



COMMUNES ET VILLES UNIES DU CAMEROUN
UNITED COUNCILS AND CITIES OF CAMEROON

SETTING UP A “MULTI-PURPOSE WOOD PROCESSING CENTRE” AS PART OF A PUBLIC-PRIVATE PARTNERSHIP (COUNCILS AND NATIONAL/INTERNATIONAL PRIVATE PARTNERS)



CONCEPT NOTE

A - THE FORESTRY SECTOR IN CAMEROON



With approximately 22.5 million hectares of forest, including about 14 million hectares of production forests, Cameroon has the largest forest area in Africa behind that of the Democratic Republic of Congo (DRC). In addition to its size, the national forest estate has a wide range of species: 620 different species have been identified, 300 of which are marketable. The forestry sector thus plays a vital role in the social and economic development of the country. It is one of the ten (10) most important branches of Cameroon's economy, accounting for 2.1 per cent of the Gross Domestic Product (GDP) in 2019. In 2017, it was the second-largest export sector (15.6 per cent) after the oil sector, with a 2.9 per cent growth rate.

The forestry sector in Cameroon operates in a national context where forests are divided into Permanent Forest Estates (PFE) and Non-Permanent Forest Estate (NPFE). The PFE comprises: i) State forests (production forests - subdivided into Forest Management Units and Protection Forests), ii) Council Forests (CF), iii) Protected Areas (national parks, wildlife sanctuaries, ecological reserves, and zones of hunting interest).

The main legal requirements for operating in the forest sector in Cameroon include:

- Creating a company under Cameroonian law;
- Obtaining a forest management permit to operate a forest title (either on its own or as an industrial partner of a council);
- Obtaining a wood processor's permit to set up a processing unit for wood extracted from council forests (and any other legal title); and
- Obtaining a permit as an exporter of Wood and Wood Products to trade the latter beyond the Cameroonian territory.

The major stakeholders in the forest sector include:

- The government through:
 - ✓ The Ministry of Forestry, which issues permits, monitors and controls the implementation of the national policy on the development of the wood-

processing industry;

✓ The Ministry of Environment, which is in charge of handling environmental issues associated with the forestry sector;

✓ The Ministry of Finance (tax and customs issues);

✓ le ministère en charge de l'emploi (code du travail);

✓ The Ministry of Employment (Labour Code)

✓ The Ministry of Trade (management of price certification issues on the national market);

✓ The Ministry of Industry (management of incentives for industrial investment);

• Private operators with forest concessions and industrial units, who are prime partners of the councils in the management of council forests. These private operators are members of diverse corporate organisations to safeguard their interests;

• Municipalities having council forests, with the United Councils and Cities of Cameroon acting as a liaison organisation between the councils and other stakeholders involved in the local development;

• Communities surrounding forest titles, which, under the legal framework, are privileged to benefit from the positive impacts of the exploitation of forest titles.

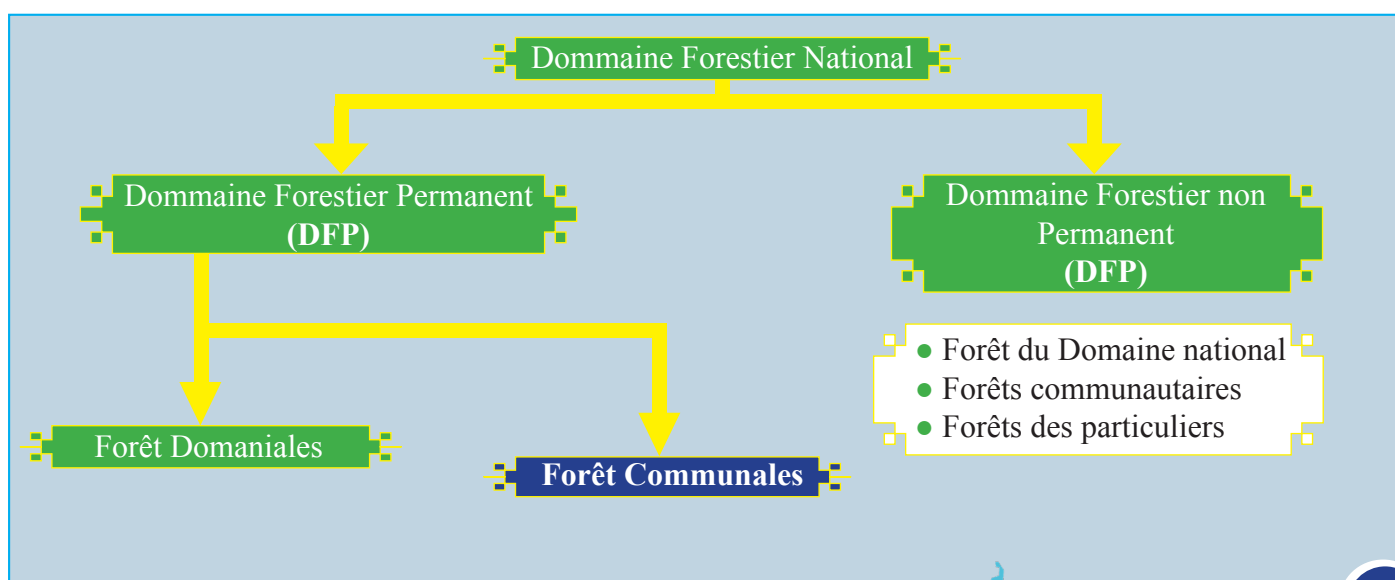
Regarding the forestry sector, the National Development Strategy 2030 (NDS 30) has outlined the Government's new guidelines for the development of this sector. Thus, the provisions set out aim to foster:

I : the development of forest and wildlife resources;

II : the promotion of new species;

III :the structuring of the domestic wood market to improve the supply of local wood processing industries;

IV : the phasing-in of council forests and the start of operations in community forests. To achieve this, the Government shall, inter alia, define public procurement guidelines for the supply of wood products to public services and improve the standards for the use of wood in construction works. In addition, it shall set up an appropriate scheme for the creation of a wood technology hub.



B - THE OPPORTUNITIES CAMEROON OFFERS AS AN INDUSTRIAL HUB FOR THE ADVANCED PROCESSING OF WOOD FROM THE CONGO BASIN FORESTS



Cameroon's geographical location confers on it a critical competitive advantage. It enables it to leverage markets in both the Economic Community of Central African States (ECCAS) and the Economic Community of West African States (ECOWAS). This pivoting position, between Central and West Africa, provides it with a market of 52 million (CEMAC) and 187 million (ECCAS) consumers. Nigeria, a "timber deficit country" with 219,463,862 inhabitants, is its greatest asset. The African Free Trade Area (AFTA), which is being operationalised, will also be profitable for any industrial activity undertaken in Cameroon. Meanwhile, Cameroon's legislation and the quality of its wood species have attracted trade not only in West Africa (ECOWAS) but also in North Africa. The domestic wood market on its accounts for the consumption of 830,000 m³ of sawn wood sold per year, mainly in the form of planks, formwork boards, laths, and rafters. A study on sales levels in furniture shops between January and October 2015 shows that 22,282 pieces of furniture were sold in the 166 shops surveyed, which represents a sawn volume of 5,788 m³ and a turnover of FCFA 3.33 billion.

The main features of the forestry sector in the Congo Basin include:

- The Wood Sector in the countries of the Congo Basin Forests is essentially a solid wood sector (with a small proportion of products made of wood fibres and/or particles). It seeks to position Cameroon, as an industrial and technological hub for the advanced processing of solid wood, the world leader in finished solid wood products, thus leveraging on the competitive and distinct advantages of its raw material, derived from the old-growth natural tropical forests.



- The Congo basin, as the second largest natural

tropical forest in the world (after the Amazon Forest area), with a significant proportion of old-growth virgin forests, has a wide variety of noble wood species (Wengue, Doussie, Okoume, Bubinga, Assamela, Padouk, etc.) enabling finished products of the wood processing sector to be classified as premium products. The Congo Basin forests represent 7 per cent of the world's forest area and 22 per cent of tropical forests. On average, forest production throughout the Congo Basin Forest is about 7 million m³/year in Roundwood, with 150 commercially exploitable species available.

- Among the countries of the Congo Basin Forests, Cameroon has several trumps to position itself as a sub-regional industrial and technological hub for advanced wood processing:

- ▶ Cameroon's primary and secondary wood processing sector is the most developed among the major countries of the Congo Basin Forests (Central African Republic, Gabon, Equatorial Guinea, Republic of Congo, Democratic Republic of Congo);

- ▶ The training and capacity-building facility in Cameroon for wood trades covers all levels of training (secondary and university), and is the most developed of the Congo Basin countries;

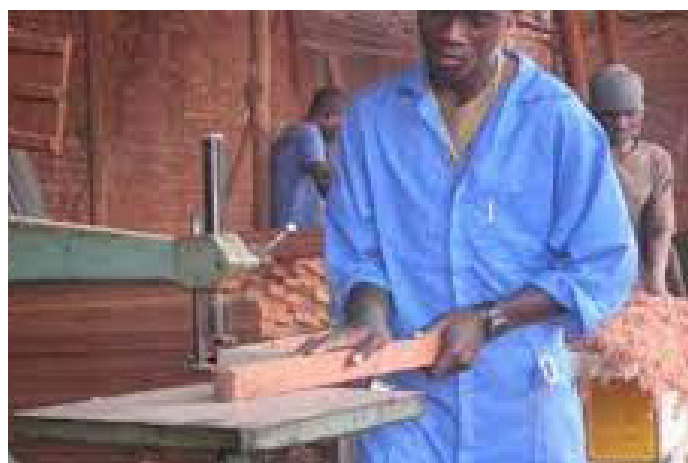
- ▶ The overall ecosystem for the development of a more advanced wood processing industry has been set up in Cameroon, and the Government has demonstrated a strong political will to promote investment in industrial projects, including the

creation of the Investment Promotion Agency, the main State body for facilitating Foreign Direct Investment (through a system of measures and incentives) and assisting foreign investors in the implementation of their projects;

- ▶ Through its Atlantic coastline and its two maritime ports (including a deep-sea port), Cameroon is the main gateway for the main countries of the Congo Basin (CAR, Congo, and DRC) to export their forest products to international markets. Cameroon is thus the main transit country for forest products (primary and secondary processing) from the Congo Basin countries to world markets;

- ▶ Today, Cameroon has one of the most comprehensive and advanced forestry legislation in Africa. This legal environment seeks to demonstrate the country's goodwill at national and local levels in terms of sustainable exploitation of forest resources

- ▶ In the forest and wood sector, Cameroon has plenty of skilled workforce. This significant workforce stems from the training in the wood sector at the secondary school level, as well as from a network of community learning centres. In addition to this, there are also higher education institutes (public and private) that offer training in forest management and wood technologies and industries. All the skills needed for the processing of wood resources (mainly mechanical wood processing) are available, from machine operators to engineers, technicians, and senior technicians.





The current legal climate of the Regional and Local Authorities, as well as the dynamism of UCCC, have positioned the council as the best territorial platform for investment in the forestry sector, which is presently dominated by international private operators:

- To supply industrial units with wood raw materials for advanced processing, the councils in Cameroon are privileged partners considering that it is the only country in the Congo Basin that has given local authorities in the forest regions jurisdiction over the management of forest units known as “Council Forests”.

- Council forests are thus decentralised stakeholders that attract foreign (or national) investors to their territories to set up industrial units for the advanced processing of wood (obtained from council forests). These industrial units, which operate with a rich and abundant wood resource, are considered to have a great knock-on effect on the local socio-economic development (at the council and/or inter-council level).

Therefore, the decision to invest in council forests is motivated by:

- The managerial and organisational involvement of the council, facilitates transparency, profitability, and good forest governance;
- Forest availability (about 50 per cent of the production forests shall be owned by the council)
- Land tenure security through the institutional competence devolved to the councils to draft Land Use Plans (POS);
- The absence of administrative hassle: the councils are autonomous in their administration and their public action is based on a voting system;
- Incentives to develop public-private partnerships (in compliance with the provisions of the General Code of the RLA, the latter may, if necessary, join forces under a contract to achieve common objectives or projects);

- Unlike the State, the councils can work together either through decentralised cooperation or a trade union, to create and manage activities of inter-council interest;
- The councils can henceforth create municipal companies or participate in the social capital of companies to the tune of 33 per cent;
- A wide range of management methods, including concessions, leasing, public-private partnerships, management, and mixed economy companies;
- An attractive local tax system via the devolved competence of the councils in charge of defining council taxes, in compliance with the legal provisions;
- Planning and transparency in the allocation of forest exploitation titles;
- An independent observer during the allocation of titles and for the monitoring of forestry violations;
- The ability to create an economic area as defined by the law establishing the modalities for the creation and management of economic areas in Cameroon; to benefit from tax and customs exemptions;
- The existence of an association in charge of advocacy, guaranteeing the security of investments made within the councils (UCCC);



D - THE WOOD PROCESSING INDUSTRY MARKET IN CAMEROON



According to the Ministry of Finance, imports of wooden furniture have doubled since 2007 and totalled FCFA 5.3 billion in 2015. For example, between 2004 and 2008, revenues from the sale of wooden furniture soared from 7.7 billion to about 16 billion, an annual increase of 20 per cent with about 40 per cent of this increase coming from the sale of imported furniture. This pattern indicates that domestic producers are not able to meet new demands due to a lack of equipment. For example, in the first quarter of 2020, Cameroon imported paper and cardboard (14,955 tonnes) worth FCFA 12.8 billion. Wooden furniture (2,161 tonnes) cost

FCFA 3.4 billion.

This goes to show that the industrialisation of wood faces a significant deficit. These import figures show the great potential of the wood sector in Cameroon and the sub-region, especially if the sector were to undergo a structural change through massive investment in advanced wood processing.



E - THE “MULTI-PURPOSE WOOD PROCESSING CENTRE” PROJECT



The government’s vision is to transform Cameroon into the main Industrial and Technological Pole for Advanced Wood Processing in the natural tropical forests of the Congo Basin, for the supply of finished timber products to the international markets in the following sectors: Wood Construction, Wood Furniture, Wood Joinery, Cabinet Making, Interior and Exterior Wooden Fittings, etc.

The «Multi-Purpose Wood Processing Centre» project, supported by UCCC, hinges on two technological hubs and is designed as a “Council Hub” for advanced wood processing:

- A “Wood Technology and Industry Skills Centre”;
- A vertically integrated Industrial Hub for advanced wood processing (from council forests);

Many sites which have already been developed by the local authorities are ready to host the “Multi-purpose Wood Processing Centre” project.

A. THE WOOD TECHNOLOGY AND INDUSTRY SKILLS CENTRE

It aims to make the Skills Centre an intellectual, scientific, and industrial hub for the transfer of skills and technologies in the wood industry.

The key missions of the Skills Centre are:

- To provide professional training (development and/or reinforcement of technical skills) in the

wood processing industry;

- To serve as a forum for the transfer of industrial wood processing technologies to industrial companies in the forestry sector;
- To impart entrepreneurial skills and provide technical assistance in the creation of small wood processing enterprises in the construction sector;
- To assist young entrepreneurs in setting up small wood processing enterprises in the industrial area (search for technical, financial, and commercial partners).

The Wood Industry Skills Centre is structured as per the Learning-By-Doing Model (apprenticeship workshop-school). It will be a high-value-added wood technology park under the “Production School” model. Each Workshop-School is geared towards manufacturing a range of “finished products” and the trainees specialise in all the manufacturing stages of the latter, mastering all the processes of the production chain (from the selection of the raw material to the finishing touches). At the same time, the Workshop School is a semi-industrial production unit that manufactures the finished product and sells it to its target markets. The income generated from the sales of these products is used to implement the various elements of the Skills Centre’s strategy as an “Incubator of VSEs/SEs in advanced wood processing”.

The Skills Centre is also:

- An Incubator for small enterprises in the wood industry;
- A Workshop-School Centre in the various trades of advanced wood processing, including the most relevant ones:
 - ▶ Wood sawing;
 - ▶ Wood drying;
 - ▶ Wooden carpentry in the construction sector
 - ▶ Wooden interior fittings;
 - ▶ External Wooden fittings;
 - ▶ Wooden frameworks;
 - ▶ Wooden house construction
 - ▶ Carpentry;
 - ▶ Furnishings;
 - ▶ Manufacture of engineered wood products;
 - ▶ Design in wood joinery, furnishings, construction, and fittings; and
 - ▶ Wood energy.



The major products and services offered by SIMA are:

- ▶ Certified courses;
- ▶ Capacity Building Seminars;
- ▶ Ongoing training;
- ▶ Demonstration seminars on wood processing technologies;
- ▶ Technical conferences;
- ▶ Technical Assistance Services to companies regarding the renewal of machinery or the purchase of new industrial equipment;
- ▶ Consultancy services (Competence Assessment of technical staff, etc.).

The various “Finished Products” represent different specialised Schools of the Skills Centre, each

providing a complete range of services in its sector. The Centre shall open the following “Schools”:

- ▶ Sawmilling School (industrial and semi-industrial);
- ▶ Wood Drying School;
- ▶ Carpentry School in the construction industry;
- ▶ Interior Woodwork School;
- ▶ External Woodwork School;
- ▶ Wooden Roofing School;
- ▶ Wood Construction and Housing School;
- ▶ Furniture School;
- ▶ Manufacturing of Engineered Wood Products School;
- ▶ School of Design in Carpentry, Furniture, Construction, and Wooden Fittings; and
- ▶ School of Wood Energy;

B. THE INTEGRATED INDUSTRIAL HUB FOR ADVANCED WOOD PROCESSING

The “Integrated Industrial Wood Processing Hub (H2IT-Wood)” specialises in the secondary and tertiary processing of wood from forest resources owned by councils (Council Forests) and Communities (Community Forests). The Industrial Hub will set up a modern industrial complex for the full exploitation of timber logs, to create an industrial hub for the full processing of the abundant wood resources available in the council forests. This project was initiated as a result of the considerable wealth and potential of wood in the council and community forests, which are under-exploited at the moment. The Industrial Hub is structured to ensure that, through its variety of wood recovery options, it can:

- ▶ Harvest a wide range of species, thus increasing the yields per hectare of “tree” harvesting activities, and considerably increasing the income of forest owners (councils and communities);
- ▶ Recover a greater proportion of the tree and reduce the level of waste left in the forest;
- ▶ Provide prospects for very advanced exploitation of forest products (logs and cuttings) with the implementation of an approach to optimise the



value obtained from each species, given its features (parquetry and carpentry/furniture products that give maximum value to the noblest species), as well as relevant options for the exploitation of relatively unknown species (engineered wood products and kit houses).

- The H2IT-Wood project is geared towards:

- ▶ Using a minimum of 15 species of wood from the partner forests in an industrial complex;

- ▶ Mettre en œuvre, dans le H2IT-Bois, un schéma industriel permettant la valorisation d'au moins 60% de l'arbre abattu (tronc, grosses branches, coursons) et des dégâts d'abattage et de débardage;

- ▶ Setting up an industrial scheme for the H2IT-Wood that enables the recycling of at least 60 per cent of the felled trees (trunk, large branches, spurs) and felling and skidding damage;

- ▶ Implementing an industrial scheme in H2IT-Wood that will ensure the recovery of at least 90 per cent of the logs consumed by the H2IT-Wood.

- ▶ The Industrial Hub is therefore designed to both increase the economic value of small forest titles (the industrial scheme implemented in H2IT-Wood increases the economic value of the trees) and to increase the economic value of each piece of wood raw material consumed by H2IT-Wood.

The Industrial Hub comprises a horizontally and vertically integrated industrial complex designed to increase the industrial value of a unit of resource

available in the partners' forests (horizontal integration by broadening the range of the wood resource recycling process) and to increase the added value extracted from a unit of raw material transported to the industrial complex (vertical integration by extending the added-value chain). Thus, the industrial complex project comprises:

- ▶ An infrastructure for the recycling of wood resources, introducing several recycling options for the wood resource present in the trees (to increase the recycling rate of each tree), including:

- ▶ An industrial unit for sawing logs (for most of the species present in the forests, and those of lower quality in the case of "noble" species);

- ▶ An industrial unit for peeling logs (to increase the added value of some species of wood and to produce high-quality logs);



- ▶ An industrial unit for slicing logs (to increase the added value of some wood species and to produce high-quality logs);

- ▶ An industrial unit for the production of particleboard (for the recycling of diverse forestry residues and other mechanical wood processing);



► A wood drying infrastructure with the necessary drying capacity for the entire production of sawn timber (sawn timber produced by the sawmill and sawn timber from the partner community forests);

◆ A complex for the advanced processing of wood into a variety of products, for secondary and/or tertiary processing of all sawn timber production, including:

◆ An industrial parquetry unit (for the manufacture of various mouldings and wood furnishing products);

◆ A pre-fabrication unit for wooden houses in kits;

◆ An industrial unit for carpentry and furniture;

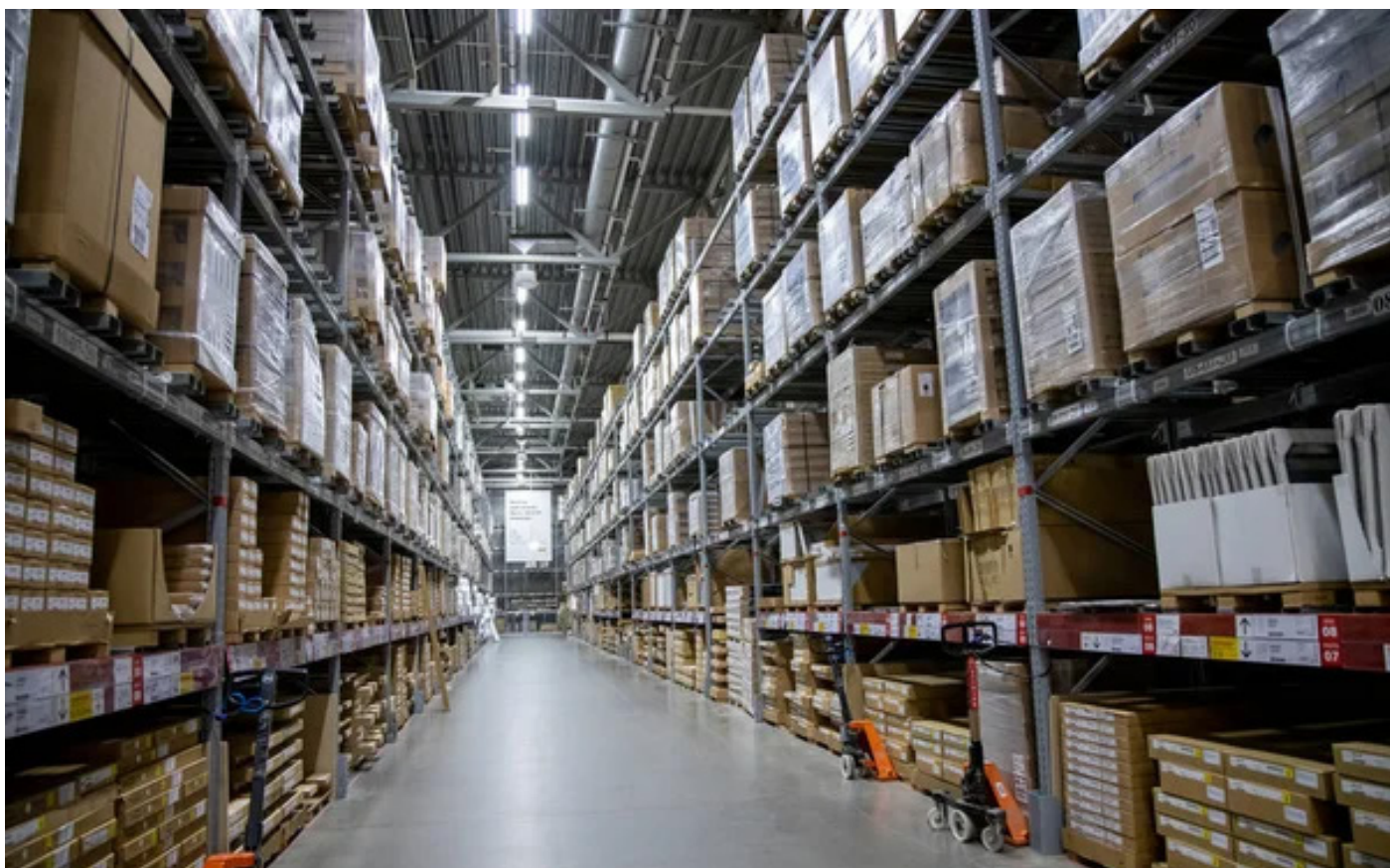
◆ An industrial unit for wood energy (charcoal, pellets and sawdust briquettes, etc.);

◆ A technical infrastructure for the maintenance of industrial installations and rolling stock, comprising:



◆ An industrial unit for manufacturing a wide range of “engineered wood products”/EWP (products with very high added value enabling, among other things, effective use of wood from “relatively unknown” species);





◆ A garage for the maintenance of machines and rolling stock;

◆ A workshop for mechanical manufacturing and electromechanical maintenance;



◆ A workshop for honing cutting tools;



For the implementation of the “Multi-purpose Wood Processing Centre”, a skilled workforce is readily available, with the skills/know-how required to operate the technologies prevailing in the mechanical wood processing sub-sector.



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