



*Forestry Commission Annual Report*  
*2019*

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## ABBREVIATIONS

AAC	Annual Allowable Cut
BoC	Board of Commissioners
CBAGs	Community Biodiversity Advisory Groups
CCD	Climate Change Department
CE	Chief Executive
CFCs	Community Forest Committees
CFMCs	Community Forest Management Committees
COCOBOD	Ghana Cocoa Board
CPME	Corporate Planning, Monitoring and Evaluation
CREMA	Community Resource Management Area
CRMCs	Community Resource Management Committees
CRMCs	Community Resource Management Councils
CSC	Climate Smart Consortium
EAP	Environmental Action Plan
ECOWAS	Economic Community of West African State
eHUMANIS	Human Resource Management System
ELCIR	Engaging Local Communities in REDD+
ENFAL	Enhancing Natural Forest and Agroforest Landscape
EPM	Effective Patrol Man-days
ERPA	Emissions Reduction Programme Agreement
ERs	Emission Reductions
EU	European Union
FAD	Finance and Administration Department
FAO	Food and Agriculture Organization
FC	Forestry Commission
FCPF	Forest Carbon Partnership Facility
FCTC	Forestry Commission Training Centre
FIP	Forest Investment Programme
FLEGT	Forest Law Enforcement, Governance and Trade
FR	Forest Reserve
FRL	Forest Reference Level
FSD	Forest Services Division
FVS	Fire Volunteer Squad
GCF	Green Climate Fund
GCFRP	Ghana Cocoa Forest REDD+ Programme
GHG	Greenhouse Gas
GHGI	Ghana House Gas Inventory
GSBAs	Globally Significant Biodiversity Areas
GSLRP	Ghana Shea Landscape REDD+ Project
GWTS	Ghana Wood Tracking System

HFZ	High Forest Zone
ICT	Information and Communication Technology
IGF	Internally Generated Funds
KNUST	Kwame Nkrumah University of Science and Technology
LUS	Lesser Used Species
M&E	Monitoring and Evaluation
MAAM	Marketing Analytical Model
MLNR	Ministry of Lands and Natural Resources
MMDAs	Metropolitan, Municipal and District Assemblies
MoPs	Manual of Procedures
MRV	Measurement, Reporting and Verification
MTEF	Medium Term Expenditure Framework
MTS	Modified Taungya System
NBSAP	National Biodiversity Strategy and Action Plan
NDPC	National Development Planning Commission
NEPP	National Environmental Protection Programme
NGOs	Non-Governmental Organisations
NSDI	National Geo-Spatial Data Infrastructure
OHCS	Office of the Head of Civil Service
PAAp	Predictive Analytical Application
PAs	Protected Areas
PREPSYS	Plantation Reporting System
PSP	Permanent Sample Plot
PVTRACK	Payment Voucher Management System
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REVCOMSYS	Revenue Collection and Management System
RMSC	Resource Management Support Centre
SIS	Safeguard Information System
SMTPF	Sector Medium-Term Policy Framework
TIDD	Timber Industry Development Division
TSPAYSYS	Temporary Staff Payroll System
UK	United Kingdom
VPA	Voluntary Partnership Agreement
WD	Wildlife Division
YAP	Youth in Afforestation Programme

## EXECUTIVE SUMMARY

### Introduction

The 2019 Annual Report of the Commission assesses the implementation of policies and strategies outlined in the 2018-2021 Sector Medium-Term Policy Framework (SMTPF) which falls under the Environment, Infrastructure and Human Settlements development dimension.

The overall goal of SMTPF is to address the degradation of forest and wildlife resources, and ensure the effective and efficient management of these resources for sustainable development and poverty reduction.

### Management/Production of Forest Resources

The Timber Resources Management Regulation 1998, (L.I. 1649), the Timber Resources Management (Amendment) Regulation 2003 (L.I. 1721) and the Timber Resources Management (Legality Licensing) Regulations, 2012 (LI 2184) have been revoked by the Timber Resource Management and Legality Licensing Regulations, 2017 (LI 2254). These regulations amend the original LIs in relation to the procedure for competitive bidding for the grant of timber rights. In accordance with the law, the Commission granted three hundred and eighty-five (385) salvage permits of which off reserve represents 90% and 10% for on reserve areas. A total of one hundred and ninety-nine (199) plantation permits were also granted to harvest 88,150 m<sup>3</sup> of timber species.

The total volume of natural forest timber harvested increased from 685,020 m<sup>3</sup> (on-reserve-572,472 m<sup>3</sup> and off-reserve-112,548 m<sup>3</sup>), in 2018 to 1,157,229 m<sup>3</sup> (on-reserve 862,409 m<sup>3</sup> and off-reserve 294,820 m<sup>3</sup>) in 2019, representing 116% of the AAC. Also, plantation timber harvested in 2019 was 447,035 m<sup>3</sup> (on-reserve-390,846 m<sup>3</sup> and off-reserve-56,189 m<sup>3</sup>) as compared to 91,957 m<sup>3</sup> (on-reserve-20,189 m<sup>3</sup> and off-reserve-71,768 m<sup>3</sup>) recorded in 2018.

In terms of timber and wood products exports, the Commission recorded a 10% decrease in the total volume exported as compared to 2018. A volume of 300,455 m<sup>3</sup> was exported in 2019 as against 332,927 m<sup>3</sup> in 2018. The total value recorded from export was €151 million indicating a 20% fall from €188 million recorded in 2018.

### Protection of Forest and Wildlife Resources

The total land area of the country is approximately 23.9 million ha. This includes 266 gazetted forest reserves out of which 204 are located in the High Forest Zone and 62 in the Savanna Zone. There are also 22 wildlife protected areas which include 7 National Parks, 6 Resource Reserves, 3 Wildlife Sanctuaries, 1 Strict Nature Reserve and 5 Ramsar Sites.

A total distance of 21,832 km forest boundaries was inspected and 23,608 km cleaned during the year. In 2018, a distance of 20,056 km was inspected and 21,172 km boundaries cleaned. This indicates an increase of 9% and 12% in the boundary inspection and cleaning done respectively. The sole purpose of this forest boundary inspection and cleaning is to maintain the ecological and productive integrity of the forest reserves. In order to check encroachment and the illegal entry into forest reserves and wildlife protected areas, the Rapid Response Teams were deployed by the Commission.



## Development of Forest and Wildlife Resources

The implementation of the Ghana Forest Plantation Strategy, 2016-2040 is aimed at restoring lost forest cover. Out of the planned target of 25,000 ha, a total of 25,004 ha (19,039 ha under government and 5,965 ha by the private sector) was planted as compared to 20,169 ha in 2018. A total of 4,563 ha of degraded landscape was restored through enrichment planting. Additionally, 50,030 ha of established plantations were maintained over the period. About 22.9 million seedlings were procured and distributed for planting in 2019.

In order to boost ecotourism activities in the protected areas, the Commission undertook biking and abseiling activities at Shai Hills Resource Reserve. Ecotourism marketing exhibitions and travel fairs were undertaken in Netherlands, Spain and Germany. Also, domestic market sales missions, in collaboration with Ghana Timber Association, were undertaken at the Ghana International Trade Fair and “Yoomo Be Ga” (YBG) Eco Art Festival.

The total visits to ecotourism sites for 2019 were 264,276 compared to 206,834 for 2018. In 2019, the four (4) major protected areas, Kakum National Park, Shai Hills Resource Reserve, Mole National Park and Ankasa Conservation Area recorded a total number of 188,595 visitors representing 72% of all visitors. The Accra zoo recorded 22,698 visitors, while the Kumasi zoo recorded 50,735 visitors.

## Forest and Wildlife Policy and Legal Regimes

The fourteen (14) Rapid Response Teams of the Commission were deployed to areas around Sefwi-Wiawso, Nkawie, Tarkwa, Juaboso, Bibiani, Bole, Bekwai, Ho, Achimota, Ankasa Resource Reserve and Bui National Park to combat illegal activities on-going within and around these identified hotspot forest reserves and wildlife protected areas.

During the year, 224 effective patrol man days (EPMD) per officer was achieved with 362 effective patrol staff. Through the operations of the Rapid Response Teams, 54 shotguns and 14 chainsaws were seized. In addition, 91 poachers and other offenders engaging in various forest and wildlife offences were arrested in 73 cases of which 54 of these cases have been successfully prosecuted.

The implementation of the legality assurance regime under the Voluntary Partnership Agreement gained further traction with the completion of roll-out of the wood tracking system and the timber legality audit. Thirty-seven (37) corrective action requests were resolved out of the seventy-three (73) that were issued. These corrective action requests impacted positively on the payment of outstanding indebtedness of companies/loggers to the Forestry Commission as well as honouring of social responsibility obligations to the communities.

## Financial Management

The Commission recorded a total revenue of GH¢207 million which represents an increase of 3% as compared with GH¢202 million recorded in 2018. On expenditure, the Commission spent GH¢220 million as against GH¢139 million in 2018.

## Human Resource Management

At the end of the year, the Commission’s staff numbers stood at three thousand five hundred and thirty-one (3,531) consisting of 662 senior staff and 2,869 junior staff. Junior staff represented 81% of the total staff strength whilst only 19% constituted senior staff. This comprised of 2,990 males and 541 females.

The Commission enhanced the capacity of one thousand one hundred and sixty-seven (1,167) staff under various training programmes. As a way of appreciating staff, an amount of GH¢15.6 million was paid to staff as various benefits.

### **Forest and Wildlife Stakeholder Collaborations**

The Commission collaborated with A Rocha Ghana to supply 200 beehives to Community Resource Management Areas (CREMA) beneficiaries around Mole National Park. In terms of sensitization on biodiversity conservation, 279 First and Second Cycle Schools and 343 communities around wildlife protected areas and Ramsar Sites were educated on the importance of wildlife and their utilisation. In addition, 47 radio programmes were carried out at wildlife protected areas and Ramsar Sites to educate the public on wildlife laws at various localities.

A number of activities were undertaken under CREMA initiatives. Support was provided to the Avu Lagoon CREMA to flush out 10 farmers who had encroached the core zone at the Keta Lagoon Complex Ramsar site. Two (2) workshops were also facilitated on wetland management for 30 members of the Avu Lagoon CREMA at the same Ramsar site. Field equipment were supplied to CREMAs under the FIP Project.

### **Efficient and Effective Organization Infrastructural Development**

As part of the implementation processes of the SMTPF (2018-2021), the Commission organized performance assessment workshops after which progress reports were produced and submitted to the NDPC, OHCS and the Sector Ministry. In showcasing performance of the organization to the public domain for accountability, the Commission participated in the Meet – the – Press series organized by the Sector Ministry as well as mid- year performance review held at Tutu Akuapem in the Eastern region.

The Internal Audit Department of the Commission issued four (4) consolidated quarterly audit reports that summarized findings and demanded responses to the identified issues which were presented at Audit Committee meetings. Field visits were undertaken to selected FSD, WD and TIDD offices nationwide to observe, assess, monitor and validate field operational activities.

### **Programmes and Projects**

The Commission implemented programmes and projects which were mainly funded by development partners. Under the FIP-ENFAL, a total area of 103 ha of identified degraded watersheds was planted. In terms of the maintenance of planted watersheds, 543 ha was achieved.

### **Challenges**

There are inadequate operational vehicles to undertake Zonal and Divisional office activities as well as obsolete working tools and other equipment.

Other challenges included inadequate technical staff at Divisional and operational areas as well as non-replacement of staff who have exited the service, inadequate GIS, Remote Sensing & ICT equipment and obsolete GIS software at RMSC.

There is also encroachment on protected areas especially Digya National Park and Sakumo Ramsar Site, and illegal harvesting of Rosewood in protected areas.

With regards to plantation development, there was limited funding to undertake effective maintenance of existing forest plantations. Another challenge was wildfires which were usually intensified by activities of free-range cattle herders (Fulani herdsmen) and illegal farmers within forest reserves.

## Conclusion

From 2020, the Commission will mobilize human and financial resources and collaborate with relevant institutions and agencies to ensure sustainable management, development and utilization of forest and wildlife resources.

## CHAPTER ONE

### INTRODUCTION

The report offers an assessment of the implementation of policies and strategies as contained in the 2018-2021 Sector Medium-Term Policy Framework (SMTPF). It presents results of the status of indicators and targets adopted for measuring the progress of programmes and projects undertaken in 2019.

The total land area of the country is approximately 23.9 million ha, of which one-third represents the High Forest Zone (HFZ). There are 266 gazetted forest reserves which comprised of 204 in the HFZ areas, occupying 1.6 million ha and 62 in the Savanna Zone areas which also covers 0.6 million ha. However, in the HFZ areas, only 16% of it can be said to be in a good state due to forest degradation. It is also identified that unreserved closed canopy forests located in the HFZ areas occupied about 0.4 million ha.

A total of 22 wildlife protected areas including 7 National Parks, 6 Resource Reserves, 3 Wildlife Sanctuaries, 1 Strict Nature Reserve and 5 Ramsar Sites were managed in the period. Altogether, they occupy 1.3 million ha, representing about 5.5% of the total land area of Ghana.

In managing, protecting and developing the forest reserves and wildlife protected areas, the Commission implemented the 2018-2021 SMTPF. The thematic areas and policies based on which indicator targets were adopted is presented in the Table 1.

**Table 1: Thematic Areas and Policy Objectives**

Key Focus Area	Policy Objectives	Issues	Strategies
Protected Areas	Expand forest conservation areas	Loss of forest cover	Promote alternative sources of livelihood, including provision of bee-hives to forest fringe communities
		Poor demarcation of conservation areas	Re-survey and demarcate forests with permanent concrete pillars
		Encroachment on conservation areas	Map and assign conservation status through by-laws to mangrove forests, wetlands and sensitive marine areas in district spatial plans
		Inadequate capacity of relevant institutions	Strengthen Forestry Commission and related institutions to effectively implement the National Environmental Protection Programme (NEPP) and the Environmental Action Plan (EAP).
		Increasing loss of endangered species	Establish gene banks for indigenous species and refuge areas for threatened, endemic and rare species
	Protect forest reserves	Illegal farming and harvesting of plantation timber	Support the protection of the remaining network of natural forest and biodiversity hotspots in the country

Key Focus Area	Policy Objectives	Issues	Strategies
		Forest fires	Support the protection of the remaining network of natural forest and biodiversity hotspots in the country
		Inadequate staff	Enhance capacity of MDAs and MMDAs to mainstream biodiversity into development planning and budgeting processes
		Weak enforcement of regulations	Strengthen involvement of local communities in the management of forests and wetlands through mechanisms such as co-management systems
			Accelerate the implementation of the National Biodiversity Strategy and Action Plan (NBSAP)
			Develop an early warning system for detection of invasive alien species
			Develop guidelines for reporting and managing invasive alien species
		Promote research, public education and awareness on biodiversity and ecosystem services	
Insufficient logistics to maintain boundaries of protected areas	Strengthen environmental governance and enforcement of environmental regulations		
Deforestation, Desertification and Soil Erosion	Combat deforestation, desertification and soil erosion	Weak collaboration between stakeholder institutions	Strengthen implementation of Ghana Forest Plantation Strategy and restore degraded areas within and outside forest reserves
		High incidence of wildfires	Promote and develop mechanisms for transparent governance, equity sharing and stakeholder participation in the forest, wildlife and wood fuel resource management (e.g. Community Resource Management Areas Programme (CREMAs))
		Inappropriate farming practices	Promote training, research-based and technology-led development for sustainable forest and wildlife management
		Indiscriminate use of weedicides	Implement the green infrastructure recommendation in the National Spatial Development Framework
		Over-exploitation and inefficient use of forest resources	Promote and develop financing mechanisms for forest value chain management
		Illicit trade in forest and wildlife resources	Ensure enforcement of National Wildfire Management Policy and local bye-laws on wildfires
			Promote alternative livelihoods, including eco-tourism, in forest fringe communities

Key Focus Area	Policy Objectives	Issues	Strategies
			<p>Improve incentives and other measures to encourage users of environmental resources to adopt less exploitative and non-degrading practices in agriculture</p> <p>Improve incentives and other measures to encourage users of environmental resources to adopt less exploitative and non-degrading practices in agriculture</p> <p>Enact and enforce Legislative Instrument on tree tenure</p> <p>Promote the use of Lesser Used Species (LUS)</p> <p>Promote the development of viable forest and wildlife-based industries and livelihoods</p> <p>Develop efficient energy technologies</p> <p>Enact and enforce strict and punitive legislation for wildlife crimes, including poaching and trafficking</p> <p>Promote information dissemination to both forestry institutions and the general public.</p>
Climate Variability and Change	Enhance climate change resilience	Low institutional capacity to adapt to climate change and undertake mitigation actions	Promote and document improved climate-smart indigenous agricultural knowledge
		Inadequate inclusion of gender and vulnerability issues in climate change actions	Promote climate-resilience policies for women and other vulnerable groups in agriculture
		Inadequate institutional capacity to access global funds	Collaborate with international partners to have more access to the Green Climate Fund (\$30 billion Global Fund) for climate change purposes
	Reduce greenhouse gases	Loss of trees and vegetative cover	Accelerate the implementation of Ghana REDD+ Strategy (2016-2036)
		Degraded landscapes	Initiate Green Ghana campaign with chiefs, queen mothers, traditional authorities, civil society, religious bodies and other recognized groups
			Accelerate programmes to significantly reduce environmental risks and ecological scarcity, focusing on energy, agriculture, forestry and waste sectors

The Commission focuses on forest and wildlife development and management which is its main programme. The report is therefore based on the progress of indicators categorized under the main programme above and four (4) sub programmes implemented during the period, namely:

- Forest and wildlife coordination and facilitation.
- Protection, utilization of forest resources and restoration of degraded forests.
- Protection and sustainable utilization of wildlife resources.
- Timber industry and trade development and technology transfer.

### **Outline of the Report**

The report is categorized into five (5) chapters. Chapter one offers the background information, chapter two presents organizational structure of the Commission. In chapter three, the results of indicator targets are highlighted under various programmes and projects undertaken. Chapter four gives a summary of the implementation of donor funded programmes and projects and chapter five discusses key challenges, the way forward and conclusion.

### **Preparation of the 2019 Annual Report**

The draft report was prepared by the Corporate Planning, Monitoring and Evaluation (CPME) Department with inputs from the various Divisions, Departments and Units. The audited financial report for the period was also included. The Research, Statistics and Information Management Unit of CPME Department collated the various reports into a composite draft report and the document was subjected for departmental review. A validation meeting was organized to enable Business Planning Managers and key technical staff, review and validate the contents of the report. The final report was then printed and disseminated to the respective stakeholders and government agencies.

## CHAPTER TWO

### ORGANIZATIONAL STRUCTURE

#### Legal status of the Forestry Commission

The Forestry Commission is a Public Service institution, set up subject to the provisions of the 1992 Constitution, Chapter 21, Article 269, sub-section 1. The Commission was re-established by Act 571 of 1999 in order to take along the main public bodies and agencies implementing the functions of protection, development, management and regulation of forests and wildlife resources and to provide for related matters.

#### Mandate

To be responsible for the regulation of the utilization of forest and wildlife resources, the conservation and management of those resources and the coordination of policies related to them.

Without limiting the scope of sub-section (1), the Commission shall:

- Regulate the use of forest and wildlife resources
- Manage the nation's forest reserves and protected areas
- Assist the private sector and other bodies with the implementation of forest and wildlife policies and
- Undertake the development of forest plantations for the restoration of degraded forest areas, the expansion of the country's forest cover and increase in the production of industrial timber

#### Vision Statement

To leave future generations and their communities with richer, better, more valuable forestry and wildlife endowments than we inherited.

#### Mission Statement

To sustainably develop and manage Ghana's forestry and wildlife resources.

#### Corporate Strategic Objectives

The Commission is being steered by six (6) strategic objectives that when implemented will lead to the achievement of the stated vision and mission of the organization. These objectives are:

- Implement the framework for the sustainable management, development and protection of forest and wildlife resources
- Secure and enforce a policy and legal framework that ensures a liberated Forestry Commission
- Activate a diversified portfolio of sustainable revenue sources without compromising the integrity of the resource
- Attract, develop and retain well motivated, skilled and efficient workforce
- Create an enabling environment for forest and wildlife stakeholders (especially industries, communities and landowners) to thrive and
- Develop and implement an efficient and effective organizational infrastructure and culture



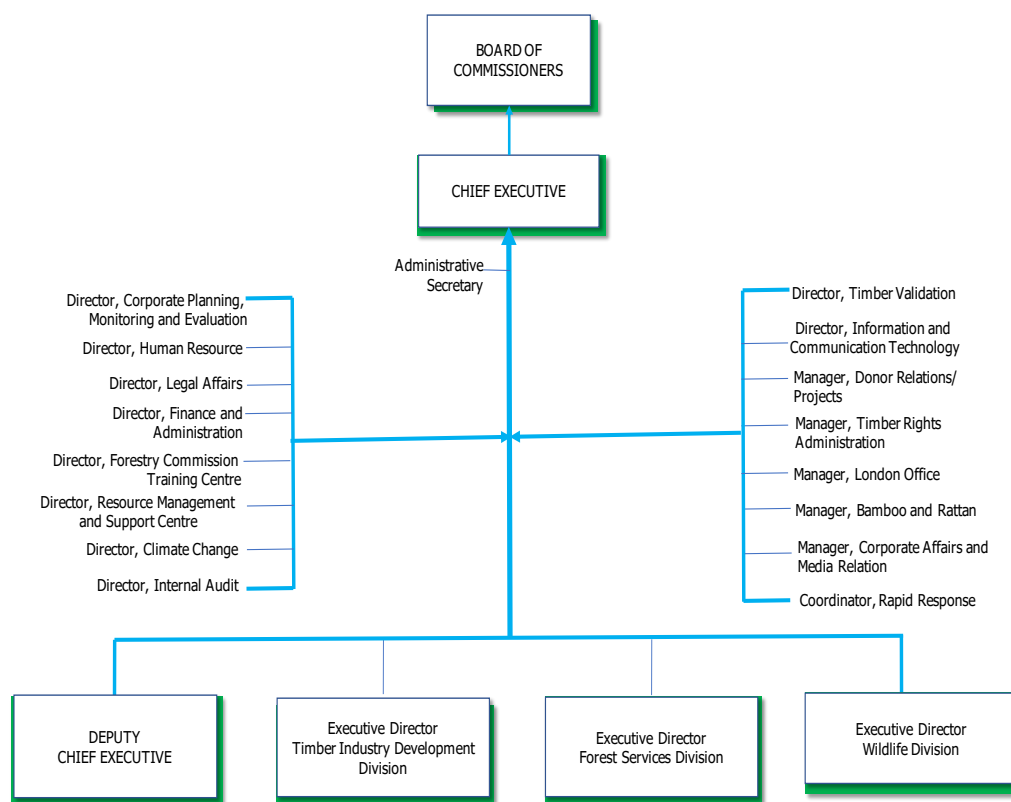
## Core Values

The Commission’s operations and services are guided by the following organizational core values and behaviours:

- Be business oriented
- Create a mind-set of interdependency
- Become customer focused
- Embed a culture of integrity and honesty
- Create trust at all levels
- Promote transparency and fairness
- Become accountable to self and to all
- Be committed to delivery of goals
- Promote diversity and
- Communicate effectively

## Organogram of the Commission

The Chief Executive who heads the Commission reports to a Board of Commissioners. His administration is assisted by a Deputy Chief Executive, an Executive Management Team which consist of Executive Directors, Directors and other Functional Heads. Figure 1 below shows the organogram of the Commission.



**Figure 1: Organogram of the Commission**

The key functions of the Divisions and the two Special Units of the Commission are provided in Table 2.

**Table 2: Key Functions of Divisions and Special Units**

Divisions and Special Units	Key Roles/Functions
Forest Services Division	<ul style="list-style-type: none"> <li>• Forest protection and conservation</li> <li>• Forest production and regulation</li> <li>• Forest plantation development</li> <li>• Implement prescriptions of FR management plans</li> </ul>
Wildlife Division	<ul style="list-style-type: none"> <li>• Conservation and law enforcement in wildlife protected areas</li> <li>• Regulation and utilization of wildlife resources</li> <li>• Maintenance and rehabilitation of protected areas infrastructure</li> <li>• Ecotourism development and revenue enhancement</li> </ul>
Timber Industry Development Division	<ul style="list-style-type: none"> <li>• Timber trade/industry development and modernization</li> <li>• Timber trade/ industry regulation</li> <li>• Wood products inspection and grading</li> <li>• Market development and promotion</li> </ul>
Forestry Commission Training Centre	<ul style="list-style-type: none"> <li>• Provide short-term and refresher training courses for FC staff and the forestry sector</li> <li>• Assist the wood industry with appropriate technology in downstream processing</li> <li>• Provide consultancy and extension services in forestry, wildlife, wood industry environmental issues</li> <li>• Introduce staff to new technical tools and emerging issues in the forestry sector</li> </ul>
Resource Management Support Centre	<ul style="list-style-type: none"> <li>• Improve on the operational capacity of the Forestry Commission</li> <li>• Develop systems and standards to improve forest and wildlife management that report on the state of the forests</li> <li>• Test and certify externally developed systems on forest and wildlife management for adoption</li> <li>• Promote strategies to improve forest governance</li> </ul>

## Board of Commissioners

The Commission is governed by an eleven (11) member Board of Commissioners, which was inaugurated in December 2017 in line with Act 571 of 1999. Table 3 presents the list of Board members and their respective roles.

**Table 3: List of Board Members and their respective Roles**

	<b>Name</b>	<b>Role</b>
1	Brigadier General (Rtd.) Joseph Odei	Chairman
2	Mr. Kwadwo Owusu Afriyie	Chief Executive
3	Kumbun Naa Yiri II	National House of Chiefs
4	Mr. Richard Duah Nsenkyire	Timber Trade and Industry
5	Mr. George Wireko-Brobby	Wildlife Trade and Industry
6	Hon. Henry Kwabena Kokofu (Esq.)	Institute of Professional Foresters
7	Mr. Issifu Suleman	NGOs in Forest and Wildlife Management
8	Alhaji Suleiman Mahama	Lands Commission
9	Nana Akosua Agyeman Prempeh	Government Appointee
10	*Togbega Gabusu VI	Government Appointee
11	Mr. Mahmoud Hamid Nassir-Deen	Government Appointee

*\*The member of the Board of Commissioners is deceased and yet to be replaced.*

## CHAPTER THREE

### PERFORMANCE REVIEW

#### 3.1 Introduction

Ghana has a vast amount of natural resource endowments, which comprise of forest and wildlife resources. However, the increased rate of illegalities and overexploitation of these resources pose as a threat to these resources. Meanwhile, these vital resources serve as a crucial means for socio-economic development and transformation of the country.

This section of the report gives a wide-ranging analysis of the performance of the Commission during the year in the implementation of sub-programmes of the forest and wildlife development and management programme under the Sector Medium Term Development Plan (2018-2021).

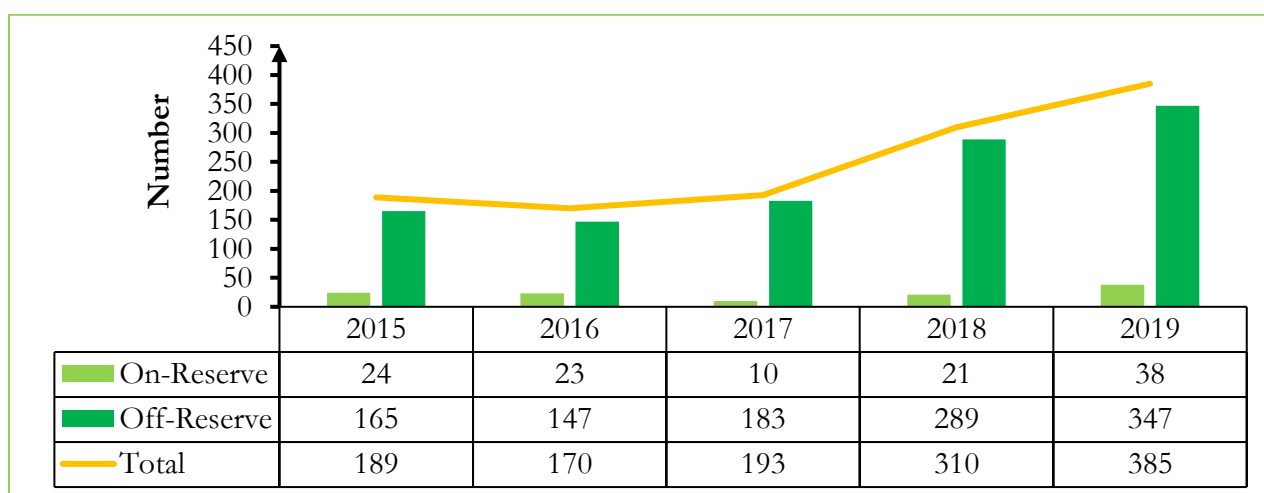
#### 3.2 Sustainable Management, Protection and Development of Forest and Wildlife Resources

The Commission developed programmes and projects to manage, develop and protect the forest resources of the country. Progress reported in the management/production, protection and development of forest and wildlife resources are presented as follows.

##### 3.2.1 Management/Production of Forest Resources

The implementation of management prescriptions for the forest reserves and Globally Significant Biodiversity Areas (GSBAs) continued in 2019. The Commission conducted floral and socio-economic survey to review ten (10) management plans for some selected forest reserves. The process accorded the Commission an opportunity to sensitize stakeholders, mainly, local communities on the principles and regulations governing the use of forest resources of the country.

The Commission processed applications towards the grant of salvage, special, TUCs and plantation permits under the Commission's timber rights policy in accordance with the laws and procedures. Three hundred and eighty-five (385) salvage permits were vetted and approved, comprising three hundred and forty-seven (347) permits for off-reserve and thirty-eight (38) for on-reserve areas. This indicates a 25% increase in the three hundred and ten (310) permits issued in 2018.



**Figure 2: Salvage Permit Processed and Issued**

A total of one hundred and ninety-nine (199) plantations permits were vetted and approved for harvesting 88,150 m<sup>3</sup> of timber species which comprised of Teak, Cedrela, Gmelina, Wawa and Cassia. In 2018, the total plantation permits vetted and approved was one hundred and seventy-nine (179) covering 97,641 m<sup>3</sup> of different timber species. This shows that 2019 recorded 12% increase and 10%

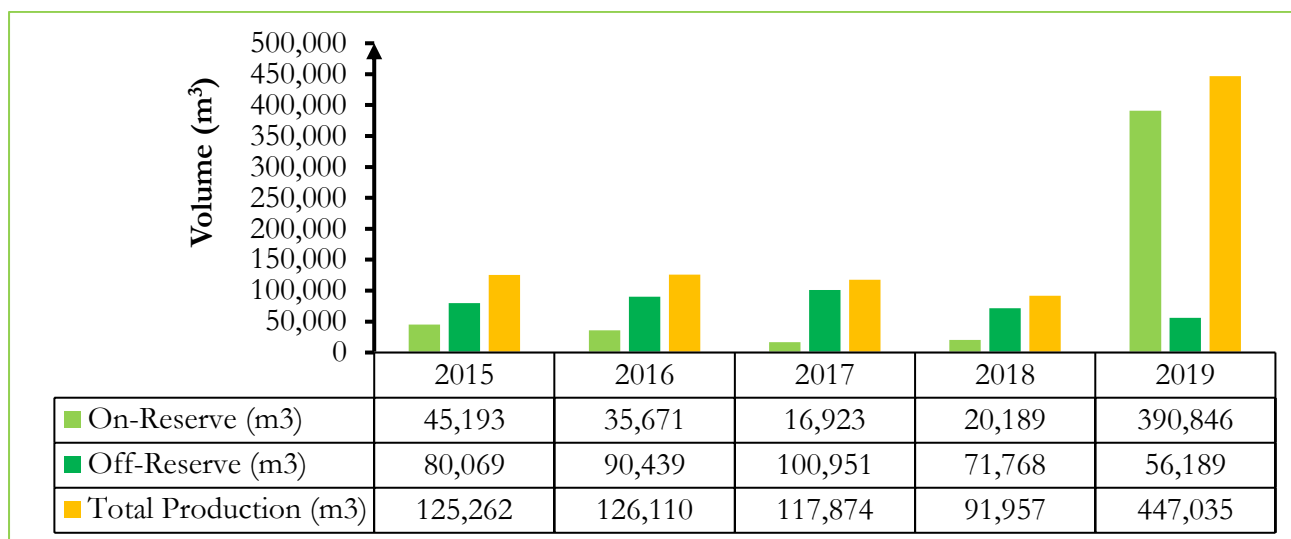
decrease in the number of permits and volume allocated respectively. Table 4 provides more details with respect to type of timber species and volume allocated.

**Table 4: Plantation Permits and Volume Allocations**

Timber Species	Number of Permits	Fresh Allocation (m <sup>3</sup> )	Re-Allocation (m <sup>3</sup> )	Total Allocation (m <sup>3</sup> )
Teak	167	45,870.36	0.00	45,870.36
Cedrela	25	37,293.90	0.00	37,293.90
Wawa	1	195.20	0.00	195.20
Gmelina	5	1,866.60	0.00	1,866.60
Cassia	1	2,923.44	0.00	2,923.44
<b>Total</b>	<b>199</b>	<b>88,149.50</b>	<b>0.00</b>	<b>88,149.50</b>

**(a) Timber Production**

A total of 447,035 m<sup>3</sup> of plantation timber was harvested in 2019 as matched to 91,957 m<sup>3</sup> recorded in 2018, representing an increase of 355,078 m<sup>3</sup>. The continuous fall in the volume of production from the on-reserve areas could be attributed to the fact that we are harvesting more than we are establishing.



**Figure 3: Plantation Timber Production (2015-2019)**

For sustainability purposes, the scientific assessment of timber stock puts Ghana’s Annual Allowable Cut (AAC) from the natural forests at 1,000,000 m<sup>3</sup>. The AAC excludes savannah and plantation timber resources. The AAC is further distributed as 500,000 m<sup>3</sup> for on-reserve forest sources and 500,000 m<sup>3</sup> for off-reserve forest sources (remnant forest).

During the period, three hundred and thirty-four (334) Property Marks were renewed for harvesting natural forest timber in both on and off reserve areas compared to one thousand and seventy-one (1,071) renewed in 2018.

The total volume of timber harvested increased from 685,020 m<sup>3</sup> (on-reserve 572,472 m<sup>3</sup> and off-reserve 112,548 m<sup>3</sup>) in 2018 to 1,157,229 m<sup>3</sup> (on-reserve 862,409 m<sup>3</sup> and off-reserve 294,820 m<sup>3</sup>) in

2019, representing 116% of AAC (Figure 3.3). Increases in timber harvested were recorded in both on-reserve and off-reserve areas. The harvest of on-reserve timber increased by 51%, while off-reserve harvest recorded 162%. Also, plantation timber harvested in 2019 was 447,035 m<sup>3</sup> (on-reserve 390,846 m<sup>3</sup> and off-reserve 56,189 m<sup>3</sup>), indicating an increase of 386% as compared to 91,957 m<sup>3</sup> (on-reserve 20,189 m<sup>3</sup> and off-reserve 71,768 m<sup>3</sup>) recorded in 2018.

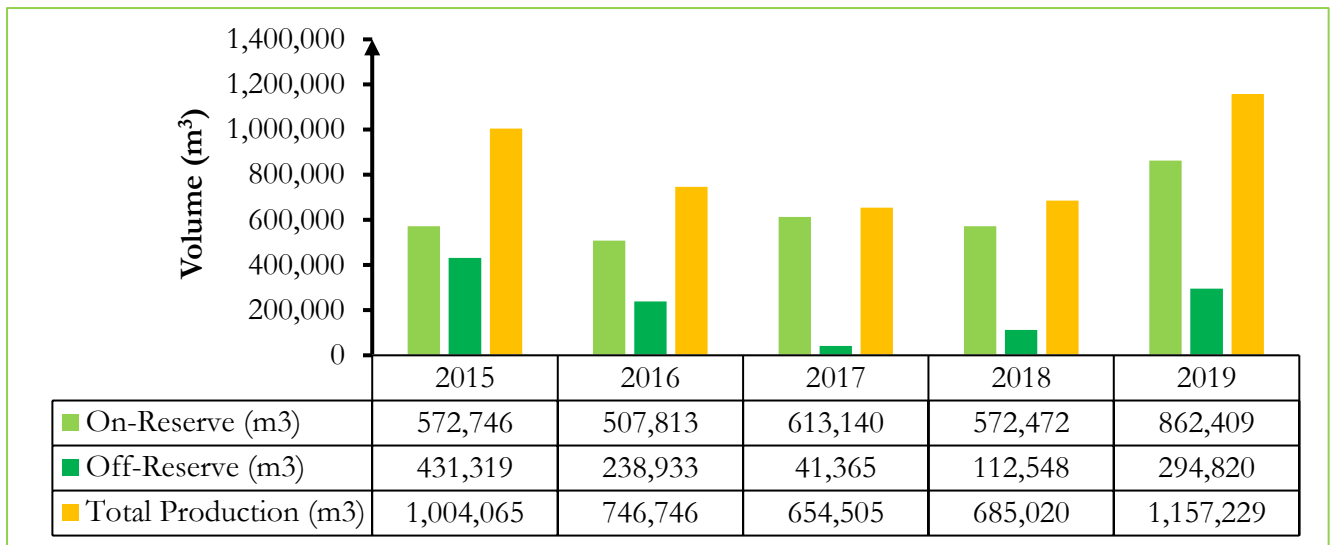


Figure 4: Natural Forest Production (2015- 2019)

**(b) Export of Timber and Wood Products**

The total volume of all timber and wood products exported decreased to 300,455 m<sup>3</sup> in 2019 from 332,927 m<sup>3</sup> in 2018. The value of wood products exported to African, Asian and European destinations yielded €151 million in 2019 as against €188 million in 2018 which represents a decrease of 20%. Figure 5 provides the details on the total timber volumes exported and their corresponding values.

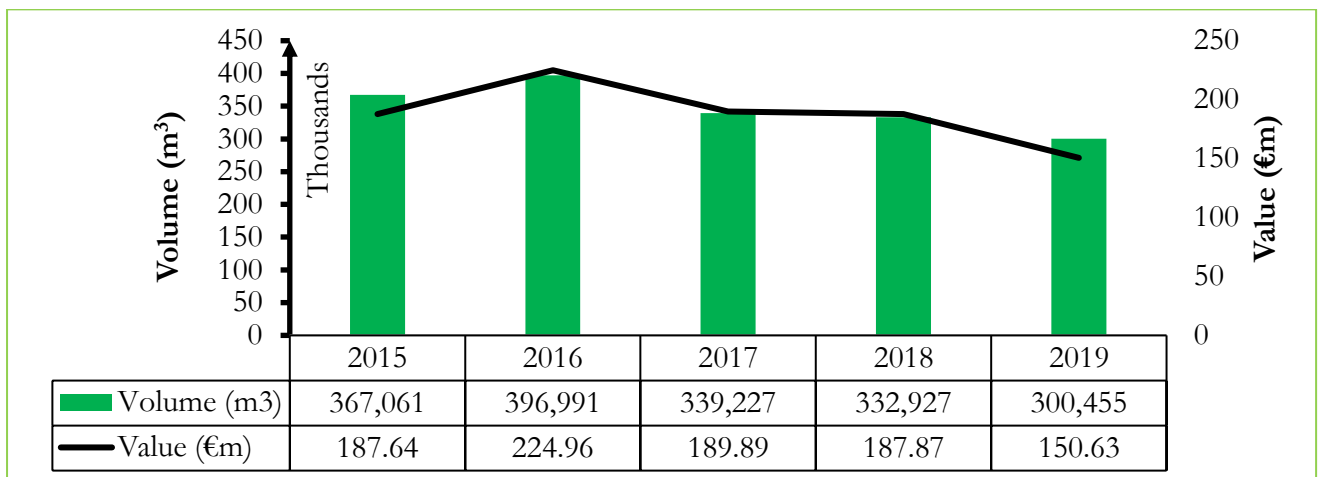
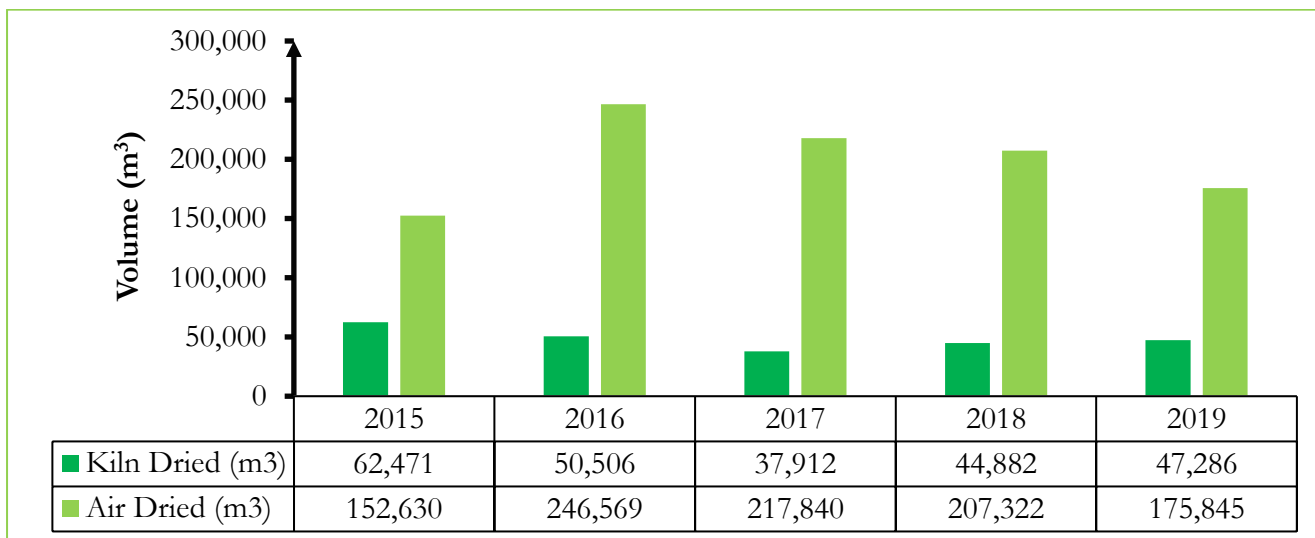


Figure 5: Exports of Timber and Wood Products

Export destination with greatest market share in 2019 was Asia/Far East (68%), followed by Europe (17%) and Africa/ECOWAS (11%). The ECOWAS market recorded a volume of 32,181 m<sup>3</sup> with a value of €12 million compared to the volume of 33,397 m<sup>3</sup> with a value of €13 million in 2018 representing 4% and 8% decline in volume and value respectively. The Asian/Far East market recorded 205,064 m<sup>3</sup> of timber and wood products valued at €98 million which shows 14% and 27% decrease respectively over 238,935 m<sup>3</sup> valued at €134 million realized in 2018. The European market which includes Italy, France, Germany, Belgium and UK accounted for 46,771 m<sup>3</sup> valued at €27 million in

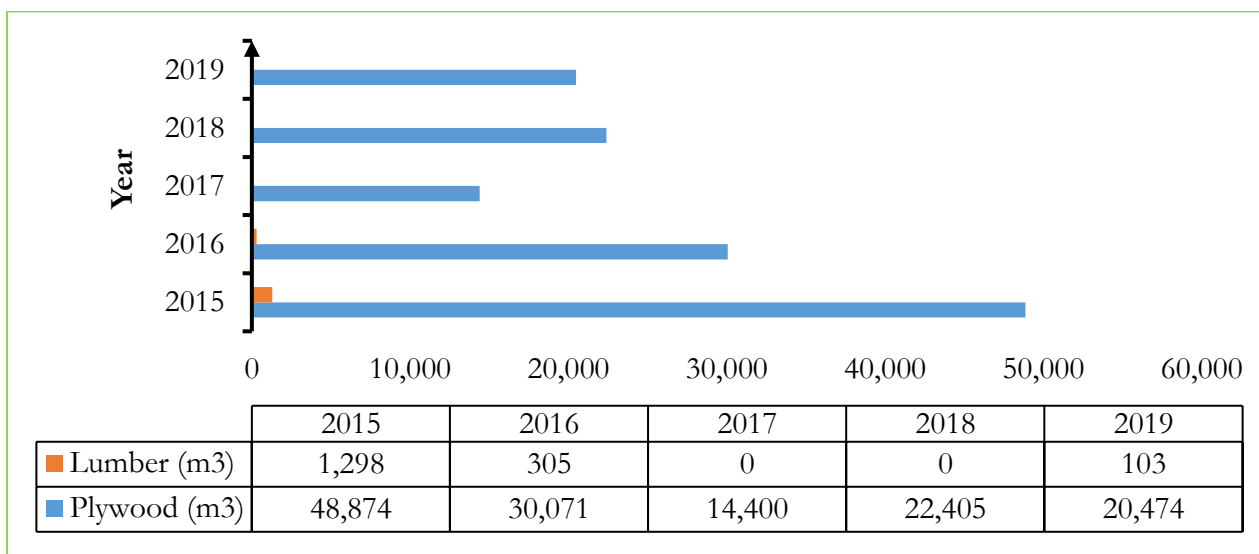
2019 as compared to 41,584 m<sup>3</sup> with a total value of €24 million achieved in 2018, indicating 12% and 13% increase respectively.

Lumber exports are categorized into air-dried and kiln-dried. Air-dried lumber constituted 59% of the total export recorded in 2019. However, total volume and value recorded decreased from 207,332 m<sup>3</sup> valued at €119 million in 2018 to 175,845 m<sup>3</sup> valued at €85 million in 2019. This shows a decline of 15% in volume and 29% in value. Kiln-dried lumber exported represents 16% of the total export in 2019 and increased from 44,882 m<sup>3</sup> in 2018 to 47,286 m<sup>3</sup> in 2019 by 5%. The value recorded also increased from €27 million in 2018 to €28 million in 2019 by 4%. Figure 6 presents the volume of kiln and air-dried exports from 2015 to 2019.



**Figure 6: Kiln and Air-Dried Lumber Export**

In 2019, a total of 20,474 m<sup>3</sup> of overland plywood valued at €7 million was exported. This shows a 9% decrease from 22,405 m<sup>3</sup> and 13% reduction from €8 million in value as recorded in 2018. Overland export of lumber increased to 103 m<sup>3</sup> in 2019 after recording nil in 2018. Figure 7 shows the details of volumes recorded from 2015 to 2019.



**Figure 7: Overland Export of Plywood and Lumber (2015 – 2019)**

### ***(c) Contracts and Permits Processed and Issued***

Export contracts approved in 2019 reduced by 19% from 450,010 m<sup>3</sup> recorded in 2018 to 363,053 m<sup>3</sup>. Contracts for primary products (teak poles, billets and Gmelina logs) approved was 42,286 m<sup>3</sup> showing a decrease of 8% of 45,907 m<sup>3</sup> recorded in 2018.

The total permits processed for shipment of timber and wood products for both overseas and overland exports during the period was 3,799 indicating 23% fall from 4,919 permits processed in 2018. Two hundred and forty-two (242) permits for overland export of plywood to the African market were also approved. This covers 22,081 m<sup>3</sup> of plywood compared to 33,977 m<sup>3</sup> recorded in 2018, representing a decline of 35%. Nigeria still serves as the most preferred African destination with most tertiary products of the industry going to the EU market.

### **3.2.2 Protection of Forest and Wildlife Resources**

A total distance 21,832 km of forest boundaries was inspected and 23,608 km cleaned in 2019. In 2018, a distance of 20,056 km was inspected and 20,172 km boundaries cleaned. This indicates an increase of 9% and 17% in the boundary inspection and cleaning done respectively. The sole purpose of this forest boundary inspection and cleaning is to maintain the ecological and productive integrity of our forest reserves.

The Commission deployed the fourteen (14) Rapid Response Teams as a means to control illegal farming, illegal harvesting of plantation and natural forest timber, illegal mining, sand winning, and illegal chain sawing among others. This is one of the strategies put in place to protect the integrity of the forest reserves.

To prevent encroachment in forest reserves and protected areas, the Commission continued its routine activities such as conducting surveys, demarcations and pillaring in some selected forest reserves. The Commission also registered land leases and signed benefit-sharing agreements with community resource owners. To avoid incidence of bush fires in forest reserves, fringe communities were sensitized and supported in firefighting.

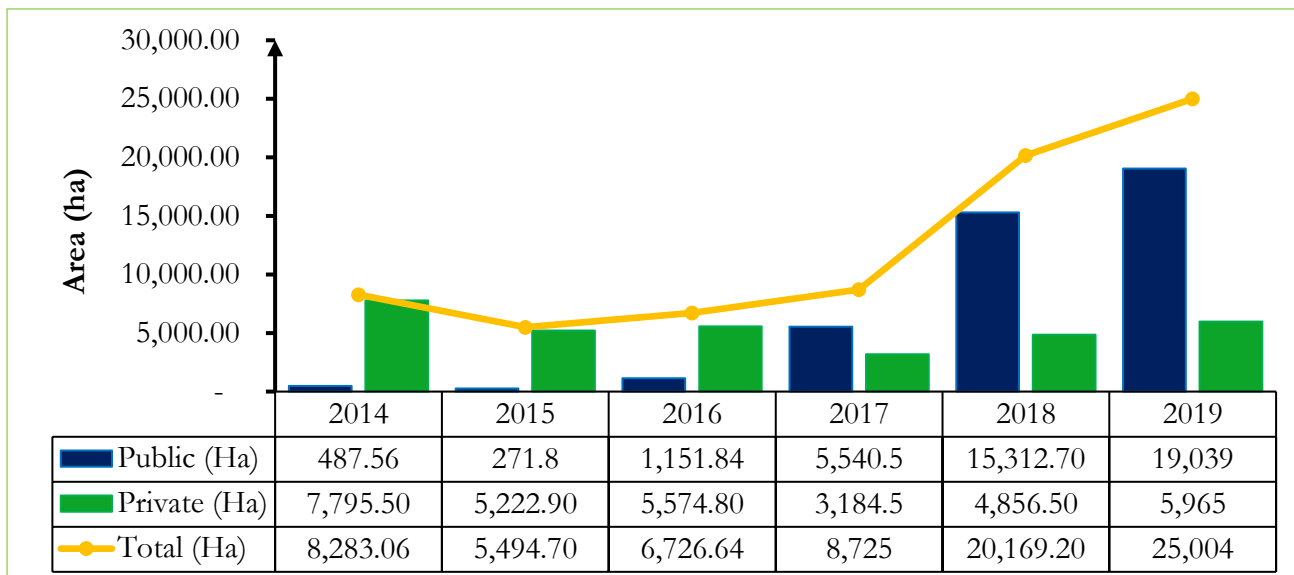
### **3.2.3 Development of Forest and Wildlife Resources**

The Commission continued to implement the 25-year Ghana Forest Plantation Strategy (2016-2040) which is aligned with the Sector Medium Term Development Policy Framework (2018-2021). The goal of the plantation strategy is to achieve a sustainable supply of planted forest goods and services to deliver a range of economic, social, and environmental benefits.

#### ***(a) Forest Plantation Development Strategy***

The implementation of the Ghana Forest Plantation Strategy, aimed at restoring lost forest cover, continued. A total of 25,004 ha (19,039 ha under government and 5,965 ha by the private sector) was planted as compared to 20,169 ha in 2018. Figure 8 represents the various plantations established from 2014 to 2019.





**Figure 8: Plantations Established from 2014 -2019**

A total of 4,563 ha of degraded landscape (mining sites, illegal farms in forest reserves, etc.) was restored through enrichment planting in 2019 as compared to 4,866 ha in 2018. This indicates 6% decrease in what was restored in 2018. Additionally, 50,030 ha of established plantations were maintained in 2019 as compared to 44,166 ha in 2018. About 22.9 million seedlings were procured and distributed for planting in 2019. Table 5 represents the summary of plantation achievements during 2019.

**Table 5: Plantation Achievements at a Glance**

No.	Category	Annual Target	2019 Achievement
1.	Plantation Establishment On & Off Reserve (ha)	25,000	25,004.2
2.	Plantation Maintenance On & Off Reserve (ha)	101,000	50,030.4
3.	Enrichment Planting (ha)	5,000	4,563.1
4.	Farm Forestry/Trees-On-Farm (No. of seedlings)	5,000,000	2,261,247
5.	Total Number of Seedlings Planted	Variable	31,600,000
6.	Plantation Timber Harvested On & Off Reserve (m <sup>3</sup> )	120,000	149,924.9
7.	Food Production (tonnes)	25,000 62,500	36,787.5 98,762
8.	Jobs (Number of Persons Engaged)		
9.	Amount disbursed to stakeholders (OASL, Landowners, MTS Groups, MMDAs, etc) (GHs)	Variable	5,077,158.38

### ***(b) Climate Variability and Change***

The Forestry Commission signed the Emission Reduction Payment Agreement (ERPA) with the World Bank in July 2019 which unlocks performance-based payment of US\$50 million over a period of six (6) years from 2019 to 2024. Ghana is the third country in Africa to sign the ERPA.

The Commission's Ghana Cocoa Forest REDD+ Programme (GCFRP) was officially launched by the President of the Republic of Ghana, His Excellency Nana Addo Dankwa Akufo-Addo. The launch attracted over 1,500 participants from the academia and research, donor agencies, Embassies and High Commissions, NGO's/ CSO's, students, security services among others. During the period, three (3) Climate Smart Cocoa (CSC) consortium were established. Fifteen (15) awareness creation and sensitization events were also undertaken.

### ***(c) Ecotourism Development***

Ecotourism is used as a major sustainable environmental and socio-economic development tool in many areas. Mole National Park, Kakum National Park, Accra and Kumasi Zoos have been prioritised by the Commission for enhanced ecotourism activities in Ghana.

The Commission's biking and abseiling activities introduced in 2017 at the Shai Hills Resource Reserve to boost ecotourism continued in 2019. Ecotourism marketing exhibitions and travel fairs were undertaken in Netherlands, Spain and Germany. Also, domestic market sales missions, in collaboration with Ghana Timber Association, were undertaken at the Ghana International Trade Fair and "Yoomo Be Ga" (YBG) Eco Art Festival.

A concession agreement for the Sakumo Ramsar Site was approved by the Attorney General's Department. There is an ongoing discussion with Ministry of Finance and Unique One Stop Ghana Limited on the Draft Contract before signing will be effected.

Other developments in protected areas included:

- Construction of three (3) waterholes/dug-outs in Mole National Park under the Sustainable Land and Water Management Project.
- Construction of four-room camp building and renovation of six-room camp building at Elubo Camp in the Ankasa Conservation Area.
- Installation of a solar pump at Nkwanta Camp in Ankasa Conservation Area.
- Maintenance on four (4) staff quarters in Kyabobo National Park.
- Repairs at the Guest House, two (2) staff Quarters and office block in the Bia Conservation Area.
- Construction of two (2) vehicle garages each in Bia National Park and Kalakpa Resource Reserve.
- Construction of a mechanized borehole for office block and Park Manager's residence in Kalakpa Resource Reserve.
- Repairs in the Birem and Oku camps in the Kogyae Strict Nature Reserve.
- Completion of dug outs at Sentie and Jijen communities in Gbele Resource Reserve.
- Construction of a box culvert and Irish crossing on the route from Gbele to Yelebie camp in Gbele Resource Reserve.
- Extension of existing bridge by 4 metres over the Subin River in the Kumasi Zoo.
- Construction of a wooden boat for patrols and ecotourism purposes in Bui National Park.

- Construction of a new tree house in the Kakum National Park.
- Construction of an entrance gate, ten (10) seating 'lovers' benches and a visitor centre at Zitoe Camp in the Kalakpa Resource Reserve.
- Renovation and conversion of old structures into seven (7) decent toilet facilities in the Kumasi Zoo.
- Renovation of four (4) official buildings in the Kumasi Zoo.
- Renovation of ten (10) animal enclosures (cages) in the Kumasi Zoo and five (5) repairs in the Accra Zoo.
- Maintenance of two (2) staff bungalows including replacement of poly tanks at the Bui National Park.
- Construction of two (2) “14-board” wooden boats for water patrols and staff movement in the Digya National Park.
- Construction of two (2) summer huts at Yiribontire camp and the Wala waterfall in the Bomfobiri Wildlife Sanctuary as well as renovation of summer hut in the Bui National Park.
- Maintenance of one (1) senior staff bungalow and repairs on “7-Apartment” junior staff quarters in the Mole National Park.
- Maintenance of 12.5 km hiking trails in the Kyabobo National Park.
- Maintenance of 251 km access roads maintained in the Bia, Bui, Gbele and Kyabobo Conservation Areas.

The number of visitors to ecotourism sites and zoological gardens (zoos) has increased over the period in the country due to products enhancement. The total visits for 2019 were 264,276 compared with 206,834 for 2018. This indicates a 28% increase than what was achieved in 2018. In 2019, the four (4) major protected areas, Kakum National Park, Shai Hills Resource Reserve, Mole National Park and Ankasa Conservation Area recorded total number of 141,621, 27,263, 18,743, and 986 visitors respectively. This indicates 72% of all tourists to these areas. The Accra Zoo recorded 22,698 visitors, while the Kumasi Zoo recorded 50,735 visitors.

**Table 6: Performance of Visitation to Ecotourism Destinations**

No	Ecotourism sites and Zoological Gardens (Zoos)	No. of visitors in 2018	No. of visitors in 2019	% Change
1	Mole National Park	16,806	18,743	12
2	Kakum Conservation Area	129,525	141,621	10
3	Ankasa Conservation Area	1,612	986	(39)
4	Bui National Park	32	94	194
5	Bia Conservation Area	41	49	20
6	Kyabobo National Park	454	713	57
7	Owabi Wildlife Sanctuary	931	294	(69)
8	Shai Hills Resource Reserve	23,663	27,263	16
9	Kalakpa Resource Reserve	93	221	138
10	Bomfobiri Wildlife Sanctuary	408	705	73
11	Songor Ramsar Site	0	94	0
12	Muni Pomadzi Ramsar Site	372	54	(86)
13	Gbele Resource Reserve	3	0	(100)
14	Accra Zoo	16,954	22,698	34

No	Ecotourism sites and Zoological Gardens (Zoos)	No. of visitors in 2018	No. of visitors in 2019	% Change
15	Kumasi Zoo	15,917	50,735	219
16	Digya National Park	23	5	(79)
17	Kogyae Strict Nature Reserve	0	1	0
	<b>TOTAL</b>	<b>206,834</b>	<b>264,276</b>	<b>128</b>

### 3.3 Forest and Wildlife Policy and Legal Regimes

#### 3.3.1 Enforcement of Forest and Wildlife Laws

In executing the mandate of protection and conservation of the nation's wildlife resources, the Commission continued its routine day and night patrols in protected areas. During the year, 224 effective patrol man days (EPMD) per officer was achieved with 362 effective patrol staff. Through the patrols, 91 poachers were arrested, of which 54 were prosecuted with the support of FC trained prosecutors. Also, fifty-four (54) shotguns and fourteen (14) chainsaw machines were confiscated in Kogyae, Mole, Kyabobo, Bia, Bui and Ankasa Conservation areas.

The fourteen (14) Rapid Response Teams of the Commission were deployed in 2019 to areas around Sefwi-Wiawso, Nkawie, Tarkwa, Juaboso, Bibiani, Bole, Bekwai, Ho, Achimota, Ankasa Resource Reserve and Bui National Park to combat illegal activities on-going within and around these identified hotspot forest reserves and wildlife protected areas. In summary, 54 shotguns and 14 chainsaws were seized. Ninety-one (91) poachers and other offenders engaging in various forest & wildlife offences were arrested in 73 cases of which 54 cases have been successfully prosecuted.

Two (2) sea turtles were rescued from poachers and released back into the sea at Keta Lagoon Complex Ramsar Site. Also, 1,000 km of protected area boundaries cleaned in all the protected areas.

With regards to infractions in the forest reserves, the Commission intended to reduce their occurrence by 25% from the previous year. Table 7 indicates status of infractions recorded in 2019. However, it was identified that five (5) of the infractions recorded increased whilst two (2) of them also decreased.

**Table 7: Forest Infractions**

Indicator	2017 Baseline	Indicator Status in 2018	Indicator Status in 2019
Destroy illegal farming	108 cases	55 cases	31 cases
Control illegal harvesting of plantation timber	222 cases	4 cases	11 cases
Control illegal harvesting of natural forest timber	332 cases	117 cases	144 cases
Control forest fires	258 cases	8 cases	21 cases
Prevent illegal mining and sand winning	22 cases	32 cases	85 cases
Prevent illegal chain sawing	228 cases	255 cases	232 cases

Indicator	2017 Baseline	Indicator Status in 2018	Indicator Status in 2019
Prevent squatting	5 cases	NA	NA
Control illegal charcoal production	3 cases	NA	17 cases
Control illegal harvesting of firewood	NA	1 case	4 cases
Control canoe/mortar carving	4 cases	3 cases	4 cases

**\*NA= Non-Available**

### 3.3.2 Forest Law Enforcement Governance and Trade (FLEGT)

Under the Forest Law Enforcement Governance and Trade (FLEGT), operationalisation of the Legality Assurance System (LAS) progressed further with the roll-out the Wood Tracking System in all FSD Districts and TIDD Area Offices. Timber legality audits which measure compliance of forest sector actors against the legal standard also continued. In all, a total of thirty-seven (37) corrective action requests accounting for 51% were resolved in 2019. This is out of a total of seventy-three (73) that were issued to the auditees. Among the corrective actions resolved were payments of outstanding indebtedness of loggers to the Forestry Commission, social responsibility payments to communities as well as correction of logging improprieties among others.

As a preparatory measure towards going live with FLEGT licensing, the TIDD continued to issue mock FLEGT licences. As implementation of the LAS progresses, the forest sector is beginning to see more transparency in the implementation of forest management prescriptions as well as accountability at the operational and field levels.

### 3.3.3 Environmental Issues and Events

The year under review saw the FC tackling some environmental concerns expressed by international environmental non-governmental organizations. The issues that covered Rosewood, deforestation, were addressed by the Commission as follows:

- **Issue Number 1: Ban – Boozled. How Corruption and Collusion Fuel Illegal Rosewood Trade in Ghana**

The attention of the Forestry Commission was drawn to that publication by the Environmental Investigation Agency (EIA), which went viral on all media landscapes. The publication alluded to the fact that the FC is involved in collusion of illegal trade in Rosewood and named some key Management in the act. The then Executive Director of the WD, was also mentioned in the publication. The report appeared to cast a slur at Ghana's efforts at improving forest governance under the Voluntary Partnership Agreement (VPA).

#### **FC's Rejoinder:**

The Commission instituted investigations into the allegations against all its staff mentioned in the report. On his part, the then Executive Director of the WD threw a challenge to anyone who has proof of his involvement in any illegalities to come forward and prove that.

The rejoinder further explained that requisite safeguards have been discussed with stakeholders and will be included in the technical system in order to ensure that no weaknesses are introduced when Rosewood trade is eventually covered by the tracking system under the VPA. With a shared governance vision among all stakeholders, Ghana remains on course to deliver a credible FLEGT license.

The FC affirmed that decisions and implementation of the Legality Assurance System (LAS) under the VPA has been transparently done with the participation of all stakeholders throughout the process.

Governance bottlenecks encountered have received particular attention on credible multi-stakeholder platforms that have been used to deliver the elements of the agreement.

- **Issue Number 2: The World Lost a Belgium – Sized Area of Primary Rainforest Last Year**

Attention of the Commission was drawn to a publication which first appeared on the World Resource Institute's website ([www.wri.org](http://www.wri.org)) on 25th April, 2019, on the above subject. Same was published on other media portals worldwide.

**FC's Rejoinder:**

The FC acknowledged the challenge of illegal mining and farming practices as drivers of deforestation and forest degradation. Ghana is indeed not alone in this fight to keep the forest heritage for the present and future generations. A number of initiatives has been put in place to address this challenge.

While acknowledging this, the FC stated that the conclusions arrived at in the publication are based on a faulty methodology as well as a misunderstanding of current controlled agricultural practices in Ghana.

The FC noted that the WRI publication, from which media houses worldwide are deriving their stories, was based on research conducted by the University of Maryland in the United States. A comparison of the data that was churned out by the original researchers with what WRI published suggest an exaggeration of the actual situation on the ground and as found in the research.

The FC corrected all erroneous impressions that have been created by the publication that:

**i.** The presentation of forest given in the WRI publication, as well as the methodology used in the research suggests that what has been reported is relative annual change in tree cover and not forest cover. The University of Maryland defined tree cover as "All vegetation 5m in height and may take the form of natural forests or plantations across a range of canopy densities". This definition therefore, implies that agricultural tree crops such as cocoa, cashew, rubber, among others, have likely been captured whereas the definition of forest cover excludes these agricultural tree crops. It was noted that there is a significant difference between the two and the interchange of terminology can lead to grossly misleading conclusions.

**ii.** The WRI report indicates a 60% change in annual loss and not a 60% loss of forest cover in one year (2017-2018) as is being discussed on various media platforms across the country. A further interrogation of the original research data however indicates this figure to be 31.3%. The Forestry Commission intends to write to the WRI to correct this error in the analysis of the original research data.

**iii.** The caption used for the report was misleading in that WRI used forest cover instead of tree cover. The use of the term 'primary forest' is not explained in the context of the article. Primary forest is defined as "Naturally regenerated forest of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed" (FAO, 2015). Therefore, the study setting the minimum tree cover at 30% does not represent primary forest.

The rejoinder further explained that since 2018, an initiative that seeks to improve cocoa farms in the various cocoa growing areas with the clearing of unproductive trees and their replacement with seedlings of high – yielding varieties has been running. Similarly, under the Canopy Substitution Strategy of the Cashew Development Project, which was introduced to cashew, farmers low-yielding varieties are cut down and replaced with seedlings of high – yielding ones.

With this initiative, farmers who have been cutting down their cocoa trees to make way for rubber plantations cannot be classified as deforestation because cocoa farms are not considered as forests.

Cumulatively, the satellite capture of the tree cover change under these initiatives have been misrepresented as primary forest cover loss.

## The 2019 International Day of the Forest

The Ministry of Lands and Natural Resources in collaboration with the Forestry Commission, marked the 8th Forestry Week and Greening Ghana Day at Nsoatre in the Bono Region. The theme for the celebration Forestry Week Celebration was “Forests and Education: Our Responsibility”.

The week- long celebration started with an inter – schools debate competition, which was won by Sacred Hearts SHS, Sunyani SHS and Twene Amanfo SHS. The week was then climaxed by a grand durbar and tree planting exercises at Nsoatre.

### 3.4 Sustainable Financial Management

The Commission derives its revenue primarily from subvention from the Government of Ghana (personnel emoluments, administration, goods and services and investment), Internally Generated Funds (income from natural forest timber stumpage, plantation timber sales, charcoal conveyance, export levies, zoo and park entrance fees) and from Donor Partners (cash, assets and technological assistance).

#### *(a) Revenue*

In 2019, the Commission recorded a total of GH¢207.1 million, which represents a 3% increase on the GH¢202.0 million recorded in 2018. This exceeded the total budgeted amount of GH¢174.4 million for the period by 19%. Some of the factors that lead to the increase in revenue generated were:

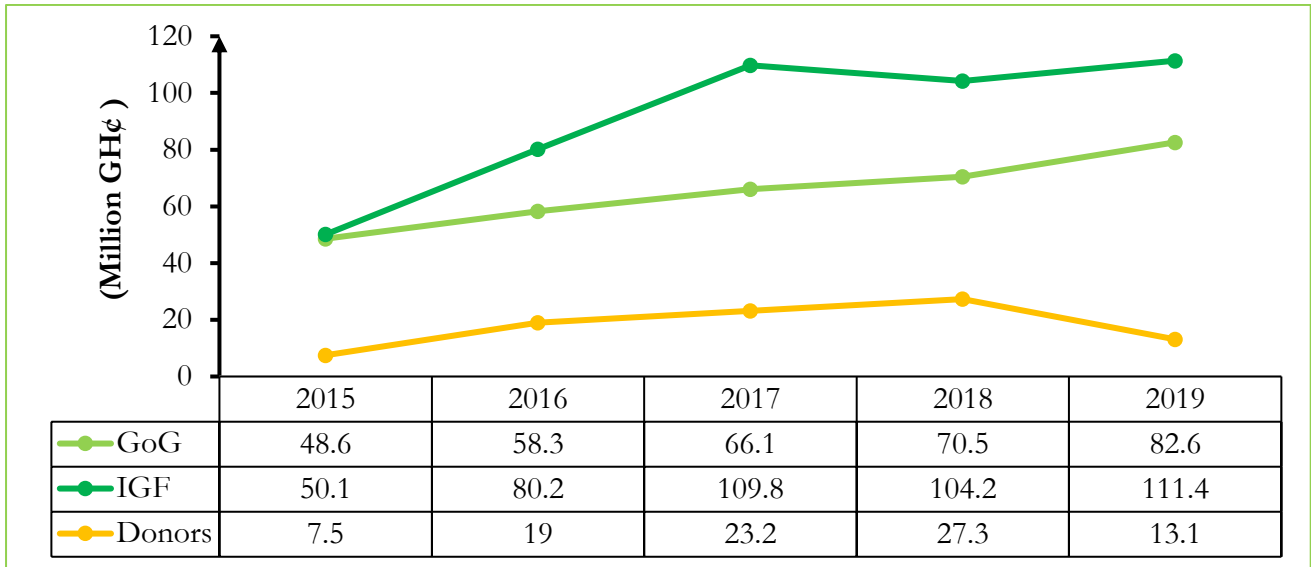
- Blockage of revenue leakages.
- The use of quality Financial Management Information Systems.
- Funds received from Donors under the Forest Investment Programme and Sustainable Land and Water Management Programme.

The Commission budgeted a total of GH¢90.5 million as subventions from the Government. The Commission received a total amount of GH¢82.6 million to pay wages and salaries of staff.

Internally Generated Funds (IGF) of the Commission recorded about 59% excess compared to the total budgeted amount for 2019. An amount of GH¢111.4 million was generated against GH¢69.9 million budgeted.

The Commission received an actual amount of GH¢13.1 million as against a budgeted amount of GH¢13.9 million from its Donor Partners. These received funds were meant for the Forest Investment Project (FIP), the Sustainable Land and Water Management Project (SLWMP) and the CITES training.

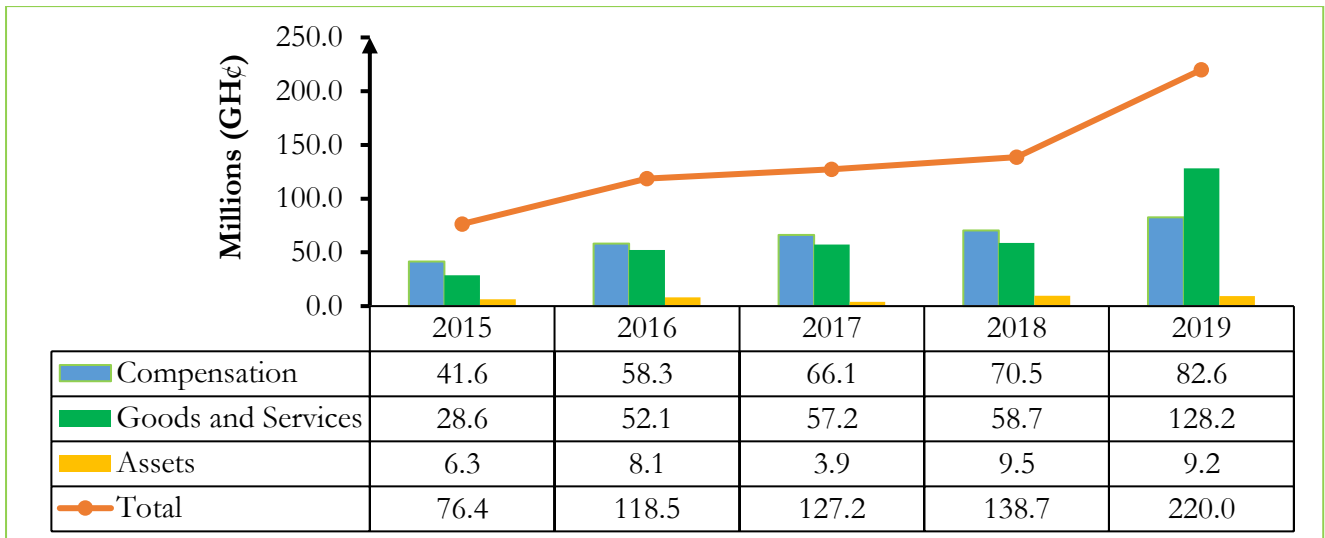
Figure 9 expresses graphically the performance of the various revenue items of the Commission from 2015 to 2019. The IGF increased by 7% compared to 2018. In 2019, subvention from the Government recorded a 17% increase and that of the Donor Partners recorded a 52% decrease as against 2018. The IGF continues to be the major source of revenue for the Commission’s operational activities.



**Figure 9: Revenue Performance from 2015 to 2019**

**(b) Expenditure**

The total expenditure of the Commission at the end of 2019 stood at GH¢220 million. This represents a 37% increase over the GH¢160.5 million budgeted for the year. Compensation accounted for 38% of the total expenditure whilst 58% was used on Good and Services and 4% as Capital Expenditure (Assets) respectively. Figure 10 shows the details of expenditure performance of the Commission from 2015 to 2019.



**Figure 10: Expenditure by Economic Classification (2015-2019)**

The total amount incurred by the Commission as Compensation was GH¢82.6 million as against a budgeted expenditure of GH¢90.5 million. This was as a result of annual increment and revision of fuel and other allowances for staff during the period.

On Goods and Services, a total amount of GH¢128.2 million was spent as against GH¢58.7 million in 2018.

The budgeted amount on Assets for the Commission in 2019 was GH¢5.9 million but the total amount spent was GH¢6.4 million representing an increment of 8% against the budgeted amount. Majority of the expenses were incurred through the renovation of official bungalows and the purchase of Information and Communication Technology equipment.



***(c) 2019 Audited Financial Statements***

The 2019 Audited Financial Statements of the Commission, which cover activities of the Divisions, Departments, and Units was presented by the Board of Commissioners to the Minister of Lands and Natural Resources and the Auditor General’s Department (find attached as Appendix 1).

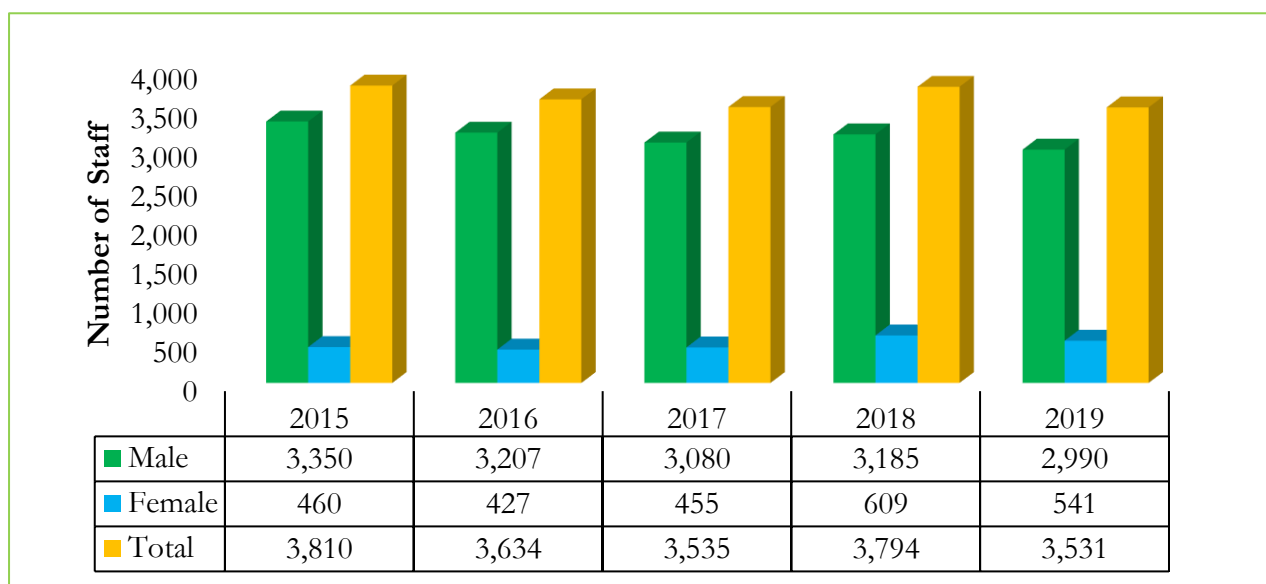
**3.5 Human Resource Management**

The Commission concentrated on the human resource functions that included:

- Human Resource Development
- Employee Resourcing
- Reward Management (Corporate Staff Social Responsibility)
- Organizational Development
- Performance Management
- Human Resource Information Management System

The Human Resource Department played a critical role in achieving the strategic imperatives of the Forestry Commission in respect of attracting, developing and retaining a well-motivated, skilled and efficient workforce.

The total number of staff for the year was 3,531, consisting of 662 senior staff and 2,869 junior staff of which 2,990 were males and 541 females. Figure 11 highlights the changes in staff status from 2015 to 2019.



**Figure 11: Staff Demography (2015-2019)**

The compositions of staff for 2019 are presented in Table 8. The junior staff represent 81% of the total staff strength of the Commission whilst 19% represents the senior staff.

**Table 8: Categories of Staff**

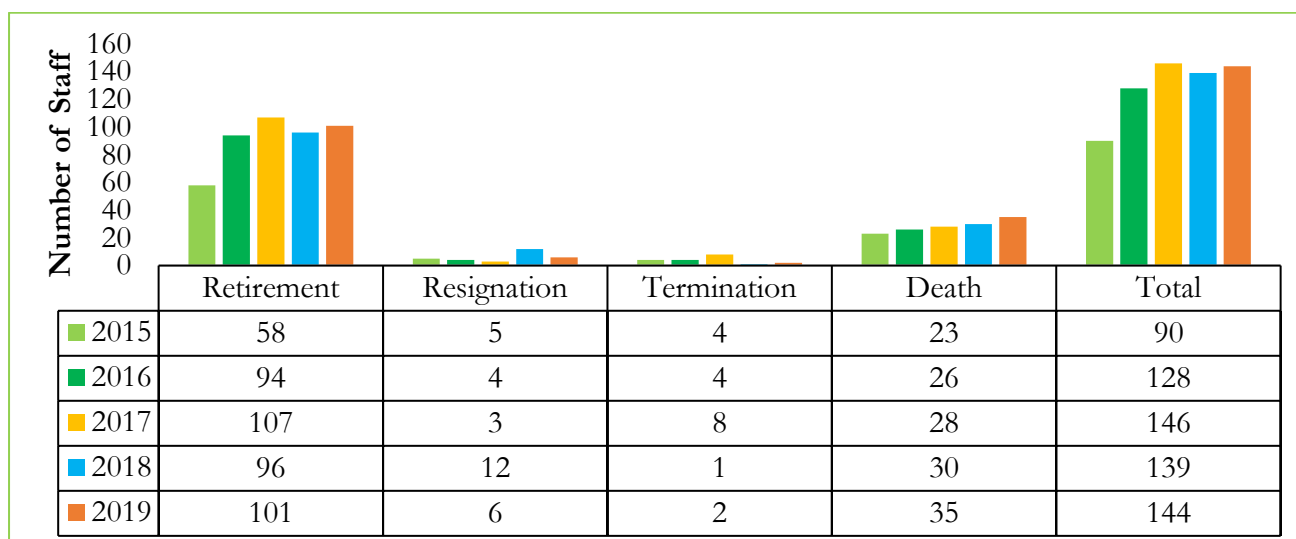
	Senior Staff		Sub	Junior Staff		Sub	Total
	Male	Female	Total	Male	Female	Total	
<b>CHQ</b>	99	38	137	22	12	34	171
<b>FSD</b>	183	36	219	1,771	302	2,073	2,292
<b>WD</b>	87	32	119	626	37	663	782
<b>TIDD</b>	109	56	165	39	20	59	224
<b>RSMC</b>	13	3	16	17	2	19	35
<b>FCTC</b>	5	1	6	19	2	21	27
<b>Total</b>	<b>496</b>	<b>166</b>	<b>662</b>	<b>2,494</b>	<b>375</b>	<b>2,869</b>	<b>3,531</b>

**(a) Staff Recruitment and Attrition**

There was no recruitment done during the year. However, four hundred and fifty (450) staff were engaged on contract and stationed across the Divisions, Departments, and Units of the Commission. An internal job filling process was done to fill vacancies created as a result of staff attrition. A total of eight hundred and twenty (820) staff comprising of fifty-seven (57) management staff and seven hundred and sixty-three (763) non- management staff were promoted during the year.

The Commission recorded a total of one hundred and forty-seven (147) staff turnovers, showing an increase of 6% over the total number of 139 recorded in 2018. This consisted of retirement (101), death (35), resignation (6), appointment termination (2) and vacation of post (3).

Figure 12 details the turnovers as recorded. It can be observed that the number of staff that went on retirement in 2019 is 5% higher than the number that retired in 2018.

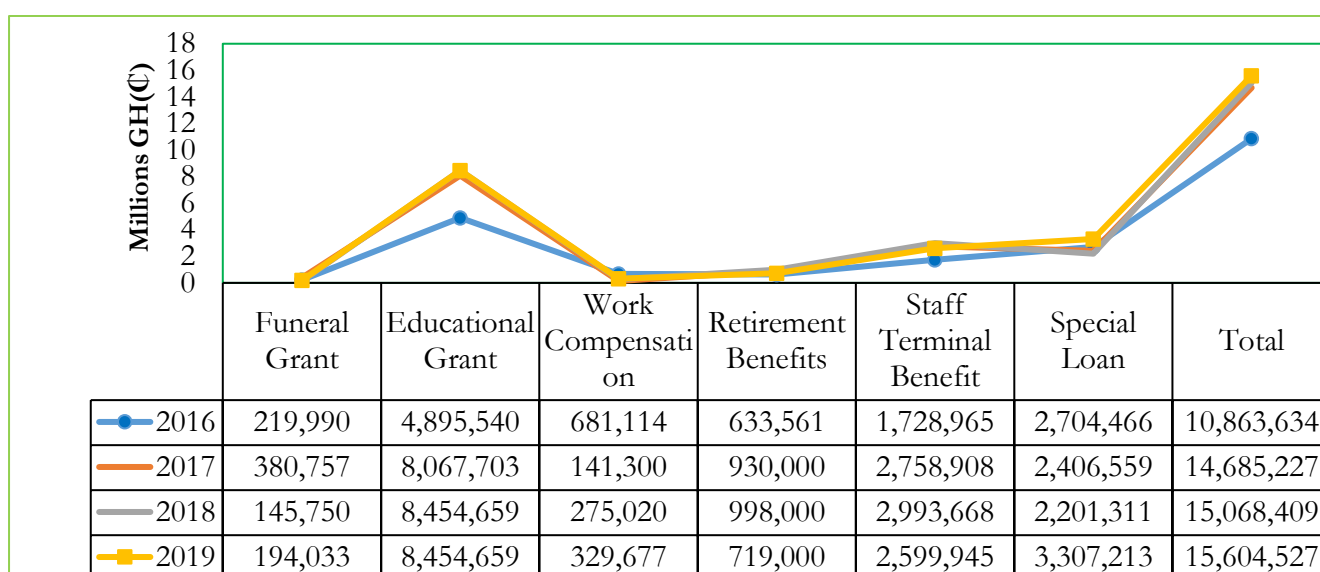


**Figure 12: Staff Turnovers (2015 - 2019)**

**(b) Capacity Building and Staff Motivation**

In order to enhance the capacity of its staff, the Commission organized various short-term and refresher courses. One thousand one hundred and sixty-seven (1,167) staff undertook both local and foreign training programmes, workshops, seminars, conferences and short courses. Six hundred and thirty-five (635) staff underwent various trainings, 7 attended a management training programme, 95 were given leadership training and 253 participated in retirement planning training organised. Thirty (30) were trained in Forestry for Non-Foresters and 147 attended law enforcement training at Asutsuare.

The Commission spent an amount of GH¢16 million as staff benefits. These payments included Workman’s Compensation, Funeral Grants, Special Loans, Terminal and Retirement Benefits. It was recorded that the total amount paid to staff in 2019 was 7% higher than the total amount of GH¢15 million paid in 2018. This was due to an increase in the number of beneficiaries. Figure 13 provides the details of payments made to staff from 2016 to 2019.



**Figure 13: Benefits paid to staff**

**3.6 Forest and Wildlife Stakeholder Collaboration**

Ghana has five (5) Ramsar sites of international importance, which have been duly gazetted as protected areas. They are Densu Delta, Songor Lagoon, Keta Complex, Muni-Pomadze, and Sakumo Lagoon. Wetlands located in the forest and wildlife reserves are in Mole National Park, Black Volta, Sene, Bia, and Owabi Wildlife Sanctuaries, while those outside the conserved wetland areas are the rivers Ankobra and Pra. Efforts were made to ensure that these designated protected and wetland areas are effectively managed through the enactment of appropriate legislation to protect them from degradation.

To ensure local participation, the Commission achieved this through Site Management Committees, comprising representatives of national and local governments, traditional authorities, resource users, and other stakeholders.

On restoration of degraded areas within the protected areas and Ramsar sites, 7,200 white mangroves, 1,560 Acacia, and 1,000 Cassia seedlings were planted in the Keta Lagoon Complex Ramsar Site. Also, 3,600 Cassia species and 1,000 Acacia seedlings were raised and supplied for planting by communities as woodlots in the Keta Lagoon Complex Ramsar Site. Three hundred and thirty (330) cassia seedlings

were supplied to Mankoadze in the Gomoa West District and Nsuekyire in the Efutu Municipal Assembly for planting in the Muni-Pomadze Ramsar Site.

Under the Community Resource Management Areas (CREMAs) initiatives, a number of activities were undertaken. This included support provided to the Avu Lagoon CREMA to flush out 10 farmers who have encroached the core zone of the Keta Lagoon Complex Ramsar site. Additionally, 2 workshops were facilitated on wetland management for 30 members of the Avu Lagoon CREMA.

Field equipment such as motor bikes, bicycles, wellington boots, cutlasses, field gear and mobile phones were supplied to the 5 CREMAs under the FIP Project. Also, offices were handed over to the 5 FIP CREMAs in the Western North region. The Commission collaborated with A Rocha Ghana to supply 200 beehives to CREMA beneficiaries around Mole National Park.

In terms of sensitization on biodiversity conservation, 279 First and Second Cycle Schools and 343 communities around wildlife protected areas and Ramsar Sites were educated on importance of wildlife and their utilisation. In addition, 47 radio programmes were carried out at wildlife protected areas and Ramsar Sites to educate the public on Wildlife Laws at various localities. The Commission also organized meetings with the Ghana Police at Elubo and Aiyinase to brief them on the importance of the Close Season. Six hundred (600) leaflets on waterbirds and wetland conservation were distributed at Keta Lagoon Complex Ramsar Sites.

### **3.7 Efficient and Effective Organization Infrastructural Development**

#### **3.7.1 Corporate Planning, Monitoring and Evaluation (CPME)**

The headquarters of the Commission plays a role of coordination and facilitation of forest and wildlife development. The Commission developed the 2019 Action Plan which guided all operations of the Divisions, Departments and Units. In addition, Monitoring and Evaluation Plan was prepared for the purposes of tracking the progress of the action plan implementation on quarterly basis. Field visits were undertaken to selected FSD, WD and TIDD offices nationwide to observe, assess, monitor and validate field operational activities. The findings of the visits were collated with actionable recommendations and submitted to the Chief Executive for redress.

As part of the implementation processes of the SMTPF (2018-2021), the Commission organized performance assessment workshops after which progress reports were produced and submitted to the NDPC, OHCS and the Sector Ministry. In showcasing performance of an organization to the public domain for accountability, the Commission participated in the Meet – the – Press series organized by the Sector Ministry as well as Mid - year performance review held at Tutu Akuapem in the Eastern region.

#### **3.7.2 Internal Auditing**

The Internal Audit Department of the Commission issued four (4) consolidated quarterly audit reports that summarized findings and demanded responses to the identified issues which were presented at the Audit Committee meetings. Majority of the issues identified were resolved and corrective actions taken with efforts being made to resolve all other outstanding issues. Audit operations were done mainly in the Greater Accra, Western, Central, Ashanti and Northern regions of the country, and covered the following:

- Youth in Afforestation Programme (YAP) Performance Audit
- Financial and Operational Audit
- Fumigation Contract Audit
- Value Books and Pre-audit of Finance Payment Vouchers

### 3.7.3 Information and Communication Technology (ICT)

On ICT, the Commission was committed to enhancing capacity of staff in efficient use of technological equipment that are available in order to speed job processes, thereby increasing productivity. Due to this, various systems were developed/updated and implemented during the year. These were:

- Maintenance of Revenue Collection and Management System (RevComSys) at Shai Hills Resource Reserve, Achimota Resource Reserve, Kumasi Zoo, Mole and Kakum National Parks.
- Maintenance of the Youth in Afforestation Management Information System (YAMIS).
- Redevelopment and demonstration of the REDD+ SIS to the Climate Change Department.
- Development of Plantation Reporting System (P RepSys) which is 90% completed to be used for the management of plantation information within the Commission.
- Development of a Temporary Staff Payroll Management System (TSPaySys) for the processing of the payroll of staff.
- Development of Predictive Analytic Application (PAAp) and Marketing Analytic Model (MAAM) for TIDD to generate market intelligent of timber.
- Development of Business Process Automation System, web-based Human Resource Management System (eHumanis) and Payment Voucher Management System (PVTrack).

### 3.7.4 Resource Management Support Centre (RMSC)

In terms of systems and standards for improving forest and wildlife management that account on the state of the forests, the Commission undertook the following activities:

- Finalized, printed and distributed five (5) wildfire management plans for Sunyani, Dormaa, Kintampo, Atebubu and Tarkwa Forest Districts.
- Conducted training for FSD Staff on wildfire reporting, monitoring and assessment in Northern, Upper West, and Upper East Regions.
- Wildfire management training organized for CRMCS, CFCs, CFMC, FVS, CBAGs and Plantation Developers in GFIP Areas.
- Undertook livelihood identification surveys in the Brong Ahafo, Northern and Eastern Regions.
- One (1) permanent sample plot (PSP) of 100m x 100m each was established in South Fomangsu forest reserve in the Juaso District and Tano Offin forest reserves in the Nkawie District as well as two plots each of 100m x 100m established in Opro River and Afram Headwaters forest reserves in the Offinso District.
- Ecotourism sites within Kakum and Mole National Parks were mapped out with fauna species distribution identified in the parks.

## CHAPTER FOUR

### PROGRAMMES AND PROJECTS

#### 4.1 Introduction

In 2019, the Commission embarked on projects as well as assisted existing programmes. The achievement of the Commission's mandate of protection, conservation, development, and regulation of forest and wildlife resources in the country are focused on the effective implementation of these programmes and projects.

#### 4.2 Forest Investment Programme (FIP) – ENFAL

Within the ecological corridor, a total area of 103.3 ha of identified degraded watersheds was planted. In terms of the maintenance of planted watersheds, 543.2 ha was achieved. Forty-four (44) admitted farm owners were registered, and 38.2 km of forest reserve boundaries were planted.

A 1,226 km of planted forest reserve boundaries were maintained. As well, 330 ha of model plantations were maintained. In terms of maintenance of enrichment planting, 7,323 ha were maintained.

The existing Plantation Harvesting Manual was reviewed and draft MoPs produced are currently undergoing stakeholder consultations. Also, Plantation MoPs (A, B, C) have been reviewed and consolidated with stakeholder inputs. The MoP on Enrichment planting has been drafted and circulated to stakeholders for comments. All these MoPs have been validated through technical working sessions.

#### 4.3. Forest Investment Programme (FIP) – ELCIR+

Two hundred and five (205) fire volunteer squads were formed. 999.6 ha of plantations were established around sacred groves. Replanting of degraded areas within the groves was undertaken. Furthermore, 129 ha of woodlots for fuelwood and charcoal production were established.

Ninety-eight (98) cadastral maps were prepared for 636 ha plantation development. In addition, 26 cadastral maps were prepared for 245 ha woodlot establishment. Five (5) Wildfire Management Plans were developed.

#### 4.4 Sustainable Land and Water Management Programme (SLWMP)

Under the management of riparian biological corridor component, six (6) Community Resources Management Areas (CREMAs) were inaugurated, 11 communities were provided with shea-nuts processing facilities for shea-butter production, and 870 individuals (500 females & 370 males) benefited from training in bee-keeping and accessories to start bee-farming for honey production.

- Under the Gbele Resource Reserve component, the following was achieved;
  - i. One (1) box culvert and 6 Irish crossings constructed on stream-crossing spots to facilitate the movement of patrol staff and tourists.
  - ii. One (1) game viewing platform constructed to facilitate tourists' use.
  - iii. Four (4) community dugout wells for livestock use completed in fringe communities.
  - iv. Selected staff trained in the application of computer-based Monitoring Information System Tool (MIST) to enhance field patrol duties and law enforcement.
- Four (4) waterholes were rehabilitated in Mole National Park to support wildlife use and tourists' game viewing.

#### 4.5 Forest 2020 Project

UK partners on this project carried out a structure for Motion Flight using drones to derive a 3D perspective of the landscape to assist in the segregation of cocoa from the forest and differentiate the various cocoa systems, that is, full sun cocoa and cocoa agroforestry. The Forest 2020 technical team made up of RMSC and KNUST visited the University of Leicester in the United Kingdom aimed at processing field and drone data to facilitate the production of the cocoa forest segregation land-use map and use computer programming to fast track the scale-up of the cocoa forest segregation map.

#### 4.6 Ghana & China Forestry Economic and Trade Cooperation Park Joint Bureau

The objective of this project is to achieve sustainable revenue through using forest resources scientifically, to increase the economic income and tax revenue of the Forestry Commission and the Ghana government, and to further realize the industrial upgrading of Ghana and the construction of other livelihood facilities. The legal registration of the project in Ghana was successful and documents submitted to the Chinese team for further clarifications. In terms of the next steps, the Forestry Commission still awaits the response from the Chinese legal team to move the process forward.

#### 4.7 Integrated National Resources Management Information System & Geodetic Infrastructure Project (E-Resource Project)

This project is also in its developmental phase. The overall goal of the project is to set up an ICT-based National Geo-Spatial Data Infrastructure (NSDI), 1:25,000 mapping, E-forestry system and business applications and relevant physical infrastructure to improve the NSDI service in Ghana. The contract has been signed, feasibility done and submitted to the Ministry of Finance and is currently awaiting financial clearance.

#### 4.8 Forest Carbon Partnership Facility (FCPF)/ REDD+ Results Based Payment Phase/ Ghana Shea Landscape REDD+ Project (GSLRP)

Ghana has transitioned successfully from REDD+ Readiness, which started in 2008 into REDD+ implementation with the Ghana Cocoa Forest REDD+ Programme (GCFRP), which is a 6-year Results Based Carbon Emission Reduction Programme and started in January 2019. Under the programme, there are four (4) accounting periods when Emission Reductions (ERs) will be assessed and verified for payments at US\$5.0 per tCO<sub>2</sub>e.

Key activities/results so far are as follows:

##### **(i) Safeguards landscape monitoring at Juaboso- Bia District**

A Safeguard monitoring exercise was undertaken to monitor how safeguards are addressed and respected within the Juaboso-Bia Landscape as per the safeguards action plan.

##### **(ii) Safeguards Information System (SIS)**

Substantive progress has been made in updating the Safeguards Information System in collaboration with SNV and the ICT Department of the FC. The web platform has been populated with data and information and is near completion to be accessible online.

##### **(iii) Measurement, Reporting and Verification (MRV)**

The process of recalculation of Ghana's Forest Reference Level (FRL) due to its current inconsistencies with the Green House Gas Inventory (GHGI) has commenced. The World Bank through the FAO is supporting Ghana to undertake the process of recalculation. An online based mapping tool called Sepal Platform will be used to support the recalculation of the FRL. In this regard, a workshop was undertaken to train in country technical experts.

With regards to the Ghana Shea Landscape REDD+ Project (GSLRP), it is anticipated that the Green Climate Fund (GCF) can complete all processes for GSLRP to be considered at the March 2020 GCF

Board meeting. The project when approved will receive about US\$30 million from GCF and US\$80 million as co-finance from Global Shea Alliance and the Government of Ghana. The project will be implemented for seven (7) years from the year of approval.



## CHAPTER FIVE

### CHALLENGES, WAY FORWARD AND CONCLUSION

#### 5.1 Challenges

The Commission was confronted with some challenges during the year 2019. Table 9 below summarizes the general and specific challenges together with some mitigation strategies.

**Table 9: Key Challenges and Mitigation Strategies**

	Key Challenges	Mitigation Strategies
<b>General</b>	Inadequate and delays in the release of operational funds	The Commission will implement strategies to increase IGF through eco-tourism and non-traditional revenue resources.
	Inadequate operational vehicles for Zonal and Divisional office activities	The Commission will procure additional operational vehicles
	Inadequate and obsolete working tools and other equipment is a problem for field activities.	Modern equipment will be procured and technical staff trained to enhance activities of the Commission
	Frequent breakdown of obsolete machines at the FCTC	The FCTC will be retooled to meet its new mandate of training timber industry staff
	Inadequate GIS, Remote Sensing & ICT equipment and obsolete GIS software at RMSC	
	Inadequate technical staff at Divisional and operational areas as well as non-replacement of staff who have exited the service	A number of staff have been engaged in recent times but most of them were support staff for the office and administrative work.  The Commission will seek financial clearance to replace technical staff.
<b>Wildlife Division</b>	The Bui dam exposed the Bui National Park to various illegal activities such as “galamsey”, charcoal burning, fishing and illegal chainsaw operations	Law enforcement will be enhanced to prevent these illegal activities  The Commission will plan regular meetings with Chiefs and people of fringe communities as well as Bui Power Authority to seek collaboration.
	Attacks on staff by poachers	Strengthen Collaboration with Chiefs and fringe communities to engender support  Seek support from the Police Service and the Judiciary to ensure effective prosecution and imposition of deterrent penalties by the courts.

	Key Challenges	Mitigation Strategies
	Encroachment on protected areas especially Digya National Park and Sakumo Ramsar Site	<p>Strengthening law enforcement using the Rapid Response Team to support field staff.</p> <p>Seek collaboration with key stakeholders especially NGOs to prevent encroachment.</p> <p>Publish warnings to encroachers and seek approval to undertake evictions and demolitions.</p> <p>Partner private sector to develop eco-tourism potential at Sakumo Ramsar Site and Digya National Park to safeguard the area against encroachment</p>
	Illegal harvesting of rosewood in protected areas.	<p>Strengthen law enforcement, arrest and prosecute offenders</p> <p>Seize logs and machines from perpetrators when encountered</p>
Timber Industry Development Division	<p>Inadequate legal raw material to conclude contracts and to feed the domestic market.</p> <p>Low stock of traditional species in high demand in the European Market poses a major threat to the future trade to that part of the World.</p>	The Commission will research and promote LUS for timber trade sustenance.
ICT	<p>Increased Cyber Security Threats</p> <p>Unapproved ICT Policy allowing users to breach ICT rules without punishment.</p>	<p>Management will give strong backing to Cyber Security awareness creating.</p> <p>ICT Policy will be approved by the Board to ensure sanity in the ICT space</p>
Human Resource	<p>Ineffective control and coordination of training programme</p> <p>Apathy towards the Performance Management System process</p>	<p>An annual training plan will be prepared and implemented</p> <p>Annual performance appraisal of Divisions, Departments and Units as well as staff will be enforced</p>
FCTC	Difficulty in the procurement of legal lumber for the production	The Commission will facilitate procurement of legal timber from sawmills

	Key Challenges	Mitigation Strategies
Rapid Response Unit	Inability of reserve/district staff to curb illegal activities at reserve level is a huge challenge	The Commission will increase operational staff levels and provide adequate training to combat all forms of illegalities in the forest reserves and wildlife protected areas
Plantations	Inadequate logistics (vehicles, motorbikes, GPS, etc.) for field officers of the FSD for effective monitoring of field activities on-reserve and collection and collation of data on forest plantations and trees-on-farm activities in off-reserve areas.	The Commission will allocate budgets to procure adequate logistics to meet this plantation forestry operational activities
	Limited funding to undertake effective maintenance of existing forest plantations.	The Commission will roll out an annual maintenance plan for existing plantation forest stands
	Wildfires, usually intensified by activities of free-range cattle herders (Fulani herdsmen) and illegal farmers within forest reserves.	Wildfire prevention education and fringe community collaboration will be intensified
	The expected role of farmers in undertaking maintenance of forest plantations developed using the MTS model was not being carried out as expected, leading to poor growth and development of these plantations.	Taungya farmers will be sensitized on the need to maintain plantation stands and engage in alternative sources of livelihood
	Frequent delays in payment of monthly allowances to YAP beneficiaries served as a disincentive thereby affecting their output in terms of maintenance of established stands.	The Commission will pursue Government monthly releases of allowances for YAP beneficiaries for prompt payment
Inadequate funds to transport YAP beneficiaries to planting sites within forest reserves that are usually far away from their residences.	The Commission will prioritize and release funds to transport YAP beneficiaries to their operational sites	

## 5.2 Way Forward

The Commission will continue its mandate through the implementation of the following sub-programme areas of the Forest and Wildlife Development and Management programme namely; Sustainable Forest Management and Plantation Development, Protection and Sustainable Utilization of Wildlife Resources, Timber Industry, Trade Development and Technology Transfer and Coordination and Facilitation of Forest and Wildlife Development and Management.

The following will be the key operational focus areas:

- Sustainable Protection and Production of Forest Resources
- Forest Plantation Development
- Sustainable Protection and Development of Wildlife Resources
- Timber Trade and Industry Development
- Ecotourism Development
- Forest and Wildlife Law Enforcement (including FLEGT License and Legality Assurance System)
- Reducing Emissions from Deforestation and Forest Degradation

### **5.3 Conclusion**

From 2020, the Commission will mobilize human and financial resources and collaborate with relevant institutions and agencies to ensure sustainable management, development and utilization of forest and wildlife resources.

**APPENDIX**

**AUDITED FINANCIAL ACCOUNT**

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**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2019**

**FORESTRY COMMISSION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

## FORESTRY COMMISSION

### FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2019

### CORPORATE INFORMATION

COMMISSIONERS		Date of Appointment
Brigadier General (RTD) Joseph Odei	Chairman	20/12/2017
Kumbun-Naa Yin Il	National House of Chiefs Representative	20/12/2017
Mr. Richard Duah Nsenkyire	Timber Trade & Industry Representative	20/12/2017
Mr. George Wireko-Brobby (Engr.)	Wildlife Trade Industry Representative	20/12/2017
Hon. Henry Kwabena Kokofu Esq.	Ghana Institute of Professional Foresters Representative	20/12/2017
Mr. Issifu Sulemana	Non-Governmental Organization Involved in Forest & Wildlife Management	20/12/2017
Dr. Wilfred Kueaba Anim-Odame	Land Commission	20/12/2017
Nana Akosua Agyeman Prempeh	President's Nominee	20/12/2017
Togbega Gabusu VI	President's Nominee	20/12/2017
Mr. Mahmoud Hamid Nassir-Deen	President's Nominee	20/12/2017
Mr. Kwadwo Owusu Afriyie	Chief Executive, Forestry Commission	20/12/2017
SECRETARY	Mr. Dennis Osei-Hwere	
INSTRUMENT OF INCORPORATION	Forestry Commission Act, 1999 (Act 571)	
HEAD OFFICE	Forestry Commission Building GIMPA Road, West Legon P. O. Box MB.434, Accra	
BANKERS	Bank of Ghana GCB Bank Limited National Investment Bank Limited Absa Ghana Limited Standard Chartered Bank (GH.) Ltd. Universal Merchant Bank (GH.) Ltd. ADB Bank Limited Ecobank (Ghana) Limited CAL Bank Limited	
AUDITORS	MGI O.A.K Chartered Accountants 18 Airways Avenue, Airport Residential Area P.O. Box AN. 5712 Accra.	

## FORESTRY COMMISSION

### REPORT OF THE BOARD OF COMMISSIONERS FOR THE YEAR ENDED 31ST DECEMBER, 2019

The Commissioners have the pleasure in presenting the Financial Statements of Forestry Commission for the year ended 31st December, 2019 to the Minister of Lands, Forestry and Mines. The Financial Statements covered the activities of the Corporate Head office, Divisions and units of the Commission.

The divisions of the Commission are: Forest Service Division (FSD), Wildlife Division (WD) and Timber Industry Development Division (TIID); and supporting units are; Corporate Head Office; Forestry Commission Training Centre (FCTC); Resource Management Support Centre (RMSC); and London Office of Forestry Commission.

#### **a. Principal Activities**

The Commission's principal activities include:

1. Regulation of the utilization of forest and wildlife resources including the conducted of pre-shipment inspection and examination of timber, wood and wildlife products;
2. Conservation and management of forest and wildlife resource
3. Co-ordination of policies related to forest and wildlife resource
4. Undertaking the developments of forest plantations for the restoration of degraded forest areas; and
5. Expansion of the Country's forest cover and increase in the production of industrial timber.

#### **b. Results of Operations**

The Commission registered a Deficit of (GH¢14,348,673) as against a Deficit of (GH¢49,009,985) in the previous year.

This has been transferred to the Accumulated Fund Account

#### **BY ORDER OF THE BOARD**

  
.....  
COMMISSIONER

  
.....  
COMMISSIONER

**INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31ST DECEMBER, 2019  
TO THE GOVERNING BOARD OF FORESTRY COMMISSION**

**Opinion**

We have audited the accompanying Financial Statements of Forestry Commission set out on pages 7 to 34. These Financial Statements comprise the Statement of Financial Position as at 31st December, 2019 the Statement of Financial Performance and other Comprehensive Income, Accumulated Fund Account and Statement of Cash Flows for the year then ended and notes to the Financial Statements including a summary of significant accounting policies and other disclosures.

In our opinion, the Financial Statements give a true and fair view of the financial position of Forestry Commission as at 31st December, 2019 and the financial performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

**Basis of Opinion**

We conducted our audit in accordance with International Standards for Supreme Auditing Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of Forestry Commission in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and have fulfilled our other ethical responsibilities in accordance with IFAC code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The Board of Commissioners are responsible for the other information. The other information comprises the Report of the Board of Commissioners which we obtained prior to the date of this auditor's report. The other information does not include the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the work we have performed on other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in that regard.

18 Airways Avenue, Airport Residential Area, Accra.  
P. O. Box AN. 5712, Accra- North

Tel. +233 302-732548, 0302-732549 E-mail: [info@oakchartered.com](mailto:info@oakchartered.com); [oak.chartered@gmail.com](mailto:oak.chartered@gmail.com) [www.oakchartered.com](http://www.oakchartered.com)  
T. A. Osei, Alvin A. Atayi, Eugene Asiamah-Boadi, Charles Obeng, Charles K. Amoo, Alfred Ayer.  
A member of MCI, a worldwide association of independent auditing, accounting and consulting firms.



**INDEPENDENT AUDITOR'S REPORT  
TO THE GOVERNING BOARD OF FORESTRY COMMISSION  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

(continued)

**Board of Commissioners Responsibility For The Financial Statements**

The Board of Commissioners are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirement of the Companies Act, 2019 (Act 992) and for such internal control as the Board of Commissioners determine is necessary to enable the preparation of Financial Statements that are free from material misstatement whether due to fraud or error.

In preparing the Financial Statement, the Board of Commissioners are responsible for assessing the Commission's ability to continue as a going concern disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate Forestry Commission or to cease operations or, have no realistic alternative but to do so.

Our audit objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person, for the content of this reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs,) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also;

- Identify and assess the risk of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners.
- Conclude on the appropriateness of the Board of Commissioners use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause Forestry Commission to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT  
TO THE GOVERNING BOARD OF FORESTRY COMMISSION  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**(continued)**

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on Commission's Financial Statements. We are responsible for the direction, supervision and performance of the Commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Commissioners regarding among the matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Board of Commissioners with a statement that we have complied with relevant ethical requirement regarding independence and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence and where applicable related safe guard.

**REPORT ON REGULATORY AND OTHER REQUIREMENTS**

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion proper books of account have been kept by Forestry Commission so far as appears from our examination of those books; and
- iii. Forestry Commission's Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Income and Expenditure accounts) are in agreement with the books of account.

In accordance with the Auditor General's term of reference (for this assignment), we confirm that:

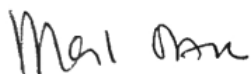
- i. No acts were committed that could result in the entity being insolvent, unstable and bankrupt.
- ii. The Entity did not declare dividend as it's non-profit making.
- iii. No case of fraud or losses were committed.
- iv. Except as reported in our management letter, no internal control weaknesses were noted.
- v. The entity's performance was generally within target.
- vi. No laws, contracts, enactments and applicable laws were violated which could lead to the scaling down of operation, judicial pursuit or closure.

**INDEPENDENT AUDITOR'S REPORT  
TO THE GOVERNING BOARD OF FORESTRY COMMISSION  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

(continued)

- vii. No items of expenditure were contrary of law.
- viii. Funds of the Commission were used only for the intended purposes.
- ix. Appropriate supporting documents, records and books of accounts were kept by the entity.
- x. There was no indebtedness to the Government of Ghana.
- xi. The entity was in full compliance with all covenants on grants.

The Engagement Partner on the audit resulting in this independent auditor's report is Mr. Charles Obeng (ICAG/P/1321)



**MGI O.A.K CHARTERED ACCOUNTANTS (No. ICAG/F/2020/132)**

**Charles Obeng - ICAG/P/1321**

**18 Airways Avenue**

**Airport Residential Area, Accra**

**P. O: Box AN. 5712**

**Accra -North**

Date 25<sup>th</sup> November 2020

## FORESTRY COMMISSION

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Note	2019	2018
		GHC	GHC
<b>INCOME</b>			
Subvention from Government	8	324,006,671	172,355,177
Internally Generated Funds	9	132,480,927	118,861,872
Grant from Donors	6	2,251,513	10,253,615
		<b>458,739,112</b>	<b>301,470,664</b>
<b>EXPENDITURE</b>			
Compensation of Employees	10	103,704,324	91,961,310
Goods and Services	11	134,846,039	100,205,879
Depreciation Charge	2a	7,767,501	3,769,840
Hired Labour (YEA)		208,557,520	137,878,120
Project expenses		18,212,400	16,665,500
		<b>473,087,784</b>	<b>350,480,649</b>
<b>Deficit Transferred to Accumulated Fund</b>		<b>(14,348,673)</b>	<b>(49,009,985)</b>
<b>ACCUMULATED FUND ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2019</b>			
Balance as at 1st January 2019		94,756,983	143,766,960
Deficit Transferred from statement of Financial Performance		(14,348,673)	(49,009,977)
Balance as at 31st December,2019		<b>80,408,310</b>	<b>94,756,983</b>

**FORESTRY COMMISSION**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER, 2019**

	Note	2019 GHC	2018 GHC
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2a	31,068,171	24,716,253
Capital Work-in-Progress	2b	-	114,993
		<u>31,068,171</u>	<u>24,831,246</u>
<b>CURRENT ASSETS</b>			
Inventory	3	23,850,584	24,738,000
Accounts Receivables	4	30,451,542	33,642,275
Cash and Cash Equivalents	5	252,287,424	272,241,626
		<u>306,589,551</u>	<u>330,621,901</u>
<b>TOTAL ASSETS</b>		<u><b>337,657,722</b></u>	<u><b>355,453,147</b></u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Accumulated Fund		80,408,310	94,756,983
Plantation Development (Gmelina)		787,990	7266,455
Minerals Development Fund		123,816,939	120,456,446
Car Loan Revolving Fund		1,325,562	1,334,170
		<u>206,338,801</u>	<u>217,274,054</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	7	131,318,921	138,179,093
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><b>337,657,722</b></u>	<u><b>355,453,147</b></u>

  
.....  
COMMISSIONER

Date: 25/11/2020.

  
.....  
COMMISSIONER

Date: 25/11/2020

## FORESTRY COMMISSION

### STATEMENT OF CLASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Note	2019 GH¢	2018 GH¢
<b>OPERATING ACTIVITIES</b>			
Net Cash Inflow from Operating Activities	12a	(21,833,843)	32,643,904
<b>Investing Activities</b>			
Property, Plant and Equipment Purchased		(14,119,421)	(8,604,470)
Investment Income Received		12,472,622	9,366,567
Capital Work-In-Progress		-	(32,203)
Proceeds from Sale of Property and Equipment	13	104,412	70,267
<b>Net Cash Outflow into Investing Activities</b>		<b>(1,542,387)</b>	<b>800,161</b>
<b>FINANCING ACTIVITIES</b>			
Plantation Development Grant		61,535	84,162
Minerals Development Fund		3,360,493	22,700,092
Plantation Programme (YEA)		-	(6,000,000)
<b>Net Cash Inflow from financing activities</b>		<b>3,422,028</b>	<b>16,784,254</b>
<b>Net change in Cash and Cash Equivalent</b>		<b>(19,954,202)</b>	<b>40,861,753</b>
Cash and Cash Equivalents 1 <sup>st</sup> January		<u>272,241,626</u>	<u>231,379,873</u>
Cash and cash equivalent 31 <sup>st</sup> December		<u><u>252,287,424</u></u>	<u><u>272,241,626</u></u>

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

#### 1. CORPORATE INFORMATION

Forestry Commission is a corporate body established by an Act of Parliament, Forestry Commission Act, 1999 (Act 571). Forestry Commission is domiciled in Ghana with registered office address Gimpa Road, West Legon, P. O. Box MB 434, Accra.

##### 1.1 Basis of Preparation

###### a) Statement of Compliance

The financial statements have been prepared in accordance with IPSAS and International Financial Reporting Standards (IFRS's)

###### b) Functional and Presentation Currency

The Financial Statements are presented in Ghana Cedi, which is the functional currency of The Forestry Commission. Except as indicated, financial information has been presented in Ghana Cedi and has been rounded to the nearest Ghana cedi.

###### c) Basis of Measurement

The Financial Statements are prepared on the historical cost basis except for the following:

- Financial assets and liabilities initially are recognized at fair value
- Investment property is initially measured at fair value

##### 1.2 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements and have been applied consistently by the Forestry Commission

Certain comparative amounts have been reclassified to conform to the current year's presentation.

###### a) Foreign Currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. At each reporting date, assets and liabilities denominated in currencies different from the functional currency are translated into the functional currency at the rate of that date. Foreign exchange gains and losses are recognized in the income statement.

###### b) Property, Plant and Equipment

Property and equipment are stated at cost, excluding the cost of day-to-day servicing less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and on buildings and impairment losses recognized after the date of the revaluation. Valuations are to be performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

Any revaluation surplus is recorded in other comprehensive income and hence credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case, the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Equipment is reflected at cost less accumulated depreciation and accumulated impairment Losses.

An item of property and equipment is de-recognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

#### **c) Depreciation**

Depreciation is provided on the straight-line basis at rates considered appropriate to reduce the cost to net realizable value over the estimated useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that, future economic benefits associated with the item will flow to the Commission and the cost of the item can be reliably measured. Land is not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Gains and loss on disposal are determined by comparing the asset's proceeds to its carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to income surplus.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are Indicators that the carrying value may not be recoverable. Impairment losses on non-revalued assets are recognized in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

Impairment losses on revalued assets are recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset.



**FORESTRY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**Significant Accounting Policies (continued)**

Asset Category	Rate
Building	2.50%
Furniture, Fixtures and Fittings	10%
Plant, Machinery and Equipment	10%
Motor Vehicles	25%
Computer and Communication Equipment	25%
Tools and other Equipment	25%

**1.3 Impairment of Non-Financial Assets**

The Commission assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generation unit's (CGU) Fair value less cost to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset. In respect of revalued non-current assets, impairment losses are recognized in other comprehensive income and presented in the revaluation reserve within equity, to the extent that it reverses a previous revaluation surplus relating to the same assets. Any excess is recognized income and expenditure account.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Commission makes and estimates of the asset's or CGU's recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets: Intangible Assets  
Intangible assets with indefinite useful lives are tested for impairment annually at 31st December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

#### Significant Accounting Policies (continued)

#### 1.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity' incurs in connection with the borrowing of funds.

#### 1.5 Financial Assets

##### 1.5.1 Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, financial assets through profit or loss account, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Commission determines the classification of its financial; assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investment at fair value through profit and loss, directly attributable transaction costs.

The classification depends on the purpose for which the investment was acquired or originated. Financial assets are classified as at fair value through profit or loss where the Commission's documented investment strategy is to manage financial investments on a fair value bias, because the related liabilities are also managed on this basis.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Commission commits to purchase or sell the asset.

The Commission's financial assets include cash and short-term deposits, Trade and other receivables, quoted and unquoted financial investment.

##### 1.5.2 Subsequent Measurement

The subsequent measurement of financial assets depend on their classification as follows:

##### **Financial Assets Through Profit or Loss**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as Financial Assets Through Profit or Loss when the Commission has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortized cost, using the Effective interest Rate (EIR), less impairment. The EIR amortization is included in investment income in the income statement. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as

Financial Assets measured at Fair Value Through Profit or Loss in at the Commission include investment in debt securities (Treasury Bills) issued by state government and other corporate entities.

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

#### De-recognition of Financial Assets

- 1.5.3 A financial asset (or, when applicable, a part of a financial asset or part of the Commissions similar financial assets) is derecognized when:

The rights to receive cash flows the asset have expired;

Or

The Commission retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

The Commission has transferred substantially all the risks and reward of the asset or

The Commission has neither transferred nor retained substantially all the risk and rewards of the asset but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained.

In that case, the Commission also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained

#### 1.6 Impairment of Financial Assets

The Commission assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence -of impairment as a result of one or more events that has occurred after the initial recognition of the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that the debtor will enter bankruptcy or other financial reorganization and where observable data indicated that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate with defaults.

##### 1.6.1 Financial Assets Carried at Amortized Cost

For Financial assets carried at amortized cost, the Commission first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**FORESTRY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**Significant Accounting Policies (continued)**

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of investment income in the income statement.

**1.6.2 Financial Assets Carried at Cost**

For financial assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

**1.7 Offsetting of Financial Instrument**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statement of financial performance unless required or permitted by any accounting standard of interpretation, as specifically disclosed in the accounting policies of the Commission.

**1.8 Fair Value of Financial Instruments**

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of-business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Commission's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimated and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair value. The fair value is determined using a valuation model that has been tested against price or inputs to actual market transactions and using the Commission's best estimate of the most appropriate model assumptions.

**FORESTRY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**Significant Accounting Policies (continued)**

For discounted cash flow techniques, estimated future cash flow are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition is also included in the cost of the investment.

**1.9 Trade and Other Receivables**

Accounts receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. The carrying value of accounts receivables is reviewed for impairment whenever events or circumstances indicated that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

**1.10 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**1.11 Foreign Currency Translation**

The Commission's Financial Statements are presented in Ghana Cedi and items included in the financial statements are measured using Ghana Cedis as the functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All exchange differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restarted. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

When a gain or loss on a monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely when a gain or loss on non-monetary item is recognized in profit or loss any exchange

**1.12 Financial liabilities - Initial Recognition and Subsequent Measurement**

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction costs.

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

#### Significant Accounting Policies (continued)

The Commission's financial liabilities include trade and other payables.

#### De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement. Gains and losses are recognized in the income statement when the liabilities are derecognized.

#### 1.13 *Classification financial instruments between debt and equity*

A financial instrument is classified as debt if it has a contractual obligation to:

##### **Deliver cash or another financial asset to another entity or**

Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable

If the Commission does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liabilities.

#### 1.14 *Application of new revised International Financial Reporting Standards (IFRS)*

The Commission has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 9 Financial Instruments (Effective 1 January, 2019)

IFRS 15 Revenue from Contracts with Customers (and the related Clarifications) (Effective 1 January 2019)

IFRS 16 Lease (Effective 1 January 2019)

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transaction (Effective 1 January 2019)

Amendments to IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associate or joint venture (Effective date to be determined)

Amendment to IAS 7 Disclosure Initiative (Effective 1 January 2018)

#### I. 14.1 Standards and Interpretations Effective in the Current Period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Council are effective for the current period:

Amendments to IFRS 10 "Consolidated Financial Statements". IFRS 12 "Disclosures of Interest in Other Entities" and IAS 27 "Separate Financial Statements" - Investment Entities (Effective for annual periods beginning on or after 1 January 2014) Published by IASB on 31 October 2012.

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

#### Significant Accounting Policies (continued)

##### **Amendment to IAS 32 "Financial instruments: presentation".**

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014) published by IASB on 16 December 2011. Amendments \*provide clarification on the application on the offsetting rules and focus on four main areas(a) the meaning of "currently has a legally enforceable right of set-off". (b) the application of simultaneous realization and settlement;(c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets (Effective for annual periods beginning on or after 1 January 2014) published by IASB on 29th May 2013.

These narrow-scope amendments to IAS 36 Address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair value Measurement. The IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB's original intention that the scope of those disclosures are limited to the recoverable amount of impaired assets that is based on fair value loss costs of disposal.

##### **1.14.2 Amendment to IAS 32 "Financial Instruments: Recognition and Measurement**

Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014) published by IASB on 16 December 2011. Amendments provide a clarification on the application of the offsetting rules and focus on four main areas;

- (a) The meaning of "currently has a legally enforceable right of set-off"
- (b) The application of simultaneous realization and settlement;
- (c) The offsetting of collateral amounts;
- (d) The unit of account for applying the offsetting requirement.

Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014), published by IASB on 29 May 2013.

These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amounts I based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

**FORESTRY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**Significant Accounting Policies (continued)**

Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014), published by IASB on 27 June 2013.

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Entity's accounting policies.

**1.14.3 New standards and interpretations issues but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Centre's financial statements are listed below. This listing of standards and interpretations issued are those that the Centre reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Centre intends to adopt these standards when

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018), issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, recognition and general hedge accounting.

Classification and Measurement- IFRS 9 introduces a new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principal-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment Model that will require more timely recognition of expected credit losses. Specifically, the new standards require entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timely basis.

Hedge accounting- IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own-Credit- IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss.

Amendment to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations (effective for annual period beginning on or after January 2016, published by IASB on 12 May 2011).



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**Significant Accounting Policies (continued)**

IFRS 11 introduces new accounting requirements for joint arrangement, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have to the net assets.

IFRS 12 Disclosures of Interests in Other Entities published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and require information so that financial statement users may evaluate the bias of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders involvement in the activities of consolidated entities.

IFRS 14 Regulatory Deferral Accounts (effective for annual period beginning on or after 1 January 2016) published by IASB on 30 January 2014.

This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017), published by IASB on 28 May 2014.

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standards supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the Standard is mandatory for all IFRS reporters and it applies to nearly all contracts. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is payment) to which the Centre expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (For example, service revenue and contract modifications) and improve guidance for multiple element arrangement.

**Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures - Mandatory Effective Date and Transition Disclosures** published by IASB on 16 December 2011. Amendment defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to entities that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

Amendments to IFRS 10 "Consolidated Financial Statements". IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" Transition Guidance published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by limiting the requirement to provide adjusted comparative information to only the preceding comparative period".

Also, amendments were made to IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016), published by IASB on 11 September 2014.

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Amendments to IFRS 11 "Joint Arrangements" Accounting for Acquisitions of Interest in Joint Operations published by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" Clarification of Acceptable Methods of Depreciation and Amortization (Effective for annual periods beginning on or after 1 January 2016,) published by IASB on 12 May 2014.

Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis of measuring the consumption of the economic benefits embodied in an intangible asset. The presumption, however, can be rebutted in certain limited circumstances.

Amendment to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture: Bearer Plants" (effective for annual periods beginning on or after 1 January 2016, published by IASB on 30 June 2014.

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

Amendment to IAS 19 "Employee Benefits - Defined Benefit Plans" Employee Contributions

(effective for annual periods beginning on or after 1 July 2014) published by IASB on 21 November 2013

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

The narrow scope amendments apply to contributions from employees or third parties to defined benefits plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage or salary.

Amendment to IAS 27 Separate Financial statements - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), Published by IASB on 12 August 2014

The amendments "reinstate the equity methods as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements

IAS 27 Separate Financial Statements (revised in 2011) published by IASB on 12 May 2011. The requirement relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 Investment in Associates and Joint Ventures " (revised in 2011) published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

Revised requirements regarding: (i) meaning of effective IFRS in IFRS 1, (ii) scope of exception for joint ventures; (iii) scope of paragraph 52 of IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. (Amendments are to be applied for annual periods beginning on or after 1 July 2014,

Annual Improvements to IFRSs 2010 - 2012 Cycle

**These improvements are effective from 1 July 2014 and are not expected to have**

These improvements were effective from 1 July 2014 and are not expected to have a material impact on the Commission. They include:

- a. A performance condition must contain service condition
- b. A performance target must be met while the counterparty is rendering service
- c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- d. A performance condition may be a market or non-market condition
- e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period the service condition is not satisfied.

#### **IFRS 3 Operating Combination**

The amendment is applied prospectively and clarifies that all contingent combinations arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit and loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

#### **IFRS 3 Operating Combination**

The amendment is applied prospectively and clarifies that all contingent combinations arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit and loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

#### **IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarifies that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating Segments that have been affected and the economic characteristic (e.g., sales and gross margins) used to assess whether the segments are similar'

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

#### **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

#### **4 IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the services.

#### **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management •entity (an entity that provides key management personnel service) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management service.

Annual improvements 20121 -2013 cycle

These improvements are effective from 1 July 2014 are not expected to have a material impact on the Commission. They include:

#### **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS that Joint arrangement, not just joint ventures, are outside the scope of IFRS.

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

#### **IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that & the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also other contracts within the scope of IFRS (or IAS 39, as applicable)

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**IAS 40 Investment Properties**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

**Annual Improvements 2012 - 2014 Cycle**

These improvements which was done in September 2014 are effective beginning on or after 1 January 2016 and are not expected to have a materials impact of the Centre. They include."

**IFRS 5 Non-current Asset Held for Sale and Discontinued Operations**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for distribution accounting discontinued.

**IFRS 7 Financial Instruments: Disclosures**

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

**IAS 19 Employee Benefits**

Clarify that the high-quality corporate bonds used in estimating the discount rate for postemployment benefits should be denominated in the same currency as the benefits to be paid.

**IAS 34 Interim Financial Reporting**

Clarify the meaning of elsewhere in the interim report and require a cross-reference. The Entity has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

**1.15 Financial Risk Management Framework**

This presents information about the Commission's exposure to each of the risk below, the Commission's objectives, policies and processes for measuring and managing risk, and management of funds.

**1.15.1 Credit Risk**

The Commission has exposure to credit risk, which is the risk that a counterparty may be unable to pay amounts in full when due. Key areas where the Commission is exposed to credit risks are:

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

The Commission structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty or counterparties.

Financial assets, cash and cash equivalents are placed with reputable financial institutions. The Commission has policies which limit exposure to any one financial institution. The investment committee regularly reviews the Commission's investment and potential exposure.

#### 1.15.2 Liquidity Risk

The Commission is exposed to daily calls on its available cash resources from project cost arising. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Commission's liquidity and ability to meet such calls are monitored by the investment committee.

#### 1.15.3 Interest Rate Risk

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate instruments. The Commission does not have any interest-bearing borrowings. Interest rate risk is therefore limited to the Commission's investment in floating rate deposits.

#### 1.15.4 Currency Risk

The Commission has financial assets which are denominated in foreign currencies. These assets are exposed to currency translation risk. Primarily the United States of America Dollar, the Pound and the Euro. These are material to the Commission

#### 1.15.5 Operational Risk

It is the risk that there is a loss as a result of inadequate or failed processes, people or systems and external events

Operational Risk Includes;

Information and technology risk: the risk of obsolescence of infrastructure, deficiency in integration, failures/ inadequacies in system/ networks and the loss of accuracy, confidentiality, availability and integrity of data.

#### 1.15.6 Going Concern/Business Continuity Risk

The risk that inadequate processes, people, financial controls and resources exist to continue business in the foreseeable future.

#### 1.15.7 Legal Risk

Legal risk is the risk that Forestry Commission will be exposed to contractual obligations which have not been provided for. There is a risk that practices established in the past may be unacceptable in changing legislative environments.

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This risk managed through clear contracting. Forestry Commission monitors and influences events to the extent possible by participation in discussions with legislators.

**1.15.8 Compliance Risk**

- The risk of not complying with laws and regulations, as well as investment management

**1.15.9 Fraud Risk**

The risk of financial crime and unlawful conduct occurring within the Commission  
The Commission mitigates these risks through its culture and values, a comprehensive system of internal controls, internal audit, compliance functions and other measures, such as backup facilities, contingency planning and insurance. The "initiation of transactions " and their administration is conducted on the basis of the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions.

**1.15.10 Expense Risk**

Expenses risk is the risk of loss in future periods due to actual expense experience being worse than in executing of projects.

are distributed over a variable number of project and so a decrease in business values may negatively influence the business. Fluctuations in variable acquisition costs are monitored to ensure consistency with new business volumes. Unexpected once-off costs will reduce surplus during the year. Experience has demonstrated that it is impossible to anticipated all expenses during the budget progress. Therefore, negative impacts on future surpluses are prevented by making allowance for one-off costs in the projection of future expenses.

Staff incentives are dependent on achieving income targets and so this ensures that staff is aware of the need to manage expenses.

**1.15.12 Investment Risk**

Investment risk relates to the relative sensitivity of long-term policy liabilities and the supporting assets to interest rate, market, credit, liquidity, currency and derivative risks.

**1.15.13 Reputation Risk**

Reputation risk is the risk that the Commission fails to put in place measures and policies that will prevent the occurrence of events which may affect the reputation of the Commission should they occur. Actions with a potential reputation impact are escalated to the appropriate level of senior management

**1.15.14 Working Capital Adequacy Risk**

Working capital adequacy risk is the risk that there are insufficient reserves to provide for variations in actual future experience that is worse than what has been assumed in the financial soundness valuation. The Commission must maintain a working capital balance that will be at least sufficient to meet obligation in the event of substantial deviations from the main risk assumptions affecting the Commission's business.

**1.16 Critical Accounting Estimates and Judgment**

The Commission makes certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

These estimates rely on the assumptions that past experience adjusted for the effect of current developments and likely trends is an appropriate basis for predicting future events

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NOTES TO THE FINANCIAL STATEMENTS  
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**2a) PROPERTY, PLANT AND EQUIPMENT**

	<b>Building &amp; Civil Works</b>	<b>Plant &amp; Machinery</b>	<b>Motor Vehicles</b>	<b>Computer &amp; Accessory</b>	<b>Office Equipment &amp; Furniture</b>	<b>Residential Equipment &amp; Furniture</b>	<b>Total</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Cost</b>							
Balance at 1st January 2019	13,897,015	1,130,191	24,445,251	17,787,315	4,709,300	1,429,684	63,398,755
Additions	4,691,156	118,230	6,041,507	2,581,660	328,960	357,908	14,119,421
Disposal	-	-	(310,815)	-	-	-	(310,815)
Cost at 31 <sup>st</sup> December 2019	<u><b>18,588,171</b></u>	<u><b>1,248,421</b></u>	<u><b>30,175,944</b></u>	<u><b>20,368,974</b></u>	<u><b>5,038,260</b></u>	<u><b>1,787,952</b></u>	<u><b>77,207,362</b></u>
<b>Depreciation</b>							
Balance at 1st January	2,246,421	997,049	19,333,565	12,220,435	2,997,700	887,332	38,682,502
Charge for the year	373,781	31,140	4,667,391	2,157,951	271,370	265,868	7,767,501
Disposal	-	-	(310,813)	-	-	-	(310,813)
Balance at 31st December	<u><b>2,620,202</b></u>	<u><b>1,028,189</b></u>	<u><b>23,690,143</b></u>	<u><b>14,378,386</b></u>	<u><b>3,269,070</b></u>	<u><b>1,153,200</b></u>	<u><b>46,139,191</b></u>
<b>NET BOOK VALUE:</b>							
<b>31 DECEMBER 2019</b>	<u><b>15,967,969</b></u>	<u><b>220,232</b></u>	<u><b>6,485,800</b></u>	<u><b>5,990,588</b></u>	<u><b>1,769,190</b></u>	<u><b>634,392</b></u>	<u><b>31,068,171</b></u>
<b>31 DECEMBER 2018</b>	<u><b>11,650,594</b></u>	<u><b>133,142</b></u>	<u><b>5,111,686</b></u>	<u><b>5,566,880</b></u>	<u><b>1,711,600</b></u>	<u><b>542,352</b></u>	<u><b>24,716,253</b></u>



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	<b>2019 GH¢</b>	<b>2018 GH¢</b>
<b>2b. CAPITAL WORK-IN-PROGRESS</b>		
Balance at 1st January	114,993	80,790
Addition	-	34,203
Transfers to Property, Plant and Equipment	(114,993)	-
	<u>-</u>	<u>114,993</u>
<b>3. INVENTORIES</b>		
Hardware	22,991,140	23,874,449
Stationery	859,444	863,551
	<u>23,850,584</u>	<u>24,738,000</u>
<b>4. Accounts Receivable</b>		
Trade Debtors -Stumpage Fees	5,493,881	5,306,752
Less Provision for Doubtful Debts	(2,550,396)	(2,550,396)
	<u>2,943,485</u>	<u>2,756,356</u>
Trade Debtors -Plantation	25,774,292	26,337,821
Less Provision for Doubtful Debts	(13,555,444)	(13,555,444)
	<u>15,162,334</u>	<u>15,538,733</u>
Export Levy Debtors	438,844	3,394,569
Plantation Development (W.I.P) Debtors	8,877,813	8,877,813
Sundry Debtors	537,725	273,769
Staff Debtors	5,434,826	5,080,971
Accountable Imprest	-	239,592
	<u>30,451,542</u>	<u>33,405,447</u>
<p>Plantation Development (W.I.P) Debtors- is the cost of failed areas established by Service Contractors from 2010 to 2013. The cost of rehabilitation has been secured by financial bonds by the Contractors (Zoil and Ecotech Services).</p>		
<b>5. CASH AND CASH EQUIVALENTS</b>		
Fixed Deposits	237,439,912	226,887,009
Call Accounts	1,398,756	11,900,611
Bank Balances:		
Local	13,091,636	23,976,610
Foreign	-	578,192
Project Balances	357,120	8,899,205
	<u>252,287,424</u>	<u>272,241,627</u>

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

	2019 GH¢	2018 GH¢
<b>6. Grants from Donor Agencies</b>		
Wood Tracking System (VPA) (DFID)	-	3,514,332
Forest Carbon Partnership Facilities (World Bank)	-	3,986,162
Food and Agriculture Organization	208,719	-
Global Environment Facility (SLWMP)	1,431,158.92	2,578,162
REDD+	-	174,700
Recurrent Grant	611,635	-
	<b><u>2,515,513</u></b>	<b><u>10,253,615</u></b>
<b>7. Accounts Payable</b>		
Office of the Administrator of Stool Lands:		
Stumpage Fees Payable	37,179,318	14,113,778
Plantation	1,678,234	1,694,447
Trade Creditors	-	26,250,373
Current Account with Divisions	85,756,177	-
Sundry Creditors and Accruals	6,705,192	96,120,494
	<b><u>131,318,921</u></b>	<b><u>138,179,092</u></b>
<b>8. SUBVENTION FROM GOVERNMENT OF GHANA</b>		
Consolidated Fund Account	91,740,271	86,731,722
Plantation Grant- YEA	232,266,400	85,623,455
	<b><u>324,006,671</u></b>	<b><u>172,355,177</u></b>
<b>9. INTERNALLY GENERATED FUNDS</b>		
Stumpage Fees	18,939,499	10,392,613
Plantation and Natural Forest Timber	24,623,776	10,331,798
Export Levy	39,781,439	20,769,196
Fumigation Income	3,587,439	2,181,065
Investment Income	12,575,059	9,366,567
Park Entrance fees	4,183,538	2,224,935
Other Income	28,790,179	63,595,698
	<b><u>132,480,927</u></b>	<b><u>118,861,872</u></b>
<b>10. COMPENSATION OF EMPLOYEES</b>		
Salaries and Wages	95,491,351	81,282,064
Staff Allowances	79,447	57,073
SSF-Employer's Contribution	8,133,526	10,622,164
	<b><u>103,704,324</u></b>	<b><u>91,961,301</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	<b>2019</b>	<b>2018</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>11. Goods and Services</b>		
Electricity and Water	1,808,016	1,581,550
Postal, Telephone and Internet Subscription	2,069,339	793,697
Cleaning and Sanitation Charges	642,356	815,993
Security Services	1,018,413	902,447
Office consumables	2,537,461	2,399,305
Printing and Publications/ Advertising	2,875,874	2,246,047
Donation, Contributions and Staff Welfare	4,557,495	3,291,086
Travel and Transport (Local and Foreign)	20,264,455	17,851,375
Vehicle Running cost and Repair & Maintenance	12,674,182	10,378,019
Repairs and Maintenance of Building and Equipment	2,170,264	3,179,578
Contract Staff Salaries	1,429,955	-
Software Maintenance	1,678,516	970,620
Consultancy/Professional and Legal fees	2,971,577	1,749,007
Audit fees	115,441	157,500
Board expenses	1,461,734	1,647,992
Bank charges	747,051	485,383
Property Rate and Ground Rent	379,951	235,727
Committee Sitting Allowances	4,367,762	3,550,094
Medical expenses	1,161,175	858,174
Training and Conferences	6,780,600	5,861,662
Educational Grant	9,852,936	10,106,634
Insurance and Compensation	1,795,552	1,615,032
Hotel Accommodation	3,882,508	2,225,065
Residential Accommodation	240,795	138,529
Trade Promotion	62,234	24,690
Uniform and Protective Clothing	4,643,115	1,023,723
Operation Halt Campaign (Monitoring)	23,090,628	9,547,387
Maintenance of Zoo Animals	358,264	336,481
Fire Prevention Campaign	118,310	231,189
Plantation Development cost	17,612,737	13,918,140
Retirement benefit	1,107,265	690,204
Reclamation of Mined Areas	3,000	-
Social Intervention Development Programme	-	1,100,000
Exchange Difference	367,075	293,549
	<b>134,846,039</b>	<b>100,205,879</b>

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	<b>2019 GH¢</b>	<b>2018 GH¢</b>
<b>12a. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Deficit for the year	(14,348,673)	(49,009,977)
Adjust for:		
Depreciation	7,767,501	3,769,840
Investment Income	(12,575,059)	(9,366,567)
Gain on Disposal	104,410	71,507
(Increase) / Decrease in Inventory	887,416	(23,564,045)
(Increase) / Decrease in Accounts Receivable	3,190,733	(4,381,191)
Increase / (Decrease) in Accounts Payable	(6,860,172)	105,767,770
<b>Net Cash inflow in the year</b>	<b>(21,833,843)</b>	<b>23,287,337</b>

<b>12 b. ANALYSIS OF MOVEMENTS IN CASH</b>	<b>Balances as at 31<sup>st</sup> December</b>		<b>Changes in the year</b>	
	<b>2018 GH¢</b>	<b>2019 GH¢</b>	<b>2019 GH¢</b>	<b>2018 GH¢</b>
<b>Bank Balances</b>	45,354,617	2,863,149	(42,491,468)	5,062,054
<b>Short term Investment</b>	226,887,009	208,719	(226,678,290)	35,799,699
	<u>272,241,626</u>	<u>3,071,868</u>	<u>(269,169,758)</u>	<u>40,861,753</u>

<b>13 PROFIT OR LOSS ON DISPOSAL</b>	<b>2019 GH¢</b>	<b>2018 GH¢</b>
Cost of Asset	310,815	-
Accumulated Depreciation	(310,813)	-
Net Book Value	<u>2</u>	-
Proceeds from Disposal	104,412	-
	<b><u>104,410</u></b>	<b><u>-</u></b>

The Commission disposed of some of its fully depreciated motor vehicles during the year.