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NATIONAL TIMBER TRADE AND FLEGT SOLUTIONS FOR UGANDA

A REPORT

ON NATIONAL TIMBER TRADE AND FLEGT SOLUTIONS FOR UGANDA

Cover photo: Timber panels arranged and ready for sale at one of the destination markets. Timber from Eastern Congo, since its majorly Mahogany, has higher demand than the timber from other regions - ©WWF UCO

Prepared by WWF Uganda

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List of abbreviations

CFR	Central Forest Reserve
CoC	Chain of Custody
DFO	District Forestry Officer
DFS	District Forest Services
DRC	Democratic Republic of Congo
EAC	East African Community
FAO	Food & Agriculture Organisation
FD	Forest Department
FIEFOC	Farm Income Enhancement and Forest Conservation Project
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
FSSD	Forest Sector Support Department
GoU	Government of Uganda
ITTO	International Timber Trade Organisation
LFR	Local Forest Reserve
MWE	Ministry of Water and Environment
NFA	National Forest Authority (Uganda)
PPDA	Public Procurement and Disposal (Act)
SPGS	Sawlog Production Grant Scheme
URA	Uganda Revenue Authority (including Customs)
UWA	Uganda Wildlife Authority
VAT	Value Added Tax
VPA	Voluntary Partnership Agreement

FOREWORD



David Duli
Country Director

While Uganda celebrated 50 years of independence in 2012, WWF celebrated its silver jubilee last year 2011; there is therefore apparent match in terms of birth period for the two institutions. One can argue that both entities could have shared similar and contrasting experiences of earth surface in terms of resources management regimes, socio economic and political dynamics. One of the areas this study explores is the dynamics of timber trade. While WWF 51 years ago was established with the cardinal purpose to stop illegal wildlife hunting and trade, it evolved its portfolio to broader environmental matters in part with a mission that focuses to control degradation of natural environment and build a future in which human live in harmony with nature. This powerful mission is equated to the Uganda Constitutional provision where every Ugandan has a right to clean and safe environment. Illegal timber trade is therefore one of the drivers of deforestation which is not in consonance with the principles the two institutions stand for.

The study report you are about to read is a second in series which WWF UCO and WWF ESARPO commissioned. Firstly the regional study that established the origins and destinations of timber from eastern Democratic Republic of Congo in 2011 and now a detailed analysis of Uganda timber trade dynamics. The findings of the former study provided intriguing insights into the legalities of the trade, its regulation and also origins of the timber which inspired the commissioning of the national timber trade study to;

- 1) Assess the quantities and the species traded
- 2) Define legal and illegal trade and estimate losses through the illegal trade
- 3) Map out the major routes
- 4) Describe the drivers of the trade; and
- 5) Make policy recommendations for improved regulation and management of the trade and for mitigating the negative impacts of the trade.

The National Timber Trade Study established that:

- Timber trade is not consistently regulated,
- There is inadequate law enforcement,
- Systems of tracking of timber are not working
- There is massive tax evasions and
- Uncoordinated institutional responses.

Illegal timber trade stands at 80% causing an estimated annual financial loss of 23 billion Uganda Shillings through unpaid taxes. Much as these losses are mind-boggling, with concerted efforts a starting point is to improve and revitalize timber tracking mechanisms, promote accountability and transparency in the industry, update of databases to enable planning and forecasting of timber resources, influence the public and institutional procurement policies to shut out illegal timber procurement and strengthen mandated institutions to perform effectively.

WWF UCO is grateful to the European Union (EU) and the Food and Agricultural Organization (FAO) for providing the funds for the study. We are encouraged by the enthusiasm created by the results and recommendations of this study among Ugandan decision-makers in the ministry of water and environment, parliament and the wider conservation fraternity. This information we hope will lead to better planning and control of timber movement and trade as well as foster compliance, transparency and accountability in the forest sector.

WWF UCO commits to working in partnership with Government of Uganda to develop action plans aimed to combating illegal timber trade. Enjoy reading and put in practice legal and responsible trade in forest products as your contribution to the conservation of Uganda's forests.

EXECUTIVE SUMMARY

Objectives of the study

This study provides an assessment of the timber trade in Uganda and provides specific proposals for project interventions aimed at addressing illegal timber harvesting and trade and improving regulation of the trade.

The findings are based on interviews with timber traders, wood manufacturing industries, forest administration staff, and others involved in the timber supply chains, and on assessments in timber markets in Kampala and in the districts of Masindi, Arua, Gulu, Lira, Mbale, Tororo, Busia, Jinja, Mukono, Wakiso, Kampala, Mpigi, Masaka, Rakai, Mbarara, Kabale, Kasese, Kabarole, Kibaale and Kalangala.

Context

In the past, the main sources of timber supply were the government-owned forest plantations and natural forests in the Central Forest Reserves. But due to over-harvesting of these natural forests and the poor replanting practice after clearing the plantations, the supply of timber from these sources is declining rapidly. Currently, timber trade is increasingly relying on production from trees and forests on private lands.

In 2004, replanting resumed and by 2010, NFA established that an estimated 40,000 hectares had been replanted by NFA in partnership with private sector forestry companies and individuals. Increasingly, the private sector is taking over the role of plantation timber production which was traditionally carried out by the Forestry Department and NFA. The plantations established in 2004 will begin to supply the sawlog market from 2025 onwards but until then, Uganda faces a shortage in timber supply.

Current status of the trade

The size of the timber market in Uganda is difficult to estimate as the trade is poorly regulated and much of the trade is undocumented. Based mainly on updated data from an assessment carried out in 2005 when the forest sector was better regulated and good quality information on the trade was available, the present sawn wood market in Uganda is estimated at 369,000 m³. Most timber is consumed on the domestic market by the construction industry and in furniture manufacturing and other wood products. An estimated 80% is used for roofing with around 10% for furniture and 10% for other uses.

A recent study by WWF indicated that about 8,500 m³ sawn timber is imported from eastern DRC annually and much smaller quantities of wood are imported from Kenya, Tanzania and South Africa.

NFA records indicate that production from Central Forest Reserves has reduced from a high of approximately 180,000 m³ of roundwood sawlogs in 2008, to approximately 40,000 m³ in 2011. The figure will reduce even further as the remaining mature plantations are cleared. Assuming sawing conversion efficiency of 25%, NFA's roundwood production in 2011 is equivalent to 10,000 m³ sawn wood which was just 3.5% of the estimated market supply in that year.

As domestic production from the forest reserves is reducing, the market is increasingly relying on production from forests outside the reserves supplemented with imports of mahogany and other species from eastern DRC. Prices have been rising in response to growing scarcity of traditional timbers (pines, cypress, mahogany and mvule) and traditional species are being replaced by substitutes. The most common species now found on the market, in Uganda are: Eucalyptus 43%; Kirundu (*Antiaris spp*) 33%; Pines and cypress (*Cupressus lusitanica*) 5%; Mahogany (*Khaya spp*) 3% mainly from DRC but also from South Sudan and small amounts from local sources in Uganda; and 16% consisting of other species including Nkalati (*Aningeria* and *Chrysophyllum spp*), Mvule (*Milicia excelsa*), Teak (*Tectona grandis*), Namukago (*Funtumia spp*), Nkuzanyana (*Blighia unijugata*), Mugavu (*Albizzia coriaria*) and Musambya (*Markhamia lutea*, Mpewere (*Piptadeniastrum africana*), Lufugo (*Celtis spp*) and Musizi (*Maesopsis*).



NFA'S
ROUNDWOOD
PRODUCTION
IN 2011 IS
EQUIVALENT
TO 10,000 M³
SAWN WOOD
WHICH WAS
JUST 3.5% OF
THE ESTIMATED
MARKET SUPPLY
IN THAT YEAR.

Trade flows in Uganda

The largest market is in Kampala and is supplied by the districts in the west, South west and from the islands on Lake Victoria. The timber markets in the central and eastern districts are supplied from local resources. The timber resources in northern Uganda are inadequate to meet local demand and the markets there are supplied by timber from Kibaale, Hoima and Masindi. Markets in the south west are supplied from local resources as well.

Illegal trade

The trade in timber from trees on private lands outside the forest reserves is poorly regulated by the District Forest Services. Most of this timber is illegal as it does not comply with official procedures and regulations. The poor level of regulation is due to a combination of factors including lack of institutional capacity in the District Forest Services and lack of back-up support and guidance from the Forest Sector Support Department (FSSD). With continued sub-division of districts, many district forestry staff are inexperienced and are not aware of the official processes and procedures for regulating timber harvesting from private forests. Regulations are interpreted differently and there is no uniformity between districts in the fees and taxes charged. The official tax rate of 30% of the value is widely perceived to be excessive and is rarely charged. The official forms and marking hammers required as part of the regulatory procedures are not available in most districts. In the past, FSSD provided guidance on sustainable harvesting levels based on resource information but this is no longer provided. In most districts the role of the DFO in regulating the timber trade is now limited to collection of taxes and fees. For these reasons, most timber originating from forests and trees outside the reserves is illegal as official procedures and regulation are rarely followed.

Regulation of harvesting in the Central Forest Reserves is much easier than on private land as the reserves are directly under the control of NFA. However, even in the reserves, much of the timber harvested could be regarded as illegal as the harvesting is not in line with requirements of the Forestry Act which requires that an approved management plan should be in place and that harvesting should be in line with the plan. Most reserves do not have approved management plans at present.

Illegal logging or poaching also occurs in the reserves especially where the boundaries are not demarcated or are disputed and this is becoming more widespread as timber supplies from the traditional plantation sources become more scarce.

A very common form of illegality at present is the use of chainsaws to convert round sawlogs to sawn timber. Chainsaw-milling was declared illegal in 2004 but is now the most common form of conversion from round logs to sawn timber. Chainsaw timber is often planed to remove evidence of chainsaw milling before being displayed for sale in timber sheds.

Most of the timber trade in Uganda can be considered illegal at present as it does not comply with the legal and regulatory requirements in one way or another – either because it is chainsaw milled, it is harvested in private lands and does not pay the correct taxes, the participants in the supply chain do not follow the official chain of custody procedures or because it is illegally logged in the Central Forest Reserves or harvested without approved management plans. In the present circumstances, it is difficult for the authorities, traders and wood users to comply with all the regulations because of weaknesses or gaps in the regulatory systems that are beyond their control.

Many participants in the trade who were interviewed during the study estimated that at least 80% of the timber in the market at present is illegal.

The main drivers of the illegal trade are:

- Weak institutions responsible for regulating the trade, particularly the District Forest Services that is responsible for regulating timber harvesting from private lands and the Forest Sector Support Department which has overall responsibility for regulating the forestry sector;

- Obsolete and confusing procedures and chain of custody systems that are difficult to follow at present;
- Lack of understanding of the official procedures at district level;
- Pressures from district administrations to maximise tax revenues from local forest resources and
- Weak law enforcement at district level.

The impacts of the illegal trade are:

- Unsustainable levels of forest harvesting
- Losses to the local and national government from under-collection of taxes and fees
- The unregulated environment makes investment in efficient sawmilling machinery risky, prolonging the current inefficient and wasteful conversion of round logs to sawn wood
- Law abiding loggers, timber traders and wood users are at a disadvantage and cannot compete with illegal loggers and tax evaders (or must adopt similar practices in order to compete)

Estimates of losses due to illegal trade

The size of the market is estimated at 369,000 m³ per year sawn wood at present, with a current retail market value of UGX 101 billion (USD 42 million). This includes an estimated 9,000 m³ of high value mahogany and other sawn wood imported mainly from DRC. The national and local governments lose revenue through low timber valuations (dating from year 2000) on which taxes are based, and through evasion of taxes and fees. Assuming up-to-date timber valuations are used and assuming 80% of the taxes are currently un-collected, the annual losses in uncollected taxes on domestically produced timber are estimated at UGX 21 billion (USD 8.8 million). In addition, the government also loses an estimated UGX 2.4 bn (\$1m) in import duties and taxes due to under-declaration of imported timber and due to outdated timber valuations being used by URA Customs (dating from 2009). Total tax revenue forgone amounts to an estimated UGX 23 bn (USD 9.8 million) per year. However, both the timber valuations on which taxes are based and the tax rate of 30% need to be reviewed and revised. The current tax rate of 30% on domestic timber production is high and is an incentive to avoid tax and could discourage private plantation investment.

The quantity of timber produced domestically (excluding imports) was estimated at 360,000 m³ per year, equivalent to 1,440,000 m³ of round sawlogs at current sawing efficiency of 25%. This is equivalent to sawlog production from clear felling around 7,000 ha of plantation or selective felling in 72,000 ha of natural forest. Assuming at least 80% or (288,000 m³) of the trade is illegal, the area of forest harvested through illegal felling is therefore equivalent to 5,600 ha of plantation per year or 57,600 ha of natural forest per year at 25% recovery.

Recommendations and addressing illegal timber trade

Four models for addressing the illegal timber trade are proposed in order of priority in the form of project concepts. The concepts include a brief descriptive narrative, goals and objectives and lists of proposed activities.

They are as follows:

- 1) Model 1.** Revise systems, processes and regulations for harvesting and trade in timber in Uganda
- 2) Model 2.** Revise public procurement policies and regulations to exclude illegal timber
- 3) Model 3.** Generate information on the timber resources and trade and increase transparency by making the information publicly available
- 4) Model 4.** Incentivise and assist NFA, private forestry companies and timber using industries to become certified by bodies such as FSC

Drawing on lessons learned in addressing illegal logging and trade worldwide, and

in countries with weak public administration and law enforcement, the proposed interventions focus more on market based incentives, and self-regulation, than on law enforcement.

The Forest Sector Support Department (with support from NFA), has a key role in facilitating implementation of these models in collaboration with development partners. The FSSD requires capacity development support to enable it to perform its functions in supporting implementation of these models. This can be achieved through a separate model or as a component of the models already listed.

1. INTRODUCTION

The timber market in Uganda is an area of significant concern to Government, citizens and external stakeholders.

Public alarm resulting from the high level of unregulated logging and trade led to a temporary suspension of timber trade in March 2012 by The Minister for Water and Environment, while responses were being formulated to combat the level of illegality in timber harvesting and trade.

The objective of this study was to provide a clear understanding of the current state of timber trade in Uganda, with a view of improving legality, governance and traceability of timber in the market and proposing measures for more sustainable management of timber harvesting and trade. The study focused on the districts of Masindi, Arua, Gulu, Lira, Mbale, Tororo, Busia, Jinja, Mukono, Wakiso, Kampala, Mpigi, Masaka, Rakai, Mbarara, Kabale, Kasese, Kabarole, Kibaale and, Kalangala. During an inception workshop at the beginning of the study, it was noted that these districts have been subdivided recently and it was agreed that the study would cover the original district areas (before sub-division). The study provides a basis for designing interventions aimed at improving management and regulation of the trade and mitigating the negative impacts of illegal timber trade.

The specific objectives of the study were to:

1. Assess the quantities and if possible the species traded
2. Determine legal and illegal trade and estimate losses through the illegal trade
3. Map out the major routes
4. Describe the drivers of the trade; and
5. Make policy recommendations for improved regulation and management of the trade and for mitigating the negative impacts of the trade.

METHODOLOGY

As both the legal and illegal timber trade in Uganda are poorly documented at present, the assessment team triangulated information from various sources and identified the production hotspots, proportion of legal and illegal trade, species traded, trade routes, drivers of the trade and destination markets. Estimates of the volumes traded are tentative and based on the findings from the markets in Kampala and from the districts visited, and from a number of recent studies and reports. The resulting data are informed estimates but are considered sufficient for designing mitigation measures and making recommendations on improved regulation and management of the trade which is the main purpose of the study.

The sources of information for the study included official bodies (FSSD, NFA, DFS, URA, Local Government officials), participants in the value chain (tree fellers, transporters, timber sellers, furniture factories, carpentry and joinery workshops, construction companies), and field observations by the study team.



ABOUT **15%**
OF THAT AREA
IS PROTECTED
IN CENTRAL
FOREST RESERVES
MANAGED AS
PRODUCTIVE
FOREST BY THE
NATIONAL FOREST
AUTHORITY

THE CONTEXT OF THE STUDY

The Government of Uganda has identified Forestry as one of the primary growth sectors in the current five-year National Development Plan because of the important role it plays in economic development, livelihoods, and in provision of environment services. However, forest cover is continuing to decline, forest sector institutions are weak, and despite substantial success in plantation establishment over the past decade, Uganda faces a growing timber shortage over the coming decade.

Forests and woodlands cover about 14% of the land area of Uganda. About 15% of that area is protected in Central Forest Reserves managed as productive forest by the National Forest Authority (NFA). A similar area is conserved for its biodiversity value in National Parks and other protected areas by Uganda Wildlife Authority and is not available for timber harvesting. The remaining 70% of forests and woodlands is owned by communities or privately.

In the past, the main sources of timber supply were the government-owned forest plantations and natural forests in the Central Forest Reserves, but due to over-harvesting in the natural forests and lack of replanting after clearing the plantations, the supply of timber from these sources is declining rapidly and the timber trade is increasingly relying on production from trees and forests on private lands.

In 2004, plantation establishment resumed and as of 2010, an estimated 40,000 hectares have since been established by NFA and some private sector forestry companies and individuals. Increasingly, the private sector is taking over the role of plantation establishment which was traditionally carried out by the Forestry Department and NFA. The plantations established since 2004 will begin to supply the sawlog market from 2025 onwards but until then, Uganda faces a shortage in timber supply.

Public forest administration is weak despite the institutional reforms of 1998-2003 that were designed to improve performance. The three new institutions that replaced the Forestry Department in 2003 are under performing - the National Forest Authority (NFA), the Forest Sector Support Department (FSSD) and the District Forestry Services (DFS). The FSSD in the Department in the Ministry of Water and Environment (MWE) is the institution responsible for regulating the timber trade and has other related functions including sector level policy development and planning and is also responsible for coordination of stakeholders in the forestry sector. The FSSD is under-staffed and under-funded and is not

performing its regulatory functions effectively¹. NFA is responsible for timber production from the Central Forest Reserves and performed well for several years after its establishment, but has been weakened by declining standards of governance and integrity. The third key institution is the District Forest Services (DFS) which has the responsibility of regulating exploitation of timber from private and community forests. DF is a weak underfunded institution and like FSSD, has not performed satisfactorily since it was established in 2004.

The Ministry faces a substantial challenge in revitalising the public forestry institutions and improving their capacity to regulate timber harvesting and trade so that it maximizes the benefits to local communities and the national economy while remaining environmentally, economically and socially sustainable. A well regulated and legal timber trade is necessary to create the market conditions for investment in the timber industry that are necessary to enable the economy to realise the full benefits of the substantial investments that have been made in commercial plantation establishment since 2004.

Public concern at the continuing loss of forest area and perceptions of illegal logging and rampant forest destruction led the Ministry of Water and Environment to impose a temporary ban on the trade in March 2012 and is still in place (August 2012). Since the ban was imposed, the Ministry has been assessing options to the high levels of illegality in the timber trade.



Illegal timber trade is a major threat to indigenous forest cover in Uganda

¹ LTS 2010

2. OFFICIAL PROCEDURES FOR LEGAL TIMBER HARVESTING AND TRADE IN UGANDA

A number of countries have defined standards which must be complied with for timber to be considered legal.

The Act contains several specific provisions relating to timber harvest and trade but also makes provision for development of regulations and guidelines by the forest authorities.

The basic requirements are that timber must be harvested, processed and traded in compliance with national and local laws and regulations, and that chain of custody procedures must be followed. The requirements can extend beyond forestry laws and regulations and include other national and local laws and regulations such as taxation laws, environmental regulations, labour laws, health and safety etc.

Uganda does not yet have a standard for “legal timber” at present. For the purposes of this study, the legal timber is assumed to be timber that is harvested and traded in compliance with forestry laws and regulations. The regulatory framework for timber harvesting and trade in Uganda is described below.

Laws and regulations governing timber harvest and trade in Uganda

Timber harvesting and trade is regulated by the 2003 Forestry Act and by regulations issued under the Act. The Act contains several specific provisions relating to timber harvest and trade but also makes provision for development of regulations and guidelines by the forest authorities. These are required to elaborate the provisions of the Act and to facilitate implementation. The regulations and guidelines cover issues such as procedures for timber sale, licensing and fees, the manner in which forest products are to be sold from reserves, the manner and circumstances in which a license may be granted, regulations for the sustainable management or utilization of forests, grading of timber, registration of private forests and many others. Most of these regulations have not been developed since the Act was passed in 2003² and this has been a constraint on operationalizing the provisions of the Act. However, a new system for marketing logs and timber was described in a Ministerial Notice in 2004 (Box 1 below) and this is the system in use at present. The license fees and other charges have not been updated since the Act was passed in 2003 and the rates described in Statutory Instrument No. 16 issued in 2000 are still in use.

Currently, there are three regulatory instruments describing the official procedures for timber harvest and trade in Uganda. They are a) the 2003 Act, b) the Ministerial Notice issued in 2004 and c) the Statutory Instrument No 16 issued in 2000 which describes timber values and fees to be paid. Timber harvest and trade can be regarded as legal if it complies with the provisions of these instruments. Each of these is discussed below.

a) Provisions of the 2003 Act in relation to timber trade

The 2003 Forestry Act contains general provisions requiring timber harvesting to be sustainable, but leaves the detailed descriptions of procedures, chain of custody system and guidelines to subsidiary rules and regulations to be developed by the authorities and periodically updated. There are several references in the Act to harvesting according to regulations made under the Act

The Act makes a number of references to harvesting in line with management plans which is the key strategy in ensuring sustainability and adherence to best practices.

The following are of specific relevance

- Section 21.2 specifies that in private natural forests, forest produce “shall be harvested in accordance with the management plan and regulations made under the Act”.
- 22.2 requires that forest produce harvested from a private plantations “be harvested in accordance with the management plan and regulations made under the Act”
- 28.3 requires that management plans shall be approved by the Minister or a person designated by the Minister for the purpose.

² Rules and guidelines may be made under Section 92(2) of the 2003 Forests Act. The Act included a list of 29 rules and guidelines that were to operationalize provisions of the Act but only 5 had been developed by 2010 (LTS 2010)

- 32.1 (a) requires that in a forest reserve or community forest, harvesting must be “in accordance with a management plan or license granted under the Act”
- 41.1 A responsible body may “subject to a management plan, grant a license” for removing forest produce
- 42 requires “fair, open and competitive process” in applications for licenses under the Act

b) The Ministerial Notice 2004

Although many of the regulations under the Act have not been developed as envisaged, the Ministry in 2004, through a Ministerial Notice, described new procedures for harvest and trade in sawlogs and timber and the chain of custody procedures to be followed. The procedures are described in Box 1. A significant change introduced through this notice was the delegation of responsibility for monitoring the timber trade and law enforcement to NFA. Recognizing the widespread illegal and unregulated timber trade and the lack of capacity in the Forest Inspectorate Division (now FSSD), the body responsible for regulation of the sector, the Minister delegated the task of law enforcement and coordination of timber trade to the Forest Products Monitoring Unit in NFA. This effectively transferred the functions of timber harvesting and trade to NFA which was well funded and staffed at that time. Through this Notice, the unit was designated as a “one-stop-shop” to lead the function of law enforcement with “cross-cutting powers and will serve all responsible bodies, taking into account the statutory duties of each responsible body”³. The NFA Forest Products Monitoring Unit was to coordinate and work with the Forest Inspectorate Division (now FSSD) of the Ministry, relevant security agencies and URA in regulating the trade. These agencies were expected “to challenge and deter illegal logging and timber trade activities and to implement a system that is simple, easy and cheap to administer, structured, institutionalised, and transparent that should in due course become self-regulating and self-policing.”

The new procedures were expected to be simple and easy to administer and to create a chain of custody based on documentation and associated hammer marks. The procedures are still in force. This Ministerial Notice is the principle regulatory instrument governing the timber trade since 2004.

c) Statutory Instrument No 16 Forest Produce Fees and License Order issued in 2000

The Forest Products Fees and License Order describes the forest fees and taxes. This instruction was issued by the Ministry in 2000 and is still in use. It specifies felling fees, sawmilling license fees, pit-sawyers registration fees and includes a list of species and valuation rates on which taxes on sawn timber are based. The timber valuations on which the tax is levied are significantly below current timber prices. The tax rate is specified as 15% of the value of timber originating outside forest reserves. After the notice was issued, some timber dealers who were also required to pay VAT on timber purchases complained that those below the VAT threshold were exempted from VAT charges and had an unfair advantage. The Ministry decided that an “equalisation fee” of 15% would be charged which was not provided for in the Statutory Instrument and issued a directive accordingly bringing the rate of tax up to 30%. The official tax rate of 30% is now regarded as the standard rate by most DFOs to be charged for timber harvested from trees on private and community lands. These tax rates do not apply to timber from the Central Forest Reserves which is sold by auction by NFA (which was established 3 years after this Notice was issued)

The order includes other standard charges as follows:

Felling fees:	4,500 per tree
Sawmilling license fees:	1,400,000 per saw miller per year
Pit-sawyers registration fees:	350,000 per year per sawyer

³ Text of the Ministerial Notice issued in 2004

BOX 1. THE SYSTEM AND PROCEDURE FOR MARKETING LOGS AND TIMBER DESCRIBED IN THE MINISTERIAL PUBLIC NOTICE ISSUED IN 2004:

- 1) The main instruments of the monitoring system are documentation accompanied by corresponding stamp marks on the forest produce. The documents and stamps shall enable the Forest produce Monitoring Unit (of NFA) to objectively certify chain of custody and legality of the source. The instruments shall be managed through a short chain procedure that has systemic drivers aiming to minimise the transaction costs.
- 2) One key feature of the system is that all harvesting of forest produce is to be carried out under license, issued by a respective responsible body, and volume, weight and length shall be the standard units of measure.
- 3) Three types of hammer stamps will be used namely:
 - a. The log hammer (numbered 0-9)
 - b. Timber hammer (0-9 but smaller)
 - c. The district “seal” (with district code number).
- 4) The basic principle is that no forest produce should be moved from any area to any destination without having been marked with an appropriate stamp and issued with corresponding documents by an “authorized person”
- 5) The following is required in the case of logs and timber:
 - i. All logs must be stamped with the same number appearing on the stump before leaving the stump and individual logs from one tree should in addition bear serial numbers which should all be recorded on the LOG VOLUME MEASUREMENT SHEET before being removed. This does not apply to CFR plantations except if logs are being transported.
 - ii. All timber shall be stamped with the relevant code area of origin before being transported. The stamp marks must face outward when loading for fast/easy checking. Any piece seen unmarked will be confiscated. Upon marking a forest produce declaration form (FPDF) shall be issued.
 - iii. All timber leaving a district shall have the district “seal” stamped on before leaving that district. A “forest produce movement Permit” shall be issued after stamping with the seal.
 - iv. Operators in CFRs do not need a Forest Produce Movement Permit except they will pay a UGX 10,000 “administration fee” for each load of produce to the Chief Finance Officer of the respective District
 - v. Any individual or organisation engaged in forest harvesting should have a licence issued by the responsible body, payment receipts of all statutory and other dues, and should acquire a FPDF before transporting the produce from area of conversion.
 - vi. All pit sawyers in LFRs, former public lands, and private forests, shall pay annual license fee of UGX 350,000 to the Chief Finance Officer of the District of operations. A 15% “equalisation” levy of the value of the finished produce shall also be paid in addition, unless the operator is a registered VAT collector
 - vii. Before timber is marked by the field staff all the relevant documents must be made available in their entirety
 - viii. Chain-sawn timber is contraband and will be confiscated at site, together with the power saw, and any vehicles used for transportation. This is in addition to heavy fines and prosecution.
 - ix. District forest officers at the nearest point of entry will clear all imported timber provided all the normal payments and documentary evidence relating thereto from the country of origin, URA and imported licenses are presented and copies deposited with the District Forest Office. A Forest Products Movement permit will be purchased for the timber.
- 6) All unmarked and undocumented forest produce shall be confiscated and forfeited by the “owner”. It is a primary responsibility of the “owner” to ensure that the produce is marked appropriately before it is moved
- 7) Copies of the relevant documents should always accompany any timber transiting through any part of Uganda

Other pertinent issues. All those intending to undertake forest harvesting in Local Forest Reserves should approach the respective CAO, FID (now FSSD) or NFA for guidance on how to acquire licenses.

The size of the sawn wood market in Uganda

Quantities of timber traded

Statistics on the timber trade in Uganda are regularly provided in official reports and plans but they are unreliable as there is no functioning system in place to capture data on the trade. One of the objectives of the current study is to provide an estimate of the quantities of timber traded in Uganda at present.

The simplest approach to assessing the volumes traded would be:

- a) Use NFA harvesting records to determine quantities harvested in Central Forest Reserves and
- b) Use the revenue collected by local governments to calculate timber production levels from trees and forests on private lands and from local forest reserves.

However, this approach does not work because:

- a) While NFA records are readily available and reliable, the production from the central forest reserves managed by NFA is now just a small fraction of national timber supply
- b) The amount of timber fees and taxes collected by local governments could not be determined as firstly, the timber revenues are not disaggregated from other forest fees (such as charcoal and firewood) and secondly there is no central repository of information on the amount forest fees collected by districts (such as FSSD, Ministry of Finance, Ministry of Local Government, National Bureau of Statistics) and
- c) Much of the timber currently on the market is illegally harvested and goes unrecorded and therefore does not appear in any official records.

Therefore, this approach cannot provide good information on the volumes of timber traded at present.

An alternative to using official records on the timber trade is to physically monitor and assess current levels of trade. This was found to be impractical because of the temporary ban on timber harvesting and trade, imposed by the Ministry in March 2012, which was in place for the duration of this assessment. Although the trade was found to be continuing during the period of the ban, the levels of trade had reduced substantially. In several locations visited, trade was reported to be down to 30% of the levels before the ban was imposed. Therefore current trade levels could not give an indication of levels of trade before the ban was imposed.

As the data from official sources is incomplete, and monitoring current levels of trade could be misleading, the approach used in this assessment was to draw on fragmented information of the trade compiled from various sources along with field assessments, observations and discussions with participants in the trade to make informed estimates of the current level of trade. These sources are discussed briefly below.

- 1) **NFA records.** The Central Forest Reserves were a significant source of timber for the Uganda timber market over the past decade and the NFA records of timber sales provide a reference point in estimating the current scale of the market although we do not know what proportion of the market is being supplied by NFA and therefore cannot estimate the total size of the market from these data. Table 1 shows volumes harvested from the CFR's since 2004. From 2004 to 2007, NFA was offering about 100,000 m3 sawlogs per year for public auction. The harvesting plans were exceeded in 2008 and 2009 and the quantities harvested have been reducing since then as the most of the mature stands are now cleared.

Table 1. NFA records of sawlog volumes harvested from 2004 to 2011

Year	2004	2005	2006	2007	2008	2009	2010	2011
Vol m3	77,456	65,072	84,385	96,445	179,687	106,713	49,686	51,668

- 2) **Assessment of volumes traded in timber markets in Kampala and other towns.** During the study the timber markets in Kampala and other towns were

visited and the volumes traded were estimated using the information provided by traders on number of timber trucks entering the market weekly and monthly at present and before the current ban was imposed. This approach can only provide a partial picture of the trade as a) although the major markets in Kampala and the key provincial towns were visited, its not possible to visit all markets and there are many smaller markets or individual timber yards selling unknown volumes b) the larger construction companies, furniture factories and others often source their timber directly without going through the timber markets in Kampala and other towns and c) trade levels are down because of the current harvesting ban. Therefore the estimates of volumes traded in the markets visited cannot give an indication of the overall market but do provide a reference point, in estimating the overall size of the domestic timber market.

The three main markets in Kampala were surveyed and the volumes traded were estimated based on reports of average numbers of timber trucks entering those markets each week before the ban. Interviews with traders at Ndeeba, Bwaise and Nakiwogo (Entebbe) markets in Kampala indicated over 50,000 m³ of sawn wood sold per year (table 2). There are many smaller timber markets for which there are no data.

Table 2. Estimated volumes of sawn wood sales in sales yards visited in Kampala and other towns

Market Area	Weekly Supply estimate	Annual Vol of sawn wood m ³
Kampala/Ndeeba	15 trucks a week (15m ³ each) Approx. 225 m ³	11,250
Kampala/Bwaise	5 trucks a week (15 m ³ each) Approx. 75m ³	3,750
Entebbe/Nakiwogo	2-4 boats a day (with 50 m ³ each) Approx. 150 m ³ per day or 750 m ³ per week	37,500
Mbale	4 trucks a week (15m ³ each) Approx. 60m ³ a month	2,880
Tororo	2 trucks a week (15 m ³ each) Approx: 30m ³	1,440
Mukono	10 trucks a week (15 m ³ each) Approx. 150 m ³	9,000
Wakiso	2 trucks a week (each 15m ³) Approx.30 m ³	1,440

3) Using past consumption levels to estimate the current size of the market.

Another source of information is the official data from 2005/6 when information on the trade was more reliable. During that period, NFA was effective and governance standards in the forestry were high, illegal logging and trade were being effectively addressed for the first time in decades, and official information was at its most reliable (LTS 2010). In 2005 the Ministry delegated responsibility for monitoring the timber trade and law enforcement to NFA, timber tracking systems were in place and working, NFA had up to date information on the forest resources and was following harvesting plans and the level of compliance with the law was high. For those reasons, the estimates of timber trade and consumption made at that time are more reliable than recent estimates.

In 2005, FAO using the information available from NFA and from other sources estimated the size of the sawn wood market at 240,000 m³ per year (Odokonyero, 2005) equivalent to 800,000 m³ of sawlogs, assuming 30% sawlog conversion efficiency⁴. This is equivalent to a per capita consumption level in 2005 of 0.0089 m³ sawn timber as the population then was 28.8 million. Making allowance for population increase to 34.5 million in 2011 and assuming static per capita consumption levels would bring consumption up to 308,955 m³ in 2011. However, per capita consumption is likely to be increasing and allowance should also be made for this.

While population has been increasing by 3.3% per year, the economy in terms of GDP has been growing at 6-7 % annually. The construction sector has been growing at an even higher rate and this is the main market for Ugandan timber. Assuming a 3% per annum increase in per capita consumption from approximately 0.0089 m³ in 2005

⁴ In 2005 when the study was done, most timber was pit sawn and conversion efficiency was estimated at 30%

to approximately 0.011 m³ in 2011, and taking account of the 2011 population size of 34.5 million, this brings total consumption of sawn wood up to approximately 369,000 m³ in 2011. This is an increase of almost 50% from the 2005/6 estimate and is accounted for by the increase in population of approximately 29% over the period and an increase in per capita consumption of approximately 19% over the period. Assuming a sawing conversion rate of about 25% at present (as most timber on the market in Uganda is now chainsaw milled), this is equivalent to approximately 1,475,000 m³ of roundwood sawlogs per year.

4) Comparing per capita sawn wood consumption levels in similar markets to Uganda. The 2011 per capita consumption level of 0.011 m³ proposed above compares with FAO reports of per capita consumption rates of 0.02 in Liberia, 0.014 in Ghana and 0.05 in South Africa⁵. Per capita consumption rates published by FAO vary substantially from one country to another due to factors such as availability of wood and construction methods.

5) Estimates of sawn wood market in published reports. The only source of information from existing studies is the assessment for FAO by Odokonyero in 2005 which estimated the annual sawnwood market at 240,000 m³ per year. A market study done for SPGS in 2010 used Odokonyero's estimate as a starting point for projecting future timber demand in Uganda. The revised National Forestry Plan (currently in draft form) assumes current annual demand of 300,000 m³ of timber, also based on Odokonyero's 2005 assessment.

The FAOSTAT data base⁶ is a standard source of information on the timber trade but is unreliable for countries such as Uganda where official statistics are unavailable or unreliable. The FAOSTAT data of Uganda shows current annual production at 117,000m³, imports of 7,897m³ and exports of 921m³ or net annual consumption at 123,976 m³. The figure in the database for production has been static at 117,000 for the past 5 years and indicates a lack of current information on which to base updated estimates.

Conclusion on quantities of timber traded

As most of the trade is illegal and official statistics only provide a partial assessment, and as the crude assessments of volumes traded carried out during this study can only provide a rough indication of the extent of the trade, the updated figures from Odokonyero's assessment in 2005 are considered the best available guide to the size of the market at present.

Updating the 2005 figures to 2011 as by factoring in the increase in population and assuming an annual per capita increase in consumption as described in (3) above brings the estimate up 369,000 m³ in 2011. For the purposes of this report, this figure is proposed as the size of the timber market in Uganda in 2011. This is equivalent to a per capita consumption of 0.011 m³ per year.

The figure includes both domestically produced and imported sawn wood. A recent study by WWF⁷ found that approximately 8,500 m³ sawn wood is being imported to Uganda annually from Eastern DRC. There are smaller quantities being imported from Kenya and other sources but the amounts are not considered significant. The study also found that some timber produced in Uganda is also illegally exported to South Sudan but the quantities are considered to be small and almost all the timber produced in Uganda is consumed by the domestic market.

When allowance is made for imported timber from DRC and other countries, the proportion of the market supplied by domestically produced timber is approximately 360,000 m³ per year. This is equivalent to 1,440,000 m³ of sawlogs, assuming a 25% sawing recovery rate⁸.

⁵ These data are from 2008 and presented in the 2011 FAO SOF report and are selected because there are active FLEGT programmes in Liberia and Ghana and therefore the data is likely to be more reliable than that presented by FAO for other African countries. The data for South Africa is also likely to be more accurate as the forest sector is more developed than in other countries. The FAO data presented in the FAO SOF for Uganda and other East African Countries is not considered reliable.

⁶ Data from FAOSTAT <http://faostat.fao.org/site/626/DesktopDefault.aspx?PageID=626#ancor> accessed on 2 August 2012

⁷ White et al 2012.

⁸ The efficiency of conversion from round logs to sawn timber is currently very low as most is chainsaw milled and recovery rates can be as low as 20%. When planning for the long term supply, it should be assumed that prevalence of chainsaw milling will be reduced and be replaced by more efficient conversion methods including efficient sawmills which can achieve conversion rates of 70%. If the sawing efficiency is increased from 25% to 50% the amount of sawlogs required to produce the same volume of sawn wood is halved.

3. DYNAMICS OF THE TIMBER TRADE, SPECIES TRADED AND TRADE ROUTES

TIMBER SUPPLY HOT SPOTS

The timber trade in northern Uganda

The forest resources in Lira, Gulu and Arua and other districts in northern Uganda are inadequate to supply local markets at present. Most timber marketed in the north originates from Kibaale and Hoima District and to a lesser extent Masindi. The prominent species on sale include mahogany (*K. senegalensis*), Albizzia and Kirundu (*Antiaris spp*)

Arua is a regional trading hub for timber from neighbouring districts. White wood (*Albizzia spp*) comes through from Congo both for re-export to South Sudan while mahogany from DRC goes to the Arua and to markets in Kampala and Kenya⁹. Mahogany and teak (*Tectona grandis*) from South Sudan passes through Arua to the Kampala market and to export markets in Kenya and to India and other external markets. Softwoods and Eucalyptus from Zomba and Nebbi districts goes to local markets and to Kampala.

Because of its proximity to Eastern DRC where timber supplies are plentiful, much of the timber in the market in Arua (estimated by the DFO at 80%) comes from DRC.

Timber trade in eastern Uganda

Timber in the markets in eastern Uganda is supplied locally from private lands in the areas of Bududa, Manafwa, Sironko, Butelega, Namutumba and Kaliro. There was no evidence of timber coming from other parts of Uganda into the markets in the east. The common species include Eucalyptus, *Ficus* and smaller quantities of Mvule, Nkalati (*Aningeria*) and cypress.

Timber trade in central Uganda

Markets in central Uganda are supplied from local resources. The forests of Kalangala-Masaka, Kibaale and Mukono-Mabira area are an important source of Kirundu for the Kampala market. Other species are Mugavu (*Albizzia coriaria*), Celtis, Namagulu (*Uapaca guinense*), Nkuzanzana (*Blighia unijugata*), Mpewere (*Piptaniastrum africanum*) and some Eucalyptus.

Timber trade in west and south west Uganda

The timber in the markets in towns in the west and south west is supplied from local sources. Kibaale, Hoima and Masindi are a major source of supply for both the northern region and the Kampala market. The far south west is an important source of pines for the Kampala market.

The origin of the timber traded in the Kampala market is shown in table 3

Species traded

Assessment of the Kampala market indicated that the common species traded are as follows: *Eucalyptus*, Mahogany, Kirundu, Pine, Nkalati, and others consisting of Cyprus, Mvule, teak, Namukago (*Funtumia spp*), Nkuzanyana (*Blighia unijugata*), Mugavu (*Albizzia coriaria*) and Musambya (*Markhamia lutea*)

Species considered scarce or no longer available were Mpewere (*Piptadeniastrum africana*), Lufugo (*Celtis spp*) and Musizi (*Maesopsis*)

In the markets in Kampala, most timber was aimed at the roofing market (80%), followed by scaffolding (10%), and furniture and others (10%)

In markets outside Kampala, most commonly traded species in the east and central

⁹ LTS 2010

areas are Eucalyptus (85%), *Ficus* (3%), *Aningeria* (2%), Cypress (2%) and others 7%.

Table 3. The origin of timber currently traded in the main timber markets in Kampala

Species	Origin
Eucalyptus	Both Central Forest Reserves and private forests in Kabale-Mbarara –Ibanda route(80%) and 20% from the Mubende-Fort Portal-Kasese route
Mahogany	DRC(95%) and locally (5%)-Masindi and Hoima area
Pine	Central Forest Reserves plantations and private forests (80%) Nakasongola-Masindi route; 20% other parts of Uganda especially Kabale and fortportal.
Nkalati	DRC (60%) and locally from Central Forest Reserves (40%)
Kirundu	Central Forest Reserves (80%) in local private forests (20%) in Kalangala-Masaka route and Mukono-Mabira area.
Others (Cyprus, Mvule, teak, Namukago, Nkuzannyana, Mugavu and Musambya)	Local private forest all over the country.



The demand for timber from indigenous trees is a major driver of illegal timber trade.

4. ILLEGAL LOGGING AND TRADE AND LOSSES FROM THE ILLEGAL TRADE

LEVELS OF COMPLIANCE WITH OFFICIAL HARVESTING AND TRADE PROCEDURES

The current practices observed during field visits showed that the procedures and processes for regulating the trade and outlined in section 4 above are not being followed.

Current practices for timber harvesting and sale in Central Forest Reserves

The procedures prescribed in the 2003 Act for regulating NFA's management of Central Forest Reserves, including its timber harvesting and trade activities, were followed in the initial years after NFA was established, but are not being followed at present. The key instruments regulating NFAs timber harvesting and trade activities are:

- a) the performance contract between NFA and the Ministry,
- b) the forest management plans for the Central Forest Reserves and
- c) the harvesting plans.

The performance contract between the Ministry and NFA was a means of ensuring that NFA complied with the Government's forestry policies and plans and with the provisions of the 2003 Act. The performance contracts are required to be renewed on a two year basis but have not been renewed regularly as originally planned. At present, NFA does not have a formally approved performance contract with the Ministry.

The 2003 Act requires that approved forest management plans and harvesting plans are in place before harvesting is done (section 32.1(a)). This ensures that management is sustainable and in line with best practices. Most Central Forest Reserves do not have management plans and therefore any harvesting done in Central Forest Reserves without management plans is not in compliance with the Act. The most recent plantation inventory and associated harvesting plan was completed in 2005 and is now out of date. As approved management plans are a requirement under the Act, any timber harvested in the absence of an approved management plan can be regarded as illegal.

Current practices for timber harvesting and sale in the Districts

The District Forest Services (DFS) are responsible for management of Local Forest Reserves (LFRs) which includes regulation of timber harvesting in the Reserves. However at present there is very little harvesting in the LFRs due to degradation and over exploitation in the past. If harvesting is done in LFRs, according to the 2003 Act (Section 32.1(a)), it must be "in accordance with a management plan or license granted under the Act". Very few LFRs have management plans at present.

FSSD has a role in providing technical support to the districts including assisting with management planning and establishing sustainable harvesting levels, but this is rarely provided as FSSD lacks capacity.

As there is very little harvesting from LFRs, the main functions of the DFOs in regard to the timber trade at present is in licensing harvesting of trees on private lands, collection of levies and taxes on forest produce from private lands (timber, charcoal and firewood), and issuing transit permits for timber being transported to markets outside the district. The official procedures for implementing these functions (as described in the 2004 Ministerial Notice) are not being followed at present and the role of FSSD in supporting

BOX 2. THE FUNCTIONS OF THE DISTRICT FOREST OFFICER AS DESCRIBED IN THE 2003 FORESTRY ACT (SECTION 48)

- (a) advise the District Council on all matters relating to forestry;
- (b) to liaise with the Authority and other lead agencies on matters relating to forestry;
- (c) to promote forestry awareness in the district;
- (d) to promote the planting of trees;
- (e) to undertake duties involved in the management of local forest reserves;
- (f) to advise and support the management of community forests;
- (g) to assist in the development and provision of advisory services relating to private forests;
- (h) to cause to be prosecuted, any person wilfully destroying any forest resources in contravention of this Act; and
- (i) to perform any other function as the District Council may prescribe.

the DFOs and as a coordinating and oversight institution has collapsed, as is clear from the following observations from the field visits:

- From 2004 to 2007, NFA advised FSSD on the number of harvesting licenses to be issued annually by each district. This was based on assessments of sustainable harvesting levels in forest resources outside the CFRs. FSSD approved the licensees proposed by the Districts. NFA compiled volumes harvested annually on private lands and provided them to FSSD to facilitate setting of annual harvesting levels. Since 2007, the role of FSSD in approving licensing by Districts has stopped and since then the districts with forest resources have been issuing their own harvesting licenses without reference to FSSD and to sustainable harvesting levels and without management plans.
- There is no guidance for districts on sustainable harvesting volumes and no inventories of private forests, LFRs or community forests on which to determine the annual allowable cut. Current harvesting levels are widely perceived to be unsustainable.
- Licenses are allocated directly by Districts to fell trees without reference to FSSD
- The official forms in numbered form books originally supplied by FSSD are exhausted and Districts are using photocopies or designing their own procedures for licensing of harvesting collection of taxes.
- Taxes and fees levied by Districts vary. Some charge 30% of the value, others charge a set fee per load, others do not charge any fees for timber harvested on private lands. Some DFOs charge the 1% movement permit fee and others do not. Many DFOs have stopped collecting the 1% transit fee as the permit forms and official receipt books are no longer available. Some districts have set their own levels of fees and charges.
- The DFOs are still using the Year 2000 valuations which are now about one third of the current timber values. URA Customs unilaterally updated the timber valuations in 2009 as a basis for charging duties and taxes on timber imports, and although the valuations are considerably higher than the year 2000 valuations being used for taxation by DFS, they are considerably lower than current market values. Clearly both URA and DFO should be using the same valuation and the valuations should be regularly updated to reflect current values.
- Revenue generation is a high priority for districts which are under-funded by government, creating pressures to over exploit the forest resources on private lands to generate tax revenues for district administrations.
- The original 39 districts have been sub-divided over the last decade creating 112 districts. This has created many problems for management of the timber trade and adherence to regulations. No new timber marking hammers were made for the new districts and some of the existing hammers were taken by NFA. At present most districts do not have hammers and marking is either done by field hammers instead of district seal hammers, or not done at all. Yet stamping with hammers is an official requirement as part of the current chain of custody procedures.
- Since the role of coordination and law enforcement of the trade was delegated to the NFA through the Ministerial Notice in 2004 (Box 1 above), the institutional roles and responsibilities of DFS and NFA in relation to the trade in timber from private lands has become confused.
- When NFA was assigned its law enforcement role in relation to the timber trade in 2004 it was a strong and competent institution but its authority and competence has declined and currently it is not able to fulfil the coordination and law enforcement role it was assigned in 2004.
- Between 2004 and 2007, NFA facilitated institutional coordination between FSSD and the DFS including funding annual general meetings between FSSD, DFOs, and CAOs prior to the license period. These coordination meetings no longer take place.

It is clear from the field observations that the official timber trade regulatory processes involving coordination and technical assistance to DFS with support from NFA have

disintegrated and are no longer working. Districts receive no backup from FSSD on the issue of the timber trade (unless in the context of the FIEFOC project) and are implementing ad hoc regulatory processes with varying degrees of compliance with official processes.

As the regulatory systems have collapsed and official procedures are rarely followed, a large majority of the timber trade at present is illegal as it does not comply in one way or another with official procedures, either through not following the correct licensing procedures, not paying the full taxes and fees, not being in possession of the required documentation (which is not possible as the official books and forms are not available), not harvesting in compliance with a management plan, using chainsaws for converting roundwood, or other breaches of the regulations. As most timber in the markets is chainsaw milled it is illegal for that reason alone. Many DFOs interviewed during the study put the level of illegal timber at over 80%.

Estimating the losses due to illegal trade

The Government loses revenue in three ways;

- a) through illegal and undocumented harvesting and trade
- b) through under-collection of taxes on timber which partially complies with regulations and
- c) through unrealistically low timber valuations on which the taxes are based.

The quantity of timber produced domestically (excluding imports) was estimated above at 360,000 m³ per year, equivalent to 1,440,000 m³ of round sawlogs at current sawing efficiency of 25%. This is equivalent to sawlog production from clearfelling around 7,000 ha of plantation or selective felling in 72,000 ha of natural forest¹⁰. Assuming at least 80% of the trade is illegal, the area of forest harvested through illegal felling is therefore equivalent to 5,600 ha of plantation per year or 57,600 ha of natural forest per year.

The total quantities traded at present (including imports) were estimated at approximately 369,000 m³ of sawn wood per year and the current market value of this is shown in table 4 below and is based on a crude estimate of the proportion of market share of each species and average retail prices of each species. The total value amounts to UGX 101.16 billion.

The total volume of 369,000 m³ includes both imported and domestically produced sawn timber, which are subject to different taxes and charges. The timber produced within Uganda is subject to 30% tax (and other charges) and the imported timber is subject to 10% duty, 18% VAT and 6% withholding tax.

The estimated value of timber produced in Uganda on which 30% tax is due¹¹ is UGX 88 billion or USD 36.7 million (table 4, excluding imported mahogany). If taxes were collected at the current rate of 30% and current market valuations were used, the tax revenue would amount to UGX 26.4 billion (or USD 11 m). The amount actually collected in taxes is unknown, as the taxes are levied at the district level and amounts collected are not reported at the central level. Assuming at least 80% taxes due on this amount are uncollected annually, and assuming current values rather than year 2000 values are used to calculate the taxes due, the losses to the government through unpaid taxes amounts to UGX 21 billion (or USD 8.8 million) per year.

There are losses also from under-collection of taxes and duty on the imported timber. The volume of mahogany and other hardwood imports is estimated at 9,000 m³ per year (of which 8,500 m³ is from DRC) with a value of approximately UGX 12.6 billion (USD 5.25 million) at present market prices. Imported timber is taxed at the border but a recent study by WWF¹² found that about 50% of the volume imported was under-declared to avoid taxes. In addition, the timber valuations being used by URA for tax

¹⁰ The assumptions are that a hectare of plantation at maturity produces approximately 200 m³ of sawlogs and that selective felling on the natural forest yields 20m³ of sawlogs per hectare. The conversion rate from sawlogs to sawn timber is assumed to be 25%.

¹¹ The 30% tax rate is for timber from outside the CFRs and assuming the buyer is below the VAT threshold. If he is the buyer is above the threshold, the tax is 15% plus VAT at 18%.

¹² White et al, 2012

assessment are from 2009 and are now out of date¹³. The report found that total taxes received by URA in 2011 for timber imported from DRC amounted to USD 251,459 on a quantity imported of 8,500 m3 of sawn timber. By updating the valuations and eliminating under declaration of volumes, the amount collected in taxes and duties would increase by 5 fold. Losses to government by under declaration of volumes and by undervaluing the timber are therefore estimated at approximately USD 1 million annually.

Table 4. The estimated retail value of the current market

Species	Estimated % of domestic production ¹	Estimated Volume of sawn wood ²	Ave retail Price per m3 in Kampala markets UGX ³	Current Retail value (UGX)
Euc	45	162,000	250,000	40,500,000,000
Kirundu	33	118,800,000	200,000	23,760,000,000
Pine/Cypress	5	18,000	500,000	9,000,000,000
Others	17	61,200	250,000	15,300,000,000
Sub total Domestic Production	100	360,000	-	88,560,000,000
Imported	N/A	9,000	1,400,000	12,600,000,000
Total		369,000		101,160,000,000

In summary, the total retail value of the trade is estimated at UGX 103 billion or USD 43 million of which USD 36.7 million is from within Uganda and the balance is imported. Expected revenue from domestic production assuming taxes of 30% is USD 11 million per year. Assuming under collection of 80%, losses in tax revenue amount to USD 8.8 million per year. The current market value of imported hardwoods is USD 5.25 million and estimated losses from under-valuing the timber and under declaration of volumes is USD 1 million. The total losses in tax revenues amount to USD 9.8 million per year (Table 5).

The timber values on which taxation is based need to be updated urgently and revised annually to reflect current market prices. The tax rate of 30% also needs to be reviewed and updated as the 30% rate is considered too high and is likely to be a dis-incentive to investment in plantation establishment.

Table 5. Summary of estimated losses due to the illegal timber trade

Total retail value of the timber trade	\$42 million
Uganda production	\$36.7 million
Expected annual tax revenue	\$11 million
Estimated losses from under collection of taxes	\$8.8 million
Market value of imported sawn timber	\$5.25 million
Estimated annual losses from under collection of taxes on imports	\$1 million
Estimated total losses in under- collection of taxes	\$9.8 million

The estimated volume currently illegally harvested annually in Uganda (80% of the total production of 360,000 m3) is equivalent to felling 16,000 ha of high production plantation forest or to harvesting 280,000 ha of natural forest (assuming volume yield of 20 m3 sawlogs per ha and current conversion rates of 25%).

THE DRIVERS OF THE ILLEGAL TIMBER TRADE

The main drivers of the illegal trade can be summarised as:

- Weak institutions responsible for regulating the trade, particularly District Forest Services which is responsible for regulating timber harvesting from private lands and

¹³ For example the URA valuation of a piece of mahogany of 12"x2"x14 ft is \$13.22. The current retail price in the Kampala market for this piece is UGX 80,000 or \$33. The valuations being used by URA are about 40% of the current market price.

Forest Sector Support Department which has overall responsibility for regulating the forestry sector;

- Obsolete and confusing procedures and chain of custody systems that are difficult to follow at present;
- Lack of understanding of the official procedures at district level;
- Pressures from district administrations to maximise tax revenues from local forest resources and
- Weak law enforcement at district level.

The institutions responsible for regulating the trade are not carrying out their functions in implementing the regulatory framework. FSSD has not provided the leadership role in regulating the trade as originally envisaged for example in developing the regulations envisaged under the 2003 Act, revising the chain of custody systems, updating timber valuations, providing back-up support and training to DFS, arranging resource assessments on which to determine annual allowable cut levels, and providing the official forms, documentation and stamping hammers needed to implement the chain of custody requirements.

The NFA was assigned some of these responsibilities in conjunction with FSSD and performed them satisfactorily initially but does not have this capacity at present. Initially, NFA was expected to a one-stop-shop, facilitating adherence to chain of custody systems. With reduction of NFAs timber trade regulatory activities in recent years there is a need to review and clarify the regulatory roles and responsibilities of FSSD and NFA in relation to the timber trade.

DFS has not been able to implement its functions satisfactorily since it was established and does not have the capacity at present to implement its functions in relation to the timber trade. DFOs are often under pressure from the district administration to generate fees and taxes from local forest resources as district budgets are inadequate to fund the district administrations. This can lead to a conflict of interests when the pressure to raise funds takes precedence over considerations of sustainable harvesting levels.

Where there is no information on sustainable harvesting levels, no management plans and no supervisory controls or harvesting limits set by the Ministry, the harvesting levels frequently exceed sustainable levels.

DFS staff often lack support in law enforcement from their district councillors and other political masters when illegal loggers are apprehended, or when illegal timber is impounded or where forests are encroached for agricultural encroachment. This demoralises the staff and reduces their willingness and ability to carry out their functions in regulating the trade.

On the other hand, there are cases where district councillors and local communities have stepped in to protect the forest resources when the forestry staff in NFA were perceived to be managing the forest resources unsustainably or destroying the resources (e.g. in Mpigi district).

5. DISCUSSION

In contrast to the recent past when most timber originated from the Central Forest Reserves under the control of the NFA, at present almost all (over 96%) of the timber produced in Uganda¹⁴ originates from forests on private lands.

¹⁴ The NFA harvested 48,000 m³ of sawlogs in 2010 and 51,668 m³ of sawlogs in 2011, down from 106,713 m³ in 2009 and 180,000 m³ in 2008. Assuming total production of 360,000 m³ sawn wood in 2011 and 25% sawing conversion efficiency, the NFA production amounts to just 3.6% of the total production in 2011.

Regulation of this trade in timber from private forests is the responsibility of the DFS with support and coordination and leadership from FSSD. The institutional weaknesses in both these institutions have resulted in increasing illegality in the trade, unsustainable levels of harvesting and continuing depletion of forest resources.

For the past five years, FSSD has increasingly withdrawn from its role in regulation of the timber trade and from supporting DFS on issues related to timber trade. At present, each district is managing the trade in its own way with varying levels of adherence to official procedures, variations in taxes and fees from one district to another and various approaches to documentation and chain of custody. The most urgent priority is to revise systems and processes so that standard procedures are used throughout the country.

An essential step is strengthening the institutions responsible for regulating the trade i.e. FSSD and DFS. In particular FSSD as the institution with the mandate for policy development, regulation and coordination of stakeholders in the forestry sector, is the key institution to drive the reforms necessary to restore order in the timber trade and reduce illegality in the trade.

The mandates of the institutions involved in the sub-sector in relation to the timber trade are currently confusing to timber harvesters and traders and to officers in the institutions themselves and need to be reviewed and clarified i.e. FSSD, NFA, DFS, and UWA.

In designing responses to the current chaos in the trade, the focus should be on market instruments rather than on law enforcement instruments to reduce levels of illegality and to encourage higher levels of compliance with regulations and standards as well as encouraging efficiency and increased investment in the forestry sector. Market instruments such as procurement policies that exclude illegal timber and require compliance with chain of custody procedures can be more effective than law enforcement approaches.

Over the past decade there has been great progress worldwide in addressing illegal logging and trade. Uganda can draw on lessons learned in other countries in addressing the problem. One of the most effective strategies has been adopting procurement policies and market policies to exclude illegal timber and imposing requirements to prove legality through chain of custody documentation. Another successful strategy has been improving transparency in information as a means of addressing corruption in the timber trade. These and other successful strategies that are proving successful in other countries can be adopted and used in Uganda.

6. MODELS (OR CONCEPT NOTES) FOR FLEGT INTERVENTIONS IN UGANDA AIMED AT IMPROVING REGULATION AND MANAGEMENT OF THE TIMBER TRADE

THE FOUR FLEGT MODELS PROPOSED ARE LISTED BELOW IN ORDER OF PRIORITY.

They are elaborated as 2 to 3 page pull-out concepts in the following pages. The concepts include a brief descriptive narrative, goals and objectives, lists of proposed activities, implementing bodies, estimates of personnel time required and budgets.

- **Model 1:** Revise systems, processes and regulations for harvesting and trade in timber in Uganda
- **Model 2:** Revise public procurement policies and regulations to exclude illegal timber
- **Model 3:** Generate information on the timber resources and trade and increase transparency by making the information publicly available
- **Model 4:** Incentivise and assist NFA, private forestry companies and timber using industries to become certified

The highest priority described in **Model 1** is to review and implement revised systems, processes and procedures for timber harvesting and trade and to establish a chain of custody system, with standardised forms and procedures that are understood at all levels in the supply chain, are not overly complicated and are practical to implement.

Law enforcement is an important element in achieving successful implementation of revised timber trade and harvesting procedures and compliments the incentive based and voluntary compliance elements described in models 2,3 and 4. In Uganda, where law enforcement agencies are weak and open to corruption and manipulation, the incentive based approach is likely to be more successful and should be emphasised over law enforcement.

The agency responsible for revising procedures is the FSSD. The revised procedures should be developed in collaboration with stakeholders in the value chain and should draw on and harmonise with international best practices in chain of custody systems for timber trade, fully utilising information and communications technology. Ideally, the chain of custody system should be developed in conjunction with forest authorities in the trading blocks of which Uganda is a member, i.e. the East Africa Community and COMESA, as there is significant inter dependency and intra-block trade in timber between the member countries.

The revision and establishment of updated systems and chain of custody for timber trade described in Model 1 must be completed before **Model 2** on revising public procurement policies is implemented, as the Chain of Custody system will confirm that the timber is legally sourced and in compliance with timber trade regulations. Public Procurement and Disposals Authority staff indicated during the study that measures can quickly be put in place in public procurement policy and practice to require compliance with the official Chain of Custody systems aimed at excluding illegal timber or timber products from public procurement contracts. This model is aimed at transforming public procurement from being a potential driver of illegal timber logging and trade to being an incentive for compliance with official procedures and systems. As an incentive for voluntary compliance, it is likely to be a more successful strategy for improved FLEGT than law enforcement measures which depend on the forest authorities (FSSD, NFA and DFS) and the police and judiciary.

Availability of legal timber in the market place is a pre-requisite for successful implementation of the revised public procurement policies that exclude illegal timber. The model will therefore include support to timber traders associations aimed at

encouraging self-regulation, adherence to chain of custody systems and improvement of standards.

Model 3 on generating information on the forest resources aims to provide the information base for planning harvesting levels, planning investment in timber processing which is key to improving sawing conversion efficiency, and for monitoring the impact of the timber trade on the resource base. The existing database is out of date and there is an urgent need for more up to date information on the timber resources both in forest reserves and on private land. Resource information should be updated annually to remain relevant to the needs of the sub-sector.

The model includes harvest planning and providing regular timber trade reports based on functioning chain of custody systems developed in module one.

One of the most effective strategies for improving governance, not only in forestry and the timber trade but in public administration in general, is increasing transparency. The information generated in Model 3 will make information available to the public which in the past was restricted. This includes CFR inventory information, local government and national planning and budget data, NFA's and DFS expenditure plans and outcomes, lists of licensees, prices and revenues achieved for sales of NFA and local government timber, and periodic timber trade reports generated by the FSSD. The objective in making this information publicly available is to enable the citizens to hold the relevant public bodies to account. Increasing transparency makes it more difficult to circumvent official procedures, evade taxes and engage in illegal timber trade.

Model 4 is aimed at encouraging and facilitating private forestry companies and timber using industries to become certified by independent international bodies such as FSC (Forest Stewardship Council). Certification is a means of industry self-regulation as it is done on a voluntary basis and involves adopting practices and procedures that comply with internationally accepted best practices using the standard criteria and indicators for sustainable forest management, including legality criteria requiring compliance with laws and regulations in the country of harvest and trade. As certification is done by an independent body such as FSC, law enforcement by the forest administration is less critical and is therefore a good strategy in Uganda where public forestry administration is weak.

The institutions responsible for governance of the timber trade are at present and public confidence in their ability to improve governance in the forestry sector is low. Although institutional capacity building is not listed among the FLEGT models recommended by this study, the consultant team considers this an essential component in improving FLEGT in Uganda as they have a key role in implementing or supporting a number of the models listed. FSSD must take the lead in revising the systems and designing an improved Chain of Custody system. FSSD must also play a lead role in advising the Public Procurement and Disposal Authority on measures to exclude illegal timber in public procurement regulations. FSSD is also responsible for coordinating resource information collection and updating, even if the actual tasks involved are undertaken by the NFA Biomass Unit or by other agencies or contractors. FSSD also has a role in increasing transparency by making information more available on the timber trade and in facilitating and supporting the implementation of the other FLEGT models on support to timber traders associations, community and private forest owners associations, certification of timber producers and manufacturers and in law enforcement. As FSSD has a key role in implementation of all these models, capacity building of FSSD is essential to enable it to perform its functions in ensuring these models are implemented. Capacity development of FSSD could be supported as a separate model or could be implemented as a component of each of the models¹⁵.

Each of the four FLEGT models is elaborated in the form of project concept notes below.

¹⁵

Model 1: Revise systems, processes and regulations for harvesting and trade in timber in Uganda

Model:	Revise systems, processes and regulations for harvesting and trade in timber in Uganda and develop a "Chain of Custody" (CoC) system for the timber trade	
Indicators	<p>Outcome:</p> <ul style="list-style-type: none"> Improved regulation of the timber trade Standardised timber harvesting and trade procedures being implemented throughout the industry Efficient and effective timber tracking Improved Law enforcement and legality in timber trade 	<p>Output:</p> <ul style="list-style-type: none"> A verifiable chain of custody system for timber trade Standardised procedures and processes for timber trade Regulations and guidelines on the timber trade Dedicated timber trade portal on the MWE/ FSSD website Publicity materials developed and disseminated Staff trained in revised systems M&E elements developed Law enforcement agencies staff trained in timber trade processes, regulations and sanctions
Management responsibility	FSSD	
Key activities	<ul style="list-style-type: none"> Review international best practices in CoC systems for timber trade Design improved procedures for harvesting in Central Forest Reserves, LFRs, private forests and the associated CoC system for trade in timber in consultation with stakeholders, ensuring the revised procedures are simple, practical and implementable Develop the regulations (based on the 2003 Act) to give guidance and a legal basis to the new processes Gazette processes and forms Develop a web portal with information on the processes and CoC system, including online license application system as required and downloadable forms Pre-print the required forms and numbered receipt books Revise taxation regimes ensuring taxes are fair, equitable and are not a disincentive to investment in forestry and forest industries Train forestry staff in the revised processes Implement capacity development measures for FSSD to enable it to deliver on its roles. Assist FSSD to establish a timber trade and industry development department within FSSD implement its timber trade and industry development functions Liaise with Environmental Police Force and other law enforcement bodies regarding the revised regulations and processes Provide publicity materials to stakeholders describing the revised processes Explore the possibility of using independent monitors or monitoring organisations to monitor and report on the trade Develop M&E process to generate data from the revised procedures to provide relevant information for Module 3 (timber trade reporting etc) Develop the subsidiary legislation and guidelines on timber trade required to operationalise the 2003 Act Awareness and advocacy Training for law trades, timber users, law enforcement staff and judiciary 	
Budget needed	<p>Investment: budget includes contracted staff inputs, consultation costs, training, website modification and relate IT adoption</p> <p>Running/operational costs: to be implemented by FSSD staff as part of mandated functions with GoU budget provision</p>	
Staff needed	<p>Dedicated FSSD task force consisting of 2 staff for 6 months for development and implementation. Subsequent running and management by relevant FSSD unit</p> <p>International consultancy input required. IT specialist input required</p>	

Objective and scope

The objective is to review and revise the current procedures and systems for timber harvest, transport and trade, so that they are consistent with current needs, are practical to implement and can be adhered to by participants in the supply chain. The revised systems will incorporate ICT and modern technology where appropriate to improve efficiency and effectiveness and to facilitate monitoring and reporting.

It is essential that the revised systems are not overly long or bureaucratic requiring approvals and endorsements at too many administrative levels. The use of ICT and making information on licensees and approvals publicly available (as described below in model 4 on improving transparency) will make it less necessary to include endorsements at multiple levels. It is very critical to develop or adopt and adapt SMART systems & operations with particular emphasis on attaining high systems efficiencies at all levels.

The scope of the model encompasses the requirements for management plans and harvesting plans, licensing and permit procedures, taxation rates and other charges, forms used, levels of administrative approvals required, development of regulations and guidelines as envisaged by the 2003 Act. The model includes a law enforcement component which will be implemented after the systems and taxation levels have been revised and the necessary training has been done.

Implementation

The model will be implemented by FSSD. A technical consultant or FLEGT programme partner organisation will provide inputs and guidance on international best practices and lessons learned from similar programmes in other countries.

Linkages

As timber is a raw material essential to the construction, furniture and related industries, it is important that the systems developed to regulate the trade do not present a barrier to trade but rather facilitate investment and economic development. In this regard the government Ministries and agencies responsible for investment, trade and economic development have a role to play and are important collaborators in developing the revised systems and processes, and in revising tax regimes for the timber trade.

URA Customs are using updated valuations of timber commodities and are using a computer-based tracking system to track both imported and transit timber¹⁶. In revising the processes for timber harvesting and trade, the FSSD should collaborate with URA Customs to harmonise the systems.

Other important collaborators in revising systems are the private forestry companies that have established large areas of industrial plantations, the Uganda Timber Growers Association (UTGA) that represents private plantation growers, and the SPGS project that is supporting private afforestation. Improving regulation of the timber trade will benefit private growers and facilitate investment. The taxation regimes and levels of the various charges for licenses etc have an impact on profitability of afforestation programmes and therefore private forestry stakeholders are important stakeholders in the implementation of this FLEGT model.

While the focus is mainly on design revised processes for Uganda, the regional and international perspective should also be taken into account. At the regional level, harmonised systems within the EAC would greatly facilitate regional level regulation and reporting while, at the international level, processes are increasingly being standardised and the review of processes in Uganda should take this on board.

Budget and staff implications

FSSD is under-staffed and currently has limited staff with the skills to implement this model. It is estimated FSSD would need two staff full-time for 3 months to develop the revised system. International consultancy input would be required for an estimated 30 days to lead the implementation of the model and advise on international

¹⁶ The system is ASYCUDA and is a standardised system used internationally. Various types of timber have reference codes referred to as Harmonised System Codes (HS Codes) that are internationally used.

best practices. Additional consultancy input on IT would be required to develop and maintain the web portal.

Assumptions

FSSD will undertake the task and establish the required capacity to continue implementation of the processes in the future.

Model 2: Revise public procurement policies and procedures to exclude illegal timber

Theme Area: Revise public procurement policies and procedures to exclude illegal timber	
<i>Indicators</i>	<p>Outcome:</p> <p>Public procurement contracts cease to be a driver of illegal logging and trade</p> <p>Procurement contracts become an incentive for compliance with forestry regulations and laws</p> <p>Other big consumers and donors such as construction companies, education and works are inspired to develop their own internal guidelines to support legal and sustainable sources of timber</p> <p>Timber traders associations are motivated by demand for legal timber from public / government procurements</p> <p>Improved compliance with laws on timber trade</p> <p>Higher standards in timber trade</p> <p>CoC systems followed</p> <p>Self-regulation by timber traders</p> <p>Output:</p> <p>GoU timber procurement policy</p> <p>Regulations under the PPD Act</p> <p>Guidelines for traders</p> <p>Training and awareness materials produced</p> <p>Awareness campaign completed</p> <p>Timber traders associations established and registered</p> <p>Commercial trade officers, revenue authority and others brought on board</p> <p>Timber traders harmonise prices and include aspects of sustainable sourcing for their products</p> <p>Incentives for certification in place</p>
<i>Management responsibility</i>	<p>FSSD and PPDA</p> <p>DFS has a role in facilitating formation of timber traders associations</p>
<i>Key activities</i>	<ul style="list-style-type: none"> • FSSD in conjunction with PPDA develops timber procurement policy for public procurement contracts that excludes illegal timber in consultation with stakeholders • Define standards for “legal timber” • Develop the procurement regulations in line with the policy and standards • Develop guidelines for producers, traders and manufacturers on how to comply with CoC procedures • Develop measures for dealing with non-compliance, and specify penalties • Include paragraph timber procurement rules in procurement notices and invitations to tender • Awareness campaign and publicity activities • Extend the process to local government level • Support registration of timber traders associations including training to improve technical standards (grading etc) and develop incentive mechanisms to encourage associations to become certified (e.g. by FSC)
<i>Budget needed</i>	<p>Investment: facilitation costs of a team (joint working group of PPDA, FSSD), cost of collections recommendations from stakeholders</p> <p>Running/operational costs: FSSD takes the lead</p>
<i>Staff needed</i>	<p>FSSD staff to assigned to task for 3 months to develop the policy and guidelines with the legal department staff of PPDA. Implementation of the new measures is by PPDA.</p> <p>Subsequent monitoring and management by relevant FSSD unit.</p> <p>International consultant input required.</p>

Objective and scope

Central and local government and their agencies and other public bodies are a substantial market for timber in Uganda accounting for as much as 20% of public sector budgets. PPDA procurement standards already include a range of safeguard measures requiring suppliers to comply with various legal criteria but as yet they do not include any provisions to exclude illegal timber and therefore public contracts may include illegal timber and act as a driver of illegal logging and trade.

This FLEGT model will develop safeguard measures and revise public procurement regulations to exclude illegal timber from public procurement contracts, thereby providing an incentive for contractors to comply with the law, penalties for non-compliance and instead of being a driver of illegal logging as is the situation at present, public procurement could become a significant incentive for improved legality and governance in the timber trade.

The new measures will require chain of custody certification at every level along the supply chain with documentation showing information such as location of origin, volumes, concessionaire/licensee, the supplier and legality. This chain-of-custody certification is conducted at every level along the supply chain. The onus is on participants in the supply chain to ensure that the timber is legal and thus encourages self-regulation by the timber traders and manufacturers. In Uganda, where forest authorities are weak, this is a much more effective strategy than a law enforcement approach where the onus is on the authority to ensure that traders comply with the law.

As well as CoC documentation showing that the timber is legally harvested, the measures may further require that timber is sourced from forests that are certified (by bodies such as FSC) as sustainably managed. Implementation of this measure may be deferred to allow time for producers such as NFA and private forestry companies to become certified, but it can be a powerful incentive for producers to become certified.

An example of this strategy is the “EU timber regulation” which is about to come into force in on 3 March 2013. This is an EU wide law excluding illegally harvested timber and timber products on the EU market. The legislation requires that traders in the supply chain keep records indicating the source of the timber, from whom it was purchased and to whom it was sold. The positive impacts of this strategy can already be seen in producer countries which sell timber in to the EU market e.g. DRC, where most timber exports go to the EU markets. The timber concessionaires in DRC are already gearing up to comply with the law by implementing chain of custody tracking systems and modifying practices to comply with the law so that they will be fully compliant when the law comes into force in 2013.

The module includes promotion of timber traders associations aimed at strengthening compliance with CoC systems and legal timber trade requirements through self-regulation by traders themselves. Many timber traders groups and associations already exist in Kampala and other towns and are usually associated with particular locations where timber is traded and vary from loose informal groups to more formal associations. They have been formed to facilitate members to regulate timber trading activities in specific locations and to advance the interests of the members in various ways. As these timber traders associations have been established through the initiative of the traders themselves and are self-financing, they provide a good entry point FLEGT initiatives such as provision of technical assistance, training and awareness activities on issues such as CoC systems, certification and registration, timber quality, grading, standard sizes etc. Such groups have potential to have a significant impact on improving governance of the timber trade through self-regulation.

Linkages

The model will be implemented in collaboration with the PPDA. The legal and advisory section of PPDA indicated to the consultant team during this study that they would respond favourably to a request by MWE/FSSD to include safeguard measures to exclude illegal timber and that the process for amending the procurement policies and regulations does not take long and could be implemented simply by release of a circular

or directive by PPDA specifying the new procedures.

The model would be more effective if it can be expanded to an EAC wide measure across all EAC countries. In developing and implementing this FLEGT model, the potential for expansion to the EAC level and harmonising timber trade safeguard measures across EAC countries will be explored.

The model will also include advocacy activities aimed at ensuring Donor Partners adopt similar measures in their procurement contracts in Uganda.

Outline of key activities

Activities are as listed in the table above.

The model will be implemented at central government level initially and extended to local government level once it is working satisfactorily at the central level.

Budget and staff implications

FSSD is under-staffed and currently has limited staff with the skills to implement this model. It is estimated FSSD would need one full-time staff member for 3 months to lead and assist PPDA in implementation of this model. Subsequent implementation would be by PPDA.

Consultancy input would be required to incorporate international best practice into the design of revised procurement policies and regulations.

Assumptions

A key assumption is that the CoC system described in Module 1 is already established and functioning.

A further key assumption is that PPDA will collaborate with FSSD in implementing the model. This was discussed with PPDA and FSSD during the study and both institutions have indicated their approval and desire to collaborate on this intervention.

It is also assumed that competent staff will be available in FSSD to take the lead in implement the model in conjunction with PPDA.

Model 3: Generate information on the timber resources and trade and increase transparency by making the information publicly available

Model: Update forest resources data	
<i>Indicators</i>	<p>Outcome:</p> <p>National level timber forecast as a basis for policy and planning to balance future wood supply and demand</p> <p>District level statistics on forest owners and expected volumes available at all times</p> <p>Public displays of data, information about markets availed</p> <p>Market gap bridged between local towns and City</p> <p>More accountable public sector forestry institutions (NFA, FSSD, DFS)</p>
	<p>Output:</p> <p>Updated inventory of Central Forest Reserves and Local Forest Reserves</p> <p>Inventory data on private commercial forests</p> <p>Resource data on trees on private land</p> <p>Long term national timber production forecast</p> <p>Harvest plan for Central Forest Reserves</p> <p>Update NFA harvesting plans</p> <p>Increased transparency in timber harvesting and trade</p> <p>Resource inventory data harvest forecasts publicly available</p>
<i>Management responsibility</i>	FSSD in conjunction with NFA and private forestry companies and timber growers

<i>Key activities</i>	<ul style="list-style-type: none"> • Update inventories - CFR's, LFRs, private plantations and natural forests • Update CFR harvesting plans (and LFR harvesting plans) based on the inventory data • Harvest forecasts from public and private plantations • Make provision for annual updating of inventory data • Publish results and make data publicly available to increase transparency including: <ul style="list-style-type: none"> ▪ Resource data on Central Forest Reserves and LFRs ▪ Management plans ▪ Inventory data ▪ Harvesting plans ▪ NFA revenue projections and annual achievements ▪ Publish lists of successful bidders and prices ▪ DFS revenue projections and annual achievements ▪ Lists of licensees • Develop and implement a timber trade reporting system • Produce regular (quarterly) timber trade reports
<i>Budget needed</i>	Investment: Costs of generation the data base, inventory costs Running/operational costs: FSSD takes the lead with an enhance budget allocation
<i>Staff needed</i>	FSSD currently lacks the capacity to lead this exercise. Additional staff are required in NFA and Biomass Unit to undertake this work.

Objective and scope

The aim of this model is to develop dynamic long term timber supply forecasts that are updated periodically. The timber forecasts will provide the information needed for policy development and national level wood supply planning and as the basis for planning investment in sawmilling and timber processing which is needed for increasing efficiency in timber processing and which is an essential step in reducing reliance on chainsaw milling.

The scope of the model includes long term timber supply forecasting and shorter term (5-year) harvesting plans, but also includes generating the resource information on which the forecast will be based. Updated inventories are required to provide the resource information.

Making information publicly available can have a big impact on improving governance standards. Access to information such as the following is restricted at present; NFAs inventory information, local government and national planning and budget data, public bodies expenditure plans and outcomes, lists of licensees, prices achieved for sales of NFA and local government timber, local government and NFA revenues from timber sales planned and achieved annually, and periodic timber trade reports generated by the FSSD. Governance standards can be improved by maximising access to information on publicly managed forest resources and the timber trade as this helps individuals, NGOs and others to hold the relevant public bodies to account and makes it more difficult to circumvent official procedures, evade taxes and engage in illegal timber trade.

Unlike the past when timber supply came almost exclusively from Central Forest Reserves, future wood supply will come from numerous small, medium and large private plantations, as well as from the Central Forest Reserves managed by NFA. As most future timber supply is likely to come from plantations,

The multiplicity of producers makes national timber supply forecasting more complex but it is essential for orderly development of the forestry sector, balancing future wood supply and demand, and matching processing capacity with future wood supply.

The model has a much broader relevance to the forestry sector than improving governance. Better resource information is required for subsector policy development, planning, monitoring forest change and as a basis for planning investment in timber processing which is an essential step in improving efficiency and reducing reliance on wasteful chainsaw milling.

Linkages

FSSD to coordinate and lead the exercise with significant inputs from NFA, private commercial forestry companies, small and medium sized commercial tree growers being supported by SPGS, other tree growers.

Outline of key activities

The activities will mainly involve generating inventory data on plantation resources as they are likely to be the main source of timber in the future. A combination of remote sensing and on-ground sampling is envisaged for plantation inventory.

Indigenous forests both in Central Forest Reserves and on private lands will be less important in the long term future as a source of timber but as they are the main source of timber at present and are likely to remain so for at least a decade. Information on those resources is therefore required to monitor forest change and to identify areas of importance that may need protection. A methodology and appropriate classification system will need to be developed to assess the indigenous forest resource and trees outside forests.

Budget and staff implications

Additional staff are required to complement the existing staff in the National Biomass Unit and the inventory unit in NFA to undertake this work. The larger private companies will be able to provide the information as required on their own resources.

Management and organisation

FSSD is the body mandated to carry out that role of national level planning and coordination of the forestry sector and is the body responsible for national level timber supply forecasting. As FSSD currently lacks the staff and expertise required to implement this model, the option recommended is to set up a project based unit under FSSD to implement the model.

Model 4: Incentivise and encourage NFA, private forestry companies and timber using industries to become certified

Model:	Promote certification of NFA, private forestry companies and timber using industries	
<i>Indicators</i>	<p>Outcome:</p> <p>NFA and private forestry companies adhering to sustainable forest management principles and practices</p> <p>Certified furniture factories using only sustainably produced wood</p>	<p>Output:</p> <p>NFA certified by FSC or similar body</p> <p>Private companies and individuals forests certified by FSC or similar body</p> <p>Furniture manufacturers and other timber industries certified by FSC or similar body</p>
<i>Management responsibility</i>	NFA, Private Forestry Companies and FSSD in conjunction with specific donor assisted projects supporting certification. FSSD to take the lead.	
<i>Key activities</i>	<ul style="list-style-type: none"> • Training and awareness activities promoting sustainable forest management certification • Develop and implement incentive measures at GoU policy level to promote certification (such as preferential consideration in public procurement contracts) • Advocacy activities in support of certification 	

Objective and scope

The model encourages and facilitates timber production companies to become certified by independent international bodies such as FSC (Forest Stewardship Council) either to comply with increasing industry standards or simply to gain access to higher value markets. Certification is a means of industry self-regulation as it is done on a voluntary basis and involves modifying current practices to comply with the internationally accepted best practices using the criteria and indicators for sustainable forest

management. Typically certification is done by the independent international bodies such as FSC and does not require law enforcement by the local forest administration and is therefore a good strategy in Uganda where public forestry administration is weak.

Companies supplying wood into international markets have an incentive to be certified as it provides access to higher value international markets. Within Uganda, similar incentives to be certified can be provided by upgrading procurement policies so that they favour certified suppliers (as described in Model 2 above).

The process of certification is usually a commercial decision that is normally initiated and followed through by the companies themselves in conjunction with the international certification agency such as FSC. The role of the Ministry and FSSD, and of DPs and NGOs is to create the market environment where certification is the most commercially viable option, to provide economic incentives through public procurement policies, to create awareness and lobby for certification, and to provide the technical advice and assistance to support companies in to achieve the certification standards.

As the state body responsible for CFR's, NFA should show leadership in becoming certified by FSC. All of the private forestry companies that are establishing large areas of commercial plantations can learn from NFA's experience in the process and also become certified.

The scope of the model includes not just forest management companies but extends to furniture factories and timber using industries. Timber processors and furniture factories can become certified and/or develop and adopt their own timber procurement policies which exclude use of illegally sourced timber.

Linkages

A comprehensive legal framework for the forestry sector and improved law enforcement, as well as incentive measures provides a context that encourages producers and processors to become certified.

Management and organisation

FSSD is responsible for policy development and coordinating forestry sub-sector, and is therefore the lead institution for implementing this model. As FSSD currently lacks capacity to implement this model directly, it may be implemented by a project under FSSD.

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8. ANNEXES

ANNEX 1 DISTRICT TIMBER TRADE PROFILES

Timber Trade Profile of ARUA District

(includes
new districts
Amuru and
Lamwo)

*Assessed by
Sean White
and Owen
Sseremba 13
July 2012*



Description of Timber resources in district

Forest resources in private land are not significant but there is no resource information on private forests and no basis for determining sustainable harvesting levels, and no management plans for private forests.

Description of timber exploitation in the district

- **Central Forest Reserves:** All Central Forest Reserves have been harvested in the district and most remaining is under 15 years old. Some trees are being harvested in the natural forest (salvaging). Currently there is no harvesting in the entire NFA range.

- Trees harvested in the district are harvested from private land

Timber processing facilities in the district

There are no sawmills. Most timber is chainsaw milled

Law enforcement activities

- DFO occasionally impounds illegal timber. In the past 3 months he has impounded 300 pieces of *Ficus* and *Albizia*.
- When traders are arrested, they are supposed to be fined 3 times the value of the timber. However, in practice the level of fines varies and there is no standard procedure followed.
- When a truck is impounded, the owner is charged UGX 1 million and the truck is released
- NFA staff say illegal harvesting in Central Forest Reserves is a big problem.

Procedures being used for timber harvesting and sales in the district

The process currently being used for harvesting in private forests is as follows:

- The DFS has not issued new annual licenses since 2008, apart from ‘casual licenses’ to fell and convert timber which are being issued as needed in response to applications
- The District charges a felling fee of 4,500 per tree according to the statutory instrument if the owner is going to use the timber himself/herself
- If the timber is sold/traded, DFS charges 30% of the value according to the directive issued in 2000 (Statutory instrument No 16).
- Fees are paid directly to the DFO and he provides a receipt. In the DNRO office all revenues are combined together (so it is not possible to determine what revenue comes from timber fees)
- Timber movement permit is issued only if timber is going to another district (1% of value). Timber trucks cannot pass Pakwach without a movement permit.
- The fees charges are as per the 2002 Statutory instrument (No 16) and associated circular which specifies the charges and the values of various timber species. Timber values have not been updated by FSSD since 2002 (although URA has updated its valuations in 2009 on which import duties are based).

The process currently being used for harvesting in Central Forest Reserves

- There is no formal harvesting but some “salvage operations” are going on

- NFA staff don't have copies of the harvesting plans and are not aware of the contents of those plans. The current harvesting plans/forecasts are in draft form and not yet approved. The plans are kept at HQ. Local NFA staff are not involved in planning harvesting and just are informed by HQ when sales have been allocated and felling is about to begin.
- Couping and harvest planning is done by NFA central office staff
- Felling is normally contracted and not done by NFA directly

Description of the timber flows and timber trade in the district.

- Arua is a regional trading point for timber from neighbouring districts: mahogany and white wood from Congo to Uganda and to South Sudan; mahogany and teak from South Sudan to Kampala and beyond; softwoods and Eucalyptus from Zomba and Nebbi districts for the internal market.
- DFO reported a lot of Eucalyptus from Nebbi and Zombo being exported illegally to South Sudan
- DFO estimates that 80% of timber for sale in the district in the district is from Congo

Overall conclusions and recommendations on improving regulation of timber trade in the district

- The system of fines for impounded timber needs to be standardised
- NFA says it would like to take full control of the forest resources in the district. When responsibilities are split between two institutions DFS and NFA, it is difficult to protect resources and address illegal activities

Resource persons interviewed and locations visited

DFO Arua, Adiribo Edison

NFA staff

- There is a huge timber market in Lira
- On offloading trucks, the timber is planed to hide the chainsaw marks
- The timber dealers often have timber impounded by both DFO and NFA and have a challenge of distinguishing between the two.

Findings in timber markets in the main town

Prices at Timber Lane street:

o Mahogany (<i>K. senegalensis</i>)	12*2*18	=	80,000
o Eucs	6*2*14	=	13,000
o Kirundu	12*1*13	=	15,000
o Pine	6*2*14	=	23,000
o Musisi (<i>Maesopsis</i>)	12*1*14ft	=	12-13,000

Overall conclusions and recommendations on improving regulation of timber trade in the district

- The DFO says the forests act is not clear on forest on whether taxes should be levied on timber from private land. The DFO thinks that according to the Act, private forests are not supposed to pay any royalty.
- DFO considers the 30% rate of tax is too high and it is not charged in Lira

Resource persons interviewed and locations visited

DFO Lira: Olet Charles 0704 148450, DFO Kotido Lokiro Christine clokine@gmail.com 0774 143252

NFA Lira Sector Manager Ester Nyekesa 0782 993304 nekesa_esther@yahoo.com NFA Nakhaima Sebastian 0782 303948 snakhaima@yahoo.com

Timber dealer Paul OMara Isaac, Manager of timber shed at Timber Lane Street.
(Mobile: 0752 213236)

Timber Trade Profile of GULU District

(includes
new districts
Amuru and
Lamwo)

*Assessed by
Sean White
and Owen
Sseremba 10
July 2012*



Description of Timber resources in district

- NFA has not opened its CFR boundaries in Pado District.
- There are significant timber resources in riverine forests on private land in Amuru and Pado Districts.
- Communities are showing interest in conserving specific forests. One community is currently in the process of registering a community forest
- There is no resource information on private forests and no basis for determining Annual Allowable Cut or sustainable harvesting levels, and no management plans for private forests.

Description of timber exploitation in the district

- Central Forest Reserves: NFA started harvesting in 2006 but is doing no longer harvesting in the sector either in plantations or natural forest. When harvesting was being done, the harvesting plan was developed in Kampala HQ. The NFA staff did not have a copy of the harvesting plan.
- LFRs: No harvesting is being done in LFRs.
- Since 2007, there are no long term licensees. Licensing is done on a short term casual basis for individual fellings, often for small numbers of trees.
- Most felling is done in private forests.
- Most timber comes from Amuru (especially Pako sub-county).
- The DFS issues many casual licenses.
- Common timber species mentioned by DFO: *Albizia*, *Khaya grandifolia*.

Timber processing facilities in the district

- No fixed sawmills
- When NFA was harvesting in the Central Forest Reserves, mobile Lucas and Kara mills were brought from Kampala but are no longer in the district.
- There are four timber sellers yards in Gulu

Law enforcement activities

- The DFO occasionally impounds illegal timber but it is rare. The last occasion was in 2011 when 200 pieces were impounded and before that in 2010 when 49 pieces were impounded.
- Often timber is moved at night time to avoid the law.
- DFO says most felling in the district is illegal as fellers do not want to pay the 30% fee.
- NFA impounds timber occasionally – some impounded timber was observed at the NFA offices. Impounded timber is transported to Kampala and sold in NFA HQ in Kampala.

Procedures being used for timber harvesting and sales in the district

The process currently being used for harvesting in private forests is as follows:

- Nileply is currently harvesting in the district. They are charged 30% of the value of the timber (Euc UGX 70,000 per m3 and mahogany 100,000/m3)
- Timber movement permit is issued only if timber is going to another district (charged 1% of value) but currently Gulu District does not issue movement permits or charge the fee.
- District uses the year 2000 circular that specifies the charges and timber values
- As the DFO has no transport the licensee has to transport the DFO to inspect the

timber (so DFO is immediately disadvantaged and compromised)

- When fees are charged, the DFO office does not collect the funds. Instead he writes a note to the District Finance office and the trader pays direct to the finance office and is receipted – the DFO keeps no record of fees paid.
- The FSSD produced a form for the purpose of licensing (to be signed by the LC1,3,5, DFO, CAO and FSSD). The form is entitled “Agreement between dealer owner and licensee”. (Note the forms are not numbered and can be photocopied which is unsatisfactory for record purposes as a single form can be used many times for felling)

Description of the timber trade in the district.

- Most timber for sale in the District comes from Masindi, Hoima and Kibale, estimated at about 2 loads per week at present consisting mainly of Nkalati. (Timber dealer in town estimates 90% comes from Kibaale)
- Pines come from Mukono District
- Timber felled locally is mainly from private forests – riverine mahogany (*Khaya senegalensis*).
- Gulu district has not issued licenses since 2005. Amuru District is issuing licenses. According to the DFO most felling in the district is illegal.
- Mahogany felled in Amuru goes mainly to markets in Kampala
- All timber coming from west of the Nile is hammer stamped (Masindi, Hoima, Kibale)
- NFA staff reported that some timber was being exported to south Sudan.

Findings in timber markets in the main town

- Four main traders in Gulu. Species for sale: Mainly Kirundu and Mahogany (*Khaya senegalensis*) for sale, 90% of which is from Kibaale. Also pines, Eucs.
- Origin of the timber: Eucs and Mahogany from DRC, Pines from Masindi, Musanda and Kirundu from Kibaale
- Current prices: On Gulu-Kampala Rd the prices were: *K.senegalensis*: 12x2x14 UGX 40,000; Albizzia 12x2x14 UGX 17,000; Kirundu 12x1x10-14 UGX 14,500
- There prices increment since 2007 by about 1000/= a piece
- On offloading trucks, the timber is planed to hide the chainsaw marks
- The timber is of poor quality with several splits and warps.
- The timber is pitted and chainsaw milled (about 50% of each)
- Most timber from Masindi and Kibaale is chainsaw milled
- The timber trade is very active with four major traders
- No major harvesting within the current district of Gulu but major illegal sources from Amuru and Nwoya

Overall conclusions and recommendations on improving regulation of timber trade in the district

- DFO recommends FSSD produces uniform guidelines on harvesting procedures and processes to standardise the approach in all districts. DFO needs guidelines on what private owners should pay government in taxes. (Is there a legal basis for charging 30% of the value?)
- Charging 30% of the value as tax is a disincentive to private tree growing. The taxes should be reviewed.
- Timber fees bring in UGX 3m per year to Gulu District while the budget is 8m per year (Amuru data is not known)
- DFO has no records/data available in his office on timber trade. FSSD should standardise recording requirements and processes and timber trade monitoring procedures
- The two-man rip saw that has to be used for milling is too slow and expensive compared to chainsaw. Most use chainsaw.
- The process for registration of a community forest guidelines are too cumbersome

and bureaucratic and should be simplified to make it easier to register a community forest. The guidelines produced by FSSD for community forestry registration (“Guidelines for the formation, registration and management of community forests”)

- NFA staff do not have an inventory of the Central Forest Reserves or harvesting plans. These data are in NFA HQ and should be available to the range and sector offices and to the districts.
- Timber dealers recommend a) Have common fees for all country and b) Let one organisation manage the timber harvests to avoid the confusion of RDC, DFS, NFA, police, UWA

Resource persons interviewed and locations visited

DFO Abwolo Samuel, abwolosamuel@gmail.com abwolosamuel@yahoo.com, Mobile 0772 890190

NFA: Milton Nyeko, Acting Sector Manager nykomi@gmail.com , NFA: Odaga Joshua Obeit Sector Mmanager (Plantations), Timber trader at Okot-Deg Bedo Ltd.

Timber Trade Profile of MASINDI District

(includes new districts Kiryandongo and Masindi)

Assessed by
Sean White
and Owen
Sseremba on
13 July 2012



Description of Timber resources in district

- Budongo is the most important CFR in the District.
- LFRs: One LFR in Masindi amounting to 49 ha. This has been replanted by DFS through SPGS at the initiative of the LCV Chairman.
- There are many private natural forest owners with varying areas – some with just a few hectares and larger owners with 80-90 ha.
- There is no resource information on private forests and no basis for determining Annual Allowable Cut or sustainable harvesting levels, and no management plans for private forests.

- Community forests are being established and registered in the district with the assistance of CODECA (Community Development and Conservation Agency) with funding from CARE

Description of timber exploitation in the district

- Most timber is harvested from tree resources on private land or from Central Forest Reserves. There is no harvesting in LFRs.
- Most timber is chainsaw milled but some pit sawyers are operating in the Central Forest Reserves.
- Asst DFO says that timber is planed to remove evidence of chainsaw milling before export to South Sudan. He thinks it goes to the border without import papers and is exported in collusion with Customs or possibly enters the export supply chain at Paidha re-saw yard.
- Most timber harvested in the district comes from trees and forests on private land. Species are *Albizzia corearia*, *Blighia unijugata* (used for school desks), *Alisonia banai*, *Maesopsis*, *Khaya anthotheca*.
- Masindi (along with Hoima and Kibaale) is the source of timber supplied to districts to the north and north east which have inadequate supplies.

Timber processing facilities in the district

- There are no sawmilling facilities in the district Ugaply takes round logs to its plywood factory in Nakasongola.
- Most timber is milled by chainsaw although some pit sawyers are operating in the Central Forest Reserves.
- Two re-sawing and planing facilities are located at the railway yard. Planing is regularly done to remove the evidence of chainsaw milling and also to improve the appearance before sale. As well as regular sizes, some large squared baulks 8"x8" of cypress were seen in the yard awaiting re-sawing into sizes 4x2 etc.

Law enforcement activities

- Traders and others resist efforts by DFS to arrest illegal loggers and impound timber. Generally the DFO does not impound timber or carry out other law enforcement activities as there is resistance from politicians and traders. DFS says their focus is on protection rather than law enforcement.
- The NFA staff appear to be more assertive on law enforcement and impounded timber (and charcoal) was observed in the NFA store. NFA occasionally carries out patrols with the environment police. NFA says that it is difficult to impound timber in transit as owners say it comes from private land. NFA occasionally impounds chain sawn timber.

- (Note the LCV Chairman blames NFA staff especially in Budongo for the spread illegal logging. However, NFA are making efforts to impose the law, but DFS do no law enforcement activities and allow chainsaw milled timber to be processed in the timber yards in Masindi. DFS also legitimises timber without knowing the origin (maybe illegally felled in Central Forest Reserves) by charging fees and providing receipts.
- The district has not licensed chainsaw operators or tree fellers.
- All timber observed in the district was chainsaw milled.

Procedures being used for timber harvesting and sales in the district

a) Harvesting in private forests:

Information on the process was scanty as the DFO was not available and he controls the process, collects the fees etc. However, one prominent private forest owner (Keith Bitamazire) described the system as he experienced it when applying for a licence in 2010, as follows:

- Before beginning the process, the owner identified a timber buyer who was already felling for NFA in a CFR
- Owner requests LC1 to write a letter stating that the land on which the trees are growing, is owned by the applicant and certifies owner has a forest to sell
- LC3 signs the letter
- DFO, LCV sign the letter and sends to the FSSD Commissioner
- FSSD (Margaret Adata) approves
- Minister approves
- The fee is UGX 4,500 per tree to be cut. DFO issues a local government receipt for fees paid.

(this process took 3 months but the owner followed up at every step and said that most owners would not have the ability to follow up so tenaciously and that the process would normally take much longer)

b) Harvesting by NFA in Central Forest Reserves (as explained by the Range Manager)

- NFA HQ does an inventory
- Harvesting plan developed by HQ using inventory data
- NFA issues felling licenses as per the harvesting plan

Teams Comments on the above procedures:

The NFA harvesting plan 2007-2020 for the range is still in draft form and has not been approved. Therefore according to the law which requires felling in line with a harvesting plan, all felling in Central Forest Reserves is illegal until the plan has been approved.

Description of the timber trade in the district.

- Information on collection of revenue from timber trade was not available as this aspect of the work is controlled by the DFO and he did not make himself available to meet the team. The other DFS staff know little about this issue
- Most timber in the district comes from Hoima and Kibaale. Currently about 1-3 trucks per week are passing but before the current timber trade ban there were 2-3 trucks per day.
- LCV says charcoal revenues are about UGX10 m per quarter
- There is a significant export trade in timber from Masindi to south Sudan (though this is illegal).

Overall conclusions and recommendations on improving regulation of timber trade in the district

- The issue of illegal logging and trade is a serious concern for leadership in District but LCV says trade must continue as timber is needed for economic development and there is no alternative (LCV Chairman).
- District provides movement permits and charges fees even though the timber may be illegally harvested from Budongo or other Central Forest Reserves

- c) According to the LCV Chairman, the NFA staff are the main problem but this was not substantiated. The evidence seen by the team indicated that on the contrary the DFO office was the main problem, as NFA is checking timber, impounding timber etc .
- d) Even though there is a ban on timber harvesting at present, there is plenty of timber being re-sawn in the railway timber yard and plane planed to remove evidence of chainsaw milling
- e) The main challenges private forest owners face in registering their forests is in acquiring land titles. It can take up to 10 years to get a land title.
- f) Boundaries of Central Forest Reserves are not demarcated and not known and therefore it is difficult to assert that timber has been illegally felled in Central Forest Reserves when boundary is not known.
- g) NFA says Collaborative Forest Management has helped to increase forest protection in Kibaale
- h) The Chairman of the private forest owners association recommended:
 - Don't focus on the timber trade (as trees are already cut at that stage), focus on the root causes of tree felling and on protection
 - Assist the many private forest owners to register their forests, develop MoU templates and management plan formats
 - Support private forest owners associations to increase protection
 - Help private owners to generate income from REDD and other sources
 - FSSD or NFA should Provide a one-stop-shop for forest information and data
- i) The process for licensing tree felling on private land is too long, bureaucratic and impractical and should be revised and simplified
- j) Most timber harvesting and trade in the district is illegal in the sense that it does not comply with one or more of the regulations
- k) As the NFA harvesting plan has not been approved, all harvesting from Central Forest Reserves is technically illegal
- l) DFS is ineffective in controlling illegal logging and trade.
- m) DFS mentioned that NGOs tend to work directly with the Communities or private forestry interests and bypass the DFS. DFS should coordinate the work of NGOs in the sector to ensure compliance with national and district priorities and to avoid gaps and duplication

Resource persons interviewed and locations visited

Asst DFO Nabukenya Olivia 0775 009222

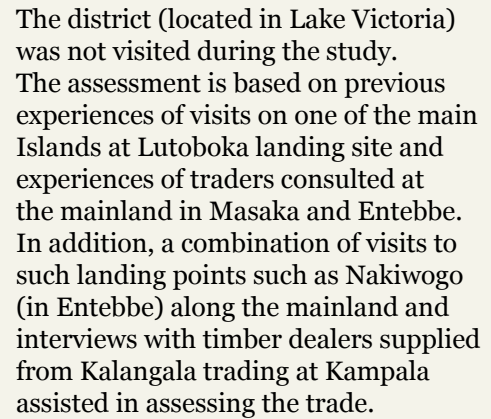
Akoka Anthony, DFS Forester 0782 372980

Keith Bitamazire, Chairman of the “Albertine Rift Private Forest Owners Conservation Association”

Tumanye Nuriat, NFA Range Manager Email: tnuriat@yahoo.co.uk Mobile 0772 400616

Note Masindi DFO Birytega Simon (Mobile 0772 394129) did not make himself available to meet the consultant team although he was in Masindi during the teams visit

Timber yards owners (not named) at the Railway timber yard in Masindi town



Kalangala district consists of 84 islands widely scattered in Lake Victoria.

Description of timber exploitation in the district

- Bidco Palm Oil project is in the process of establishing 40,000 ha of Palm Oil plantations, about 6,000 ha of which has already been planted, on lands farmland and cleared forest land.
- Timber harvested from the areas cleared for the oil palm plantations has become a major source of timber for the Kampala market, with major harvests done by Nileplywoods with an estimate of 30 m3 of sawlogs per week only by one company market. The commonest species harvested is *Antiaris toxicaria* and *Canarium schweinfurthii*. The other traders harvest about 150 m3 a week for the Kampala markets that include a mixture of all indigenous species particularly *Lovoa trichilioides*, *Piptanediastrum africanum*, *Blighia unijugata* and others
- Most timber is harvested from the natural forests on the many Islands that from Kalangala District. The trade is porous across the borders of with Kenya and Tanzania (in L. Victoria) as there several islands in the waters of both countries with the same cultural origins as the peoples on the Uganda and hence the cohesion in harvesting.
- Most timber is harvested by chainsaw and transported in canoes from the smaller islands to the bigger ones. The bigger canoes (ekinaala) transport the timber to 'Kampala'. By Kampala, they mean the mainland at several landing sites along the shores with Bukakatta (Masaka) and Nakiwogo (in Entebbe) and the major ones. The timber at Bukakatta then heads south and southwest in the areas of Masaka and Mbarara since it has no authentic travel permits and documentation. The timber finds its way on construction sites directly and hence not traced by any DFOs or NFA

Apart from the sites harvested by Nileplywood that have mechanised logging (for only logs and not timber conversion), the rest of the timber harvest and conversions are done by chainsaw.

There is a no effective monitoring of logging and milling activity on the islands and it really is uncontrolled.

The major species of timber are the native species e.g *Lovoa trichilioides*, *Piptanediastrum africanum*, *Blighia unijugata*.

Description of the timber trade in the district.

It is difficult to track the timber trade within the district given the scattered islands with very many landing points. The major Landing points at the mainland are Bukakata (Maksaka), Nakiwogo/Kasenye (Entebbe) and Bbaale in Mukono. All these and other smaller landing points like Busabala (Wakiso) receive timber in canoes. The major use of timber is high grade furniture and much of it on order by individual carpenters in Kampala, Mbarara and Masaka and does not go through the markets in those towns.

Overall conclusions and recommendations on improving regulation of timber trade in the district.

Much as the district was not visited, it is clear that much (estimated 80%) of the indigenous timber from natural high forest consumed in Uganda. All most all Kirundu (*Antiaris toxicaria*) on the market used for shuttering on construction sites in Kampala comes from Kalangala.

- d) The DFS charges royalty fees of 30% (15 % value of timber and another 15 % VAT equalisation fee) on inspecting the timber at the felling site. A Local Government receipt for fees is issued and the timber is supposed to be stamped with the hammer, but only Mpigi district has a hammer and that is worn out so this is not done
- e) A transport permit is required to transport timber from the felling site to the market but as permit forms are no longer available, the receipt for payment of fees is used as evidence of legality.

Comments on the above procedures:

- In theory, anybody can apply for a harvesting license, but the last licensing took place in 2008/9 when 6 pit-sawyers were licensed to cut timber from private forest lands. The original licences in 2008/9 were signed by FSSD. Since then, these same six licences have been renewed annually by the District without recourse to the FSSD. The correct procedure requires the licenses to be approved by FSSD.
- The volumes to be harvested are supposed to be based on management plans and AAC. The licence specifies a volume (such as 500 m³) but there is no basis for determining the AAC as there is no resource information available and no management plans for private forests.
- The license specifies the location as the sub county name but no more precise details of location or forest owner is provided.
- About 4 years ago, the district registered private forest owners. This helps the staff to verify where the licensee will harvest from.
- The license form is supposed to be from books with numbered forms in quadruplicate with copies to licensee, URA, District LG and quadruplicate to remain in the book. The books are finished and no new books have been received by the DFO since 2008. No copies are provided as per the specifications.
- There is no monitoring of private forest resources status or resource depletion
- The 2003 Act provides for registration of private forests but no procedures or guidelines and regulations for this have been developed by FSSD.
- The Forest Produce Fees date from 2000 and have not been updated.
- Forms being used are not gazetted
- DFO has not been issuing official movement permits as the permit books are exhausted. Instead, the receipt for payment of the fees is treated as evidence of legality.
- Mpigi has a hammer but it is worn out. The new districts do not have hammers.
- FSSD are not supervising NFA activities

Description of the timber trade in the district.

According to DFO, there is no harvesting going on at present and timber in the market comes in from Kampala

(Note: According to a report by FSSD in June 2012, any timber produced in the district goes to Wakiso and Kampala and there are no timber sheds (sales yards) in Mpigi).

Overall conclusions and recommendations on improving regulation of timber trade in the district

- a) Regulating and monitoring harvesting from private forests is difficult with small district staffs. The law provides for registration of private forests, management plans, determination of AAC and harvesting at sustainable levels. But no procedures have been developed for this. Much of the private forest area is low quality bush with no timber production potential at present and may not need regulation. Before deciding if regulation of these forests is necessary, a resource assessment and classification should be done to determine if any private forest areas of high environmental importance exist.
- b) A resource assessment is also needed to provide a basis for management plans and determining sustainable harvesting levels in the private forests (and Central Forest Reserves).

- c) Better coordination between NFA and DFS staff is needed. FSSD has a role in facilitating this coordination.
- d) FSSD has neglected its regulatory and monitoring role. It should re-engage with DFS and NFA to fulfil this function.
- e) There is no interaction between FSSD and the District at present. FSSD does not have information on DFS activities and there is no support. FSSD should develop a simple ICT based reporting system to provide monthly or quarterly national level information on key aspects of DFS activities.
- f) The Statutory Instrument 2000 No 16 on fees from forest produce should be updated by FSSD
- g) Procedures for harvesting timber in private forests should be reviewed and revised as necessary
- h) Forms to be used for regulating timber harvesting and trade should be gazetted and official books printed.
- i) NFA and DFS should share information on harvesting plans, licensees etc, rate of collection of fees, harvesting plans, management plans etc. Maximum transparency should be encouraged to reduce potential for misappropriation. DFS should have access to CFR inventory data and harvesting plans to 2020. This would increase transparency and help LG to monitor NFA misuse of resource (e.g. premature felling) and vice versa.
- j) LGs have a stake in Central Forest Reserves which is not being recognised at present. In Mpigi the LG acted to protect the Central Forest Reserves when NFA were seen to be over exploiting them. The districts see no benefits from harvesting revenues from Central Forest Reserves. NFA should provide a proportion of revenues from the sale of timber in Central Forest Reserves, just as URA shares its revenues with districts
- k) FSSD should produce regulations to operationalize the 2003 Act. For example, procedures for registering a private forest, procedures for harvesting plans for private forests and LFRs.
- l) FSSD should supervise NFA activities in the district through the performance contract as was originally intended during the reform process.
- m) Recommend firewood plantations be promoted to reduce pressure on private forests (Schools and army have the are the worst culprits in this regard).
- n) Coordination between NFA and DFS is now good due to personal efforts by the staff. But FSSD, which is responsible for ensuring collaboration and coordination, is completely out of the picture.
- o) Staff shortage at the District level was mentioned by the DFO but all existing staff during the visit were under deployed and sitting at empty desks at the DFS office.

Resource persons interviewed and locations visited

DFO Polly Birakwate, pollybirakwate@yahoo.com, Mobile 0772193688/ 07021426894

Timber Trade Profile of RUKUNGIRI District

Assessed
by Owen
Sseremba on
19 July 2012



Description of Timber resources in district

- There are no natural local or central forest reserves; all are plantations. The Local forest reserves managed by the DFOs office include; Kagugo(4ha), Kebisoni (5ha), Rubabo (7ha). All these have *Eucalyptus* spp and are not yet harvestable
- All timber trade is based on Private forest plantations of mainly *Eucalyptus*
- There is no resource information on private forests and no basis for determining sustainable harvesting levels, and no management plans for private forests

Description of timber exploitation in the district

- Timber originates locally from private forests
- Locally harvested timber goes to markets in Kampala mainly.
- Species are mainly *Eucalyptus grandis* species
- All private plantations with ready trees are harvested as and when the owner deems fit. Mainly in Kebisoni S/C.
- The only available statistics show a record of private forests harvest that has paid the 30% local revenue to the district; see example attached.

Timber processing facilities in the district

- Most timber is pit sawn but there are no registered pit sawyers and chain saw operators
- The few available cases of chainsawn timber are those for domestic construction and do not require any movement. Some times this timber is on the local market but its hard to impound it since its mixed with the Majority of the pitsawn timber . Just 1% of timber traded is chainsawn
- There are no sawmills

Law enforcement activities

- There has been no impounding of timber in the last 3 years since the district demand a lot of revenue and most timber are form private forests.
- The DFOs office does routine patrols in the hotspot sub counties twice a week.
- DFO holds sensitisation workshops twice a year to educate timber dealers on the policy
- The district is very dependent on forest revenue and so they invest in patrols and persuade the timber dealers to comply.
- Illegal timber is not a problem and is very rare.
- The big traders comply more with the bureaucracy than small traders
- The procedure followed are not legal (see below) but they have been seen to be formal and enforced by the district
- There is compliance form the traders and hence very limited illegal timber trade.

Procedures being used for timber harvesting and sales in the district

- Only the big timber dealers felling 500 trees and above apply for permits to harvest
- Movement permits are given to all timber leaving the districts even when the source is not known
- In some sub-counties such as Kebisoni, the fee is 3000/= per tree felled. This revenue goes to the sub-county and not to the district

- The district depend on forestry revenue as they are the biggest single collection 25% (UGX50M a year)
- The timber dealers apply in writing, fill a form and sent to the Ministry headquarters. This takes about 3 months allowing them to harvest on their private land.
- The DFOs office waits at the district to levy 30% prior to issuing the movement permit.

Findings in timber markets in the main town

- Only trade in Eucalyptus with limited traces of pine and Kirundu
- Prices are normally: Eucalyptus 4*2*10 (4000/=); 6*2*10(6000/=)
- The timber market is huge and trucks are loaded daily to Kampala
- Most timber is pit-sawn and legal. Only the Kirundu (less than 1%, in only one shed and a very small volume) was chain-sawn but had trace of origin and hidden indoors
- The timber demand is increasing and the prices have risen by 1000/=
- Timber is stored outside in disorganised environments
- Some level of stacking but not done professionally
- All timber in the timber market is pitsawn, chainsawn timber goes to the construction sites directly.
- Locally harvested timber in the district is used on sites within the district and much is exported to Kampala
- All timber heads to Kampala
- Trucks from Kanungu pass through the districts but those are already cleared in the district of origin (3 trucks a week)

Overall conclusions and recommendations on improving regulation of timber trade in the district

- Management of the timber trade is satisfactory in Rukungiri, although they are not quite following correct procedures
- The district has bylaws governing the trade.
- Timber trade is major source of revenue for the district
- The district supports activities of the DFO
- More timber leaves Rukungiri for Kampala than Kanungu
- Recommend the local bylaws of the district and sub-counties regarding timber trade need to be documented.

Resource persons interviewed and locations visited

Asst. DFO/Forest Ranger: Kanyesigye Plan Tel: 0774000394

Timber trader: Mrs. Twino

Timber Trade Profile of MBARARA District

(includes
new districts
Ibando,
Isingiro,
Kiruhura)

Assessed
by Owen
Sseremba,
Martin
Asiimwe on 20
July 2012



Description of Timber resources in district

DFO:

- There are no natural local forest reserves; all are plantations
- Only one local forest reserve managed by the DFO and used for poles production only
- All timber production in Mbarara is from Private forests of Eucalyptus
- There is no resource information on private forests and no basis for determining sustainable harvesting levels, and no management plans for private forests
- Very substantial consumption of timber but from outside the district

NFA:

- Central Forest Reserves are Rwoho, Bugamba and Kyahi
- Harvesting in Roho but volumes are not known to local NFA staff and are available at NFA head office (James could provide)
- Private tree planting is being done in Central Forest Reserves through leases
- Thinning coupes in CFR plantations are allocated to locals through a bidding process

Description of timber exploitation in the district

DFO:

- 30% Timber originates locally from private forests and over 70% from neighbouring districts especially Kyenjojo, Kamwenge, Bushenyi, Kabale, Ntungamo and Rukungiri
- Locally harvested timber is mainly consumed locally
- Mainly *Eucalyptus grandis* species
- No major harvesting but a huge importation of timber into the district
- No licences either

NFA

- Timber comes from our Central Forest Reserves and heads for Kampala as prescribed by law (NFA bidding procedures)
- Mainly Pine is harvested
- Rwoho forest is mainly the hotspot for harvesting at the moment
- Estimates of volumes harvested are sent to NFA Head office

Timber processing facilities in the district

- There is a sawmill in Mbarara owned by a private company
- All timber from private forests in Mbarara is chainsawn and chainsaw milled
- The thinning coupes offered by NFA are normally sawmilled by NFA:
- The thinnings are sold as logs and converted by the bidder
- In Central Forest Reserves; the bidder uses either pitsaw or Lucas mills to convert sawlogs and chainsaw milling is not done. The licence is cancelled if chainsaw milling is done.

Law enforcement activities

DFO:

- DFO did patrols when FIEFOC funding was still available but does not patrol now. The DFO has not impounded timber in the last 3 years

- DFO rarely impound since there is no major harvest or production from Mbarara
- DFO often meet transit timbers on the road

Procedures being used for timber harvesting and sales in the district

Timber from private forests under the jurisdiction of the DFO:

- Harvesters apply for felling permits by writing a simple letter through the LC1 to prove ownership of the trees
- Then the DFO then grants permission after they have paid felling fee of 4,500 per tree
- No longer charge the 15% of 30%. Traders pay just a token as estimated by the DFO
- If felling quantities less than 100 trees, licensing is done locally. If the quantity is more than 100 trees, a license application is sent to the Ministry even for harvesting on private land

Description of the timber trade in the district.

DFO:

- In Mbarara, more timber is consumed than produced. An estimate of 4 illegal trucks are enter Mbarara weekly plus 10 trucks of legal timber
- About 4 truck of illegal timber are smuggled out of Mbarara weekly
- DFO estimates that about 20 trucks per week find their way to construction sites directly from unknown origins
- Locally harvested timber in the district is used on sites within the district.
- 70% of timber in the market is imported into Mbarara
- No major revenues from timber for the district

Findings in timber markets in the main town

The following is based on an interview with the secretary of Uganda sawmillers and timber traders' association-Mbarara branch, and on personal observation by the assessor.

- Traders have an association with objectives of protecting the traders' interests
- Only trade in Eucalyptus with limited traces of pine and kirundu
- Prices are normally: Eucalyptus 4*2*10 (3500/=); 6*2*10(6000/=), Kirundu 7000(12*1)
- Observed that Mahogany was being hidden in the closed stores and never displayed, about 200 pieces of 12*2*18
- Offload about 15 trucks a week from neighbouring districts
- Estimated 5 trucks of illegal timber in week
- Suppliers clear timber from source districts
- Use of the chainsaw is the challenge, there is no option and hence majority of the timber is chain sawn
- Have a sawmill within the timber yard/market section
- Buy logs from private farmers and NFA thinnings and saw them on the sawmill but the sawmill is expensive and not as economical as the chainsaw for localised and distant harvests

Consultant's observations

- Mbarara consumes more timber than it generates
- 90% is chain sawn
- 10-20% of trucks do not have appropriate documentation

Overall conclusions and recommendations on improving regulation of timber trade in the district

- DFO recommends to modify the law to allow for regulation of private forest owners
- NFA recommends a zero-tolerance approach to use of chainsaws for milling
- Timber traders recommend that timber traders association should have a formalised

role in managing the trade with the authorities. They are willing to provide information on illegal timber trade and assist in regulation as illegal timber results in unfair competition to legal traders

- Traders recommend that authorities assist by researching alternatives to the chainsaw

Resource persons interviewed and locations visited

DFO: Tusiime Frank

Timber traders association secretary- Basiime Francis

NFA team: Ogwayi Peter and Moses Kabaireho

Timber Trade Profile of KABALE District

(includes new
district of
Kanungu)

Assessed
by Owen
Sseremba on
18 July 2012



Description of Timber resources in district

DFO:

- All local forest reserves are plantations
- The Central Forest Reserves are in Mafuga area and also have plantations of exotic species managed by NFA
- No natural forests; only plantation forests.
- 100% harvesting is done from private plantations. No areas/inventory of Private forests established, no basis for determining sustainable harvest levels and no management plans. There are no registered forest owners.

- Majority of private plantations are *Eucalyptus grandis*

NFA: NFA has active logging in some CFR compartments but only about 10,000 m³ remain

Description of timber exploitation in the district

DFO:

- Timber originates locally from private forests
- Locally harvested timber heads for Kampala mainly.
- Mainly *Eucalyptus grandis* species
- All private plantations with mature trees are harvested as and when the owner deems fit.
- DFO has no statistics on timber sales as all receipts are kept with the finance department of the district.
- District depend on forestry revenue as they are the biggest single collection 5%

NFA:

- All bidding is managed centrally at headquarters
- Sales range between 500-3000 m³ annually

Timber processing facilities in the district

DFO:

- Most timber is pit sawn but, there are many cases of chain-sawn timber
- DFO clears it since it is from private forest and the districts need the revenue
- No registered pit sawyers and chain saw operators

NFA:

- Lucas mill, Woodmiser and Pitsawing is used
- No chainsaw milling is done in the Central Forest Reserves

Law enforcement activities

- DFO rarely impounds timber because he has a special understanding with traders. They all come voluntarily for clearance
- The former DFO was too harsh and failed to collect much revenue as most traders went to neighbouring districts to clear their timber i.e. Rukungiri and Ntungamo
- DFO never impounds timber. Instead he entices traders to pay and releases them
- DFO says the law is not clear on whether fees should be paid on privately planted forests.
- NFA only enforce laws with their bidders

- NFA does not get involved with law enforcement outside the Central Forest Reserves
- As all timber in Central Forest Reserves is pines, NFA ignores eucalyptus which comes from private forests

Procedures being used for timber harvesting and sales in the district

DFS:

- DFO issues movement permits and charges per piece
- No felling fees are charged
- DFO cultivates relationships with the timber traders and creates friendship to attract them to pay taxes.
- DFO does not charge the 15% or 30% as per the Statutory Notice No 16 of 2000. Instead he charges 200-300/= per piece leaving the district
- No circulars or communication available on what fees to levy. The DFO says the 15% and 30% charges are just rumours and has never seen up to date documentation on fees and charges, especially relating to private forests.

NFA:

- All bidding and clearance for timber sales is done at the HQ and local NFA staff only supervise compliance with specifications.
- The documentation on timber sales is brought from NFA HQ by the bid winners and presented to the NFA staff. Local NFA staff are sidelined in the whole process.
- NFA staff noted problems of disparity between standing volume estimates and actual volumes

Description of the timber trade in the district.

DFO:

- Apart from the chain-sawn timber, there is no illegal timber. 100% of the timber leaving the district is legal and known because the traders are known.
- Chainsaw timber is normally for local consumption, but if the owner wants to transport it, DFO processes the movement permit.

NFA

NFA does not impound and considers that the work of the DFO. In its area of jurisdiction,

Findings in timber markets in the main town

- The local market mainly trades Eucalyptus with limited traces of pine
- Prices are normally: Eucalyptus 4*2*10 (3000/=); 6*2*10(6000/=)
- Pines cost UGX 12,000 for 9*1*10
- The timber market is not so huge since many people own forests and can harvest the timber they use individually, so do not need to go to the market.
- Supply has shot up due to increased demand for constructions around town
- No indigenous species are traded
- Timber is stored outside and covered with canvas
- Timber is well stacked (professionally done)
- The millers cross cut at 10ft to avoid warping of the timber. The shorter, the better.
- All timber in the timber market is pilsawn; chainsawn timber goes to the construction sites directly.

Overall conclusions and recommendations on improving regulation of timber trade in the district

Assessors Conclusions:

- The DFO saw that the official procedures were too tough so he devised his own means of making timber dealers compliant to payment of local revenue to the district.
- The DFO is collecting more than his predecessor and has more returns from the

timber traders; they come for clearance willingly without coercion

- Although traders comply with local rules, those rules are not in line with official procedures and processes, therefore the timber trade is technically illegal
- the district authorities say they cannot survive without revenue from timber and forest produce
- The NFA says they have no responsibilities for any timber outside the CFR plantation areas.
- Traders coming to the DFO with a truck load of timber just pay and leave without any bureaucracy. The DFO says the biggest challenge is tracing the origin of the timber but even if origin is not known, the DFO issues permits
- The millers in Kabale cross cut at 10ft to avoid warping of the timber. The shorter, the better.

Recommendations

- Harmonise policy on which DFOs operate in all districts.
- Streamline the law and procedures for harvest on private land
- Enhance the capacity of DFOs to monitor

Resource persons interviewed and locations visited

DFO: Kyomukama Adeus Tel: 0772421774

Timber trader: Kwizera Anthony

NFA plantation Manager at Mafuga: Herbert Kyaligonza, Tel: 0772613364 Email: Kyaligonza Herbert@yahoo.com

Timber Trade Profile of KISORO District

Assessed
by Owen
Sseremba on
18 July 2012



Description of Timber resources in district

DFO:

- There are no local and central forest reserves.
- No natural forests; only plantation forests.
- 100% harvesting is done from private plantations. No areas/inventory of Private forests established. No registered forest owners.
- There is no resource information on private forests and no basis for determining Annual Allowable Cut or sustainable harvesting levels and no management plans for private forests

- The natural forests are managed by UWA but also have some exotic species in them UWA: Have strict nature reserves Mgahinga and Echuya that are not active in timber harvesting.

Description of timber exploitation in the district

DFO:

- Timber originates locally from private forests; a little is exported for Congo only on demand and especially in the festive season.
- Locally harvested timber heads for Kampala mainly.
- Mainly Eucalyptus species and a little Pines and Cupressus
- Private plantations with mature trees are harvested as and when the owner wishes. There are no statistics since most is consumed locally.
- URA monitors closely especially for transit timber from DRC and Rwanda
- Transit timber (to Kenya) is charged 1% of the value by DFO
- Local timber leaving the district is charged 30% of the value

Timber processing facilities in the district

DFO:

- Most timber is pit sawn. The DFO has not registered pit sawyers and chain saw operators
- DFO can never trace Illegally chainsawn timber at any of district check points/ routes; DFO just hears about chainsawn timber when it is already used for roofing.
- There are no sawmills in the district
- A few carpentry workshops and only very few timber sheds (less than 6 in the urban area)

UWA:

There is no forest activity for now in the protected areas but they used to have illegal activity in the 1990s

Law enforcement activities

DFO:

- Last impounded timber in 2011, DFO rarely impounds timber
- DFO has no space to keep impounded timber so it is taken to police
- Even when DFO impounds, the owners reclaim it within hours
- DFO only enforce the law for timbers leaving the district which are in the minority.
- URA used to check compliance by surveillance timber sheds and construction sites when the border road had just been opened; but their interested was transit timber.

- The District Council passed a by-law to ban timber trucks that travel in the night.

Procedures being used for timber harvesting and sales in the district

DFO:

- DFO gives felling permits at 4,500 per tree and charges 30% of value as a district tax.
- Very limited impounding since most timber is locally consumed
- DFO gives movement permits to transit timbers from Congo (1% of the value) about once in three months. Normally Eucalyptus and mahogany species
- It is very expensive to trace chainsaw timber on private land because of the terrain and understaffing. The last facilitation for such activities was only when FIEFOC project was still on.
- DFO says it is extremely hard to trace origin of timber

Description of the timber trade in the district.

DFO:

- Owners consider that the official procedures do not apply to harvests on private land and hence DFO finds it difficult to enforcing them.
- There are no clear procedures observed, except for movement permits where the traders occasionally present themselves to the DFO for clearance once
- About 70% of all timber harvested in the district is illegal owners do not get felling permits
- Locally produced timber rarely leaves the district

Findings in timber markets in the main town

Timber traders:

- Only trade in Eucalyptus
- Prices are normally: Eucalyptus 4*2*11 (4,500/=); 6*2*11(6,500/=)
- Pines and Cupressus cost 12,000 for 8*1*11
- Very few timber traders in the town (only 4)
- No indigenous species traded as no one buys them and no one supplies them
- Traders store timber un-stacked in rented rooms
- All timber in the market is pitsawn; chainsawn timber goes to the construction sites directly.
- Quantity in the market is estimated at 8 truck loads a week (200pcs of 4*2 in a truck)

Overall conclusions and recommendations on improving regulation of timber trade in the district

Conclusions:

- There are no procedures in place to regulate harvesting of trees by farmers on their private lands
- The DFO is challenged by the laws on private plantation forests
- UWA used to help trace illegal timber
- URA helps monitoring within the municipality but URA is mainly interested in transit timber which is not common.
- Since the FIEFOC project wound down, the DFO office is inactive.
- The district does not consider forestry as a major source of revenue since timber is all consumed locally with relatively small amounts transiting other markets
- There were no NFA activities in Kisoro; only privately planted forests

Recommendations

- Streamline the law on harvests on private land since all the forest and private plantations/woodlots
- Empower DFOs by enhanced staffing and funding for monitoring

- Educate farmers on the timber policy, laws and regulations since the traders already understand the regulations

Resource persons interviewed and locations visited

DFOs team: Mutabazi Henry Tel: 0772480186 Email: mutahenjo@yahoo.com,

David Kwitonda and Aggrey Kazigaba.

Timber trader: Gaetano Charles

UWA Information office at Kisoro: Lucky Byukusaba

**Timber Trade
Profile of
MUKONO
District**

*(includes
new districts
Buikwe,
Kayunga,
Buvuma)*

*Assessed
by James
Ndimukulaga
and Samwiri
Rwabwogo.*

(includes
new districts
Buikwe,
Kayunga,
Buvuma)

*Assessed
by James
Ndimukulaga
and Samwiri
Rwabwogo.*



Description of Timber resources in district

There are 50 Central Forest Reserves with a total of 59,537 ha and 10 LFRs with a total of 554 ha. The main CFR is Mabira Forest. There is a management plan for Mabira CFR.

There is no resource information on private forests (and therefore no basis for determining sustainable harvesting levels) and no management plans for private forests.

Description of timber exploitation in the district

- Most of the timber in the district originates from Buikwe
- Koome sub county started licensing chainsaws about 100 chainsaws were licenced in 2010/11. This was done because of the lapse in licensing regulations and the sub-county decided to raise revenue for the sub county.
- The revenue to the District from forestry used to be 7-10 million per month during FD time (pre 2003) but currently it is 2.5-3 million per month. This is because there are no clear guidelines on timber licensing and fees to be paid.

Timber processing facilities in the district

There are no sawmills in the district.

Law enforcement activities

- Law enforcement in the timber trade is not standardised. Multiple bodies are involved in law enforcement.
- DFS is weak and there is no institutional coordination between NFA and DFS. This weakness is being exploited by unscrupulous people by harvesting without license, using chainsaws.
- DFS staff clear timber illegally harvested from Central Forest Reserves.

Procedures being used for timber harvesting and sales in the district

The NFA Procedure for licensing and movement of timber is as follows:

- Stock assessment is done to assess the volume of timber to be sold
- Data forwarded through the Range Manager to DNF(NFA HQ)
- HQs selects who to license following PPDA regulations
- The Licences are issued centrally at HQ by the NFA Executive Director
- Licensee produces his license to field staff to prove that he has been licensed .Then he is allowed to start harvesting. The license includes terms and conditions of harvesting.
- After conversion, the timber is declared to Forest Supervisor (FS) by the Licensee
- FS gives him Forest Produce Declaration Form (FPDF) which allows him to move the timber out of the forest
- There is no payment of taxes
- There is no timber stamping because there is no hammer

Overall conclusions and recommendations on improving regulation of timber trade in the district

- Ministry should improve the coordination arrangement backed by the law to ensure harmonious working relationships within the sector between NFA and DFS.
- Joint forestry strategic plans should be developed by the forestry staff (NFA & DFS) of the district including clear definition of roles for each institution
- Review the regulatory framework and chain of custody for timber (but also for

charcoal and firewood since they are responsible for most forest degradation)

- Forest Produce Movement Documents should be centrally procured
- Revise the statutory instruments of 2000 on forestry fees
- A mechanism is needed to ensure NAADS does forestry extension work and helps to revitalise the forestry services
- FFSD should produce policy guidelines to regulate the timber trade
- The ban on use of power saws to convert timber is being often challenged. It is difficult to enforce adherence to this rule.
- The market does not pay a premium for better quality timber so there is no incentive to improve quality
- Properly licensed timber is more expensive in the market and buyers go for cheaper illegal timber

Resource persons interviewed and locations visited

DFO Mukono, William Mujuni 0772 414 509

NFA, Mr Martin Modi, Sector Manager, Mabira.



Overall conclusions and recommendations on improving regulation of timber trade in the district

DFOs recommendations

- District should get conditional funds for forestry
- FSSD must develop a practical strategy of regulating timber harvesting.
- Before the Minister's ban of March 2012 there should have been a stakeholders meeting to discuss and facilitate its implementation. The implementation guidelines issued after the ban gives very ambitious deadlines on each issue which may not be easily achieved.
- The DFO says the ban has addressed symptoms and not the root causes of the problem e.g. timber trade is not the main reason for forest destruction. Clearance for agricultural development is destroying forests.
- Currently there no mechanism of sharing information between NFA/FSSD/DFS and this must be addressed.
- The DFO does not know what goes on in CENTRAL FOREST RESERVES and yet these Central Forest Reserves are in the district.
- FSSD should have a monitoring and evaluation unit in its structure
- Implementing the ban on conversion by power saws is a big challenge in Wakiso district. Chainsaw is the only practical conversion tool for scattered trees. Pit-sawing is too expensive. The DFO has no capacity to stop them. Mobile mills need a minimum number of trees to operate economically.
- NFA and DFS need to cooperate on law enforcement and monitoring activities. Currently there are gaps and duplication.
- There are no clear procedures for dealing with illegal activities. Fines are not standardised, e.g. Kiboga district fines UGX 50,000 and Wakiso UGX 500,000. The FSSD should gazette standard procedures and fines.
- Law enforcement is hampered by political influence when illegal timber dealers are apprehended. This also applies to the Military. When army people are apprehended, there are calls from State House and army HQ releases the culprits and the timber

Other recommendations of DFO and assessment team

- FSSD should establish formal working modalities and relationships between NFA and DFS
- FSSD should set up a monitoring and evaluation unit.
- Log saw-frame should be promoted for sawing scattered trees. Also owners with very few trees should be allowed to convert with chain saws
- The Statutory Instruments 2000 should be revised.
- Standardised fines should be put in place by the ministry so that the fines are same throughout in all districts.
- Minister should engage with district leaders on the issue of political interference so that staff can work without interference.
- Annual meetings should be held between the DFO and sector managers and other means found to improve coordination
- Harvesting permits for small quantities (2-3 trees) should be designed and printed
- FSSD should develop clear guidelines and procedures for regulation of the timber trade

Resource persons consulted

Coordinator natural Resource Mrs Rebecca Sebaganzi

DFO Ms. Nankya 0772 868 154/ 0702 017 494

*(includes
new districts
Bulambuli,
Namatumba,
Manafwa,
Sironko)
Assessedby
Samwiri
Rwabwogo
and James
Ndimukulaga
July 2012*



Description of Timber resources in district

- The original Mbale district has 2 Central Forest Reserves (Namatale and Mbale) covering 1225 ha, parts of Mt. Elgon National Park covering 51,985 ha and 7 LFRs covering 188 ha
- UWA has significant areas of plantations in Mt Elgon NP at Kapkwata.
- There is no resource information on private forests and no basis for determining sustainable harvesting levels, and no management plans for private forests

Description of timber exploitation in the district

- The private forests are of Eucalyptus plantations and are main source of timber from the district.
- Most timber is coming from private lands in Bududa, Manafwa, Sironko, Butaleja, Namutumba and Kaliro.
- NFA is not harvesting any timber.
- UWA is currently thinning in Kapkwata plantations on Mt Elgon. Some timber is being harvested illegally from the NP.
- Current Mbale district is a timber market centre rather than a harvesting source. Also some Aningeria timber is stolen from Mt. Elgon National Park.
- Some timber originates from Mt Elgon where it is logged illegally (and is hand sawn)
- Revenue collected from timber taxes in 2009/2010 was 610,500/=, 2010/2011 was 1,117,000 million and 2011/2012 was 635,400/=

Timber processing facilities in the district

- Timber is converted mainly by chainsaws in the private lands and by handsaws in the National Park.
- Namatumba, Bududa and Kapchorwa districts give permits/receipts for chainsawn timber as the districts need the revenue
- There is one fixed sawmill in Mbale town but currently not operating because the local Mvule resource at Butaleja district is exhausted.
- No mobile sawmills are registered in the district.
- They timber is converted by chainsaws but they are not registered
- There are carpentry workshops where the timber sheds are located in Mbale town. These are not registered by the DFO but the town councils collect annual license fees from them
- All timber traded in the district is chain-sawn.

Law enforcement activities

- The patrol police usually confiscate illegal timber and take it to NFA offices or to UWA offices if they suspect that the timber is from the National Park.
- The DFO does not intercept illegal timber.
- Power saws are generally used for harvesting and converting timber. Tree fellers in Bududa and Manafwa got authorisation from the DFOs to use power saws.
- DFO uses NFA to intercept illegal timber. DFO has no capacity to go to the field.
- There are no timber hammers in the districts.
- As districts generate their own unofficial documents for timber trade, the documents

are not accepted by police who use the situation to extort bribes.

- NFA occasionally impounds timber in Mbale. Timber was impounded 3 times in 2011. The NFA was unable to provide records of timber impounded.
- Timber dealers complain that UWA is impounding timber and selling it but does not provide documents to those from whom the timber was confiscated

Procedures being used for timber harvesting and sales in the district

- The district has issued no licenses since 2007
- Felling of timber trees is continuing on private lands.
- DFOs of new districts charge a flat rate of 50,000 per truck load for clearing timber
- Informal arrangements are made between the owner and tree fellers
- A forest ranger from DFS checks the timber, number of pieces, and sizes
- The ranger writes a chit and brings to the DFO.
- DFO issues a general receipt for taxes paid. There are no pre-printed permit forms since 2005 so general receipt now fills that role.
- The DFO and Environment Officer reported that the DFOs of Bududa and Manafa districts give permits to allow conversion of timber by chain saws at a cost of 80,000/= per permit. They also issue locally printed or typed timber movement documents for the chain sawn timber
- Despite the current ban on timber harvesting, Bududa and Manafwa are allowing harvesting
- Sometimes the DFO offices allow timber dealers to convert timber with chainsaws on payment of UGX 50,000.
- Districts generate their own forms and documents for regulating the timber trade

Findings in timber markets in the main town

- One fixed sawmill in Mbale town but currently not operating as no mvule is now being harvested
- No mobile sawmills in district
- Timber is converted by chainsaw
- Timber is sold in the timber sheds in the Industrial area. However the two timber dealers interviewed complained that the town councils officers have allowed selling of timber outside in the open. Owners of timber in the open do not pay for trading licenses to the town council but bribes to these unscrupulous officials.
- There are no controls and both legal and illegal timber are sold
- Species are mainly Eucalyptus, Ficus and Aningeria
- Prices for Eucalyptus: 4x2x14 Ugx 6,000; 6x2x14 UGX 10,000; 4x3x14 UGX 11,000; 12x1x10 UGX 9,000, 4x3x14 = UGX11,000 Price for *ficus* 12x1x10 is UGX 9,000

Overall conclusions and recommendations on improving regulation of timber trade in the district

- DFO Mbale considers that the timber harvesting and trade in the region is in “total chaos”. NFA and UWA agree.
- Illegal traders have an advantage in the market as they don’t pay taxes and law abiding traders will be driven out of business or forced to be illegal to compete
- DFOs in the new districts of Bududa and Manafwa do not have experience and are not aware of the official procedures for timber harvest and trade
- There is no back up from FSSD. DFO Mbale has never had a formal meeting with the FSSD and has not seen any Ministry officials since 2004. DFS staff are very demoralised.
- Working relationships between NFA and DFS are very poor or non-existent. UWA, DFS and NFA have no coordination or linkages. Both DFO and NFA asked for better coordination.
- Policies and laws give weak protection to trees outside protected areas

- UWA, DFS and NFA all agreed that there was no regulation of timber harvesting and trade outside protected areas.
- Districts clear timber (provide documentation) to generate revenue without being too concerned about where it has come from or whether it is illegally harvested.

Consultant's recommendations

- Revise and update procedures and revise forms, gazette forms and print in numbered books. Standardise procedures across all districts.
- Standardise procedures so all pay the same taxes
- Coordination of the institutions is needed. FSSD to provide technical and coordination support. FSSD staff to be located at regional level (maybe with MWE Regional Technical Support UNITS)
- DFO recommends a regional law enforcement unit tasked with imposing forest laws and regulations
- Systems and procedures for timber trade are in urgent need of revision and reform and the need to be implemented rigorously.

Resource persons interviewed and locations visited

DFO Mbale Mabavu George

NFA Namatale sector Mr Olupot 0772 519988

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UWA Mbale Kigenyi 0772 559386

UWA Adonia Bintooro 0772 622638

DEO Mbale, Wakubo Charles, Mobile 0752 850018

Natural Resources Officer Nakeyinza Anne 0701 555387

Mbale timber dealer Ruth Nakanabi 0772 490539

Mbale timber dealer Patrick Isolo, 0782 562029

*Assessed
by Samwiri
Rwabwogo
and James
Ndimukulaga
on 9 June 2012*



- The original Tororo district has 9 Central Forest Reserves (West Bugwe, Tororo, Pokoli, Nagongera West, Nagongera East, Nakwiga, Tebakoli, Sitambogo, Monikakinei) covering 4,554 ha and 3 LFRs covering 54 ha
- There is no inventory of CFR resources. West Bugwe CFR is a conservation natural forest and the other Central Forest Reserves were licensed to private tree farmers who have planted eucalyptus and pine trees. Also there is no inventory in the LFRs.

- Most trees are on private lands but no management plans. There are no these private forests

there is no inventory for determining AAC and no management plans. There are no guidelines from FSSD on how to manage these private forests

- Timber is from trees on private land. Species are Muvule, *Ficus*, *Albizzia*, Musisi, Grevillea, Eucalyptus.
- Timber comes from Busoga and Mukono, and from Manafwa, Bududa and Butaliga.
- There is timber smuggling to Kenya from Busia/Malaba

- All timber is chainsaw milled
- There are carpentry workshops in Tororo town. They pay trading licenses to the town council.

- DFS has concentrated more on tree planting since 2007 than law enforcement or the timber trade
- The DFO has impounded illegal timber with the help of the police, but he reported interference from the politicians.

The procedure as described by the DFO is as follows:

- the tree owner makes an application through LC1,3 5 to the DFO.
- If he is not the tree owner, the applicant attaches sales agreement showing he has bought the trees from the owner
- DFO gives the permission letter
- Applicant does not pay any harvesting license fee
- The person converts from sawlogs to timber
- He pays 30% value of the timber to the district cashier using the year 2000 timber assessment guide
- No movement permits are issued. Timber details are put on the payment receipt.
- This applies to only Mvule species. Other species require no permission.

- Chainsawn timber is cleared (given permit) by the DFO although it is illegal
- There is no licencing. The last licencing was done in 2003 when 2 licenses were allocated.
- Revenue in 2011 was 800,000 (revenue back in FD period was as high as 7 million per year)

- The districts do not have timber stamping hammers.

Findings in timber markets in the main town

- There are timber sales sheds in town.
- Tororo has a timber shortage and some timber is bought from NFA Kampala during the auctioning of impounded timber.

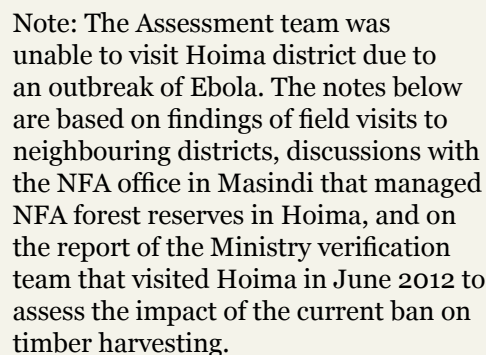
Overall conclusions and recommendations on improving regulation of timber trade in the district

- The district has 3 staff but DFO said that they are not enough to cover the workload.
- The DFO reported that there is political interference regarding timber harvesting. Politicians instruct the DFO to release impounded illegal timber.
- There is no working relationship between DFS and NFA staff regarding timber harvesting.
- DFO suggested that there should be a joint illegal monitoring force comprising NFA, DFS and the Police because illegal timber dealers are now adopting dangerous tactics
- Funds/facilitation from district budget to DFS is inadequate. DFO has no vehicle.
- The last meeting between the forestry authorities (DFS/NFA/FSSD) and the with timber dealers was in 2006. There is need for better coordination and communication.

Resource persons interviewed

DFO Tororo Sylus Anguti Mobile 0700282360

LCV Chairman



Hoima is a hotspot for timber supply to the north and to Kampala. Findings from visits to northern Districts (Gulu, Arua, Lira) indicate that timber sold in those

NFA in Masindi says that DFO in Hoima clears timber and issues permits without concern about where the timber is felled. NFA staff in Masindi says that HOIMA District priority is revenue generation.

According to the DFO there are no private forests remaining in Hoima district, but the district continues to issue cutting licences to generate funds for the district. The DFO does not know where the tree felling is done but thinks it is from Kibaale district.

- The DFO issues casual felling permits for a period of 4 months.
- Permit holders are allowed to convert unlimited roundwood using a maximum of 4 handsaws within 4 month period
- DFO charges 30% of the value of timber cleared per trip (per lorry load) plus a felling fee of 5,000 per tree

The Ministry verification team noted that timber cutting is continuing despite the current ban and that the DFS staff are clearly aware of the situation. Also, they noted political interference in the work of the forestry staff by councillors, ministers and district leaders.

Hoima (along with Masindi and Kibaale) is a supply hotspot for timber for the north and for Kampala. Clearly, timber harvesting is not properly regulated and urgently needs to be controlled. The highest priority is to standardise the processes and procedures for timber sales and put in place transparent procedures.

Timber Trade Profile of KIBAALE District

Note: The Assessment team was unable to visit Kibaale district due to an outbreak of Ebola. The notes below are based on a) findings of field visits to neighbouring districts, discussions with the NFA office in Masindi that managed NFA forest reserves in Kibaale (including Budongo CFR) and b) on the report of the Ministry verification team that visited Kibaale in June 2012 to assess the impact of the current ban on timber harvesting.



The following notes do not provide a comprehensive picture of this district which is a key source of timber for northern Uganda and for Kampala markets at present. The District merits further more in-depth assessment.

Procedures being used for timber harvesting and sales in the district
(as described in the Ministry verification report of June, 2012)

- Licensing is now being done directly by the District as FSSD was not responding to requests to license pit-sawyers
- Pit-sawyers pay UGX 200,000 to the District and are then given a permit to cut timber. Anybody who pays the 200,000 can cut timber.

- A timber clearance tax of 30% of the value is charged
- DFO has a list of 35 current pit-sawing permit holders
- Revenue from licenses and fees is banked by DFO in District Account, bank slips are provided by DFO to District Cashier, and DFO receives a receipt of acknowledgement from Cashier.
- DFO banks revenues of 1 to 2 million per month

NFA:

- Timber trade has reduced significantly since the current ban was imposed but has not stopped
- NFA impounded a truck carrying 562 pcs of mixed hardwoods without timber clearance documents, in April
- Recently NFA staff not facilitated due to shortage of funds. NFA has no vehicle is and all motorcycles are down
- There is one saw-miller in the district who processes timber from private forests
- Some forest reserve boundaries are not demarcated leaving the reserves exposed to illegal felling
- The District does not have a substantive DFO. One of the rangers has been care-taking the office of the DFO for more than six years
- The timber field hammer No. 2 for Kibaale is worn out.

Conclusions of the verification team

- Harvesting has continued despite the current harvesting ban
- Most timbers harvested in the district are sold in Kampala and cleared (given permit documents) at Kakumiro which is the main exit point for forest products harvested in the district
- The Ministry verification team accused the acting DFO of misuse of his office and doubted that revenues were properly remitted to the District. They withdrew his books and summoned him to the Ministry Headquarters for explanation.

Recommendations

Hoima (along with Masindi and Kibaale) is a supply hotspot for timber for northern Uganda and for Kampala. Clearly, timber harvesting is not properly regulated and urgently needs to be controlled. The highest priority is to standardise the processes and procedures for timber sales and put in place transparent procedures.

ANNEX 2. CHAIN OF CUSTODY SYSTEMS USED BY DFS AND NFA

Chain of Custody system used by DFS for timber harvested in private forests, community forests and Local Forest Reserves

- 1) The timber tracking and documentation system developed before the sector reforms in 2004 are still in use. The DFS forest rangers assigned to counties and sub-counties supervise the timber harvesting in their areas.
- 2) The DFS forest ranger marks the timber using field timber hammers that have numbers inscribed on them and each county/sub-county is allocated one number (code) for identification. The field hammer mark identifies the origin of the timber (range) and that it has been sawn by a licensed person from an authorised source under his charge.
- 3) The Forest Ranger writes the details of species, size and number of pieces into the Forest Produce Declaration Form and gives a copy to the dealer.
- 4) When timber is being transported, the combination of hammer marks and declaration form shows the origin, and shows it is from a legal source.
- 5) The DFO then computes the Forest fees (taxes) which the timber dealer pays to the district by reference to Statutory Instrument No 16
- 6) After payment of the forest fees, the DFO marks the timber with a District Hammer or Seal.
- 7) The DFO is also in possession of a Forest Produce Movement Permit book where he issues a permit giving the details of the consignment of the timber on the truck. Details include the species, sizes, number of pieces, value, truck number, driver's name among others.

In 1998, when the timber tracking procedure was developed, there were 39 districts in the country and each district was given a code according to the alphabetical order. Metallic timber marking hammers (district seals) were made according to the number of the districts. The hammers were issued to the DFOs to mark timber irrespective of whether a district had substantial timber to harvest or not.

Additional timber hammers (Number 40, 41 and 431) were also made specifically for imported timber and given to the districts of Kasese and Arua where most imported timber was passing through.

Legal timber from DFS therefore has two hammer marks (Field hammer and District seal) and, accompanying Forest Produce Movement Permit. This enables the Timber Monitoring Unit to trace the origin or source of the timber right from the county /sub-county and district.

Chain of custody system used by NFA for timber harvested in Central Forest Reserves

- 1) NFA is mandated to manage the Central Forest Reserves but is required to do so in accordance with a performance contract with the Ministry
- 2) According to the 2003 Act, harvesting should be done in compliance with a management plan that is approved by the Ministry
- 3) The NFA is mandated as a responsible body to issue harvesting licenses in Central Forest Reserves, in accordance with the approved management plans.
- 4) For harvesting in natural forests NFA fells the trees, cross cuts and grades logs and sells through a public auction system as per PPDA guidelines. The volumes advertised are usually small and the sale attracts mainly pit sawyers.
- 5) In plantations, the crop is @
- 6) 'couped' as per the harvesting plan and the coupes are advertised and sold according to the Public Procurement and Disposal Act (PPDA) guidelines.
- 7) After payment, licenses are issued directly by NFA to the buyers
- 8) The sawlogs (or sawn timber if it is converted on site) are declared to the Forest Supervisor who hammers the timber with a Field hammer

- 9) The timber is then taken to the Sector Manager who issues a Forest Produce Declaration Form. Timber milled from NFA's Central Forest Reserves is transported with only Forest Produce Declaration Forms.

ANNEX 3. TIMBER SPECIES

Trade name	Species name	Timber notes
Nkalati	<i>Aningeria altissima</i> , <i>Chrysophyllum albidum</i>	White wood used for furniture in Kampala and other locations
White Nongo	<i>Albizzia spp</i>	White wood, favoured in South Sudan market as a substitute for softwoods
Musizi	<i>Maesopsis emenii</i>	
Kirundu	<i>Antiaris toxicaria</i> , <i>A.africana</i>	
Mululu, White star apple, Muhambulya	<i>Chrysophyllum albidum</i>	Also known as Nkalati
Musanda, Namukago	<i>Funtumia africana</i>	
Musambya	<i>Markhamia platycalyx</i>	
Nkuzanyana	<i>Blighia unijugata</i>	
Mvule, Mvule, Iroko	<i>Milicia excelsa</i>	
Linzo, Acajou, Mahogany	<i>Khaya anthotheca</i>	
Mulingati	<i>Cordia abyssinica</i>	Favoured for boat making in Bundibugyo
Mpewere	<i>Piptadeniastrum africanum</i>	<i>Newtonia buchananii</i> is sometimes referred to as Mpewere but is also known as Muchenche
Lufugo	<i>Celtis spp</i>	

ANNEX 4. SOURCES OF INFORMATION AND LIST OF PERSONS INTERVIEWED DURING THE STUDY

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DFO Mbale	Mabavu George
DNRO Mbale	Nyakayinze Ann
DFO Tororo	Sylas Anguti Mobile 0700 282360
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Ndeeba market, Kampala CEO Arc-timber Ltd	Mr. Ssenabulya Paul
Ndeeba Market, Kampala Proprietor: Kiddujoy timber traders	Mr. Joseph Kiddu
Bwaise Market, Kampala, MD Kaganda Timber dealers Ltd	Mr. Kaganda Joseph
Bwaise market, Kampala, Proprieter KS timbers Ltd	Mr. Katende Sulah
Nakiwogo, LC Councillor	Mr. Wahab Sula
Roko Construction Co. Ltd	Mr. Beweri Weredwong
Kwewayo Timber Dealers ltd	Ms. Kalanda Kwewayo
Sonic Furniture Ltd	Mr. Kaggwa Sulah
EKM Wood Industries. Ltd	Mr. Matovu Martin

ANNEX 5.

LIST OF ATTENDANCE AT THE INCEPTION WORKSHOP HELD IN KAMPALA ON 13 MARCH 2012

Name	Title/Organisation	E-Mail Address
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ANNEX 6. LIST OF ATTENDANCE AT THE WORKSHOP TO REVIEW THE DRAFT REPORT HELD IN KAMPALA ON 26 JULY 2012

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(Footnotes)

- ¹ The % market share of each species is based on findings in the timber markets in Kampala
- ² Based on estimated total domestic production of 360,000 m³ and percentages found in the Kampala markets
- ³ Prices are Kampala prices in June 2012. Market prices in provincial markets are marginally lower.

MARKET SIZE

369,000 m³ of sawn wood per year worth UGX 101 billion (or \$42 million). 360,000 m³ is produced in Uganda and the balance of 9,000m³ is imported.

EXTENT OF ILLEGAL TRADE

80% or an equivalent of 288,000m³ of sawn wood (timber) traded is illegal. The main commercial species are Eucalyptus and Kirundu (*Antiaris* spp)



LOSSES

- Revenue: Uganda loses UGX 23 billion (\$ 9.8 million) annually through uncollected fees and taxes on timber
- Acreage: Equivalent to felling 5,600 ha of plantations or 57,600 ha of natural forest annually.

RECOMMENDATIONS

- Revise systems, processes and regulations for harvesting and trade in timber
- Work through procurement systems to curb illegal timber trade
- Generate information on the timber resources and increase transparency.
- Encourage Government, private companies and timber industries to become certified



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