



# Training Manual

# SRA

## Social Responsibility Agreements and Compensations



Civic Response is a leading natural resource governance policy advocacy organization working to entrench resource rights. Founded in 2003 in Accra Ghana, by a group of well experienced activists with great concern for the poor governance in the sector, particularly the challenges of local forest communities, Civic Response works to advance the rights of communities that depend on natural resources for their livelihood, particularly forests.

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1. Attorney General's Department (AG)
2. Ghana Revenue Authority (GRA)
3. Ministry of Trade and Industry (MOTI)
4. National House of Chiefs
5. Academic Institutions
6. Parliamentary Select Committee on Lands and Natural Resources
7. Forestry Commission
8. Civil Society Organisations
9. Timber Industry
10. Forest Fringe Communities
11. District Assemblies

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## Disclaimer

*This publication has been produced with assistance of the European Union. The contents of this publication are the sole responsibility of Civic Response and can in no way be taken to reflect the views of the European Union.*

# Preface

Ghana is known for her ability to develop very good policies but ironically, always faces challenges with policy implementation and enforcement of laws. The forest sector has been no exception. A 1994 Forest and Wildlife policy developed after a thorough analysis of the challenges of the sector was only backed by a legislation for timber industry development which was hardly enforced. Satellite imagery of Ghana's forest resources showed that Ghana lost a great deal of its forest cover between 1990 and 2000 mostly through illegal logging and expansions of agriculture. Bad governance has been identified as the main reason behind the loss of Ghana's forest cover.

Forest governance is about who has decision-making authority over forest resources; how institutions with responsibility for managing our forest resources are making and enforcing the laws including stakeholder participation; how these institutions are held accountable; and how they are transparent in their actions. These are the ideals for good governance of the sector, something that civil society groups like Forest Watch Ghana has campaigned for.

Ghana, through the Ministry of Lands and Natural Resources and the Forestry Commission led Ghana into a Voluntary Partnership Agreement with the European Union to address the underlying governance challenges including weak law enforcement in the forest sector; and to better regulation of the timber trade. Though there are different interests from government and the logging industry, civil society sees this as a good means to improve the governance of forests in Ghana.

As a result of this effort to reform forest governance, a new Forest and Wildlife Policy (2012) has been passed. Forest laws have been

clarified and all the scattered pieces of forest laws will be put together into one single law.

One main benefit of this forest governance reform is that most of the problems of local forest communities are being addressed. These include the tenure or ownership and management of trees in off-reserve, benefit sharing and community participation in forest decision making. Essentially, the rights of forest communities have been recognized as well as their important role in forest management.

It is against this backdrop that GIRAF I (2009-2013) and GIRAF II (2014-2016) projects became very relevant, providing the resources for CSOs to raise awareness on the rights and responsibilities of local communities, as well as the rights and responsibilities of the Forestry Commission and Timber Industry.

A lot has been done but there is still a lot left to be done. It is hoped that manuals, such as this and many others, will serve as useful tools that can be used by CSOs to continue to enhance the capacity of other forest fringe communities in Ghana.

Knowledge is power. An informed civil society, community and other forest stakeholders working together to support and also to hold duty bearers accountable for their stewardship is the best approach to ensure that forest resources are managed to improve the lives of the people, now and in the future.

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# List of Acronyms

<b>CSOs</b>	: Civil Society Organisations
<b>DA</b>	: District Assemblies
<b>FC</b>	: Forestry Commission
<b>FFC</b>	: Forest Fringe Communities
<b>FLEGT</b>	: Forest Law Enforcement Governance and Trade
<b>MLNR</b>	: Ministry of Lands and Natural Resources
<b>MOFA</b>	: Ministry of Food and Agriculture
<b>NTFP</b>	: Non Timber Forest Products
<b>OASL</b>	: Office of the Administrator of Stool Lands
<b>PSCLF</b>	: Parliamentary Select Committee on Lands and Forestry
<b>SRA</b>	: Social Responsibility Agreement
<b>TI</b>	: Timber Industry
<b>TUC</b>	: Timber Utilization Contract
<b>TUP</b>	: Timber Utilization Permit
<b>VPA</b>	: Voluntary Partnership Agreement

# Chapter 1

## Incentives for Community Participation in Forest Monitoring: Setting the Context

It is necessary to set the context for discussing the need for community participation in forest monitoring to enable community members appreciate what they will be losing if they do not and what they stand to gain if they do. The main incentive for communities to participate in forest monitoring is to ensure communities benefit financially from the forest resources they own, protect, and manage. Currently the only financial benefit accruing to communities is the implementation of Social Responsibility Agreements (SRAs) by timber companies which is 5% of stumpage fees paid by timber companies. It is important to note that this 5% SRA is additional to the stumpage fees paid by timber companies. It is not part of constitutional disbursement of royalties and that is why it is not for chiefs. The only other financial benefit accruing to communities from logging is from compensations paid by timber companies for crops destroyed during logging in off-reserve areas. The lack of financial benefits to forest fringe communities has been the main reason why agricultural practices have been one of the main drivers of deforestation.

### **Who owns the forest? What are the various legal and customary provisions of ownership of forests?**

It is also very important to situate this discussion in the context of “who owns the forest resources?” When forest fringed communities are asked the question: “who owns the forest?” the answers given are varied:

- ✓ “It belongs to government.”
- ✓ “It belongs to all of us as a nation.”
- ✓ “It belongs to the chiefs.”
- ✓ “It belongs to communities.”





**Government/Nation**



**Chiefs**



**Community**

They are unable to provide a clear and definite answer to the question. There is, therefore, the need to trace the origin of forest ownership and link it to various clauses in legislation.

History indicates that Tetteh Quarshie introduced cocoa to the then Gold Coast in 1879. The success of cocoa as a cash crop enhanced the expansion of cocoa farms and consequently the cutting down of pristine forests to farm cocoa. The colonial government, alarmed at the rate of cutting down of forest resources for cocoa plantation, since its introduction, decided to create forest reserves to protect water sources, prevent soil erosion, protect crops from the wind, ensure supply of timber and maintain the rainfall and relative humidity required for cocoa, palm, cola cultivation among others. The traditional authorities/chiefs saw this as a ploy by the colonial government to take over their lands and forests and therefore protested. The colonial government assured them that the intention was not to take over their lands and forests and that title to the reserves will remain with the land owners. The colonial government subsequently ensured that this reflected in the Forest Ordinance CAP 157 of 1927.

**Other stakeholders' interests in forest resources:** While stool land owning communities and families are the rightful owners of forest reserves, other stakeholders such as the Forestry Commission, the timber companies and CSOs have varying interests in the forest resources.

## Forest Stakeholders and their roles and responsibilities in forest monitoring

- **Communities:** The law allows for communities to harvest Non Timber Forest Products from the forest reserves for domestic use. The law also allows for communities to have access to timber for community projects through Timber Utilization Permits (TUPs).
- **Timber Companies:** Harvesting of timber trees based on valid permits issued by the Forestry Commission, which prescribes the number and type of timber trees to be logged. The law does not permit timber companies to stop communities from harvesting NTFPs for domestic use from their TUC areas.
- **Forestry Commission:** FC manages forest resources on behalf of resource owners and the State and has the overall mandate for the regulation of utilization of forest and wildlife resources, the conservation and management of forest and wildlife resources and the coordination of policies related to them.
- **CSOs:** have no direct interest in forest resources but are there to ensure good governance in forest management. This is done through:
  - ★ Building capacities of Traditional Authorities and fringe communities in forest monitoring
  - ★ Providing fringe communities with information in a form they can easily understand and use to assert their rights, perform their roles, and hold other duty bearers and stakeholders responsible and accountable
  - ★ Utilizing information provided by communities to engage in advocacy
  - ★ Understanding the legal and de facto obligations of communities

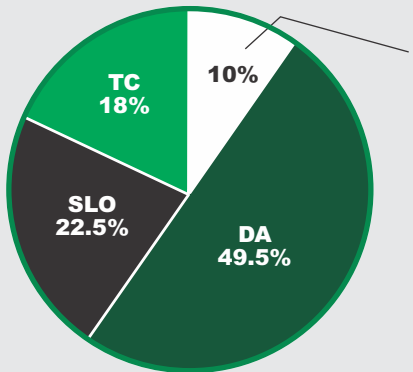
# Chapter 2

## Social Responsibility Agreements (SRAs)

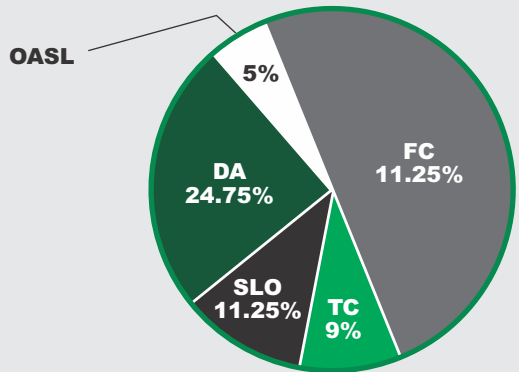
### Concept behind SRA in timber harvesting

Ghana's 1992 Constitution makes provision for benefit sharing from forest resources as follows:

- Office of the Administrator of Stool Lands (OASL) :10%
- District Assemblies (DA) :49.5%
- Stool Land owners (SLO) :22.5%
- Traditional Councils (TC) :18%



**CONSTITUTIONAL DISBURSEMENT FORMULA**



**STUMPAGE DISBURSEMENT FORMULA**

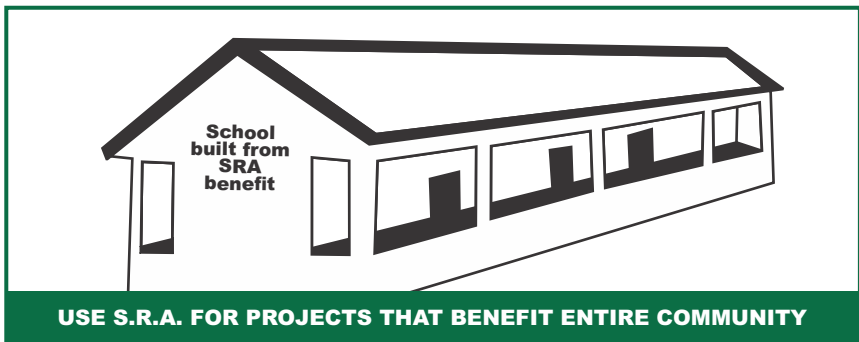
However, the reality is that the FC takes 50% of the stumpage fee paid before disbursing what is left. (The remaining 50% left is shared using the formula above.) The constitutional disbursement formula then effectively becomes:

- Forestry Commission (FC) :50%
- Office of the Administrator of Stool Lands (OASL) :5%
- District Assemblies (DA) :24.75%
- Stool Land Owners (SLO) :11.25%
- Traditional Councils (TC) :9%

The Constitutional provisions exclude any financial benefits to forest fringed communities and therefore, no incentives for communities to protect forest resources. This prompted the Forestry Commission to explore alternative arrangements to enable forest fringed communities to have financial benefits from forest resources which led to the creation of the Social Responsibility concept in which timber companies pay an additional 5% of stumpage fees as SRAs to fringed communities within 5 kilometres radius of the logging areas of timber companies. The SRA is backed by law and is not a voluntary concept.

### **What is SRA and Why SRA?**

SRA is to provide financial incentives to forest fringed communities (whether settler communities or indigenes) as an incentive for them to protect the forest resources around them. Because the value of the SRA in financial terms is so small, it is advisable to use the money for projects that will benefit the entire community rather than sharing the money. It is important to note that the SRAs are NOT for the chiefs; the chiefs and the Traditional Councils are already benefitting from royalties which are even greater in financial terms than the SRAs.



The SRA is also a mechanism for ensuring that all timber operations are carried out in a socially responsible manner with due respect for

the rights of the land owners and fringe communities. Every timber right issued has an SRA component which should be undertaken by the timber company who holds the timber right (Timber Utilization Contract (TUC); or Salvage Permit).

SRA has two components namely: **Code of Conduct and Social Obligations**. The timber companies are required to respect Code of Conduct (off-reserve). The Code of Conduct explains how the contractor should operate in the area to respect the rights, customs, beliefs, infrastructure and practices of the community.

Code of Conduct obliges the Timber Companies to:

- recognize and respect the rights of other forest users and farming operations etc.
- on receiving his permit from the Forestry Commission, contractor must go and introduce himself to the communities within 5 km radius of the compartment and negotiate and sign SRA before he starts logging
- pay compensation to affected farmers in respect of crops damage, if any, before the logs are removed from the farm
- respect cultural norms such as taboo days
- respect right of communities access to harvest Non Timber Forest Products (NTFPs) for domestic use. The contractor must ensure the communities in the area continue to have access to NTFPs for domestic consumption, except where there is direct physical danger from logging activities. NTFPs include snails, mushrooms, medicinal plants and other things that local communities collect from the forest.
- consult communities concerning location of construction of roads for logging etc.
- respect communities' right to receive prompt share of the revenue from harvesting

- respect the use of local infrastructure by minimizing the wear and tear on roads and bridges and the need for contractors to repair any damage caused by his activities
- respect all sacred sites, NTFP collection areas, water sources etc. The timber contractor does not have any rights to the collection of Non Timber Forest Products. Any such activity is illegal
- employ local people whenever possible

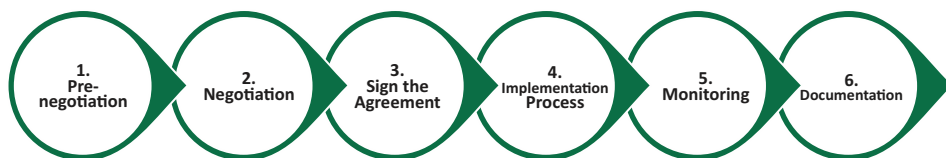
**Social Obligations:** are specific SRAs drawn up between the community and the contractor based on 5% of the stumpage fee of the timber removed from the area. Social Obligations require the timber company to:

- Provide infrastructure, such as schools, boreholes, etc.; or
- Provide building materials for schools; or
- Employ some inhabitants of the communities; or
- Establish a community development fund (payment of the 5% value of stumpage).

**SRA Processes:** There are six stages in the negotiation of SRA. Every stage is important and none should be overlooked:

- 1. Pre-negotiation** – At this stage the community should try and find out everything they need to know about SRA before they go into negotiations. It involves getting to know from the FC, the monetary value of the 5% of stumpage. When you have this estimated figure, you can then begin the negotiations. The RMSC is a good place to know the estimated SRA value.

2. **Negotiation** – This is the stage where the company and the community negotiate what and how they want their SRA. It is advised that the community forms a committee to lead the community in the negotiation. The SRA committee should include women and youth to ensure that the needs of these groups are addressed.
3. **Signing the agreement** – After the social obligation and code of conduct have been agreed on, it has to be signed by the representative of the community and the timber contractor and witnessed by the District Assembly and the District Forest Manager. The Chief CANNOT sign the SRA on behalf of the community; at best the chief can only be a witness.
4. **Implementation process** – At this stage the timber contract should start doing all that has been agreed in the SRA and at the time agreed.
5. **Monitoring** – The community should observe and ensure that the contractor is doing all that he has agreed to do.
6. **Documentation** – The community, the timber company, the Forest Manager and the District Assembly should all keep copies of their signed SRA for future reference.



## SOCIAL RESPONSIBILITY AGREEMENT (S.R.A.) PROCESS

## Financial Value of SRA:

### What informs the value of SRA?

The financial value of the SRA is 5% of the stumpage fee paid by the timber company. The Stumpage fee is calculated based on the volume and species of the timber tree. Every timber species has different stumpage fee.

Stumpage fee rate per cubic meter of every timber species is in the custody of the FSD and so it is important for communities negotiating SRAs to involve the FSD District Forest Managers. For communities to be sure that they are not cheated of the 5% value of the SRA, the law makes provision for communities representatives to be present during log measurement (when the volume of the timber tree is determined by the FSD and the timber company). This is to enable communities to verify that the timber company felled only the timber trees (and species) which were allocated to it by the Forestry Commission.

**Reporting Infringements:** Section 17 of the Forest Ordinance 1927 (CAP 157) obliges the Forestry Commission to be responsible and accountable to the resource owners. Currently, this is not happening. Thus communities should report forest infractions and infringements by timber companies and FSD to the FC hierarchy, the chiefs and NGOs who are monitoring forest governance.

**Legal backing for SRA:** SRAs are not optional. It is not something the timber company can decide when it should be done or not; it is not voluntary and the timber company is not doing the community a favour by implementing SRA. It is a legal obligation backed by the laws below:

1. Timber Resources Management Act, 1998, (Act 547).
  - a. Section 3(e) of Act 547 says that anyone applying for a Timber Utilization Contract (TUC) should prepare a proposed *Social Obligation* to assist in addressing the



Social Needs of the communities who have interest in the timber operating area.

b. Section 20, of Act 547 also says that there should be “a written agreement that specifies the terms of timber rights granted in respect of an area of land for a fixed period of time”.

2. Timber Resources Management Regulation, 1998 (LI 1649)

a. In the LI 1649, Section 11(d) (I) says that applicants for a TUC are supposed to “provide specific social amenities for the benefit of local people that live in the proposed contract area”. Similarly, section 14 (1) (I) reiterates this provision as a term and condition for the operation of the contract.

3. Timber Resources Management Regulations, 2002 (LI 1721)

a. LI 1721 – Regulation 13 b states that, anyone who wins a TUC should assist inhabitants of the timber operation area with amenities, services or benefits. The amenities, services or benefits should be up to 5% of stumpage fee from the timber which is harvested.

4. Timber Resources Management (Legality Licensing) Regulations, 2012, (LI 2184).

If a timber company fails to comply with the SRA obligation, the FC shall refuse to grant the timber company a FLEGT Licence.

### **SRA: What communities must DO!**

1. Request for information from the FSD on the value of 5% stumpage before SRA negotiation.
2. Negotiate and sign SRAs in the presence of the Forest District Manager (DM).
3. Ensure the negotiated SRA package is agreed on by the community.

4. Ensure a written and signed SRA copy is kept by the community for future reference.
5. Be sure that, if SRA has been negotiated to be paid into a fund, the full amount is received into a community bank account.
6. Use proceeds from SRAs for the benefit of the whole community.
7. Send complaints to FSD if a logger fails to meet the terms of the signed SRAs.
8. Send complaints to FSD if the chief imposes SRA.
9. Reject SRA package that is not to the benefit of the community.
10. Ensure that SRA committees are formed in communities to oversee SRA process.
11. Protect off-reserve areas from illegal operations.
12. Report any illegal logging activity in your area to FSD.

### **SRA: What communities must NOT DO!**

1. Don't allow illegal loggers to harvest trees allocated to legally registered companies.
2. Don't accept SRAs that are below 5% of stumpage.
3. Don't accept SRA packages imposed on you.
4. Don't accept SRA decisions imposed by chiefs if you don't agree.
5. Don't accept the hijack of SRA payments by chiefs or any other community member.
6. Don't allow logging operations to start without a written, correctly documented and signed SRA negotiated with the community, including an agreed timeframe for payment.
7. Don't unduly disrupt loggers' operations after they have fulfilled, signed and implemented the SRA.

**SRA checklist:** If ever in doubt, trainers should make reference to the SRA checklist and Guidelines.

# Chapter 3

## Compensations for Destroyed Crops

This topic can be treated under the following sub headings:

1. **What is compensation?**
2. **When do you deserve to receive compensation?**
3. **How do you calculate what is due you as compensation?**

### **What is compensation?**

Compensation is reparation for damage caused.

### **When do you deserve to receive compensation?**

A farmer is entitled to compensation whenever his/her crop is destroyed as a result of the activity of another person/company. This can happen as a result of logging activities, mining and implementation of development projects. In the case of mining and development projects, it can also lead to loss of farm lands.

### **Processes leading to Compensation for Destroyed Crops**

#### **● Pre-harvesting activities**

- ✓ Written consent of the farmer to harvest required:
  - A timber contractor holding a valid permit to log in a farm requires the explicit approval of the farmer before he can fell any timber trees. If the farmer refuses, the timber contractor cannot fell the timber trees in spite of holding a valid permit. He just has to leave the farm. A farmer can have various reasons to deny the timber contractor the consent to harvest timber including nursing of seedlings; protection of streams; resting place etc.

- If the farmer agrees that the timber contractor can fell the timber trees, then the following should happen BEFORE the timber contractor can fell the timber trees:
  - Farmer must be part of the inspection and tree counting team.
  - The farmer and timber contractor inspect and count the number of timber trees to be felled by the contractor.
  - The farmer and the timber contractor count the number and type of farmer's crops that could be destroyed when the timber trees are felled. Farmers should remember that crop destruction could be as a result of the following:
    - Road construction by the timber contractor to remove the timber from the farm
    - Crops destroyed when the timber trees fall
    - Crops destroyed when the timber logs are removed from the farm. The actual numbers of crops destroyed can only be known after the logging and the logs removed so it is important for the farmer to have the (written) consent of the contractor to pay for all the crops damaged in the process of logging.
  - Farmer negotiates with contractor
  - The farmer must be the one to determine how much the timber contractor must pay for each crop damaged, not the other way round because it is the farmer who has information on how much s/he has invested in the farm. If this decision is left to the

- timber contractor, s/he is likely to use the outmoded/obsolete MOFA rates for crops. The farmer should refuse it outright.

### **How Does the Farmer Calculate How Much the Timber Contractor Must Pay Per Crop Destroyed?**

1. The farmer must determine how much s/he gets from each tree in a harvest.
2. How many times do you harvest from that tree crop in a year?
3. (1) multiplied by (2) gives the farmer how much s/he gets from that particular single tree crop in a year.
4. Multiplying (3) by the number of crops destroyed gives the farmer how much s/he gets per year for that particular crop.
5. How many more years would the crop have borne you fruits if it had not been destroyed by the timber contractor?
6. (4) multiplied by (5) will give the farmer how much to negotiate for each type of crop destroyed in the process.

### **Another option is to ask farmers the following questions:**

1. How much do farmers get per acre of cocoa farm per year?
2. How many cocoa trees are in an acre of cocoa farm?
3. Dividing 1 by 2 will give the farmer how much each cocoa tree gives him/her per year
4. How many cocoa trees were destroyed?
5. Multiplying 4 by 3 will give the farmer how much s/he would have got from the number of destroyed cocoa trees in a year.
6. What is the lifespan of a cocoa tree/farm

7. How old is your cocoa farm at the time of destruction of the cocoa trees?
  8. The difference between 6 and 7 will give the farmer how many more years the destroyed cocoa trees would have lived if they were not destroyed.
  9. Multiplying 8 by 5 will give the farmer how much s/he should be demanding as compensation for the number of cocoa trees destroyed.
- The farmer must use 9 as the basis for his/her negotiation. The value or amount must be agreed on with the contractor before the contractor begins harvesting. Negotiations must be completed and the contractor must agree before logging begins.  
(This process must be used for other crops besides cocoa.)
  - **Pre-agreement signed:** The contractor must sign a written consent to pay the negotiated compensation to the farmer before he begins logging. This written consent is good legal tender in case the contractor refuses to pay. If the timber contractor says he is unable to pay the compensation the farmer is asking, the timber contractor cannot harvest.
  - **Harvesting:** Once the timber contractor has agreed in writing to pay the agreed negotiated compensation, the farmer can give the timber contractor the go ahead to harvest the timber trees. It is important for the farmer to observe the following:
    - ✓ Farmer must be present during harvesting to ensure the timber contractor harvests only the selected timber trees;
    - ✓ Farmer decides which direction the tree should fall in order to avoid massive destruction of his crops;

- ✓ Farmer decides hauling route of the logs out of his farm to avoid further massive destruction of his crops.

### **Post-harvesting**

- ✓ Compensation paid before transportation
- ✓ Farmer monitors to ensure no further destruction

**Benefit Sharing Arrangements:** Should landowners benefit from compensations paid by the timber contractor to the farmer for crops destroyed? This is dependent on the benefit sharing arrangement agreed between the land owner and farmer. That benefit sharing arrangement prevails.

The facilitator must ask the question:

- *What benefit sharing arrangements/agreement do you have with the landowner?*

Most farmers refer to “yemayenkye” or sharecropping as the agreement framework between them and land owners and “abunu” and “abusa” as benefit sharing arrangements. Farmers have the understanding that with “yemayenkye” at the end of the harvest, they own a part of the land permanently. However, according to the Office of the Administrator of Stool Lands (OASL), yemayenkye or share cropping as the name implies, is sharing of crops, not sharing of lands. This needs to be emphasised to farmers. There is also the need to remind farmers of the fact that the 1992 Constitution prohibits the sales of land. Any freehold before the 1992 constitution is valid but beyond that, only leaseholds are permitted. This means ownership of land resides in the stool or family or entity owning the land in perpetuity.

## Compensation with Respect to Loss of Farm Land

**Everything above applies but in addition, farmer needs to remember s/he will lose access to land permanently and so in this case compensation will have to include permanent loss of land.**

In this situation, farmers should remember agricultural lands are leased for 50 years, renewable for another 50 years for Ghanaians. The compensation for loss of access to the farmland will be determined by the number of years left for the 50 years to elapse/expire. Farmers who have leased agricultural lands have no right to lease out or give out a portion of the land to another person for a different use. In a similar event, the land owner has no right to transfer the land of the farmer to another person when the farmer's tenure has not expired.



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