty that a separate administrative document exists. Furthermore there is no Act or Legal Instrument (LI) stating that guidelines should be developed, and the Constitution and the OASL Act emphasise the disbursement formula but neither give the OASL any supervisory role.<sup>12</sup>

Whilst the stumpage and rent redistributed to the Stool and the Traditional Authority combined is often described as a 'Community share', it is in fact going to customary institutions, and the system of Social Responsibility Agreements has evolved to provide a share of the concessionaires income from logging directly to those communities affected by their operations.

<sup>7</sup> MLF, 2003, LI 1721 Timber Resources Management (Amendment) Regulations, 14 February 2003, Regulation 27 and Schedule 4. [www.fcghana.org/library\\_info.php?doc=48&publication:L.I.%201721%20Timber%20Resources%20Management%20\(Amendment\)%20](http://www.fcghana.org/library_info.php?doc=48&publication:L.I.%201721%20Timber%20Resources%20Management%20(Amendment)%20).

<sup>8</sup> LI 1721, Regulation 3, Clauses (1) and 21(3). FC in association with OASL, c.2007, New Procedures for Stumpage Collection and Disbursement; [www.fcghana.org/library\\_info.php?doc=55&publication:New%20Procedure%20for%20Stumpage%20Disbursement%20](http://www.fcghana.org/library_info.php?doc=55&publication:New%20Procedure%20for%20Stumpage%20Disbursement%20).

<sup>9</sup> Constitution of the Republic of Ghana, 1992, Article 267; [www.politicsresources.net/docs/ghanaconst.pdf](http://www.politicsresources.net/docs/ghanaconst.pdf).

<sup>10</sup> Gold Coast, 1927, Laws Ordinance Chapter 157; The Forests Ordinance, Clause 18(2), <http://faolex.fao.org/docs/pdf/gha40761.pdf>.

<sup>11</sup> FC in association with OASL, c.2007, New Procedures for Stumpage Collection and Disbursement;

[www.fcghana.org/library\\_info.php?doc=55&publication:New%20Procedure%20for%20Stumpage%20Disbursement%20](http://www.fcghana.org/library_info.php?doc=55&publication:New%20Procedure%20for%20Stumpage%20Disbursement%20).

<sup>12</sup> Constitution of the Republic of Ghana, 1992. Government of Ghana, 1994, Act 481, Office of the Administrator Of Stool Lands Act; <https://opencontentghana.files.wordpress.com/2013/11/office-of-the-administrator-of-stools-lands-act-1994-act-481.pdf>



## 4.0 FINDINGS

### 4.1 FC/OASL disbursement reports don't provide DAs a single number for their total income

Over the last six years logging operations in Ghana have generated about GH¢ 60 million (US\$ 26 million)<sup>13</sup> in royalties. In this total is disaggregated using the FC/OASL presentation in their six-monthly Disbursement Reports (as well as converted to US\$).

	Total		Other Stakeholder Share 50%		Other Stakeholder Share Total		10% Admin Charge (OASL)			
	GH¢(000)	US\$(000)	GH¢(000)	US\$(000)	GH¢(000)	US\$(000)	GH¢(000)	US\$(000)	GH¢(000)	US\$(000)
<b>Off-Reserve</b>										
Stump	20,300	8,500	10,150	4,250	10,150	4,250	10,500	4,440	1050	444
Rent	350	190	-	-	350	190				
<b>On-Reserve</b>										
Stump	38,500	16,300	19,250	8,150	19,250	8,150	19,820	8,420	1,982	842
Rent	570	270	-	-	570	270				
<b>Total</b>	<b>59,720</b>	<b>25,260</b>	<b>29,400</b>	<b>12,400</b>	<b>30,320</b>	<b>12,860</b>	<b>30,320</b>	<b>12,860</b>	<b>3,032</b>	<b>1,286</b>

**Figure 1: Total royalties redistribution for the period 2010 to 2015, presented as per the FC reports,<sup>14</sup> with US\$ equivalents.**

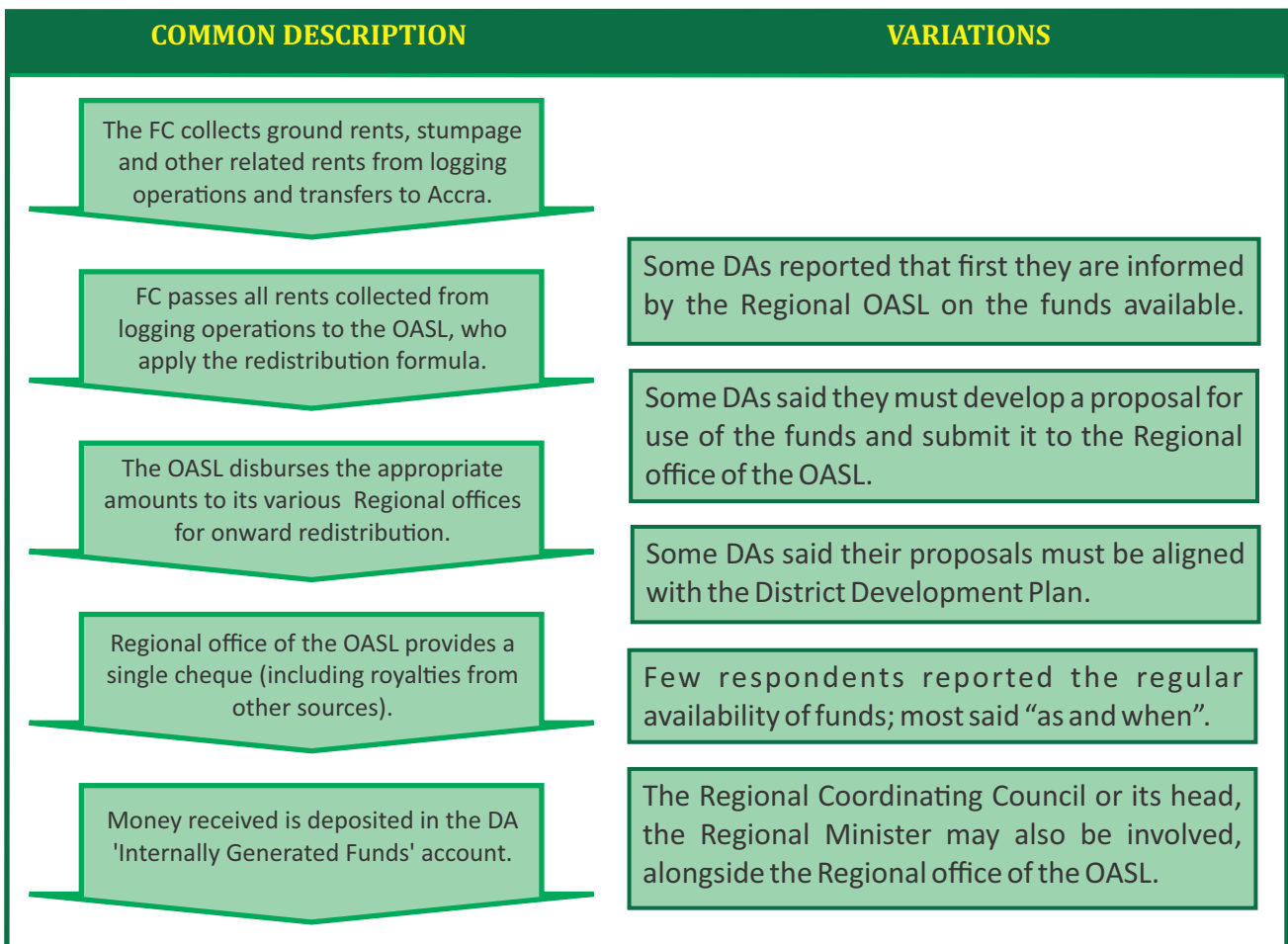
The disbursement reports are typically 30-35 pages long. They systematically present timber royalty shares by Region, for on- and off forest-reserve operations, broken down by forest and Administrative District, Traditional Council, and Stool. The overlapping geography of these areas makes it hard to see from disbursement reports exactly how much any one recipient should have got, so, for some DAs, a dozen or more data-points in each report have to be identified and tallied to obtain the total revenue they can expect. This problem is exacerbated when making year-on-year comparisons if Administrative District boundaries change during this time.

A second observation is that the quantum of royalties varies hugely, from zero payment to GH¢122,000 between Districts in a six month period as well as within the same District from one period to another. This is of course a consequence of the location of the commercial forest resource, but it has implications for the choice of protocol for accessing the funds; one might expect a more elaborate mechanism, with more checks and supervision, to legitimately obtain and report on GH¢ 100,000 than GH¢ 100.

### 4.2 Receipt of royalties is unpredictable

Respondents in all Districts surveyed reported receiving royalties from logging in the last five years (with the exception of one District that reported that no legal logging is taking place). This demonstrates that at a basic level, law and practice ensures that the OASL, FC follows an established redistribution mechanism.

**Question 4 asked** *What is/are the procedure(s) for receiving and using timber royalties in the District?* As might be expected, there is a core, common description of how royalties are collected and then how DAs obtain their share, and then significant variations, see Figure 2 .



**Figure 2:** Mechanism for DAs to obtain timber royalties, and variations reported from interviews

Whilst there is a general agreement that the system of collection and centralisation operates smoothly, it is not the case that the total royalties sum is available. In the past the FC has had a reputation for being unable or unwilling to collect timber royalties promptly, or to take actions provided in the forest legislation to penalise defaulters. This has been attributed to industry's strong links to political power in the past. Each edition of the FC/OASL disbursement report has a figure for logging company indebtedness, and this typically runs at about GH¢ 3.25 million (US\$ 2.15 million) despite the fact that by law payment is due within 30 days, and commercial rates of interest may be charged on arrears.<sup>15</sup>

Whereas company indebtedness as reported in disbursement reports may be explained in part by the cycle of invoicing and receiving payments, the Auditor General reported in 2013 that the total debt from timber concessions in 2010-2011 stood at GH¢ 1.96 million.<sup>16</sup>

The VPA provides renewed leverage to pay stumpage on time as well as clarifying operational sanctions if this does not happen. The verification process for determining legal timber includes that the FC "shall check on payment of stumpage (current and outstanding) prior to renewal of timber rights holder / producer's Property Mark" and "shall issue property mark renewal if all invoices older than 30 days have been settled."<sup>17</sup> The operations of logging companies are in effect suspended any time they are not in possession of a valid Property Mark.

It's also been suggested that royalties collected by the State but delayed in disbursement provide a little additional liquidity in the national coffers. In the past, the disbursement reports have been made available between six and 18 months late – for example the Disbursement Report for January to June 2009 was published in September 2010 – and the FC and OASL would not want to publicise that disbursements are due unless or until they are in a position to actually make them. More recently

there has been a marked improvement and disbursement reports are published now only some six months after the period each one refers to.

Respondents from three Districts mentioned a new procedure that involves providing a justification alongside DA requests for funds. Respondents from three other Districts said that expenditure must be aligned with District Development Plans. This would suggest that in six of the fourteen Districts studied these kinds of controls exist. However, it must be remembered that the redistribution of royalties is a right, enshrined by Ghana's constitution, so whilst these procedures may help increase accountability they should not be at the cost of undue delays in disbursement.

The fact that other royalties are generated from a number of sources (ground rents, farm tributes and mining were all mentioned) yet are paid in a single transfer to the DAs, makes it impossible to distinguish timber royalty income from any other royalties. This prevents DAs, or for that matter traditional leaders and ordinary citizens, from reconciling how much timber has been removed from their area with the quantum of timber royalties received.

Perhaps as a consequence, of the 23 respondents only about a third were able to provide information on how much had been received (Question 3), another third said they believed another official would know this, and five (all District representatives from OASL) had no idea. The total District incomes from timber royalties over the six year period, using data from disbursement reports, are provided below.

Region	Forest District	Timber royalties per forest District 2010-2015		District Assembly	Timber royalties per DA 2010-2015		Ref.
		GHC	US\$		GHC	US\$	
Ashanti	Bekwai	403,508	\$176,255	Bekwai Municipal District	11,006	\$7,177	1
				Amansie West District	40,942	\$24,307	2
	Nkawie	356,825	\$179,040				
				Atwima Mponua District	242,903	\$126,135	3
Brong Ahafo	Dormaa Ahenkro	245,377	\$117,344	Berekum Municipal District	9,366	\$3,704	4
				Dormaa Municipal District	140,162	\$77,049	5
	Goaso	1,235,957	\$542,263	Asunafo North Municipal District	811,699	\$353,221	6
				Asunafo South District	155,174	\$78,196	7
Volta	Jasikan	216,238	\$102,371	Jasikan District	77,773	\$35,058	8
				Kadjebi District	94,358	\$44,639	9
Western	Asankrangwa	1,201,356	\$459,489	Wasa Amenfi Central District	439,878	\$148,020	10
		452,635	\$190,383	Wasa Amenfi West District	439,926	\$266,174	11
	Bibiani						
				Sefwi-Wiawso District	623,795	\$290,267	12
	Sefwi Wiawso	927,149	\$407,582				
				Sefwi Akontombra District	336,103	\$146,719	13
	Juabeso-Bia	910,081	\$388,119	Bia East District	397,420	\$178,772	14

**Table 3: Total royalties redistribution for the period 2010 to 2015, from FC data.** <sup>18</sup>

### 4.3 Use of royalties lacks consistency

The interviews revealed wide variation in the way in which Districts make use of the royalties once they have been received (as per Question 6 in the interview guide, How are timber royalties managed by the District? / What is timber royalties used for?). Few respondents could offer insights on how any monitoring of the actual delivery of investments happens. Just one executive officer remembered that his DO provides reports to the DA on the use of royalties, whereas one OASL respondent plainly stated “we do not normally give reports to DAs.” A third respondent observed, “Education on the usage of royalties is very low making it difficult for various communities to recognise how royalties are used.”

This represents a missed opportunity to promote to the public the concept that social infrastructure is a clear benefit from logging, despite the conventional wisdom that losing a country's, or community's natural resources is a fair price to pay for development. Consequently, few interviewees were able to clearly point to infrastructure that timber royalties have funded. Those six Districts that could remember where the money had been used mentioned schools, school furniture, road maintenance and street lighting. One more innovative but non-specific response was “community self-help projects.” Two respondents mentioned specific communities where school blocks had been constructed (and acknowledged an OASL directive was instrumental in this), but none provided photographs and only one said it was normal to erect a sign-board explaining how construction had been funded.

Nine interviewees offered a somewhat dismissive comment along the lines of “whatever DA decides” or “general use, like all DA funds.” One of these pointed out (as commented on in Section 4.1) that the money was so little that it only made sense to use it in the general DA Internally Generated Fund.

The interviews also solicited views on whether investments from royalties should focus more on communities directly affected by logging, or remain controlled by the wider District (interview Question 10). As shown in Table 4, this question generated a spectrum of opinions, but a clear majority thought the DA should control the funds. This question generated the clearest distinction between DO and OASL respondents: all five of those agreeing that communities should have a greater share of benefits were OASL representatives, whereas seven of the 11 disagreeing were from DOs.

“Royalties should be used for the direct benefit of the people, particularly areas where the timber has been logged”					
Respondent	Agree	Partly agree	Two views	Not sure	Disagree
DE		👤 👤 👤		👤	👤 👤 👤 👤 👤 👤 👤
OASL	👤 👤 👤 👤 👤	👤	👤		👤 👤 👤
Unclear/ other			👤		👤
Total	👤 👤 👤 👤 👤	👤 👤 👤 👤	👤 👤	👤	👤 👤 👤 👤 👤 👤 👤 👤 👤 👤 👤
Representative Comments	<i>Fringe communities bear the brunt of destruction (streams and rivers, farms, etc) so yes, 70% for the areas where the timber is logged and 30% for the rest of the District.</i>	<i>Should be fair distribution in the District, and some consideration given to fringe communities.</i>	<i>Two views: should be used in area where the timber was logged; or should be used in District where it is needed most.</i>	<i>Other areas in the District will be deprived of projects. But 1/3 could go to fringe communities</i>	<i>Social Responsibility Agreement component goes to respective communities, and Royalties goes for the general development needs of the entire District.</i>

**Table 4:** Views on prioritising investment from royalties on the communities directly affected by logging

## 4.4 Lack of information and transparency

**Question 5 asked,** *What are the obstacles or challenges (if any) in accessing royalties?* Many of the responses made reference to inadequate disclosure of information by the FC and/or OASL, including:

- DAs as recipients don't know that disbursements have been made, that the money is there to ask for it.
- DA recipients don't know what quantum of royalties they are eligible for.
- Inadequate communication between OASL and FC at Regional level, and between District OASL and DA; OASL isn't accountable to DA.
- The amount of money given to the DA is determined by OASL in an un-transparent way.
- Lack of disbursement reports hinders monitoring and checks by DAs on timber companies.

These information blockages hinder the ability to make best use of the royalties. For example, DO interviewees from only two of the 14 Districts (and none of the DA or OASL representatives) studied said they were informed by the Regional Office regarding how much money was available to them, so it's unclear how others can be expected to write proposals for use of the money if they don't know what they are eligible for.

There were also more concerning observations, such as that “less than half of expected royalties were received” or that they were “not used for purpose intended.” Greater transparency, in particular more timely provision of information, as well as the provision (and public access to) procedural guidelines would mitigate against any maladministration – and against any malign accusations of malpractice.

Interviewees were also asked, Do people in the District know what timber royalties are used for? (Question 9), and only six out of the 23 respondents answered positively (two others, from the same District, said yes, but were speaking hypothetically as their District had not actually received timber royalties). Of the 13 who answered 'no' or 'not really' one said the amounts are too small to treat separately, and the others commented that “people assume any local development is from central government so don't ask how provision of certain amenities came about.”

Perhaps the most important failure to share information is in the calculation of royalties itself. Timber royalties are calculated from the volume of timber extracted but also varies with the different tree species cut,<sup>19</sup> so this presents a number of obstacles to local communities independently calculating the royalties due.

## 4.5 Mechanisms are slow and unpredictable

**Question 7 asked,** *Does the District receive timber royalty disbursement reports from the Forest Services Division or the Office of Administrator of Stool Lands?* **Question 8 asked,** *how often these reports arrive?* Of the 21 respondents who answered, 12 said they never received such reports. Of those who said they did receive them, equal numbers said 'yearly' and 'quarterly'. As in fact the reports are produced every six months, it's notable that only one (OASL) representative gave twice-yearly in response. Overall a majority of District respondents said they never receive the reports, whilst a majority of OASL respondents said they did.

Many interviewees went on to say reports were irregular and late, sometimes taking two to three years before they are aware of availability of money, and that royalty payments are not prompt; “you have to lobby for it.”

These findings point to the need for guidelines to ensure consistency in how the redistribution system is implemented. Otherwise, for example, the DAs might complain that they don't receive information, whereas the OASL might comment that DAs never ask for it. Similarly, the lack of transparent,

consistent processes leads to complaints such as that the bank transfer system is slow, or that it is the fault of the FC that disbursements are up to three years late, without any evidence that this is in fact where a bottleneck exists.

#### 4.6 How to improve accountability

The final two interview questions sought peoples overall views on whether the District systems for use of royalties were working (Question 11) and what needed to be improved (Question 12). Unsurprisingly all 12 of the DO representatives who answered gave a positive response. However, only three of the OASL representatives agreed, whilst six of them said no – with most explaining that royalties were “not transparent”, or worse, were “not used for the intended purposes.”

As mentioned in Section 4.2 respondents in six Districts said some form of explanation of what the funds will be used for is normally expected, suggesting higher levels of organisation, diligence and accountability in these DAs. Two DOs alluded to good practice in enabling DAs to hold them to account, one saying, “We publish statements of accounts for people to read, Assembly members are given copies to study and inform their constituents” and the other, “At DA meetings information on how it is used is passed through the Assembly members to their electorates.”

These examples of good practice aside, all but two of the respondents indicated that there was room for improvement. Suggestions (with a rough number of people making these remarks in brackets) included:

- Guidelines / policies are needed on the use of royalties that all Districts must follow, so funds are not abused. These should specify that investments must be in line with a Development Plan, ensure that fringe communities receive special attention, and give the percentage permitted for infrastructure and the percentage for recurrent costs. (7)
- Publicity is very low among the people, so it's difficult for communities to see how royalties are used. Community members should be sensitised on importance of royalties, to encourage sustainable use and protection of natural resources. All investments should be labelled for people to see the importance of royalties. (7)
- There should be a mechanism / system of reporting usage at the District level to ensure royalties are used for intended projects. Better and independent monitoring of the use of royalties is needed, for example by the DA. And the OASL should organise annual forums so everyone accounts on how they utilised royalties. (6)
- Disbursement – and FC/OASL reports – should be more frequent and prompt. (3)
- The quantum of the funds should be increased. The FC's 50% share should be reduced and this added to the DA share, so Districts can do more for the people. (3)
- Royalties should be automatically deposited in the DA account, without having to apply for it.

Taken collectively, these suggestions highlight the lack of accountability in the current – and largely ad hoc – methods for disbursement and investment. Unnecessary obstacles in the process of (a) knowing when and what royalties are available, (b) applying for those funds, and (c) receiving them, militate against transparent and democratic use of the money. Unpredictability lends itself to poor use of the funds, and this in turn means that few people actually know where their royalties are invested, and fewer still provide any public or credible checks and balances. Accountability needs to happen, and be seen to happen, for example through open budgets<sup>20</sup> and periodic forest or natural resource forums where DAs account on how they utilised royalties.

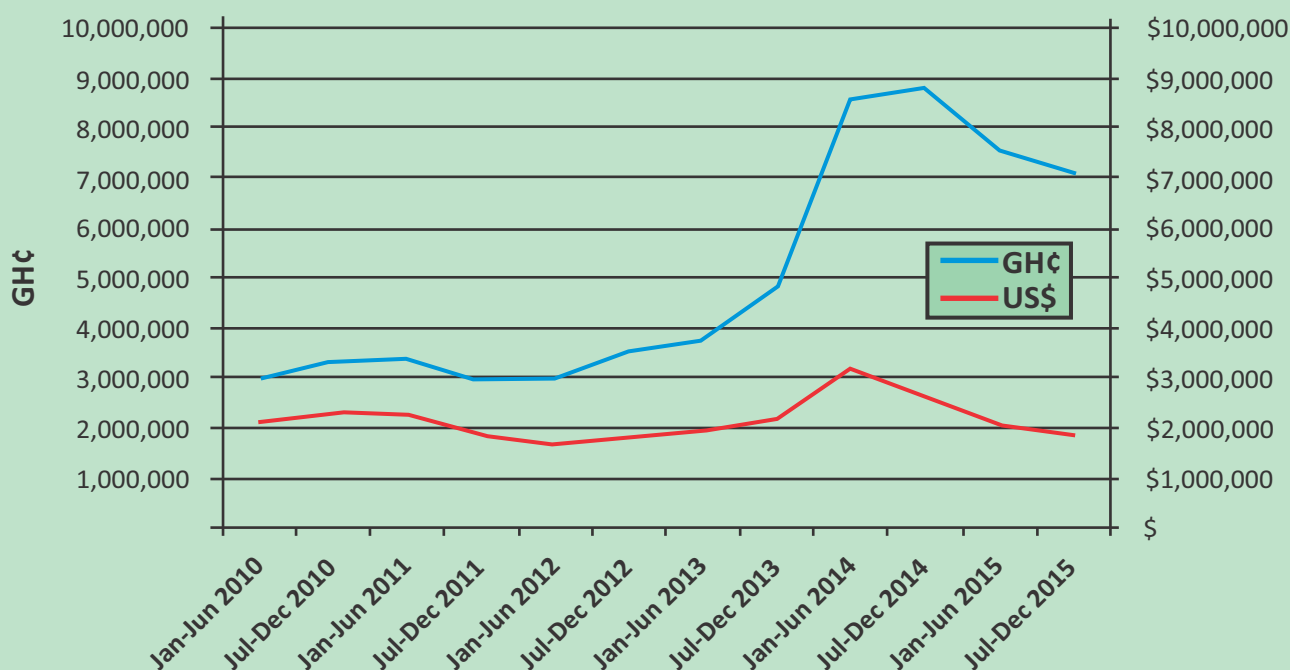
Greater publicity could also improve the public awareness on the assumption that logging concessions or Timber Contracts lead to development of the people where the forest are located.

Above all, the indifferent approach to managing royalties must be regularised made consistent, through the development, through an inclusive stakeholder process, of guidelines.

#### 4.7 Royalty rates keeping up with the times?

Contrary to a requirement that stumpage fee rates are revised quarterly, they have only been revised once since 2003.<sup>21</sup> This is despite a change in the basis for calculation, from set stumpage rate percentages (in 1998)<sup>22</sup> to an element of ministerial discretion (in 2003)<sup>23</sup> that should have easily allowed under-used species that became more popular to move into a higher rate category or protection level.

This opportunity to keep pace with changing circumstances did not happen until 2014, when the Forestry Commission conducted a revision in 2014.<sup>24</sup> As shown in Figure 3, the effect of this revision was a dramatic increase in income. Total timber royalties immediately before, in the period July to December 2013, were GH¢ 4.7 million, whereas in the following six-month period they were GH¢ 8.6 million.



**Figure 3: Six-month total timber royalty collection 2010-2015**

The changes for the individual 14 Districts in this study would have been broad following the same increase, but in absolute terms the impact is more varied, as the actual volume of timber cut – and therefore the royalties generated - in any one District in a six month period changes significantly (see Annex 3).

The change in US dollar terms is less pronounced, moving from US\$ 2.2 million to US\$ 3.2 million, and this is important because over the same period the Ghana cedi lost 20% of its value against the US dollar,<sup>25</sup> and, as timber is being sold on the international market, any benefit from this depreciation is enjoyed by the timber trader, not the people of Ghana.

Furthermore, when the Forestry Commission conducted the revision, it informed the logging companies that the increases would be in three phases: 50% of the new rates from 1 March 2014; 75% from September 2014; and the full new rate from January 2015.<sup>26</sup> Thus the change apparent in Figure 3

represents only 50% of the increase, and for only two-thirds of the period (i.e. the GH¢ 8.7 million is derived from two months before the increase plus four months after it). The State and forest affected communities should be enjoying further significant increases in subsequent periods. Yet there is no evidence that all phases have been implemented, nor have any quarterly reviews taken place since.

Analysis commissioned by Civic Response nine (9) months prior to stumpage revision estimated that between 2003 and 2012 some GH¢ 30 million (US\$ 16 million) was lost to Ghana and its forest owners due to the non-review of stumpage fees, the main reason for which was the failure of the FC to be assertive in revenue collection.<sup>27</sup> The failure to maintain the value of stumpage has been described as “a subsidy to the wood industry, 50% of which constitutes one-third of resource owners' income forgone”<sup>28</sup> (see Annex 5) and represents a missed opportunity to increase the funds available to DAs and others, as well as to increase the cost of logging as the resource becomes more scarce.

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<sup>13</sup> Figures converted to US\$ using <http://fxtop.com> averaged over each six month period of OASL/FC Disbursement Reports.

<sup>14</sup> See for example OASL and FC, 2011, Stumpage / Rent Disbursement Report for 1st January 2010 - 30th June 2010, p.3; [www.fcghana.org/assets/file/Publications/Forestry\\_Issues/Stumpage\\_Disbursement\\_Report/Stumpage%20Jan-June%202010.pdf](http://www.fcghana.org/assets/file/Publications/Forestry_Issues/Stumpage_Disbursement_Report/Stumpage%20Jan-June%202010.pdf).

<sup>15</sup> MLF, 2003, LI 1721 Timber Resources Management (Amendment) Regulations, 14 February 2003, Regulation 25(1). [www.fcghana.org/library\\_info.php?doc=48&publication:L.I.%201721%20Timber%20Resources%20Management%20\(Amendment\)%20](http://www.fcghana.org/library_info.php?doc=48&publication:L.I.%201721%20Timber%20Resources%20Management%20(Amendment)%20).

<sup>16</sup> Ghana Audit Service (2014) Report of the Auditor-General on the Public Account of Ghana – Public Board, Corporations and Other statutory institutions for the period ending 31 December, 2013; [www.ghaudit.org/gas/site/reports/download\\_report/506](http://www.ghaudit.org/gas/site/reports/download_report/506).

<sup>17</sup> Timber Verification Department, 2014, Field Audit Checklist / Report SD 01A-01.5, p.5; unpublished draft dated 4 August 2014.

<sup>18</sup> Calculated from spreadsheet data used as the basis of disbursement reports, obtained from the FC. Note that forest Districts do not receive royalties per se, but figures are provided as these are verbatim from the spreadsheets. In the case of DA data, some FC spreadsheets imply income is split between more than one DA, and it's not possible to disaggregate this. Thus DA figures do not include this and should be regarded as minimum amounts. The sum of DA income does not equal the forest District or Regional data as not all DAs are included. US\$ estimates use <http://fxtop.com> averaged over each six month period of OASL/FC Disbursement Reports; this means that similar figures in GH¢ might be quite different in US\$ if the logging took place in different years.

<sup>19</sup> See FC, 2014, Stumpage fees review (Effective March 1, 2014), for the current list of royalty rates for different species; [www.fcghana.org/assets/file/News/NEW%20STUMPAGE%20FEES.pdf](http://www.fcghana.org/assets/file/News/NEW%20STUMPAGE%20FEES.pdf)

<sup>20</sup> See [www.internationalbudget.org/budget-work-by-country/findgroup/group-data/?country=gh](http://www.internationalbudget.org/budget-work-by-country/findgroup/group-data/?country=gh) for more information on open budgets.

<sup>21</sup> MLF, 1998, LI 1649 Timber Resources Management Regulations, 9 November 1998, Schedule 3 (relating to Regulation 22, Clause (2)); [www.fcghana.org/library\\_info.php?doc=46&publication:L.I.%201649%20-%20Timber%20Resources%20Management%20Regulations.%201998](http://www.fcghana.org/library_info.php?doc=46&publication:L.I.%201649%20-%20Timber%20Resources%20Management%20Regulations.%201998).

<sup>22</sup> MLF, 1998, LI 1649 Timber Resources Management Regulations, 9 November 1998, Regulation 21 Clause (2); [www.fcghana.org/library\\_info.php?doc=46&publication:L.I.%201649%20-%20Timber%20Resources%20Management%20Regulations.%201998](http://www.fcghana.org/library_info.php?doc=46&publication:L.I.%201649%20-%20Timber%20Resources%20Management%20Regulations.%201998).

<sup>23</sup> MLF, 2003, LI 1721 Timber Resources Management (Amendment) Regulations, 14 February 2003, Regulation 3, Clause (1) [www.fcghana.org/library\\_info.php?doc=48&publication:L.I.%201721%20Timber%20Resources%20Management%20\(Amendment\)%20](http://www.fcghana.org/library_info.php?doc=48&publication:L.I.%201721%20Timber%20Resources%20Management%20(Amendment)%20).

<sup>24</sup> FC, 2014, Stumpage fees review (Effective March 1, 2014); [www.fcghana.org/assets/file/News/NEW%20STUMPAGE%20FEES.pdf](http://www.fcghana.org/assets/file/News/NEW%20STUMPAGE%20FEES.pdf).

<sup>25</sup> The average rate for July to December 2013 was GH¢ 2.17 to one US dollar, and in the next six month period was 2.67, a change of 23%. Rates from <http://fxtop.com>.

<sup>26</sup> Letter from the Chief Executive of the Forestry Commission to forest industry associations, 18 February 2014.

<sup>27</sup> Birikorang, 2015, Why don't we make the loggers pay? Stumpage value and policy failure in Ghana's forest sector, pp. 14-15; <http://pubs.iied.org/pdfs/13576IIED.pdf>.

<sup>28</sup> EcoEcon, 2015, Public Expenditure Review of the Forestry Sector: Final Report Submitted to the Ministry of Finance, p.30; [www.mofep.gov.gh/sites/default/files/reports/NREG%20Report.pdf](http://www.mofep.gov.gh/sites/default/files/reports/NREG%20Report.pdf).



## 5.0 DISCUSSION

Overall, the findings suggest that whilst some efforts at improvement have taken place in some areas these are insufficient and/or unknown by many respondents. They may also be inadequate to resolve the main problems, as they appear to be aimed at improving accountability between different official institutions – DAs, OASL and FC – but don't in themselves advocate transparency and public accountability. Furthermore they might actually slow down the redistribution process. Automatic transfer of royalties to the DAs and others entitled to receive them, combined with stronger systems of accounting for use of DA funds as a whole might be a more successful approach to explaining to citizens what public money is used for. In such an approach, DAs would be obliged to publish a simple presentation of all their income and expenditure, and to label projects constructed from royalties.

The findings also point to serious concerns about the application of the constitutional formula. The FC's sequestering of 50% of the stumpage prior to any further redistribution is hard to justify, especially in off-reserve areas. As Client Earth has observed, “it is unclear where the legal backing for this retention lies and one could question whether this practice is in accordance with article 267 (2) (b) and 267 (6) of the Constitution.”<sup>29</sup> The ostensible justification is that the FC takes a 'management fee', but this begs the question, what management does the FC provide in off-reserve areas?

The new Forest and Wildlife Policy tacitly recognises that state management of forests has not delivered on development and improved lives of people, and therefore introduces important changes in the management of off-reserve areas. In order to “increase rural employment and livelihoods through local management of off-reserve forests.” The policy has two important strategies:

- **Strategic Direction 1.2.2:** Developing the capacities of decentralized local institutions including the District/Municipal/Metropolitan Assemblies, Traditional Authorities, and civil society organizations in sustainable “off-reserve” timber resources and non-timber forest products (NTFPs) management.
- **Strategic Direction 4.1.1(b):** Government will enact the legislations that will enable communities and individuals to benefit from trees on their farms and fallow lands, provide off reserve tree tenure security, authority to legally dispose of resources and allocate greater proportion of benefits accruing from resource management to community members individually or collectively.<sup>30</sup>

These strategies indicate that community management of forests, and of the proceeds from logging in off-reserves is likely to be a more viable option for delivering benefit. It is clear that in order for the policy to be realised, resources for the management of off-reserve areas need to be decentralised from the FC to the communities and individuals who will be taking on these responsibilities. In the light of the failure of logging to deliver rational development to forest owners, it stands to reason that this policy-shift presents a far better alternative. This is also consistent with the draft findings of the national consultations on tree tenure which advances that off reserve forest areas should be left to farmers and landowners to manage and use the benefits with the State only providing regulatory services (see Annex 1 for a summary of preferred tree tenure and benefit sharing options). Civil society has argued that the FC has no management role in off-reserves, hence it cannot be justifiably entitled to any benefit except for regulatory services, let alone the greater portion of any royalty.<sup>31</sup> It may also be of value to re-examine the role of DAs in forest management considering their benefits from timber and other resource rents.

Furthermore, current practice seems to be in contradiction of the joint FC / OASL statement circa 2007 – and the Constitution. The disbursement reports allocate 10% of timber royalties to the OASL after the FC management fee is deducted (as presented in Table 3), but the statement is clear that the 50/50

ratio should be applied after the 10% administrative fee for OASL has been deducted (see Section 3.1).

The VPA introduces, for the first time, a measure of independent oversight of the collection of timber royalties, stating that as part of its checks prior to issuing a legality licence for any consignment of timber, the Timber Validation Department will verify that royalties and other payments have been made by the logging company to the appropriate state entity.<sup>32</sup> This explicitly prevents the export of or legal utilisation of the timber unless all taxes and other payments have been made, significantly reduces the indebtedness referred to in Section 4.3, and thus improves the timely availability of royalties to DAs and others. However, the VPA stops short of strengthening oversight of the way royalties are spent, and in itself provides few new commitments by the State to improve the public availability of information on any aspect.

It is critically important that stumpage rates maintain their value in real terms if the sector is to make a meaningful contribution to the equitable economic development in forest areas. Unfortunately, despite a long-overdue rise in rates in 2014, this has only been partially implemented and subsequent regular reviews have not happened. As a result, Ghana's national revenue for stumpage in US dollar terms was the same at the end of 2015 as it was at the end of 2012 (see Figure 3); the 2014 increase made no sustained difference. Civil society have an important role to play to help ensure periodic reviews of stumpage.

Finally, this study focused only on management and use of royalties by DAs, but it's very likely that similar issues exist in TA or Stool access to and management of royalties. For example, work in 2012 by the Ghanaian NGO Centre for Indigenous Knowledge and Organisational Development with Brong Ahafo Regional House of Chiefs improved a commitment to accountability and transparency around the Traditional Authority's use of royalties, pledging that “communities receive and benefit equitably.”<sup>33</sup> This work emphasises that responsibility for improving transparency and accountability does not lie only with the FC and other authorities. Civil society, including Forest Forums, have an important role to play in demonstrating how transparent and participatory mechanisms might work in practice, focussing advocacy on priority needs at the local level, and sharing information. For example, if the FC provided data on timber production alongside data on royalties on a website, or resumed publication of disbursement reports online, CSOs could analyse and interpret this information for individual communities.

<sup>29</sup> Client Earth, 2013, The distribution of benefits derived from Forest resources, p.10; [www.clientearth.org/external-resources/ghana/other-ressources/The-distribution-of-benefits-derived-from-Forest-resources-janv2014.pdf](http://www.clientearth.org/external-resources/ghana/other-ressources/The-distribution-of-benefits-derived-from-Forest-resources-janv2014.pdf).

<sup>30</sup> Ministry of Lands and Natural Resources, 2011, Ghana Forest and Wildlife Policy, pp.7, 12 and 20; <http://thereddesk.org/sites/default/files/Revised%20Forest%20and%20Wildlife%20Policy.pdf>.

<sup>31</sup> PAB Development Consultants Ltd, 2016, A Framework for Tree Tenure and Benefit Sharing Scheme in Ghana: Report for the Ministry of Lands & Natural Resources, p.69; [www.fcghana.org/userfiles/files/NREG/Draft%20Final%20Report\\_30\\_05\\_16%20.pdf](http://www.fcghana.org/userfiles/files/NREG/Draft%20Final%20Report_30_05_16%20.pdf).

<sup>32</sup> European Commission and Government of the Republic of Ghana, 2009, Voluntary partnership agreement between the European Community and the Republic of Ghana on forest law enforcement, governance and trade in timber products into the Community, Annex V, Legality Assurance System, p.32; [www.euflegt.efi.int/documents/10180/23388/Voluntary+Partnership+Agreement+between+the+European+Community+and+the+Republic+of+Ghana+on+forest+law+enforcement%2C%20governance+and+trade+in+timber+products+into+the+Community/45efbd36-deff-4ebf-b09d-19d1099cd599](http://www.euflegt.efi.int/documents/10180/23388/Voluntary+Partnership+Agreement+between+the+European+Community+and+the+Republic+of+Ghana+on+forest+law+enforcement%2C%20governance+and+trade+in+timber+products+into+the+Community/45efbd36-deff-4ebf-b09d-19d1099cd599).

<sup>33</sup> Brong Ahafo Regional House of Chiefs, 2012, Charter on management of our natural and socio cultural resources; [www.foresttransparency.info/cms/file/589](http://www.foresttransparency.info/cms/file/589).

## 6.0 CONCLUSIONS & RECOMMENDATIONS

The current practice of DAs needing to apply for the royalties they are entitled to causes delays in disbursement and fosters accountability upwards towards Regional bureaucracies rather than downwards to the citizens of their District.

- OASL should rationalise processes to enable automatic transfers to DAs.
- DAs, DOs, OASL and citizens should call for open budgeting and financial reporting processes at District level, whereby people can see the income from royalties, and the investments and other expenditure this is put to.

The retention of 50% of stumpage by the FC, before the constitutional formula is applied, cannot be justified and is contrary to the 2011 Forest and Wildlife Policy, particularly for off-reserve areas.

Commitments to regularly revise stumpage rates (that contribute over 97% of timber royalties) and to provide the OASL with a 10% share, are not being fulfilled.

- The FC needs to make a much clearer and enforceable commitment to exactly what it does under the rubric 'forest management' and offer itself for renegotiation of its percentage share for off reserve areas.
- The stumpage rates, most recently updated in 2014, should be revised quarterly in order to avoid the gradual depreciation of income DAs and other stakeholders are entitled to.
- The 10% share for OASL should be applied prior to other disbursements, as implied by the Constitution and stated by the FC / OASL in 2007.

The current guidelines on the request and use of royalties are wholly inadequate – and in many Districts there appears to be no awareness that they exist. This contributes to the arbitrary and opaque nature of expenditures, which in turn misses an opportunity to strengthen public awareness of the links between logging and collective development.

- National guidelines should be developed in a participatory process, led by the FC and OASL, widely disseminated and monitoring to ensure they are implemented.

The guidelines should *inter alia*:

- Ensure expenditure of royalties is in line with a District Development Plan, previously determined through a participatory process.
- Advise on the balance of expenditure between those communities directly affected by the logging that generated the royalties, and the wider District needs.
- Advise on the balance of expenditure between capital (infrastructure) and recurrent costs.
- Be linked to other financial management guidance that is provided to District Finance Offices and others.

The lack of timely, comprehensive information on timber royalties undermines public interest in how they might benefit from it, and provides opportunities for maladministration. The right to information is enshrined in the Constitution and a core tenet of this right is that sufficient data is provided to enable an independent check on official processes.

- The FC and OASL should publish data on timber production alongside data on royalties so people can see this relationship as well as independently confirm the calculations.
- The FC and OASL should significantly reduce the delay between collection and disbursement of royalties, along with publication of disbursement reports.
- This increased efficiency should in part be obtained by posting disbursement reports online so DAs, CSOs and others can access it and then help disseminate information relevant to constituencies.

## Annex 1 Semi-structured interview Questions

1. Has there been timber extraction in your District in the last five years?
2. Has the District received royalties from logging in the last five years?
3. How much has been received in timber royalties over the period?
4. What is/are the procedure(s) for receiving and using timber royalties in the District?
5. What are the obstacles or challenges (if any) in accessing these royalties?
6. How are timber royalties managed by the District? / What is timber royalties used for?
7. Does the District receive timber royalty disbursement reports from the Forest Services Division or the Office of Administrator of Stool Lands?
8. How often are these disbursement reports sent to the District?
9. Do people in the District know what timber royalties are used for?
10. Some individuals have argued that royalties should be used for the direct benefit of the people, particularly areas where the timber has been logged. Do you agree or disagree with this opinion?
11. Is the status quo for using timber royalties in the District good or working?
12. If positive, what should be done to further enhance it? If negative, what would you recommend to be done?

## Annex 2 Districts, Forest Watch interviewers, and respondents

Region	Forest District	District Assembly (including link to Wikipedia page where available)	Forest Watch interviewer	Respondents		Notes
				Organisation	Number	
Ashanti	Bekwai	Bekwai Municipal District	Atwima Forest Forum	DO OASL	1 1*	Not originally selected but substituted for Adansi North because the District Forest Office is here.
		Adansi North District				No response received
		Amansie West District	Atwima Forest Forum	DO	3	No logging operations at this time
	Nkawie			OASL	1*	
		Atwima Mponua District	Atwima Forest Forum	DO OASL	1 1	
Brong Ahafo	Dormaa Ahenkro	Berekum Municipal District	RUDYEA	DO OASL	1 1	
		Dormaa Municipal District	RUDYEA	DO OASL	2 1	
	Goaso	Asunafo North Municipal District	RUDYEA	DO OASL	2 1	
		Asunafo South District	RUDYEA	DA DO OASL	1 4 1	
Volta	Jasikan	Biakoye District				No response received
		Jasikan District	ARDO	DO	1*	
		Kadjebi District	Kadjebi DE	DO	1	
Western	Asankrangwa	Wasa Amenfi Central District	ICA	DO	2	
		Wasa Amenfi West & Central Districts	ICA	OASL	1	
		Wasa Amenfi West	ICA	DA	1	
	Bibiani			DO	1	
		Sefwi Wiawso	PROMAG	DO	2	
	Sefwi Wiawso			OASL	1	
		Sefwi Akontombra District	PROMAG	OASL	1	
	Juabeso-Bia	Bia East District	PROMAG	DO	1	
		Juabeso District				No response received

## Annex 3 Extracts from FC/ OASL disbursement Report

### Royalties allocated to Districts studied as a proportion of their Regions (GH¢)

Region		2010	2011	2012	2013	2014	2015	Averages
<b>Ashanti</b>	Royalties allocated to all the Districts in the Region	244,925	262,335	228,394	155,632	305,113	314,777	
	Royalties allocated to the study Districts in the Region	102,610	132,359	128,479	79,052	178,939	138,893	
	Study District royalties as percentage of entire Region's	<b>42%</b>	<b>50%</b>	<b>56%</b>	<b>51%</b>	<b>59%</b>	<b>44%</b>	<b>50%</b>
<b>Brong Ahafo</b>	Royalties allocated to all the Districts in the Region	216,799	294,164	349,229	794,749	1,460,602	1,037,318	
	Royalties allocated to the study Districts in the Region	147,159	207,478	230,078	228,748	345,048	322,823	
	Study District royalties as percentage of entire Region's	<b>68%</b>	<b>71%</b>	<b>66%</b>	<b>29%</b>	<b>24%</b>	<b>31%</b>	<b>48%</b>
<b>Volta</b>	Royalties allocated to all the Districts in the region	28,078	54,530	53,515	107,681	94,718	51,934	
	Royalties allocated to the study Districts in the Region	19,347	34,345	36,766	51,422	46,952	27,407	
	Study District royalties as percentage of entire Region's	<b>69%</b>	<b>63%</b>	<b>69%</b>	<b>48%</b>	<b>50%</b>	<b>53%</b>	<b>58%</b>
<b>Western</b>	Royalties allocated to all the Districts in the Region	802,181	685,265	686,851	797,851	1,867,740	1,812,978	
	Royalties allocated to the study Districts in the Region	242,972	438,733	386,907	489,851	990,065	942,693	
	Study District royalties as percentage of entire Region's	<b>30%</b>	<b>64%</b>	<b>56%</b>	<b>61%</b>	<b>53%</b>	<b>52%</b>	<b>53%</b>
								<b>52%</b>

**District assembly royalties for each of the 14 Districts studied, 2010 to 2015 (GH¢)**

Region	District	2010	2011	2012	2013	2014	2015
<b>Ashanti</b>	Amansie West	14,134	7,247	10,743	7,275	485	1,059
	Atwima Mponua	45,041	54,560	34,540	44,919	26,179	37,664
	Bekwai Municipal	2,721	7,346	444	495	0	0
<b>Brong Ahafo</b>	Asunafo North Municipal	76,245	93,116	102,426	107,984	224,519	207,409
	Asunafo South	14,520	35,183	38,296	19,055	27,364	20,757
	Berekum Municipal	303	905	303	891	5,198	1,765
	Dormaa Municipal	37,154	24,874	26,153	25,500	12,998	13,484
<b>Volta</b>	Jasikan	6,577	4,724	14,468	19,322	21,241	11,440
	Kadjebi	5,605	17,356	12,523	25,274	20,631	12,969
<b>Western</b>	Bia East	58,448	61,182	17,556	57,859	89,181	113,193
	Sefwi Akontombra	61,023	29,036	28,796	25,025	92,912	99,311
	Sefwi Wiawso	97,526	70,196	82,883	98,990	139,501	134,699
	Wasa Amenfi Central	0	0	459	72,112	220,349	146,959
	Wasa Amenfi West	118,712	140,974	142,253	20,320	4,717	12,950
		<b>532,405</b>	<b>529,342</b>	<b>499,320</b>	<b>499,746</b>	<b>864,643</b>	<b>800,691</b>

## Annex 4 Preferred tree tenure and benefit sharing options

Reproduced from PAB Development Consultants Ltd, 2016, A Framework for Tree Tenure and Benefit Sharing Scheme in Ghana: Report for the Ministry of Lands & Natural Resources, Table 10, p .70; [www.fcghana.org/userfiles/files/NREG/Draft%20Final%20Report\\_30\\_05\\_16%20.pdf](http://www.fcghana.org/userfiles/files/NREG/Draft%20Final%20Report_30_05_16%20.pdf).

Tree growing management regime	Southern Zone (Volta, Greater Accra, Central, Western Regions)	Middle Zone (Ashanti, Eastern, Brong Ahafo Regions)	Northern Zone (Northern, Upper East, Upper West Regions)
In Forest Reserves, naturally occurring trees	50% to FC; 25% to DA; 5% to OASL; 9% to Traditional Authority; and 11% to Stool		
In Forest Reserves, planted trees	90% to farmer; 2% to FC; 6% to landowner; and 2% to No community	40% to farmer; 40% to FC; 15% to landowner; and 5% to community	90% to farmer; 2% to FC; 6% to landowner; and 2% to community
Off-reserve, naturally occurring trees on farms	100% if nurtured by the landowner; Abunu/Abusa* system if nurtured by the farmer; FC only regulates	100% if nurtured by the landowner; Abunu/ Abusa* system if nurtured by the farmer; FC only regulates	100% if nurtured by the landowner; Abusa* system (66.6% to farmer and 33.3% to landowner) if nurtured by the farmer
Off-reserve, naturally occurring secondary forest	Disputed position: chiefs/ landowners want 100%; framers prefer a share based on Abuna system; and others want this treated the same as forest reserves.	Not an issue	
Off-reserve, planted	100% if planted by the landowner; 66.6% to farmer and 33.3% to landowner if planted by a tenant farmer		

\*Abunu and Abusa are crop-sharing systems in which the landowner and farmer enter into arrangements of sharing produce from the farm in 1:1 or 1:2 proportions respectively, depending on the levels of investments.



## Annex 5 Implications of the fiscal regime

Reproduced from EcoEcon, 2015, Public Expenditure Review of the Forestry Sector: Final Report Submitted to the Ministry of Finance, Table 4.1, p.31;

[www.mofep.gov.gh/sites/default/files/reports/NREG%20Report.pdf](http://www.mofep.gov.gh/sites/default/files/reports/NREG%20Report.pdf)

Beneficiary	Gross value of benefit, US\$ per m3 of Roundwood*	Source of data
<b>Informal sector:-</b>		
Illegal chain Saw Operators	6.60	Derived by EcoEcon from Birikorang et al, 2014, Scenario and cost benefit analysis of proposed policy options for the supply of legal timber to the domestic market.
Rural lumber head loaders	4.20	
Farmers	1.80	
<b>Total informal sector (through illegal harvesting)</b>	<b>12.60</b>	
<b>Benefit sharing systems:-</b>		
Social Responsibility Agreements	0.02	Derived by EcoEcon from FC data from 2010 and 2011
DAs share of royalties	1.00	
Traditional Authorities & Stools' share of royalties	0.79	
FC's share of stumpage and export levies	4.00	
<b>Formal sector:-</b>		
Subsidy to industry	8.00	Derived by EcoEcon

\* Transaction costs have not been taken into account.

*“The formal industry draws the biggest resource rent (US\$4 per m3) and receives real subsidy in the same amount, while landowners [DAs, Traditional Authorities, Stools and communities combined] receive about 50% of the private sector's share and the FC twice the landowners' share. The informal sector, as households, gain through illegal harvesting about US\$13 per m3 compared to the US\$0.2 m3 through Social Responsibility Agreements.” — p.30*



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