



*Forestry Commission Annual Report*  
*2020*

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## ABBREVIATIONS

AAC	Annual Allowable Cut
BoC	Board of Commissioners
CE	Chief Executive
CIF	Climate Investment Funds
COCOBOD	Ghana Cocoa Board
CPME	Corporate Planning, Monitoring and Evaluation
CREMA	Community Resource Management Area
CRM	Community Resource Management
CSC	Climate-Smart Cocoa
DoTTNet	Domestic Timber Trade Network
EAP	Environmental Action Plan
ECOWAS	Economic Community of West African States
eHUMANIS	Human Resource Management System
ENFAL	Enhancing Natural Forest and Agroforest Landscape
EPMD	Effective Patrol Man-Days
ERPA	Emission Reductions Payment Agreement
ERs	Emission Reductions
EU	European Union
FAO	Food and Agriculture Organization
FC	Forestry Commission
FCIIS	Forestry Commission Internal Information System
FCPF	Forest Carbon Partnership Facility
FCTC	Forestry Commission Training Centre
FGRM	Feedback and Grievance Redress Mechanism
FIP	Forest Investment Programme
FLEETUS	Fleet Management System
FLEGT	Forest Law Enforcement, Governance and Trade
FR	Forest Reserve
FSD	Forest Services Division
GCF	Green Climate Fund
GCFRP	Ghana Cocoa Forest REDD+ Programme
GFPS	Ghana Forest Plantation Strategy
GHG	Greenhouse Gas
GIS	Geographic Information System
GoG	Government of Ghana
GPS	Global Positioning System
GSBAs	Globally Significant Biodiversity Areas
GSLERP	Ghana Shea Landscape Emission Reduction Project
GWTS	Ghana Wood Tracking System
HFZ	High Forest Zone

HIA	Hotspot Intervention Area
HMBs	HIA Management Boards
ICT	Information and Communications Technology
IGF	Internally Generated Funds
LUS	Lesser Used Species
M&E	Monitoring and Evaluation
MLNR	Ministry of Lands and Natural Resources
MMDAs	Metropolitan, Municipal and District Assemblies
MOFEP	Ministry of Finance and Economic Planning
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
NRS	National REDD+ Secretariat
OHCS	Office of the Head of Civil Service
PAs	Protected Areas
PDO	Project Development Objective
PSP	Permanent Sample Plot
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REVCOMSYS	Revenue Collection and Management System
RMSC	Resource Management Support Centre
SCF	Strategic Climate Fund
SIS	Safeguard Information System
SLWMP	Sustainable Land and Water Management Project
SMC	Site Management Committee
SMTPF	Sector Medium-Term Policy Framework
TIDD	Timber Industry Development Division
TUC	Timber Utilization Contract
UAP	Upfront Advance Payment
UNDP	United Nations Development Programme
VPA	Voluntary Partnership Agreement
WB	World Bank
WCF	World Cocoa Foundation
WD	Wildlife Division
YAMIS	Youth in Afforestation Management Information System
YAP	Youth in Afforestation Programme

## EXECUTIVE SUMMARY

### Introduction

The Commission's 2020 Annual Report analyses the fulfilment of policies and initiatives outlined in the 2018-2021 Sector Medium-Term Policy Framework (SMTPF) which can be found under the development component of Environment, Infrastructure and Human Settlements.

The SMTPF core objective is to curb the destruction of forest and wildlife resources, and make sure these resources are effectively and efficiently managed to alleviate poverty and for sustainable development.

### Management/Production of Forest Resources

The Timber Resource Management and Legality Licensing Regulations, 2017 (LI 2254) has annulled 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). These regulations make adjustments to the original LIs as a result of zealous bidding for the allocation of timber rights. According to the law, the Commission issued three hundred and nineteen (319) salvage permits with 72% coming from off-reserve and 28% from on-reserve areas. A total of one hundred and fifty-five (155) plantation permits were also approved, allowing the harvest of 97,738 m<sup>3</sup> of various timber species.

In 2020, the natural forest timber harvested recorded a volume of 1,226,678 m<sup>3</sup> (on-reserve 944,446 m<sup>3</sup> and off-reserve 282,232) as against 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. This represents 123% of the Annual Allowable Cut (AAC). Also, a total volume of 124,790 m<sup>3</sup> (on-reserve-71,997 m<sup>3</sup> and off-reserve-52,793 m<sup>3</sup>) plantation timber was harvested in 2020 as against 447,035 m<sup>3</sup> (on-reserve-390,846 m<sup>3</sup> and off-reserve-56,189 m<sup>3</sup>) recorded in 2019.

On timber and wood products exports, the Commission saw a 25% drop in the total volume as compared to the previous year. In 2020, a total volume of 226,158 m<sup>3</sup> was exported as compared to 300,455 m<sup>3</sup> in 2019. The total value of exports was €116 million which depicts a decline of 23% from the previous year's value of €151 million.

### Protection of Forest and Wildlife Resources

Ghana's total land area of the country is estimated to be 23.9 million ha. There are 266 gazetted forest reserves including 204 in the High Forest Zone and 62 in the Savanna Zone. Seven (7) National Parks, 6 Resource Reserves, 3 Wildlife Sanctuaries, 1 Strict Nature Reserve, and 5 Ramsar Sites are among the 22 wildlife protected areas.

In 2020, a total of 25,070 km of forest boundaries were cleaned and 20,868 km inspected. In 2019, 23,608 km of boundaries were cleaned and 21,832 km of boundaries were inspected. This points to a 6% increase in boundary cleaning and a 4% decrease in boundary inspections. The objective of the forest boundary inspection and cleaning is to ensure that our forest reserves are being protected and conserved to ensure sustainability. The Commission deployed the Rapid Response Teams to prevent encroachment and illegal entry into forest reserves and wildlife protected areas.

## Development of Forest and Wildlife Resources

The Ghana Forest Plantation Strategy, (2016-2040) was implemented to restore lost forest cover. In comparison to 25,004 ha in 2019, a total of 19,171 ha (14,252 ha under government and 4,919 ha by the private sector) was planted out of a target of 20,000 ha. Enrichment planting was done to restore 3,116 ha of degraded landscape. Over the same time span, 45,125 ha of established plantations were maintained. In 2020, approximately 27.9 million seedlings were procured and distributed for planting.

Ecotourism is a robust approach for long-term environmental and socioeconomic development in many countries. The Commission has highlighted the Mole National Park, Kakum National Park, Accra and Kumasi Zoos for increased ecotourism initiatives in Ghana. The Commission partnered with the Ghana Tourism Authority (GTA) to promote tourism by participating in international exhibitions/trade fairs in Spain and Finland, as well as a local trade fair held by the Ghana International Trade Fair Company in Tamale.

Due to the COVID-19 pandemic, the number of visitors to ecotourism sites and zoological gardens (zoos) in the country declined during the year. The total visits to ecotourism sites for 2020 were 88,709 compared to 264,276 for 2019. This represents a 66% reduction from what was achieved in 2019.

## Forest and Wildlife Policy and Legal Regimes

The Commission's fourteen (14) Rapid Response Teams were deployed to combat illegal activities taking place within and around these identified hotspot forest reserves and wildlife protected areas. Seventeen (17) Forest Districts and five (5) PAs were identified: Sefwi-Wiawso, Sunyani, Nkawie, Tarkwa, Juaboso, Mampong, Mankranso, Asankrangwa, Bibiani, Bole, Bekwai, Ho, Jasikan, Nkwanta, Goaso, Achimota FR, Assin Fosu, Kalakpa Resource Reserve, Gbele Resource Reserve, Kyabobo National Park, Shai Hills Resource Reserve and Sakumo Ramsar Site.

Two hundred and forty-four (244) effective patrol man days (EPMD) per officer was achieved with 362 effective patrol staff in 2020. The teams seized 107,281 assorted logs, 23 conveyed logs and other illegal timber products such as 311 sawn billets, 718 sawn beams, and 888 conveyed teak poles while executing their activities. In addition, 64 hectares of illegal farms were destroyed, 4 saw mill machines confiscated, 233 chainsaws seized, 214 suspects arrested, 140 vehicles involved in illegal activities arrested, 19 excavators used for illegal mining immobilized, 75 water pumping machines seized, 134 “chanfan” machines destroyed and encroachers flushed out in Sakumo Ramsar Site.

On Forest Law Enforcement Governance and Trade (FLEGT), modification works of the GWTS has been successfully completed in an iterative manner, as it is typical of the system development practice. The GWTS continues to provide near real time transactional data online within the reporting period. Also, installation of the Solar Power System in Accra, Kumasi, Takoradi and 34 active Forest Districts has been completed to provide support for the uninterrupted operation of the GWTS.

## Financial Management

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 Donor Partners (cash, assets and technological assistance) are the sources that provide the Commission with its revenue.

### **Human Resource Management**

At the end of the year, the Commission's staff numbers stood at three thousand seven hundred and ninety-eight (3,798) consisting of 1,261 senior staff and 2,537 junior staff. Junior staff represented 67% of the total staff strength whilst 33% constituted senior staff. This comprised of 3,148 males and 650 females.

The Commission coordinated series of short -term and refresher courses to strengthen the efficiency of 426 staff.

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

A number of interventions were carried out as part of the Community Resource Management Areas (CREMAs) programme. At Gbele Resource Reserve, this included the handing over of organic Shea nut storage facilities to the Sakalo, Duwie, Jijen, and Dasima people as well as completion of the construction of the toilet facilities in the park.

In addition, two (2) CREMA representatives in the Mole National Park were trained to operate honey processing equipment, 28 farmers in Tano Ankasa CREMA trained in entrepreneurship and financial management, and 55 CREMA beneficiaries in Bolgatanga were trained in Bee keeping. Ankasa Conservation Area also provided organic coconut production training for 25 farmers.

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

The Commission held performance assessment workshops as part of the SMTPF (2018-2021) implementation process, upon which progress reports were generated and presented to the NDPC, OHCS and the Sector Ministry. Furthermore, in exhibiting the Commission's performance, the Commission took part in the Sector Ministry's Meet-The-Press series.

The Commission's Internal Audit Department provided four (4) consolidated quarterly audit reports that outlined findings and requested responses to the issues raised during Audit Committee meetings. Field visits were undertaken to designated FSD Regional and District offices, TIDD Area offices and WD Ecotourism sites across the country to examine, analyze, supervise and authenticate field operational activities.

### **Programmes and Projects**

The Commission coordinated the implementation of programs and projects that were mostly financed by development partners. The project, Enhancing Natural Forests and Agro-forest Landscapes (ENFAL) is one of the two projects of the FIP financed under the Strategic Climate Fund (SCF) of the Climate Investment Funds (CIF) through the World Bank (WB). The first phase of the ENFAL has a total grant funding of 10 million USD which seeks to demonstrate a practicable and cost-effective tailored approach to reclamation and rehabilitation of degraded mined out areas in selected regions of the country. The Additional Financing which is a mix of loans and grants totalling 9.35 million USD is designed to demonstrate the feasibility of providing concessionary loans to private sector operators to augment the government's effort of restoring the nation's forest cover through plantation development.

## Challenges

In 2020, the COVID-19 pandemic negatively impacted the development and management of forest and wildlife resources. There are limited operational vehicles to undertake Zonal and Divisional office activities.

Additional challenges comprised of the delay in the passage of Wildlife Bill by Parliament which undermines effective protection of wildlife resources, inadequate GIS, Remote Sensing & ICT equipment and obsolete GIS software at RMSC, and inadequate technical staff at Divisional and operational areas as well as non-replacement of staff who have exited the service.

There were also attacks on staff by poachers and the increase in the spate of Forest offences as a result of illegal logging, illegal mining and illegal farming.

In terms of plantation development, the absence of an appropriate legal regime for the development and management of forest plantations is a major disincentive to the growth of the forest plantation industry. There was also destruction of established plantations both on and off-reserve through illegal mining (galamsey) activities.

## Conclusion

It is envisaged that, the Commission will seek to increase the availability of human and financial resources as well as coordinate with necessary organizations and entities for sustainable management, development and utilization of forest and wildlife resources.

## CHAPTER ONE

### INTRODUCTION

The report assesses the implementation of policies and interventions outlined in the Sector Medium-Term Policy Framework (SMTPF) which spans from 2018-2021. It gives a visual representation of indicators and targets being used to track the progress of programmes and initiatives planned for 2020.

The country's total land area is estimated to be 23.9 million ha, with 266 gazetted forest reserves, which includes 204 in the HFZ areas comprising 1.6 million ha and 62 in the Savanna Zone occupying 0.6 million ha.

During the period, 22 wildlife protected areas were managed including 7 National Parks, 6 Resource Reserves, 3 Wildlife Sanctuaries, 1 Strict Nature Reserve as well as 5 Ramsar Sites. They encompass 1.3 million ha in total, which indicates about 5.5% of Ghana's total land area.

The Commission enacted the 2018-2021 SMTPF to manage, conserve and develop the forest reserves and wildlife protected areas. Table 1 summarizes the thematic areas and policies which resulted in the implementation of indicator targets.

**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's main programme focuses on the development and management of forest and wildlife resources. As a result, the report is hinged on the progress of indicators listed under the main programme above, as well as four (4) sub programmes that were implemented throughout the period. They include:

- 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 structured into five (5) chapters. The first chapter provides the background information, while the second chapter briefly explains the Commission's organizational structure. The results of indicator targets are emphasized in chapter three under several programmes and projects that were undertaken. The implementation of donor funded programmes and projects is described in chapter four, and the major constraints, possible initiatives, as well as conclusions are discussed in chapter five.

### **Preparation of the 2020 Annual Report**

The Corporate Planning, Monitoring and Evaluation (CPME) Department prepared the draft report with inputs from the various Divisions, Departments and Units. The report also includes the audited financial report for the period. The Research, Statistics and Information Management Unit of CPME Department enriched the report with graphical analysis of performance. Business Planning Managers and key technical personnel were invited to participate in a validation meeting to review and authenticate the report's contents. The final report was then printed and distributed to the various stakeholders and government organizations.

## 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.

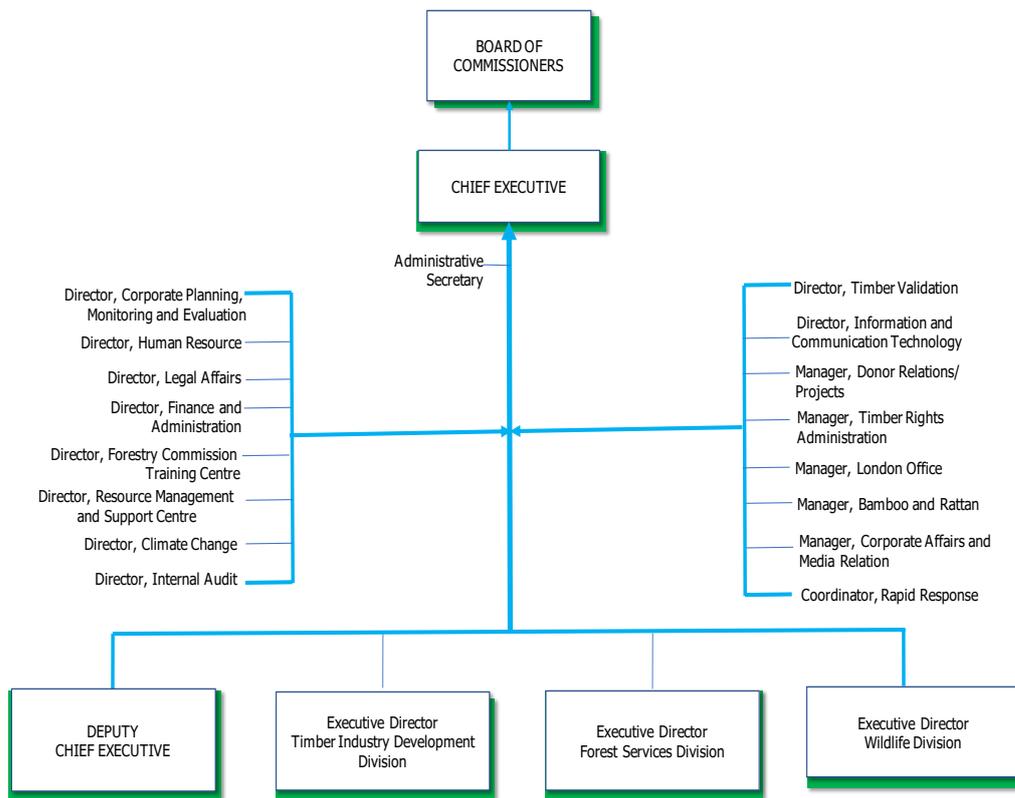


Figure 1: Organogram of the Commission

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. John M. Allotey	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 Tsedze Atakora VI	Government Appointee
11.	Mr. Mahmoud Hamid Nassir-Deen	Government Appointee

## CHAPTER THREE

### PERFORMANCE REVIEW

#### 3.1 Introduction

The abundance of Ghana’s natural resources, which includes forest and wildlife resources is an essential component for an increased economic transformation and development. Due to the potential threat of overexploitation and illegalities, most of these resources have suffered a substantial damage.

The main focus of this chapter is on the overall performance of the Commission during the year. It offers a comprehensive assessment of the Commission’s achievement under the Sector Medium Term Development Plan (2018-2021) which emphasizes on the implementation of sub-programmes of forest and wildlife development and management.

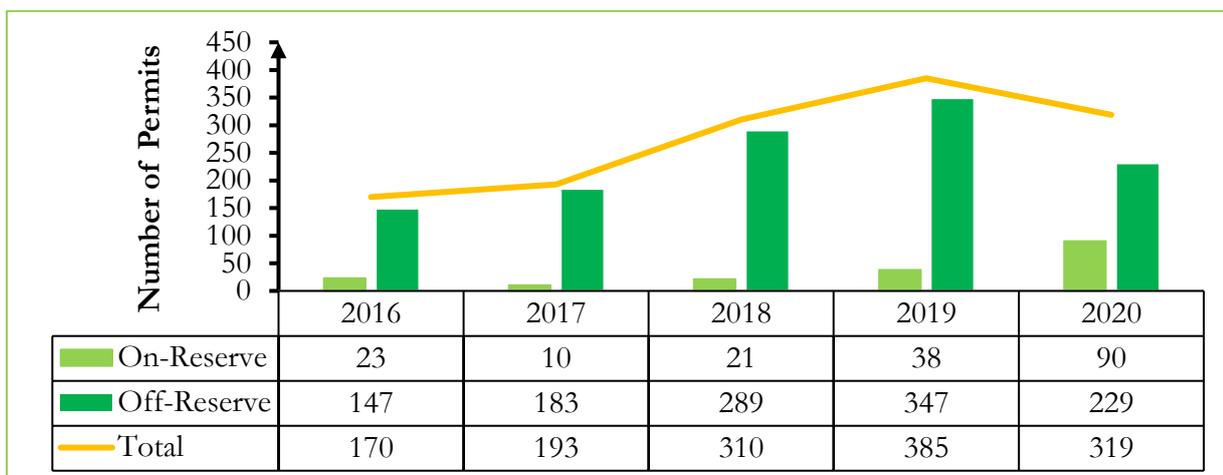
#### 3.2 Sustainable Management, Protection and Development of Forest and Wildlife Resources

Various plans and initiatives were formulated by the Commission for the management, development and safeguarding of Ghana’s forest and wildlife resources. The following is a summary of operations comprising evaluation and implementation of management plans, monitoring of natural forest and plantation timber exploitation, protection as well as development of forest and wildlife resources.

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

In 2020, forest resources were protected and conserved through management prescriptions for the forest reserves and Globally Significant Biodiversity Areas (GSBAs). To review ten (10) management plans for certain selected forest reserves, the Commission undertook a floral and socioeconomic survey as part of the review process. With this, the Commission took steps to organize sensitization programmes for relevant stakeholders especially the indigenous people in the forest fringe communities about the importance of preserving the country’s biodiversity.

Under the Commission’s timber rights policy, the Commission regulates the processing of all applications for salvage, special, Timber Utilization Contracts (TUCs) and plantation permits in accordance with the laws and processes. In total, three hundred and nineteen (319) salvage permits were vetted and granted with two hundred and twenty-nine (229) off-reserve permits and ninety (90) on-reserve permits. This reflects a 17% decline from the three hundred and eighty-five (385) permits issued in 2019.



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

A total of one hundred and fifty-five (155) permits for harvesting plantation timber were vetted and processed with a corresponding volume of 97,738 m<sup>3</sup> which include, Teak, Gmelina, Cedrela, Cassia, Ceiba, Emire, Kusia and Ofram. The total number of plantations permits vetted and issued for harvesting in 2019 was one hundred and ninety-nine (199) covering 88,150 m<sup>3</sup> of various timber species. This depicts that the number of permits granted reduced by 22% and the volume allocated increased by 11% in 2020. Table 4 gives detailed information on the types of timber species used and volume allocated.

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

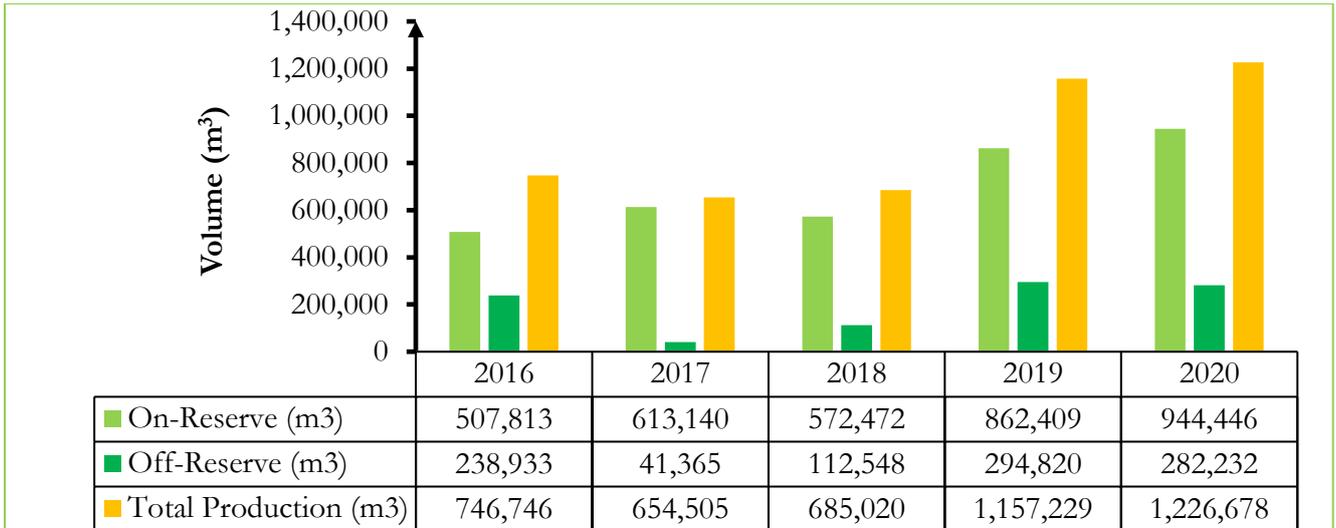
Timber Species	Number of Permits	Fresh Allocation (m <sup>3</sup> )	Re-Allocation (m <sup>3</sup> )	Total Allocation (m <sup>3</sup> )
Teak	113	45,312.554	0.00	45,312.554
Gmelina	5	1,348.780	0.00	1,348.780
Cedrela	28	46,799.649	0.00	46,799.649
Cassia	2	604.400	0.00	604.400
Ceiba	2	1,945.320	0.00	1,945.320
Emire	2	663.000	0.00	663.000
Kusia	1	118.340	0.00	118.340
Ofram	2	945.850	0.00	945.850
<b>Total (m<sup>3</sup>)</b>	<b>155</b>	<b>97,737.893</b>	<b>0.00</b>	<b>97,737.893</b>

**(a) Timber Production**

Ghana's Annual Allowable Cut (AAC) from natural forests is regulated at 1,000,000 m<sup>3</sup> for sustainability purposes, according to scientific assessments of timber stock. Savannah and plantation timber resources are not included in the AAC. Furthermore, the AAC is subdivided into 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).

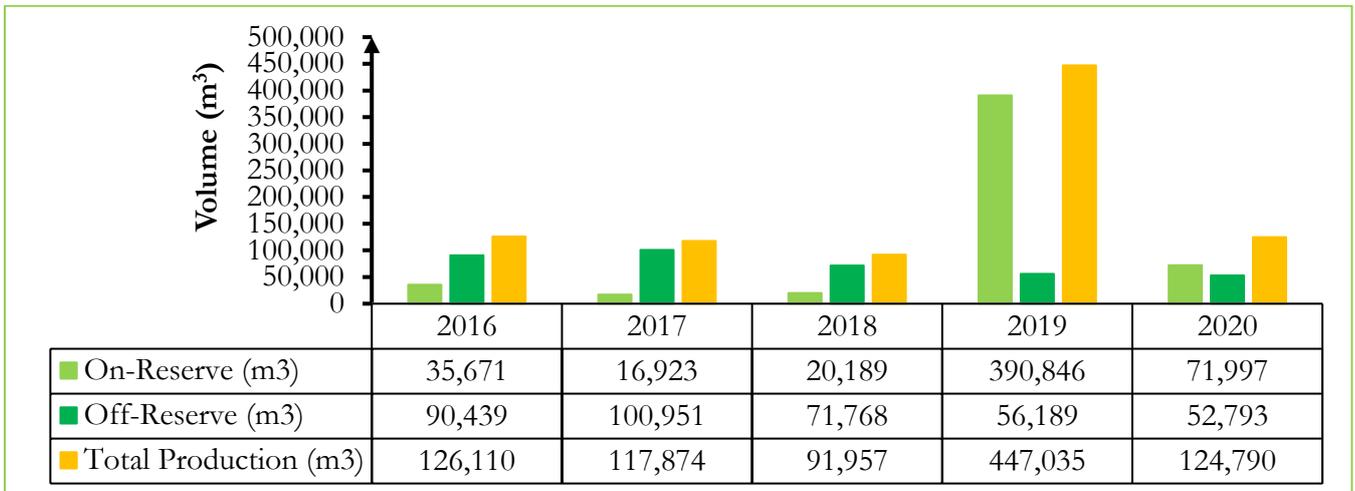
One thousand two hundred and forty-seven (1,247) Property Marks were renewed in 2020 for harvesting natural forest timber in both on and off reserve areas as against three hundred and thirty-four (334) renewed in 2019.

In 2020, the volume of timber harvested was 1,226,678 m<sup>3</sup> (on-reserve 944,446 m<sup>3</sup> and off-reserve 282,232 m<sup>3</sup>) as against 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. This indicates 106% of AAC as shown in Figure 3. However, on-reserve areas saw an increase in timber harvested while off-reserve areas realised a drop of 10% and 4% respectively.



**Figure 3: Natural Forest Production (2016- 2020)**

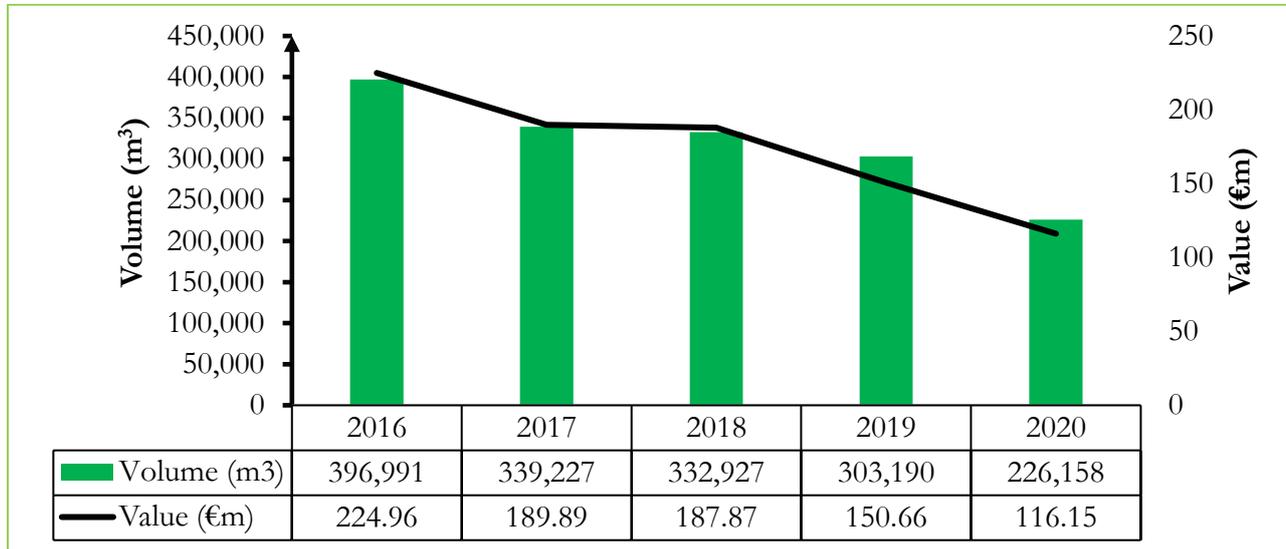
In 2020, a total of 124,790 m<sup>3</sup> of plantation timber was produced as compared to 447,035 m<sup>3</sup> in 2019 indicating a decline of 322,245 m<sup>3</sup>. This demonstrates a reduction of 72% as against 447,035 m<sup>3</sup> (on-reserve 390,846 m<sup>3</sup> and off-reserve 56,189 m<sup>3</sup>) recorded in 2019. This could be explained by the gradual decline in the volume of production in both on-reserve and off-reserve areas.



**Figure 4: Plantation Timber Production (2016-2020)**

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

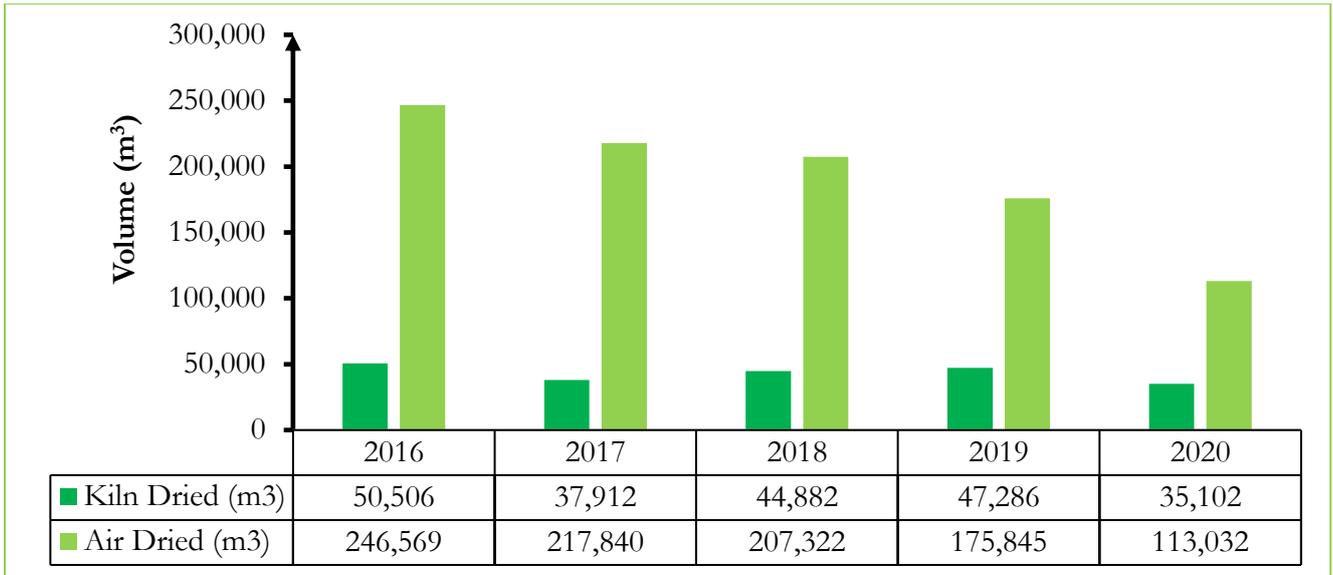
The overall volume of all timber and wood products exported in 2019 reduced from 303,190 m<sup>3</sup> to 226,158 m<sup>3</sup> in 2020. In 2020, a total value of €116 million of wood products were exported to African, Asian and European destinations as compared to €151 million in 2019 indicating a decline of 23%. Figure 5 gives the details on the total volumes of timber exported and their corresponding values.



**Figure 5: Exports of Timber and Wood Products**

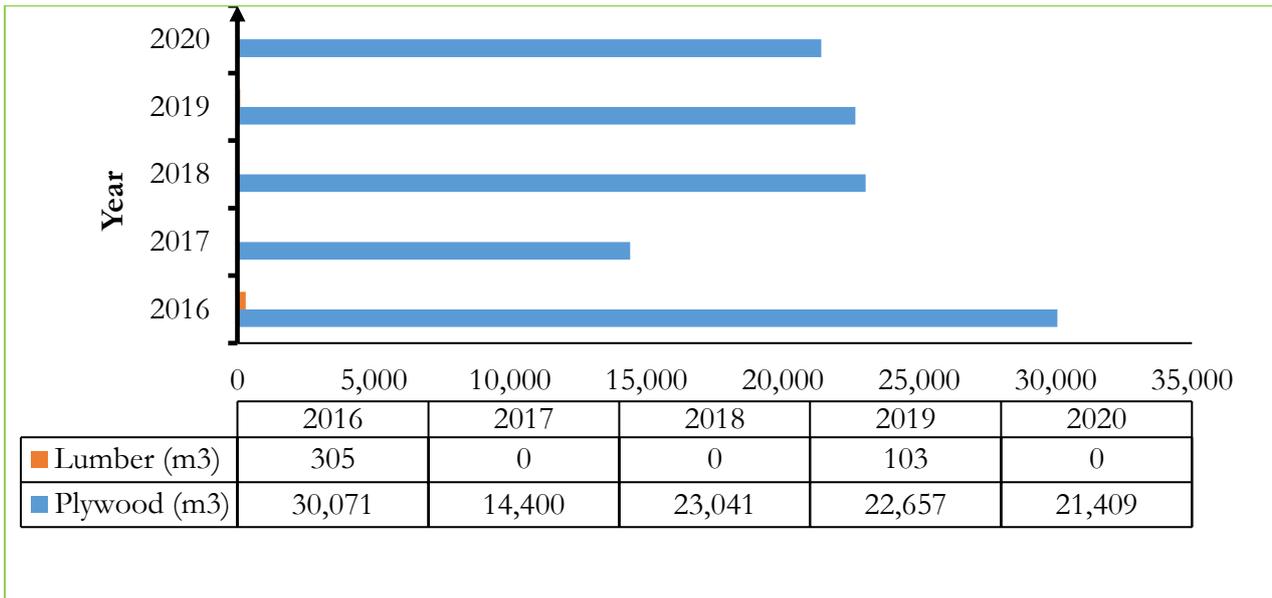
Asia/Far East (61%) had the largest proportion of the export market in 2020. Europe comes next with 19% and Africa/ECOWAS with 13%. A total volume of 30,110 m<sup>3</sup> was recorded in the ECOWAS market with a value of €12 million in 2020 as against the volume of 32,181 m<sup>3</sup> with a value of €12 million in 2019. This indicates a 6% decrease in volume with the same value. The Asian/Far East market received 137,058 m<sup>3</sup> of timber and wood products with a value of €66 million, representing a decline of 33% from 205,064 m<sup>3</sup> valued at €98 million in 2019. In 2020, the European market, which comprises Italy, France, Germany, Belgium, and the United Kingdom, contributed to 41,955 m<sup>3</sup> valued at €25 million, as against 46,771 m<sup>3</sup> with a value of €27 million in 2019. However, this reflects a 10% and 7% decline.

In terms of export of lumber, it can be classified into sections: air-dried and kiln-dried. In 2020, air-dried lumber contributed 50% of the total export recorded. On the other hand, the total volume and value recorded declined from 175,845 m<sup>3</sup> worth €85 million in 2019 to 113,032 m<sup>3</sup> worth €56 million in 2020. This denotes volume and value reduction of 36% and 34% respectively. The volume of kiln-dried lumber exported accounts for 16% of the total export in 2020, having declined by 26% from 47,286 m<sup>3</sup> in 2019 to 35,102 m<sup>3</sup> in 2020. In addition, the value recorded reduced by 25% from €28 million in 2019 to €21 million in 2020. Figure 6 illustrates the volume of kiln and air-dried exports from 2016 to 2020.



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

A total of 21,409 m<sup>3</sup> of overland plywood worth €7 million was exported in 2020 representing an increase of 5% over the previous year's total of 20,474 m<sup>3</sup>, with an unchanged value of €7 million. In 2020, overland lumber exports were zero, implying a reduction from 103 m<sup>3</sup> in 2019. Figure 7 depicts the volume data collected from 2016 to 2020.



**Figure 7: Overland Export of Plywood and Lumber (2016 – 2020)**

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

In 2020, the number of export contracts issued recorded a total volume of 319,467 m<sup>3</sup> as compared to 363,053 m<sup>3</sup>. However, this indicates a drop of 20%. Contracts approved for primary products such as teak poles, billets and Gmelina logs totalled 49,015 m<sup>3</sup> representing 16% increase over 42,286 m<sup>3</sup> in 2019.

Three thousand, four hundred and twenty-three (3,423) permits for shipping timber and wood products for both overseas and overland exports were approved in 2020. This depicts a decrease of 10% as against 3,799 permits processed in 2019. Also, a total of 242 permits for overland export of plywood to the African market were granted.

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

The objective of the forest boundary inspection and cleaning is to ensure that our forest reserves are being protected and conserved to ensure sustainability. In 2020, a total of 25,070 km of forest boundaries were cleaned and 20,868 km inspected while 23,608 km of boundaries were cleaned and 21,832 km were inspected in 2019. This points to a 6% increase in boundary cleaning and a 4% decrease in boundary inspections.

The fourteen (14) Rapid Response Teams were deployed by the Commission to combat illegal farming, illegal plantation and natural forest timber harvesting, illegal mining, sand winning, and illegal chain sawing, among others. In order to safeguard the forest reserves' integrity, these initiatives were introduced and put into action.

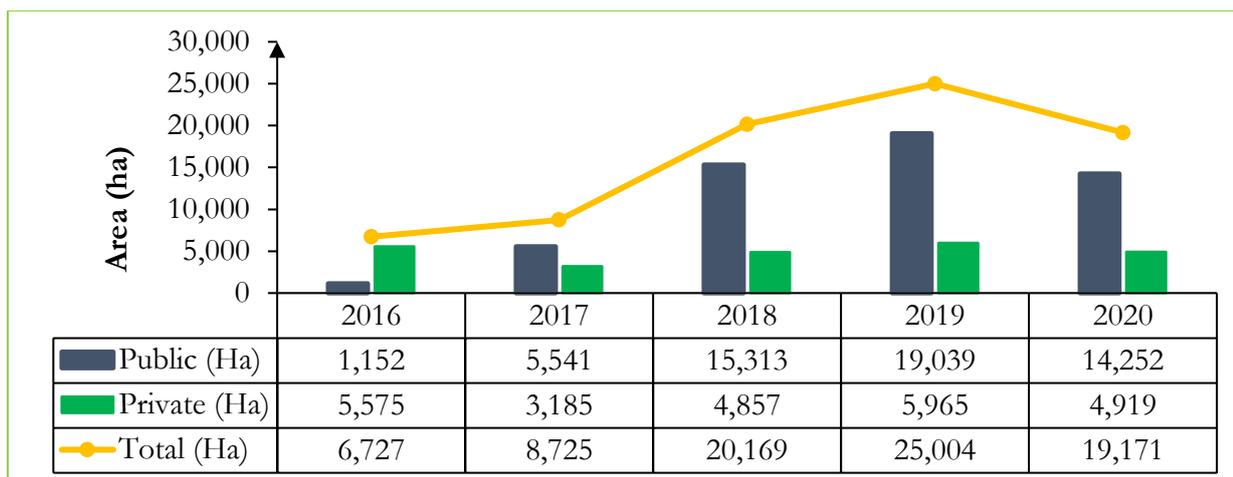
The Commission aims to undertake its activities, such as conducting surveys, demarcations, and pillaring in some selected forest reserves in order to combat encroachment in forest reserves and protected areas. Land leases were also registered, and benefit-sharing agreements were signed with community resource owners. Fringe communities were trained and supported in firefighting to reduce the risk of bushfires in forest reserves

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

The Commission has been instrumental in the implementation of the Ghana Forest Plantation Strategy (2016-2040), which is in line with the Sector Medium-Term Development Policy Framework (2018-2021). The plantation strategy's goal 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 Ghana Forest Plantation Strategy, which aims to restore lost forest cover, is still being implemented. A total area of 19,171 ha was planted (14,252 ha by the government and 4,919 ha by the private sector) compared to 25,004 ha in 2019. The total area of established plantations between 2016 to 2020 are illustrated in Figure 8.



**Figure 8: Plantations Established from 2016 -2020**

Furthermore, enrichment planting was done to restore 3,116 ha of degraded landscape (mining sites, illegal farms in forest reserves, etc.) in 2020, compared to 4,563 ha in 2019. This represents a 32% reduction in what was restored in 2019. Also, 45,125 ha of established plantations were maintained in 2020 as against 50,030 ha in 2019. In 2020, approximately 27.9 million seedlings were procured and distributed for planting. Table 5 shows a summary of plantation achievements in 2020.

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

No.	Category	Annual Target	2020 Achievement
1.	Plantation Establishment On & Off Reserve (ha)	20,000	19,171.4
2.	Plantation Maintenance On & Off Reserve (ha)	100,000	45,125.2
3.	Enrichment Planting (ha)	5,000	3,115.6
4.	Farm Forestry/Trees-On-Farm (Number of seedlings)	5,000,000	5,010,261
5.	Total Number of Seedlings Planted	Variable	27,900,000
6.	Plantation Timber Harvested On & Off Reserve (m <sup>3</sup> )	120,000	124,790.1
7.	Food Crop Production (tonnes)	25,000	58,116
8.	Jobs (Number of Persons Engaged)	62,500	75,379
9.	Amount disbursed to stakeholders (OASL, Landowners, MTS Groups, MMDAs, etc) (GHs)	Variable	6,330,795.4

### ***(b) Bamboo and Rattan Development***

On establishment of bamboo plantations, a total area of 196 ha was established in the Northern Region under the Sustainable Land and Water Management Programme and by private individual farmers in Twifo Praso and Weija.

Also, three (3) bamboo nurseries were established at Akosombo (Volta River Authority), Achimota Central and Kyebi-Apapamu nurseries. However, 4,535 bamboo seedlings were raised at the Achimota Central nursery.

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

The Commission's Ghana Cocoa Forest REDD+ Programme (GCFRP) which was officially launched in 2019 has received the negotiated upfront advance payment of USD 1,300,000.00 as part of Results-Based Payments from the Ghana Cocoa Forest REDD+ Programme (GCFRP) implementation. This represents a significant milestone on the delivery of the GCFRP objectives. The receipt of the funds is tied to the execution of activities under the GCFRP which has been agreed upon with the World Bank for the utilization of funds.

As part of requirements from the United Nations Framework Convention on Climate Change (UNFCCC) for receiving Results-Based Payment under REDD+, countries are expected to provide information on how they are addressing and respecting safeguards. In line with this, a REDD+ Safeguards Information System (SIS) web-based platform has been developed to host Ghana's REDD+ SIS. The web-based SIS platform provides information on how REDD+ Social and Environmental safeguards are being addressed and respected, whereas the mobile app provides a systematic approach for providing and collecting data (which is under development). However, the SIS web platform and mobile app is being supported financially by SNV Netherlands Development Organization with technical expertise by the ICT Directorate of the Commission. The SIS web platform and mobile applications were officially launched during the period. The platform can be accessed via the link; [www.reddsis.fcghana.org](http://www.reddsis.fcghana.org)

### ***(d) Ecotourism Development***

In many countries, ecotourism is incorporated as a central approach for long-term environmental and socio-economic development. The Commission has emphasized the Mole National Park, Kakum National Park, Accra and Kumasi Zoos for increased ecotourism initiatives in Ghana.

The Commission collaborated with Ghana Tourism Authority (GTA) to participate in international exhibitions/trade fairs in Spain and Finland to promote tourism as well as participated in a local trade fair in Tamale organized by Ghana International Trade Fair Company.

Other developments in protected areas included:

- Construction of a new enclosure for lions and transfer at Accra Zoo
- Maintenance of eight (8) additional enclosures/cages at the Accra Zoo
- Drilling of four (4) mechanized boreholes at Bui National Park, Bomfobiri Wildlife Sanctuary and Kumasi Zoological Gardens
- Erection of nine (9) signposts at Bui National Park and Owabi Wildlife Sanctuary
- Construction of two (2) wooden boats (12-board) for water patrols and staff movement at Digya National Park
- Construction two (2) water-holes (elephant pools) at Nsogyaso and Saabusso Camp at Digya National Park through the support of GNPC

- Extension of electricity to Kpetsu camp in the Kalakpa Resource Reserve.
- Repairs on seven (7) official accommodation in Keta Lagoon Complex, Ankasa Conservation area and Mole National Park
- Repairs on an office block at the Kyabobo National Park
- Repairs on five (5) camps in the Shai Hills Resource Reserve, Mole, Bui and Digya National Parks
- Maintenance of three (3) luxury tents in the Shai Hills Resource Reserve
- Maintenance of 570 km of access roads in various Protected Areas
- Maintenance of 55 km hiking trails in in various Protected Areas
- Maintenance of 142 hectares of enrichment planting in Bia National Park and Bomfobiri Wildlife Sanctuary
- Maintenance of an entrance gate to the Bomfobiri Wildlife Sanctuary
- Construction of fence wall in Kumasi Zoo
- Construction of toilet facility in Ankasa Conservation Area
- Renovation of two aviaries (bird cages) in the Kumasi and Accra Zoo
- Renovation of four cages/enclosures in Kumasi Zoo.

Due to the COVID-19 pandemic, the number of visitors to ecotourism sites and zoological gardens (zoos) in the country declined during the year. The total number of visits in 2020 was 88,709, compared to 264,276 in 2019. This represents a 66% reduction from what was achieved in 2019. Table 6 below represents performance of visitation at various wildlife Protected Areas.

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

No	Ecotourism sites and Zoological Gardens (Zoos)	No. of visitors in 2019	No. of visitors in 2020	% Change
1.	Mole National Park	18,743	10,791	(42)
2.	Kakum Conservation Area	141,621	23,662	(83)
3.	Ankasa Conservation Area	986	262	(73)
4.	Bui National Park	94	162	72
5.	Bia Conservation Area	49	253	416
6.	Kyabobo National Park	713	65	(91)
7.	Owabi Wildlife Sanctuary	294	33	(89)
8.	Shai Hills Resource Reserve	27,263	17,361	(36)
9.	Kalakpa Resource Reserve	221	66	(70)
10.	Bomfobiri Wildlife Sanctuary	705	319	(55)
11.	Songor Ramsar Site	94	66	(30)
12.	Muni Pomadzi Ramsar Site	54	34	(37)
13.	Gbele Resource Reserve	0	0	0
14.	Accra Zoo	22,698	21,668	(5)
15.	Kumasi Zoo	50,735	13,967	(72)
16.	Digya National Park	5	0	(100)
17.	Kogyae Strict Nature Reserve	1	0	(100)
	<b>TOTAL</b>	<b>264,276</b>	<b>88,709</b>	<b>(66)</b>

### 3.3 Forest and Wildlife Policy and Legal Regimes

#### 3.3.1 Enforcement of Forest and Wildlife Laws

The Commission continued its regular day and night patrols in protected areas in order to carry out its mandate of protecting and conserving the country's wildlife resources. Two hundred and forty-four (244) effective patrol man days (EPMD) per officer was achieved with 362 effective patrol staff in 2020. Consequently, 141 poachers and other offenders involving 78 cases were arrested as a result of the patrols. Sixty-one (61) out of the 78 cases were successfully prosecuted with the assistance of FC trained prosecutors. Sixty-eight (68) weapons and seventeen (17) chainsaws as well as four (4) motor bikes and twelve (12) Gin-traps were confiscated in the various Protected Areas. In total, 1,070 km of Protected Area boundaries were cleaned and inspected in all Protected Areas.

The Commission's fourteen (14) Rapid Response Teams were deployed to combat illegal activities taking place within and around these identified hotspot forest reserves and wildlife protected areas. Seventeen (17) Forest Districts and five (5) PAs were identified: Sefwi-Wiawso, Sunyani, Nkawie, Tarkwa, Juaboso, Mampong, Mankranso, Asankrangwa, Bibiani, Bole, Bekwai, Ho, Jasikan, Nkwanta, Goaso, Achimota Forest Reserve, Assin Fosu, Kalakpa Resource Reserve, Gbele Resource Reserve, Kyabobo National Park, Shai- Hills Resource Reserve and Sakumo Ramsar Site.

In undertaking their operational activities, the teams seized 107,281 assorted logs, 23 conveyed logs and other illegal timber products such as 311 sawn billets, 718 sawn beams and 888 conveyed teak poles. In addition, 64 hectares of illegal farms were destroyed, 4 saw mill machines confiscated, 233 chainsaws seized, 214 suspects arrested, 140 vehicles involved in illegal activities arrested, 19 excavators used for illegal mining immobilized, 75 water pumping machines seized, 134 "chanfan" machines destroyed and encroachers flushed out in Sakumo Ramsar Site as well as loitering and dumping of refuse in Achimota FR has been reduced significantly.

Table 7 below summarizes achievements of the Rapid Response Teams in 2020.

**Table 7: Achievements of Rapid Response Teams**

<b>Illegal timber products seized/confiscated</b>	<b>Number</b>
Assorted logs	107,281
Conveyed logs	23
Sawn billets	311
Sawn beams	718
Conveyed teak poles	888

<b>Illegal machines recovered</b>	<b>Number</b>
Saw mill machines	4
Chainsaws	233
Suspects arrested	214
Vehicles impounded	140
Excavators for illegal mining	19
Pumping machines	75
"Chanfan" machines	134

Infractions in forest reserves were to be reduced by 25% from the previous year, according to the Commission. Infractions recorded in 2020 are listed in Table 8. Thus, it was discovered that three (3) of the recorded infractions increased, while five (5) decreased.

**Table 8: Forest Infractions**

Indicator	2018 Baseline (No. of cases)	Indicator Status in 2019 (No. of cases)	Indicator Status in 2020 (No. of cases)
Destroy illegal farming	55	31	70
Control illegal harvesting of plantation timber	4	11	6
Control illegal harvesting of natural forest timber	117	144	95
Control of forest fires	8	21	15
Prevent illegal sand/gravel winning	32	85	57
Prevent illegal mining	NA	NA	15
Prevent illegal chain sawing	255	232	265
Prevent squatting	NA	NA	NA
Control illegal charcoal production	NA	17	6
Control illegal harvesting of firewood	1	4	12
Control canoe/mortar carving	3	4	NA

**\*NA= Not Available**

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

On Forest Law Enforcement Governance and Trade (FLEGT), modification works of the GWTS has been successfully completed in an iterative manner, as it is typical of the system development practice. The GWTS continues to provide near real time transactional data online within the reporting period. Also, installation of the Solar Power System in Accra, Kumasi, Takoradi and 34 active Forest Districts has been completed to provide support for the uninterrupted operation of the GWTS.

### 3.3.3 Environmental Issues and Events

As a result of the COVID-19 pandemic, Commission undertook one environmental event during the year under review. This was:

- **World Wildlife Day Celebration**

The Wildlife Division of the Commission celebrated World Wildlife Day and Outdooring of a Museum with the theme “Sustaining all lives on earth for the beauty of the earth”. The event was held at the Shai Hills Resource Reserve which brought many people to witness the event

including Traditional Authorities, Government Officials, Chief Executives and staff of Forestry Commission and the Media, among others.

### 3.4 Sustainable Financial Management

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 Donor Partners (cash, assets and technological assistance) are the sources that provide the Commission with its revenue.

#### (a) 2020 Audited Financial Statements

The Board of Commissioners submitted the 2020 Audited Financial Statements of the Commission, which encompasses the operations of the Divisions, Departments, and Units 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 Human Resource Directorate of the Commission focused on the following human resource components:

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

The Forestry Commission’s strategic objectives of engaging, training and maintaining a well-motivated, competent, and a better integrated workforce were all accomplished, courtesy of the Human Resource Department.

In 2020, the overall number of staff for the year was 3,798, with 1,261 senior staff and 2,537 junior staff comprising of 3,148 males and 650 females. From 2016 through 2020, figure 11 exhibits the changes in staff status.

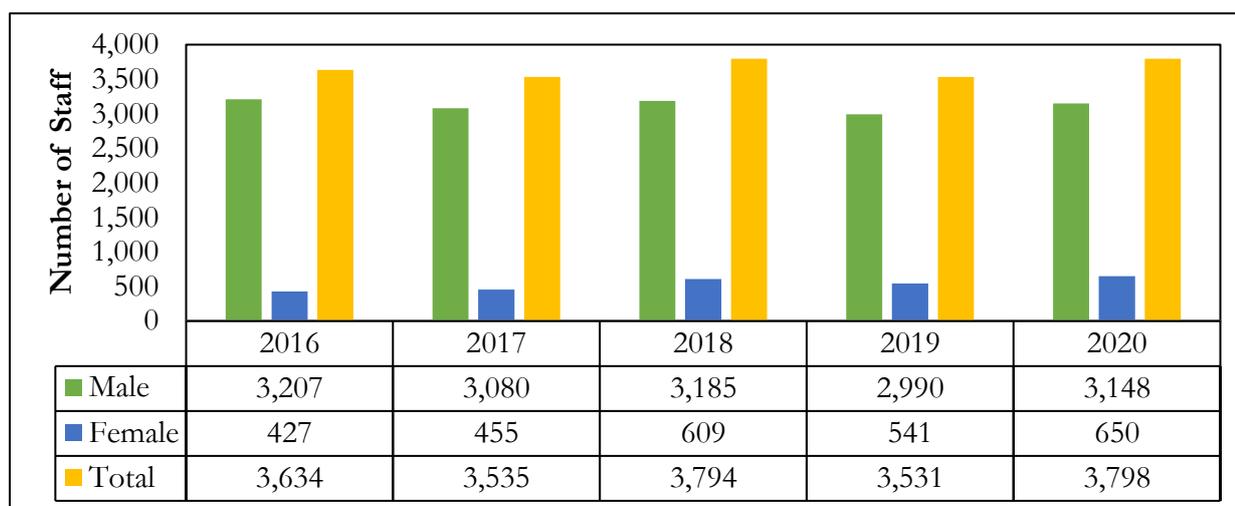


Figure 9: Staff Demography (2016-2020)

Table 9 outlines the staff compositions for 2020. Junior staff constitutes 67% of the Commission’s total staff strength whereas senior staff make up 33%.

**Table 9: Categories of Staff**

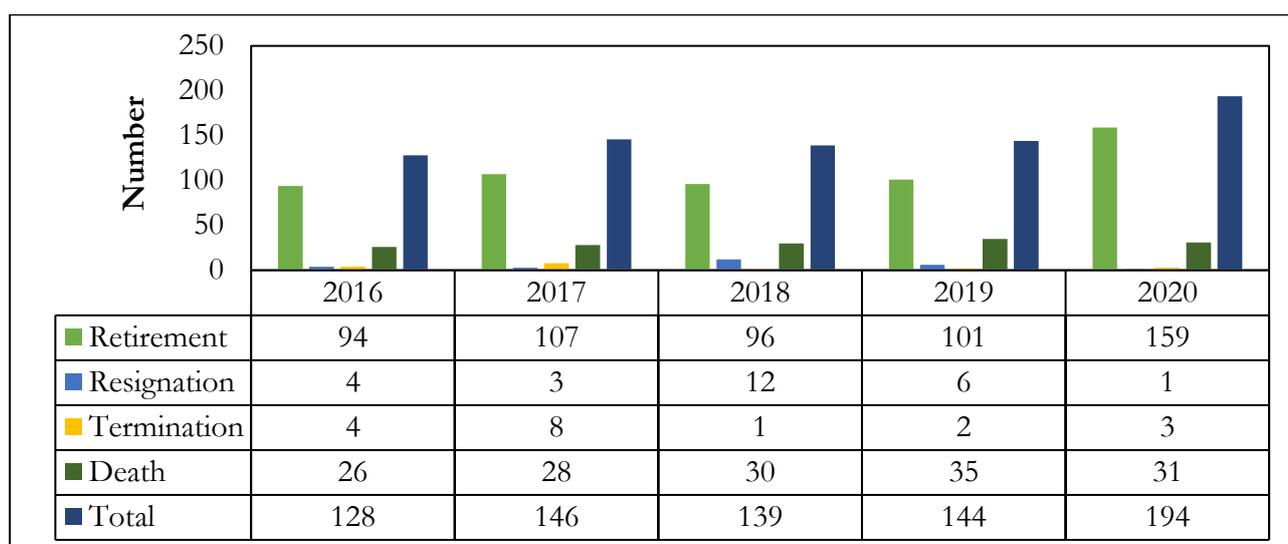
	Senior Staff		Sub	Junior Staff		Sub	Total
	Male	Female	Total	Male	Female	Total	
<b>CHQ</b>	114	58	172	42	11	53	225
<b>FSD</b>	446	169	615	1,447	172	1,619	2,234
<b>WD</b>	104	42	146	663	45	708	854
<b>TIDD</b>	153	91	244	77	27	104	348
<b>RMSC</b>	45	21	66	26	8	34	100
<b>FCTC</b>	13	5	18	18	1	19	37
<b>Total</b>	<b>875</b>	<b>386</b>	<b>1,261</b>	<b>2,273</b>	<b>264</b>	<b>2,537</b>	<b>3,798</b>

**(a) Staff Recruitment and Attrition**

The Commission received financial clearance from the Ministry of Finance and Economic Planning (MoFEP) to replace five hundred and seventy (570) outgoing staff for the year. During the year, a total of five hundred and fifty-two (552) staff were upgraded, with three hundred and thirty-seven (337) being management staff and two hundred and fifteen (215) non-management staff. Three hundred and fifty-two (352) staff of the Commission were transferred and posted within the Divisions and Units.

In 2020, the Commission recorded one hundred and ninety-seven (197) staff turnovers, which indicates a 34% increase from 147 recorded in 2019. There were 159 retirements, 31 deaths, 1 resignation, 3 appointment terminations and 3 vacation of posts.

Figure 10 shows the recorded turnovers in 2020.



**Figure 10: Staff Turnovers (2016 - 2020)**

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

The Commission coordinated series of short-term and refresher courses to strengthen the efficiency and upgraded the skills of its workforce. A total of four hundred and twenty-six (426) staff participated in training programmes, workshops, conferences and short courses. Workshops on future-fit leadership skills, training on maintaining employee engagements and productivity during and after COVID-19, training on performance management system and training on management development were among the courses offered.

### **3.6 Forest and Wildlife Stakeholder Collaboration**

The country has five (5) Ramsar sites with global significance that have been gazetted as Protected Areas by the Ghana Government. These include Densu Delta, Songor, Owabi, Keta Lagoon Complex, Muni-Pomadze, and Sakumo Ramsar Site. Mole, Digya, Bia and Bui National Parks are among the forest and wildlife reserves with wetlands. Through the implementation of applicable laws, steps were taken to safeguard these designated Protected and Wetland Areas. This ensures effective management of the resources and its protection from degradation.

However, Site Management Committees (SMC) consisting of members from national and local agencies, traditional leaders, resource stakeholders, and other partners were established to facilitate local involvement and participation.

In Songor Ramsar and Keta Lagoon Complex Ramsar Sites, 65,530 red and white mangroves, 1,530 Cassia and 1,200 Acacia seedlings were planted to restore degraded areas.

A number of interventions were carried out as part of the Community Resource Management Areas (CREMAs) programme. At Gbele Resource Reserve, the Wildlife Division handed over organic Shea nut storage facilities to the Sakalo, Duwie, Jijen, and Dasima people as well as completion of the construction of the toilet facilities in the park under the Sustainable Land and Water Management Project (SLWMP).

In addition, two (2) CREMA representatives in the Mole National Park were trained to operate honey processing equipment, 28 farmers in Tano Ankasa CREMA trained in entrepreneurship and financial management and 55 CREMA beneficiaries in Bolgatanga were trained in Bee keeping. Ankasa Conservation Area also provided organic coconut production training for 25 farmers.

As part of the biodiversity conservation initiative, the Commission organized sensitization programmes to educate 64 first and second cycle schools as well as 264 communities fringing the Wildlife Protected Areas and Ramsar Sites on the importance of wildlife Conservation. Also, 73 radio programmes were undertaken at wildlife Protected Areas and Ramsar Sites across the country to create public awareness about Wildlife Laws.

## 3.7 Efficient and Effective Organization Infrastructural Development

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

The Commission's Headquarters is key in the coordination and facilitation of an efficient and effective forest and wildlife development. Hence, the 2020 Action Plan was prepared by the Commission to supervise all the activities of the Divisions, Departments and Units. In order to keep up with the progress of the action plan implementation on quarterly basis, the Monitoring and Evaluation Plan was formulated. Field visits were undertaken to designated FSD Regional and District offices, TIDD Area offices and WD Ecotourism sites across the country to examine, analyse, supervise and authenticate field operational activities. The visits' observations and conclusions were compiled into usable suggestions and presented to the Chief Executive and Audit Committee for consideration. A Risk Management plan was prepared and submitted to State Interests and Governance Authority (SIGA) for implementation.

The Commission held performance assessment workshops as part of the SMTPF (2018-2021) implementation process, upon which progress reports were generated and presented to the NDPC, OHCS and the Sector Ministry. Furthermore, in exhibiting the Commission's performance, the Commission took part in the Sector Ministry's Meet-The-Press series.

### 3.7.2 Internal Auditing

The Commission's Internal Audit Department committed itself to maintaining a high level of professionalism in accordance with the International Standards for the Professional Practice of the Internal Auditing, the Public Financial Management Regulations, 2019 (LI 2378).

In compliance with these standards, laws and regulations, four (4) consolidated quarterly audit reports were delivered during the year. A total of thirty-six (36) audit findings/observations with key recommendations to address the identified anomalies were made. Twenty-two (22) of the recommendations, representing 61% were fully implemented by management whilst fourteen (14), representing 39% were partially implemented during the year. Management's implementation of these recommendations led to:

- Improvement in the procurement processes for goods, works and services.
- Improvement in value books management and accountability.
- Significant cost savings through periodic reconciliation of YAP beneficiary claims with the underlying records and through pre-audit activities.
- Improvements in retirement of accountable imprests by schedule officers.
- Improvements in the management of the forests and wildlife estate of the country.
- Improvement in the IT risk management and controls leading to robust cyber security regime to support FC business continuity.

The Internal Audit Department will continue to strive to add value through its activities and to ensure that all outstanding recommendations contained in all audit reports, including the Consolidated Quarterly Internal Audit Reports, Monitoring and Technical Audit Reports with financial implications, Auditor-General's Report as well as decisions of Parliament on the Public Accounts Committee Report are implemented.

### 3.7.3 Information and Communication Technology (ICT)

The ICT Department of the Commission was focused on strengthening staff ability to appropriately use available technical and electronic equipment in order to hasten business processes and improve efficiency. In 2020, the underlisted additional interventions were introduced and deployed;

- RevComSys is under-development which is 70% completed.
- Completion of redesigned FCIIS
- Migration of application to PHP-7 which is 67% completed
- Development of E-Form Management System completed
- REDD+ SIS System completed and Mobile App is 70% completed
- Development of Electronic Form Management System (Form C) completed
- Development of Audit PV tracking System has been completed and demonstrated
- Redesigning of the FC Cruise completed
- Implementation of FC Web based M&E System is 70% completed
- Implementation of the FC Document Management system completed
- Maintenance and provision of system support for the YAMIS system completed
- Development and implementation of the web based Humanis (eHumanis) completed and fully functional
- Maintenance of the Fleet Management System (FLEETUS) completed and fully functional
- Update of the Forestry Commission website completed
- Maintenance of Revenue Collection and Management System (RevComSys) in all five implementation sites (Achimota zoo, Kakum National Park, Shai Hills Reserve, Mole National Park and Kumasi Zoo) is ongoing. This is 90% completed.

### 3.7.4 Resource Management Support Centre (RMSC)

The Commission took steps to intensify forest and wildlife management by implementing systems and standards that take into consideration the state of the forests. The following are some of the initiatives:

- Prepared 41 land cover maps as input to the preparation of 41 forest reserve management plans
- Undertook general maintenance and relevant silvicultural practices such as beating up and singling within the 1 ha plot of Rosewood trial established in 2019
- Re-demarcated and enumerated four (4) PSPs; two (2) each in Bobiri and Bosomkese Forest Reserves in Juaso and Bechem Forest District respectively
- Undertook botanical survey of key plant species in GSBA's
- Conducted floral assessment in the ten (10) selected sacred groves
- Undertook field monitoring of Community Resource Management (CRM) initiatives in eleven (11) Forest Districts in two (2) regions (Volta and Western).
- Customer Satisfaction Surveys was carried out in fifteen (15) Forest Districts in three (3) regions (Volta, Central and Western).
- Facilitated the completion of SLWMP Consultancy Assignment and coordinated the execution of Bamboo Resource Assessment

## CHAPTER FOUR

### PROGRAMMES AND PROJECTS

#### 4.1 Introduction

The Commission undertook new projects and supported the existing ones. The proper implementation of these programmes and projects will help the Commission fulfil its duty of protecting, conserving, developing, and regulating the country's forest and wildlife resources.

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

The overall goal of FIP-financed activities in Ghana is to reduce Greenhouse Gas (GHG) emissions from deforestation and forest degradation while reducing poverty and conserving biodiversity. The project, Enhancing Natural Forests and Agro-forest Landscapes (ENFAL) is one of the two projects of the FIP financed under the Strategic Climate Fund (SCF) of the Climate Investment Funds (CIF) through the World Bank (WB).

The first phase of the ENFAL has a total grant funding of 10 million USD which seeks to demonstrate a practicable and cost-effective tailored approach to reclamation and rehabilitation of degraded mined out areas in selected regions of the country. The Additional Financing which is a mix of loans and grants totalling 9.35 million USD is designed to demonstrate the feasibility of providing concessionary loans to private sector operators to augment the government's effort of restoring the nation's forest cover through plantation development.

The initial expected end target (baseline of zero) of eighty-seven thousand, five hundred (87,500) beneficiaries was revised to 106,000 in line with the Additional Financing of the ENFAL. During the year under review, a total of 1,097 beneficiaries received monetary and non-monetary benefits from their interaction and engagements with the project.

In terms of keeping track of the gender dynamics and sensitivity of the project, the results have been disaggregated into female and male beneficiaries. Accordingly, 550 females were recorded out of the progress made during the year and the remaining 547 were men. This has increased the cumulative achievement to 88,681 which comprises of 49,358 women and 39,323 men. The high presence of women among the project beneficiaries is attributed to the fact that women are critical in the maintenance of households in rural settings which are dominated by subsistence and smallholder farming. However, any support to them directly impacts the entire household, particularly children and raises awareness as well as promotes the need to involve women in the quest to achieve the project goals. This is being carried out by promoting gender mainstreaming and ensuring that adequate tools are also in place to deal with gender-based violence.

Additionally, one of the innovative and transformational initiatives under the project is to pilot the devolution of power for natural resource management, particularly forest management in the cocoa and forest mosaic landscape of the HFZ through the CREMA concept. During the year, a total of 782 direct beneficiaries were recorded. Majority of the beneficiaries are members of the CREMAs that were selected, trained on their preferred livelihoods and provided with start-up kits to commence their livelihood enterprise. The rest of the beneficiaries were recorded from labour engaged by the Forestry Commission to maintain planted areas under the enrichment planting model, watershed restoration and model plantations.

Teams in the districts (representing FC, COCOBOD and District Directorate of Agriculture) organized series of radio programmes in the traditional areas of Sefwi, Aowin, Bia, Enchi and Awiahsso to raise awareness among farmers on a range of issues such as wildfire management, forest protection and

climate-smart management approaches as a means of maintaining the achievements of this sub-component (area under climate-smart cocoa).

### 4.3 Ghana Forest Plantation Strategy (GFPS)

The objective of the GFPS is to achieve a sustainable supply of planted forest goods and services to deliver a range of economic, social and environmental benefits. It is anchored on three (3) main interventions namely; development of forest plantations, enrichment planting, and trees-on-farm (farm forestry).

During the year under review, 3,116 ha of enrichment planting was undertaken in degraded and poorly stocked forest reserve compartments using high value indigenous timber species. The species planted include African Mahogany (*Khaya ivorensis*), Ofram (*Terminalia superba*), Emire (*Terminalia ivorensis/senegalensis*), Black Hyedua (*Guibourtiaehie*), Afrormosia (*Pericopsiselata*), Opronon (*Mansoniaaltissima*), Baku (*Tieghemella heckelii*), and Wawa (*Triplochiton scleroxylon*).

On efforts made towards the achievement of climate-smart agricultural outcomes, a total of 5,010,261 desirable forest tree seedlings were distributed to farmers under the trees-on-farm component (farm forestry) for integration within cocoa farms and other farming systems with an estimated area of 150,308 ha.

A total of 27.9 million tree seedlings were planted under the various planting interventions. Out of this, the Commission procured 13,405,710 tree seedlings through contracts with 503 rural community-based entities and individuals. The FC and private plantation developers also raised and supplied 4,832,343 and 6,484,638 seedlings respectively while other stakeholders including COCOBOD, and World Cocoa Foundation (WCF) reported 3,205,700 seedlings for incorporation into cocoa farms.

### 4.4 Ghana Cocoa Forest REDD+ Programme (GCFRP)

The Ghana Cocoa Forest REDD+ programme (GCFRP) is the premier Emission Reduction programme amongst the five (5) Emission Reductions (ER) programmes in Ghana's REDD+ Strategy. The GCFRP aims to significantly reduce carbon emissions resulting from cocoa expansion into new forests frontiers through the promotion and adoption of appropriate climate-smart cocoa practices, which would increase cocoa yield. Through this programme, Ghana aims to secure the future of its forests and make the cocoa sector climate-resilient, whilst sustaining and enhancing income and livelihood opportunities for farmers and forest users across the programme area.

The Project Development Objective (PDO) is to make payments to the Ghana Cocoa Forest REDD+ Programme for Measured, Reported and Verified Emission Reductions related to reduced deforestation, forest degradation and the enhancement of forest carbon stocks (ER payments) in targeted landscapes of Ghana and to distribute ER payments in accordance with agreed-upon Benefit Sharing Plan.

The programme is results-based which means that Ghana will deliver the ERs through appropriate actions and measures for reducing emissions in accordance with the programme design and payments for the ERs will be made by the World Bank in accordance with the terms of the Emission Reductions Payment Agreement (ERPA). There is no upfront investment financing from the World Bank for programme implementation and investments for generation of ERs will be the responsibility of the Government of Ghana (GoG). However, GoG had requested an advance payment of 1.3 million USD from the Trustee as negotiated in the ERPA terms. The advance payment was made in September 2020,

upon fulfilment of Conditions of Effectiveness as specified in Schedule 1 of the ERPA, and upon notification of the fulfilment of the conditions by the Trustee to the Carbon Fund Participants.

During the year, the underlisted progress was made under Upfront Advance Payment (UAP):

- Completed the identification, verification, and confirmation of selected sites for trees on farms with 320,000 seedlings distributed to cocoa farmers
- Under MTS plantation systems, sites were identified, and 133,320 seedlings were procured and supplied to the farmers
- Completed sensitization of communities on Feedback and Grievance Redress Mechanism (FGRM) Operational Modalities (workshops, radio jingles, community centre announcements)
- Supported local livelihoods which include capacity-building activities through training. The work will be further supported through a consultant that is yet to be hired
- Organized training for farmers on Climate-Smart Cocoa (CSC) Practices and business school for farmers (bookkeeping/savings)
- Continuous engagement with Hotspot Intervention Area (HIA) Management Boards (HMBs)/Sub HIA/CREMA Executives on their roles and responsibilities regarding the Framework Agreements/Benefit Sharing/Fund Flow Mechanism
- Procured monitoring equipment such as Global Positioning System (GPS), cameras, Geographic Information System (GIS) software, printers (including COVID-19 items to support survey/monitoring field visits). The National REDD+ Secretariat (NRS) is continuously monitoring activities which include MTS, distribution of seedlings to farmers, enrichment planting and livelihood options.

#### **4.5 Forest Carbon Partnership Facility (FCPF)/ Ghana Shea Landscape Emission Reduction Project (GSLERP)**

The Ghana Shea Landscape Emission Reductions Project (GSLERP) which was submitted in 2017 and approved in August, 2020 at the Green Climate Funds' (GCF's) 26<sup>th</sup> virtual Board meeting, will be implemented by the Commission with technical support from the United Nations Development Programme (UNDP), in partnership with multiple national and local institutions, civil society organizations and private sector actors. The GCF has approved the project worth USD 54.5 million to address the alarming deforestation and forest degradation challenges in the Northern Savannah Zone of Ghana, whilst promoting investment in the shea value chain and women's empowerment. A Pre-Launch event was organized for selected key stakeholders to provide more insights and information on what the approval means and how the project implementation will be structured.

#### **4.6 Up-scaling the Domestic Timber Trade Network (DoTTNet)**

This project is to help with the increased supply of legal timber into the domestic market of Ghana. Funding has been secured from the Food and Agriculture Organization of the United Nations (FAO) through its FAO-EU FLEGT Programme for implementation.

#### **4.7 Digya Green City Project**

The Forestry Commission signed a Memorandum of Understanding (MoU) with TC's Energy (US) Incorporated with representation in Ghana to explore funding sources for the identification and development of the ecotourism potential of the Digya National Park into a major global tourism destination. The National Park covers an area of over 3,740 square km with the Volta Lake at its borders.

## CHAPTER FIVE

### CHALLENGES, WAY FORWARD AND CONCLUSION

#### 5.1 Challenges

In 2020, the Commission faced a number of issues in executing its operational activities. The general and specific challenges as well as potential remediation measures are presented in Table 10.

**Table 10: Key Challenges and Mitigation Strategies**

	Key Challenges	Mitigation Strategies
General	Impact of COVID-19 pandemic on the development and management of forest and wildlife resources.	The Commission will be resilient and put measures in place to work through the pandemic in the subsequent years
	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	
	Dwindling of high demanding forest tree species	Strengthen collaboration with environmental NGOs to enhance advocacy on the importance of protecting and conserving forest resources
	Delay in the passage of Wildlife Bill by Parliament which undermines effective protection of wildlife resources	The Commission will resubmit and pursue the passage of Wildlife Bill
	Inadequate technical staff at Divisional and operational areas as well as non-replacement of staff who have exited the service	
Forest Services Division (Natural Forest)	Increase in the spate of Forest offences as a result of illegal logging, illegal mining, illegal farming etc.	The Commission will reduce number of all cases of forest reserve infractions and prosecute offenders in forest offences

	Key Challenges	Mitigation Strategies
Forest Services Division (Plantations)	The absence of an appropriate legal regime for the development and management of forest plantations is a major disincentive to the growth of the forest plantation industry.	The Commission will initiate processes towards the drafting and promulgation of the Forest Plantation Act
	Destruction of established plantations both on and off-reserve through illegal mining (galamsey) activities.	
	Limited resources (funds and logistics) to control wildfires, usually intensified by activities of free-range cattle herders (Fulani Herdsmen) and illegal farmers within forest reserves.	The Commission and other relevant stakeholders should be supported to implement required strategies to control and prevent wildfire occurrences within natural stands and forest plantations.
	Inadequate funds to transport YAP beneficiaries to planting sites within forest reserves that are usually far away from their residences.	The Commission will ensure transportation of YAP beneficiaries to their operational sites is a priority and allocate money accordingly.
Wildlife Division	Inadequate funds	The Division is working hard to increase the Commissions' IGF through Eco-tourism and non-traditional revenue resources.
	Attacks on Staff by poachers	The Commission has supported the Division by procuring fire arms and ammunition and renovated an armoury for the Division.  Staff are being trained regularly by the Military.  Seek support from the Police Service and the Judiciary to ensure effective prosecution and imposition of deterrent penalties by the courts.
	Encroachment on PAs – especially, Digya National Park and Sakomo Ramsar Site	Strengthening Law enforcement using the Rapid Response Team to support field staff. Seek collaboration with key Stakeholders especially NGOs to prevent encroachment.  Strengthen Collaboration with Chiefs and fringe communities to engender support  Publish warnings to encroachers and seek approval to undertake evictions and demolitions.

	Key Challenges	Mitigation Strategies
		Partner private sector to develop eco-tourism potential at Sakumo Ramsar Site and Digya National Park to safeguard the area against encroachment
	Illegal harvesting of rose wood in Protected Areas.	Strengthen law enforcement, arrest and prosecute offenders
Timber Industry Development Division	Lack of funds for product development and promotion of LUS. Revenue for 2020 fell short of total projected revenue due to the impact of COVID-19 pandemic on the operations of industry.	TIDD will work hard in exploring other sources of revenue in order to generate more revenue for the Forestry Commission. The Division will facilitate value added processing using LUS.
ICT	Increased Cyber Security Threats	Management will give strong backing to Cyber Security awareness creating.
Human Resource	The outbreak of the COVID-19 pandemic as well as financial challenges made it very difficult for the HR department to train the number of staff set to be trained in 2020.	The department put strategies in place to train four hundred and twenty-six (426) at the end of December, 2020.
FCTC	Inadequate staff strength in the production unit due to the number of retirements and resignations.  Hindrance of a smooth production due to obsolete equipment and many breakdowns  Difficulties in procurement of legal lumber for production	Replacement of staff who have resigned and retired
Rapid Response Unit	Reserve/district staff's inability to halt illegal activities in the reserve  Bad network problems hinder smooth communication	The Commission will provide training, adequate field gear and other logistics for effective work by forest and wildlife guards at reserve  The Commission will coordinate and follow up to identify more hotspot areas for intervention

## 5.2 Way Forward

By means of implementing the Forest and Wildlife Development and Management programmes, sub-programme areas which include; Sustainable Forest Management and Plantation Development, Protection and Sustainable Utilization of Wildlife Resources, Timber Industry, Trade Development and Technology Transfer, Coordination and Facilitation of Forest and Wildlife Development and Management, the Commission will ensure the accomplishment of its mandate accordingly.

The major operational focus areas will be as follows:

- 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**

It is envisaged that, the Commission will seek to increase the availability of human and financial resources as well as coordinate with necessary organizations and entities for sustainable management, development and utilization of forest and wildlife resources. The Commission will also provide effective and efficient means to curb the increasing spate of illegalities within forest reserves and protected areas.

**APPENDIX**

**AUDITED FINANCIAL ACCOUNT**

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**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2020**

**FORESTRY COMMISSION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

## FORESTRY COMMISSION

### FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

### CORPORATE INFORMATION

#### COMMISSIONERS

		<b>Date of Appointment</b>
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, 2020

The Commissioners have the pleasure in presenting the Financial Statements of Forestry Commission for the year ended 31st December, 2020 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 (TIDD); 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:

- i. Regulation of the utilization of forest and wildlife resources including the conducting of pre-shipment inspection and examination of timber, wood and wildlife products;
- ii. Conservation and management of forest and wildlife resource
- iii. Co-ordination of policies related to forest and wildlife resource
- iv. Undertaking the developments of forest plantations for the restoration of degraded forest areas; and
- v. 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¢51,317,989) as against a Deficit of (GH¢14,348,673) 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, 2020 TO THE GOVERNING BOARD OF FORESTRY COMMISSION

#### Opinion

We have audited the accompanying Financial Statements of Forestry Commission set out on pages 7 to 32. These Financial Statements comprise the Statement of Financial Position as at 31st December, 2020 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, 2020 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 is 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.

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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.

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**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 judgment and maintain professional scepticism 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**

(continued)

**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

- 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:

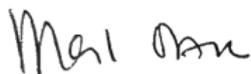
- i. No acts were committed that could result in the entity being insolvent, unstable and bankrupt.
- ii. The Entity did not declare dividend as its non-profit making.
- iii. No case of fraud or losses was committed.
- iv. Except as reported in our management letter, no internal control weaknesses were 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, 2020**

(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. Timothy A. Osei (ICAG/P/1015)



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

**T. A. Osei - ICAG/P/1015 :**  
**18 Airways Avenue**  
**Airport Residential Area, Accra**  
**P. O: Box AN. 5712**  
**Accra –North**

Date 17th November 2021

## FORESTRY COMMISSION

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020	2019
		GHC	GHC
<b>INCOME</b>			
Subvention from Government	8)	346,171,424	324,006,671
Internally Generated Funds	9)	134,990,858	132,480,927
Grant from Donors	6)	22,307,812	2,251,513
		<b>503,470,094</b>	<b>458,739,112</b>
<b>EXPENDITURE</b>			
Compensation of Employees	10)	123,008,564	103,704,324
Goods and Services	11)	158,584,964	124,777,864
Depreciation Charge	2a)	7,872,537	7,767,501
Youth in Afforestation Program	14)	265,322,017	236,838,095
		<b>554,788,083</b>	<b>473,087,784</b>
Deficit Transferred to Accumulated Fund		<b>(51,317,989)</b>	<b>(14,348,673)</b>
<b>ACCUMULATED FUND ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2020</b>			
Balance as at 1st January 2020		80,408,310	94,756,983
Deficit Transferred from statement of Financial Performance		(51,317,989)	(14,348,673)
Balance as at 31st December,2020		<b>29,090,321</b>	<b>80,408,310</b>

**FORESTRY COMMISSION**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER, 2020**

	Note	2020 GHC	2019 GHC
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2a)	44,176,607	31,068,171
Capital Work-in-Progress	2b)	989,332	-
		<b>45,165,939</b>	<b>31,068,171</b>
<b>CURRENT ASSETS</b>			
Inventory	3)	9,594,037	23,850,584
Accounts Receivables	4)	30,917,706	30,451,542
Cash and Cash Equivalents	5)	285,574,106	252,287,425
		<b>326,085,849</b>	<b>306,589,551</b>
<b>TOTAL ASSETS</b>		<b>371,251,788</b>	<b>337,657,722</b>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Accumulated Fund		29,090,321	80,408,310
Plantation Development (Gmelina)		837,972	787,990
Minerals Development Fund		135,377,617	123,816,939
Car Loan Revolving Fund		1,325,562	1,325,562
		<b>166,631,472</b>	<b>206,338,801</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Account Payables	7)	204,620,316	131,318,921
<b>Total Funds And Liabilities</b>		<b>371,251,788</b>	<b>337,657,722</b>

  
COMMISSIONER

  
COMMISSIONER

Date: ....., 2021

Date: ....., 2021

## FORESTRY COMMISSION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
<b>OPERATING ACTIVITIES</b>			
Net Cash Inflow from Operating Activities	12a)	29,460,294	(21,833,843)
<b>INVESTING ACTIVITIES</b>			
Property, Plant and Equipment Purchased		(20,980,971)	(14,119,421)
Investment Income Received		13,945,687	12,472,622
Capital Work-In-Progress		(989,332)	-
Proceeds from Sale of Property and Equipment	13)	240,345	104,412
<b>Net Cash Outflow into Investing Activities</b>		<b>(7,784,272)</b>	<b>(1,542,387)</b>
<b>FINANCING ACTIVITIES</b>			
Plantation Development Grant		49,982	61,535
Minerals Development Fund		11,560,678	3,360,493
<b>Net Cash Inflow from financing activities</b>		<b>11,610,660</b>	<b>3,422,028</b>
<b>Net change in Cash and Cash Equivalent</b>		<b>33,286,682</b>	<b>(19,954,202)</b>
<b>Cash and Cash Equivalents f<sup>t</sup> January</b>		<b>252,287,424</b>	<b>272,241,626</b>
<b>Cash and cash equivalent 31<sup>st</sup> December</b>		<b>285,574,106</b>	<b>252,287,424</b>

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

#### 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) Basic 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, 2020

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, 2020**

**Significant Accounting Policies (continued)**

<b>Asset Category</b>	<b>Rate</b>
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 assets 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, 2020

### 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 depends 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, 2020

#### 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, 2020**

**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 amount 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

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, 2020**

**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 are 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, 2020 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 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 31<sup>ST</sup> DECEMBER, 2020

##### Significant accounting policies (continued)

##### **Amendment to IAS 32 “financial instruments: presentation”.**

The amendments provide an exception to the consolidation requirement in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profits or loss, rather than consolidate them. The amendments also set out disclosure requirement 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. Amendment provide clarification on the application on the offsetting rules and focus on four main area (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; (d) the unit of account for applying the offsetting requirements.

Amendment 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<sup>th</sup> 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 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 loss cost of disposal.

##### **1.14.2 Amendment to IAS 32 “Financial Instrument: 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 “Impairments 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 the amounts I based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decide to amend IAS 36 to require disclosures about 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 costs of disposal.

**FORESTRY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**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 center 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 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 introduced 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 ISAB on 12 May 2011).

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

#### 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 holder 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.

**1.14.1 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 defers 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.

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

Amendments to IFRS 10 "Consolidated Financial Statements". IFRS .1 1 Join 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 II 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's' 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)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

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 of the service condition is not satisfied.

#### **1.14.5 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).

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#### 1.14.6 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 clarify that:

An entity must disclose the judgments 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.

#### 1.14.7 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 amortization is the difference between the gross and carrying amounts of the services.

#### 1.14.7 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 2012 -2013 cycle

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

#### 1.14.9 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.

#### 1.14.10 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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**1.14.11 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 decryption of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

**1.14.12 Annual Improvements 2012 - 2014 Cycle**

These improvements which were 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."

**1.14.13 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.

**1.14.14 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.

**1.14.15 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.

**1.14.16 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.

**1.15.0 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 the 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:

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The Commission structures the level of credit risk it accepts by placing limits on its exposure to a single counterparties 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 top 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 Commissions 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 are 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 projects 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 anticipate 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.

**1.15.11 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.

**1.15.12 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

**1.15.13 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 development and likely trends is an appropriate basis for predicting future events

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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 2020	18,588,171	4,383,670	27,319,856	20,368,975	2,899,676	3,647,014	77,207,360
Additions	3,291,053	80,532	4,022,716	4,424,651	1,036,317	8,125,704	20,980,971
Disposal	-	-	(394,010)	-	-	-	(394,010)
Cost at 31 <sup>st</sup> December 2020	<b><u>21,879,223</u></b>	<b><u>4,464,201</u></b>	<b><u>30,948,561</u></b>	<b><u>24,793,625</u></b>	<b><u>3,935,993</u></b>	<b><u>11,772,717</u></b>	<b><u>97,794,321</u></b>
<b>Depreciation</b>							
Balance at 1st January,2020	2,620,200	1,038,999	23,696,393	14,378,385	2,816,934	1,588,277	46,139,187
Charge for the year	358,365	47,580	2,776,427	2,877,099	1,119,058	694,008	7,872,537
Disposal	-	-	(394,010)	-	-	-	(394,010)
Balance at 31st December,2020	<b><u>2,978,565</u></b>	<b><u>1,086,579</u></b>	<b><u>26,078,809</u></b>	<b><u>17,255,484</u></b>	<b><u>3,935,992</u></b>	<b><u>2,282,285</u></b>	<b><u>53,617,714</u></b>
<b>NET BOOK VALUE:</b>							
<b>31ST DECEMBER 2020</b>	<b><u>18,900,658</u></b>	<b><u>3,377,622</u></b>	<b><u>4,869,752</u></b>	<b><u>7,538,142</u></b>	<b><u>1</u></b>	<b><u>9,490,433</u></b>	<b><u>44,176,607</u></b>
<b>31ST DECEMBER 2019</b>	<b><u>15,967,970</u></b>	<b><u>3,344,671</u></b>	<b><u>3,623,463</u></b>	<b><u>5,990,590</u></b>	<b><u>82,742</u></b>	<b><u>2,058,737</u></b>	<b><u>31,068,171</u></b>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

	2020 GH¢	2019 GH¢
<b>2b. CAPITAL WORK-IN-PROGRESS</b>		
Balance at 1st January	-	114,993
Addition	989,332	-
Transfers to Property, Plant and Equipment	-	(114,993)
	<u>989,332</u>	<u>-</u>
<b>3. INVENTORIES</b>		
Hardware	8,796,214	22,991,140
Stationery	797,823	859,444
	<u>9,594,037</u>	<u>23,850,584</u>
<b>4. ACCOUNTS RECEIVABLE</b>		
Trade Debtors -Stumpage Fees	6,161,502	5,493,881
Less Provision for Doubtful Debts	(2,550,396)	(2,550,396)
	<u>3,611,106</u>	<u>2,943,485</u>
Trade Debtors -Plantation	25,774,292	25,774,292
Less Provision for Doubtful Debts	(13,555,444)	(13,555,444)
	<u>15,829,954</u>	<u>15,162,334</u>
Export Levy Debtors	128,724	438,844
Plantation Development (WIP) Debtors	8,877,813	8,877,813
Sundry Debtors	6,081,215	5,972,551
	<u>30,917,706</u>	<u>30,451,542</u>

Plantation Development (WIP) 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).

	2020 GH¢	2019 GH¢
<b>5. CASH AND CASH EQUIVALENTS</b>		
Fixed Deposits	237,788,200	237,439,912
Call Accounts	9,835,343	1,398,756
Bank & Cash Balances	30,973,374	13,091,636
Project Balances	6,977,188	357,120
	<u>285,574,106</u>	<u>252,287,424</u>

## FORESTRY COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>6. GRANTS FROM DONOR AGENCIES</b>		
Wood Tracking System (VPA) (DFID)	3,872,456	-
Forest Carbon Partnership Facilities (World Bank)	14,840,251	-
Food and Agriculture Organization	247,275	208,719
Global Environment Facility (SLWMP)	1,033,600	1,431,158
REDD+	323,965	-
Other Grant	1,990,265	611,635
	<b><u>22,307,812</u></b>	<b><u>2,251,513</u></b>
<b>7. ACCOUNTS PAYABLE</b>		
Office of the Administrator of Stool Lands:		
Stumpage Fees Payable	52,331,862	37,179,318
Plantation	852,618	1,678,234
Trade Creditors	-	-
Current Account with Divisions	104,465,226	85,756,178
Sundry Creditors and Accruals	46,970,610	6,705,192
	<b><u>204,620,316</u></b>	<b><u>131,318,922</u></b>
<b>8. SUBVENTION FROM GOVERNMENT OF GHANA</b>		
Consolidated Fund Account	115,905,024	91,740,271
Plantation Grant- YEA	230,266,400	232,266,400
	<b><u>346,171,424</u></b>	<b><u>324,006,671</u></b>
<b>9. INTERNALLY GENERATED FUNDS</b>		
Stumpage Fees & premium Levy	43,213,049	18,939,499
Plantation and Natural Forest Timber	31,617,655	24,623,776
Export Levy	11,957,320	39,781,439
Fumigation Income	3,083,240	3,587,439
Investment Income	14,426,378	12,575,059
Park Entrance fees	4,223,808	4,183,538
Other Income	26,469,407	28,790,179
	<b><u>134,990,858</u></b>	<b><u>132,480,927</u></b>
<b>10. COMPENSATION OF EMPLOYEES</b>		
Salaries and Wages	112,288,146	95,491,351
Staff Allowances	519,035	79,447
SSF-Employer's Contribution	10,201,383	8,133,526
	<b><u>123,008,564</u></b>	<b><u>103,704,324</u></b>

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NOTES TO THE FINANCIAL STATEMENTS  
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	<b>2020</b>	<b>2019</b>
<b>11. GOODS AND SERVICES</b>	<b>GH¢</b>	<b>GH¢</b>
Electricity and Water	1,303,135	1,808,016
Postal, Telephone and Internet Subscription	2,274,405	2,069,339
Cleaning and Sanitation Charges	1,123,496	642,356
Security Services	831,061	1,018,413
Office Consumables	2,723,285	2,537,461
Printing and Publication Charges	3,821,535	2,875,874
Staff Welfare, Donation and Contributions	15,867,489	14,410,431
Travel and Transport – Local	27,799,679	13,604,658
Travel and Transport – Foreign	3,676,736	6,659,797
Vehicle Running Cost	9,153,067	8,638,790
Vehicle Repairs and Maintenance	3,301,467	4,035,392
Repairs & Maintenance	1,895,145	2,170,264
Contracts Staff Salaries	845,665	1,429,955
Software Maintenance	2,397,731	1,678,516
Consultancy\Professional and Legal Fees	3,542,376	2,971,577
Audit Fees	126,490	115,441
Board Expenses	1,108,759	1,461,734
Bank Charges	751,807	747,051
Property Rate and Ground Rent	301,810	379,951
Committee Sitting Allowances	5,813,726	4,367,762
Medical Expenses	2,824,970	1,161,175
Training and Conferences	4,495,383	6,780,600
Insurance and Compensation	1,976,346	1,795,552
Hotel Accommodation	3,080,163	3,882,508
Residential Accommodation	504,201	240,795
Trade Promotion	119,177	62,234
Uniform and Protective Clothing	14,140,357	4,643,115
Operation Halt Campaign (Monitoring)	29,697,648	23,090,628
Maintenance of Zoo Animals	564,782	358,264
Fire Prevention Campaign	35,343	118,310
Plantation Expenses	10,636,467	7,544,562
Retirement Benefit	1,246,329	1,107,265
Reclamation of Mines Areas	42,000	3,000
Exchanges Difference	562,934	367,075
	<b><u>158,584,964</u></b>	<b><u>124,777,864</u></b>

**FORESTRY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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	<b>2020 GH¢</b>	<b>2019 GH¢</b>
<b>12a. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING</b>		
Deficit for the year	(51,317,989)	(14,348,673)
Adjust for:		
Depreciation	7,872,537	7,767,501
Investment Income	(14,426,378)	(12,575,059)
Gain on Disposal	240,345	104,410
(Increase) /Decrease in Inventory	14,256,547	887,416
(Increase) / Decrease in Accounts Receivable	(466,164)	3,190,733
Increase / (Decrease) in Accounts Payable	73,301,395	(6,860,172)
<b>Net Cash inflow in the year</b>	<b><u>29,460,294</u></b>	<b><u>(21,833,843)</u></b>

<b>12b.) ANALYSIS OF MOVEMENTS IN CASH</b>	<b>Balances as at 31<sup>st</sup> December</b>		<b>Changes in the year</b>	
	<b>2020 GH¢</b>	<b>2019 GH¢</b>	<b>2020 GH¢</b>	<b>2019 GH¢</b>
<b>Bank Balances</b>	47,785,906	14,847,513	<b>32,938,393</b>	(30,507,105)
<b>Short term Investment</b>	237,788,200	237,439,912	<b>348,288</b>	10,552,903
	<b><u>285,574,106</u></b>	<b><u>252,287,424</u></b>	<b><u>33,286,681</u></b>	<b><u>(19,954,203)</u></b>

**13 PROFIT OR LOSS ON DISPOSAL**

	<b>2020 GH¢</b>	<b>2019 GH¢</b>
Cost of Asset	394,010	310,815
Accumulated Depreciation	(394,010)	(310,813)
Net Book Value	-	-
Proceeds from Disposal	240,345	104,412
	<b><u>240,345</u></b>	<b><u>104,410</u></b>

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

**14) YOUTH IN AFFORESTATION  
PROGRAM EXPENDITURE**

	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
Plantation Development	17,464,023	10,068,175
Consumables and Protective Clothing	45,040,791	18,212,400
Staff Remuneration	<u>202,817,204</u>	<u>208,557,520</u>
	<b><u>265,322,017</u></b>	<b><u>236,838,095</u></b>