



Monitoring Legality for Domestic and Regional Markets – Unpacking some of the Issues and Challenges

17TH CBFP Meeting of the Parties – Douala, Cameroon 26th October, 2017

Richard NYIRENDA et Aurelian MBZIBAIN

Centre for International Development and Training, University of Wolverhampton

Email: r.nyirenda@wlv.ac.uk



Outline

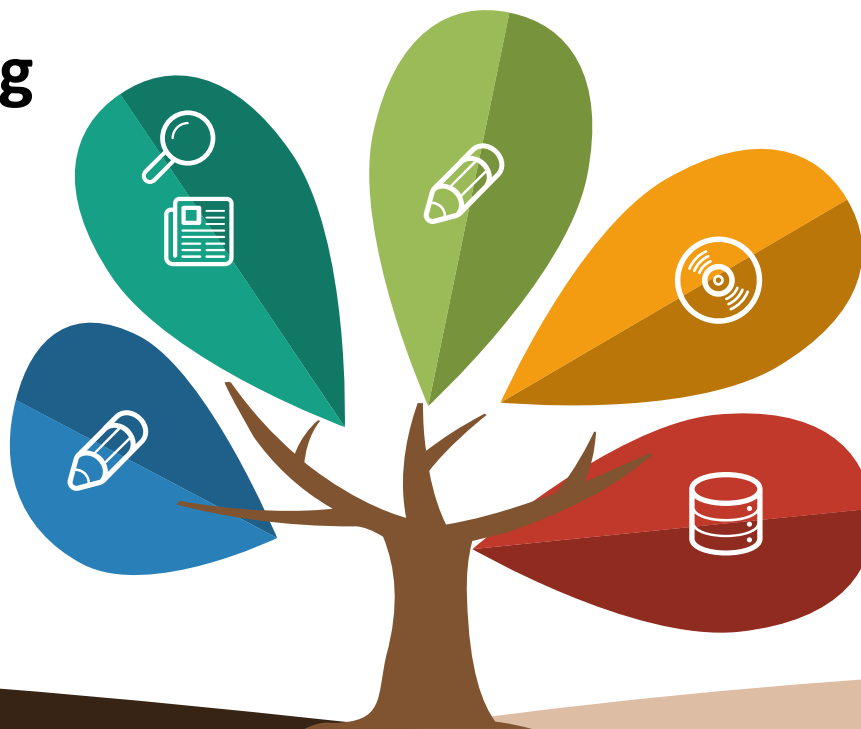
1. Illegality in the Forest Sector

2. The Nature of Domestic and Regional Markets

3. Understanding the Drivers

4. Issues & Challenges for Monitoring

5. Some Options



Illegality in the Forest Sector

1. Two main types of ‘illegal logging’ (Sam Lawson, Earthsight):

“**illegal illegal**” vs “**legal illegal**”

1. ‘Legal illegal’ is more prevalent than ‘illegal illegal’ but gets less attention
2. ‘Legal illegal’ is wrongly assumed to be less serious or have less impact, but in some ways it is worse
3. ‘illegal illegal’ – mostly on the domestic and regional markets

The Nature of Domestic & Regional markets

Two main characteristics;

1. Small and medium sized forest enterprises (SMFEs)
2. Informal and Artisanal actors or operators



Small Medium Forest Enterprises

- Range from 1 person operations or companies to firms that can have as many as 100 employees
- Often flexible with rapid decision making processes & larger share of profits normally re-invested in the local economy
- More labour than capital intensive – effective means of generating employment
- Can have low environmental impact – tend not to use heavy machinery

Small Medium Forest Enterprises

- Limited access to finance or technical support old equipment, inefficient and unsafe
- Limited capacity to keep up to date with changes in policy, legal framework, markets, higher value-added production
- High levels of informality – small to no contributions to tax revenues
- Regarded by government as backward and not compatible with development and export oriented investment strategies

Informal and Artisanal

- Informal rural economy – broadly defined as economic activity not subject to government regulation or taxation ('illegal – illegal') (*Schneider, 2002*)
- '**Contemporary governance**' dilemma in international development (*Benson et al, 2014*)
- Supports some of the most vulnerable in society – in sub-Saharan Africa it generates 90% of employment opportunities and contributes to up to 38% of GDP in some countries (*Vorley et al, 2014*)
- In rural economies sustains livelihoods of impoverished groups through natural resource & land based activities e.g. farming, **logging** & mining

Informal and Artisanal

- Not new to rural economies – developed informal rules to manage resources but traditional informality now increasingly coalescing with regional and global markets
- ***Messy and complex*** – illegal but often rooted in traditional resource and land rights
- Connection between informality and vulnerable groups *resulting in* lack legal and social protection (*Chen, 2012*)
- Sustainability of resource is a concern *particularly* now it is serving expanding urban and international markets

Understanding the Drivers of Informality

1. Weng, 2015 proposes 3 areas of inquiry and 3 spatial scales
2. Spatial scales
 - Macro level - *Political economy*
 - Meso level - *Value chain*
 - Micro level – *rural/urban actors*
3. Key Areas of Inquiry
 - **Rights**
 - **Regulation**
 - **Economics**



	Macro Level – Political Economy	Meso Level – Value Chain	Micro Level – Rural/Urban Actors
Rights	<ul style="list-style-type: none"> • Forest tenure conflicts between state & rural communities • State forest ownership 		<ul style="list-style-type: none"> • Informal activities as resistance against unjust tenure arrangements
Regulation	<ul style="list-style-type: none"> • Elite capture of forest resource governance • Policies such as revenue sharing, CF etc not delivering benefits 	<ul style="list-style-type: none"> • Separation between informal & formal timber sectors except for certain high value timber species 	<ul style="list-style-type: none"> • Cost of compliance too high
Economics	<ul style="list-style-type: none"> • Huge economic benefits to wide of stakeholders (FD officials, police, customs, farmers etc) 	<ul style="list-style-type: none"> • Demand from growing low-income consumers in urban areas 	<ul style="list-style-type: none"> • One of the few employment opportunities • Critical livelihood option • Significant income compared to agriculture

Issues & Challenges for Monitoring Legality

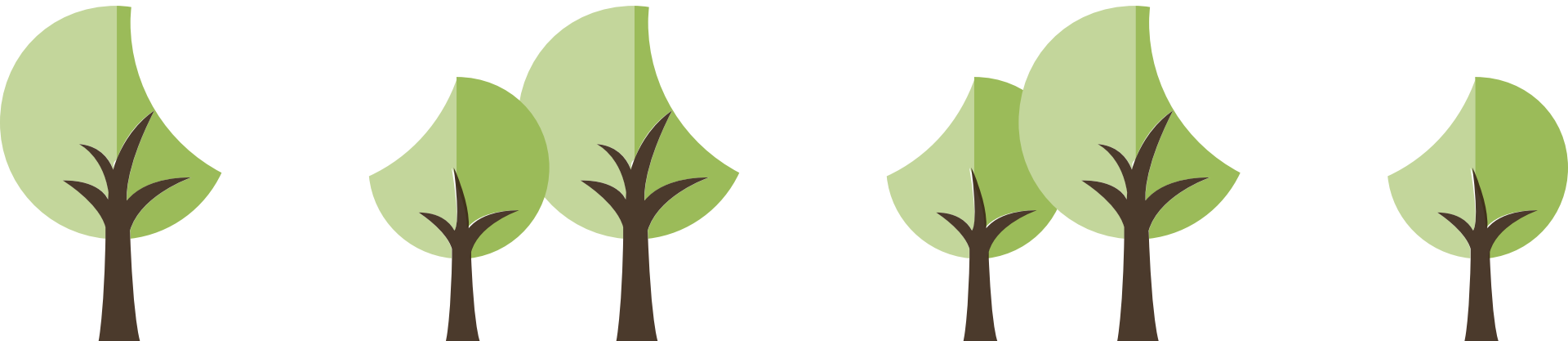
1. Legality is only one aspect of the larger question of survival and competitiveness with which SMFEs & informal operators deal with on a daily basis
2. Heterogeneity of SMFEs and the informal sector – different barriers for different actors
3. Barriers to achieving and maintaining legality – informal in nature and when formality is achieved they struggle to maintain it
4. Barriers to demonstrating legality – demonstrating legal compliance more of a challenge than simply being legal; e.g. ***complexities and costs of developing traceability systems, obtaining independent verification or certification etc***

Issues & Challenges for Monitoring Legality

5. Barriers to competitiveness - Lack of financial or technical capacity impedes achievement of legal requirements such as management plans etc
6. The usual issues;
 - weak law enforcement, inappropriate policy and institutional frameworks
 - Insufficient financial and technical support

So what!!

1. Policy and regulatory options that address the drivers of informality
 - Understanding the underlying drivers of informality
 - forest sector reaching out to other sectors - mapping all institutions beyond traditional forest sector actors that are involved in trade all the way to the point of export
2. Understanding the heterogeneity of the actors in the domestic and regional markets
 - including actors in other positions along the supply chain
 - Identify the invisibilities - policies designed to work for one type of business or supply chain may be ill-suited to another
3. Identify the difference between informality and legality
 - Resolved the disconnect between legal regimes and rural/urban realities





Voix des
Citoyens
pour le
Changement

.....
Observation Forestière
dans le Bassin du Congo

www.cidt.org.uk/cv4c
twitter.com/eucv4c

