

# Annual Report 2017



**Uganda Timber Growers Association**

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## VISION

A strong and profitable private sector-led commercial forestry industry in Uganda.

## MISSION

To promote a strong, profitable, efficient and high profile Ugandan commercial forestry industry that represents members' interests through a collective voice.

## OVERALL GOAL

A profitable, efficient and high profile Ugandan commercial forestry industry.

## VALUES AND CORE PRINCIPLES

Honesty, Mutual Respect, Gender Equality & Diversity and Participation.

## CHAIRMAN'S STATEMENT



Dr. Sam Zaramba

It's my great honor to applaud all UTGA members upon the strides taken during 2017 despite it being such a challenging year. The association continued to grow both in numbers and institutional strength, positioning itself well both locally and in the region. Challenges notwithstanding, the Association has strived to stand on its own without external support.

### Strategic plan

A new strategic plan was prepared to guide the Association's direction for the next five years. The plan was hinged on five thematic areas which together strategically focus on building a strong and sustainable financial and institutional base to assure the Association's sustainability and to enable it to continue delivering on its mandate. Efforts will particularly be put towards internal resource generation and innovativeness majorly through enhancing the profitability of the model nursery and service provision in order to achieve our objectives both in the short, medium

and long term.

In the year 2017, the Board of Directors was constituted by the following.

The BOD was able to meet regularly as required this time around it was resolved that other members of the secretariat attend and report on the Association's activities. The board and committees continued to guide and strengthen the management and secretariat in the running of its day to day activities. I congratulate and sincerely thank the Board and Committee members for their continued dedication and selfless support to the Association whenever called upon. I also encourage all other members to avail themselves to serve as and when need arises.

### Governance

Members of the BOD and some committee members were trained in corporate governance and business strategy by the Institute of Corporate Governance of Uganda (ICGU) for which UTGA is a member. This was to better position them for service.

### Support to members

Challenges notwithstanding, UTGA continued to position itself well in the industry and had a steady growth



Mrs. Lilibet Semakula  
*(Vice Chairperson)*



Mr. Vincent Kaija  
*(Secretary General)*



Mr. Alfred Tumwebaze  
*(Treasurer)*



Mr. Isaac Kapalaga  
*(Member)*

in membership. The association continued to identify and lobby for incentives and opportunities for members and represent their interests as immediate ways of providing value for their membership. Internal resource generation has been an area of focus with emphasis on increasing revenue from the model nursery, provision of consultancy services and agency commissions from timber trade and resin taping from pine trees. I wish to call upon members to utilize the services availed by the secretariat.



Mrs. Tina Achila  
*(Member)*

I wish to thank the Hon. Minister of Water and Environment and his team who despite their tight schedules were able to avail the Board and the Secretariat opportunities to discuss issues pertaining to tree growing in this country. We believe this continued interaction with the policy makers will make our partnership much stronger and beneficial to our association.



Mr. Tom Musoke  
*(Member)*

### The Future

The future seems bright for the forestry industry. With the recent land allocations by NFA and the provision of tree planting grants through the SPGS III/FAO project, we hope to see increased investment in commercial forestry. For those who have already established plantations, the focus will be on engaging in downstream processing and value addition. This will require collective efforts.



Dr. Noreda Kiremire  
*(Member)*



Mr. Moses Onono  
*(Member)*



**A UTGA member makes a presentation at the 2017 AGM**

## GENERAL MANAGER'S REPORT



According to the Nature Conservancy, the economic benefits of restoring degraded land stand at an estimated USD84 billion a year around the world.

([Bit.ly/2mIDRHI](http://Bit.ly/2mIDRHI)). Uganda has made several commitments that include the Bonn challenge in which Uganda has committed to re-establish 2.5million hectares and to also contribute to the African Forest Landscape Restoration Initiative (AFR 100) a country-led effort to bring 100 million hectares of land in Africa into restoration by 2030.

Under Uganda's National Development Plan (NDPII) and its Nationally Determined Contribution (NDC) to UNFCCC, the country strives to restore its forest cover as a percentage of land area to 18% by 2020, 21% by 2030 and 24% by 2040. This is going to require enormous effort by all players especially since the country has a high population growth rate of 3.2%, a high fertility rate of 6.2%, where 72% of populace is still rural and with poverty and inequality prevalent with more than a third of Ugandans living below the international poverty line of USD1.90 per day.

Forestry cuts across the sustainable development goals and should be seen to work for the people. Forestry is competing with other land uses e.g. crop production, settlement,

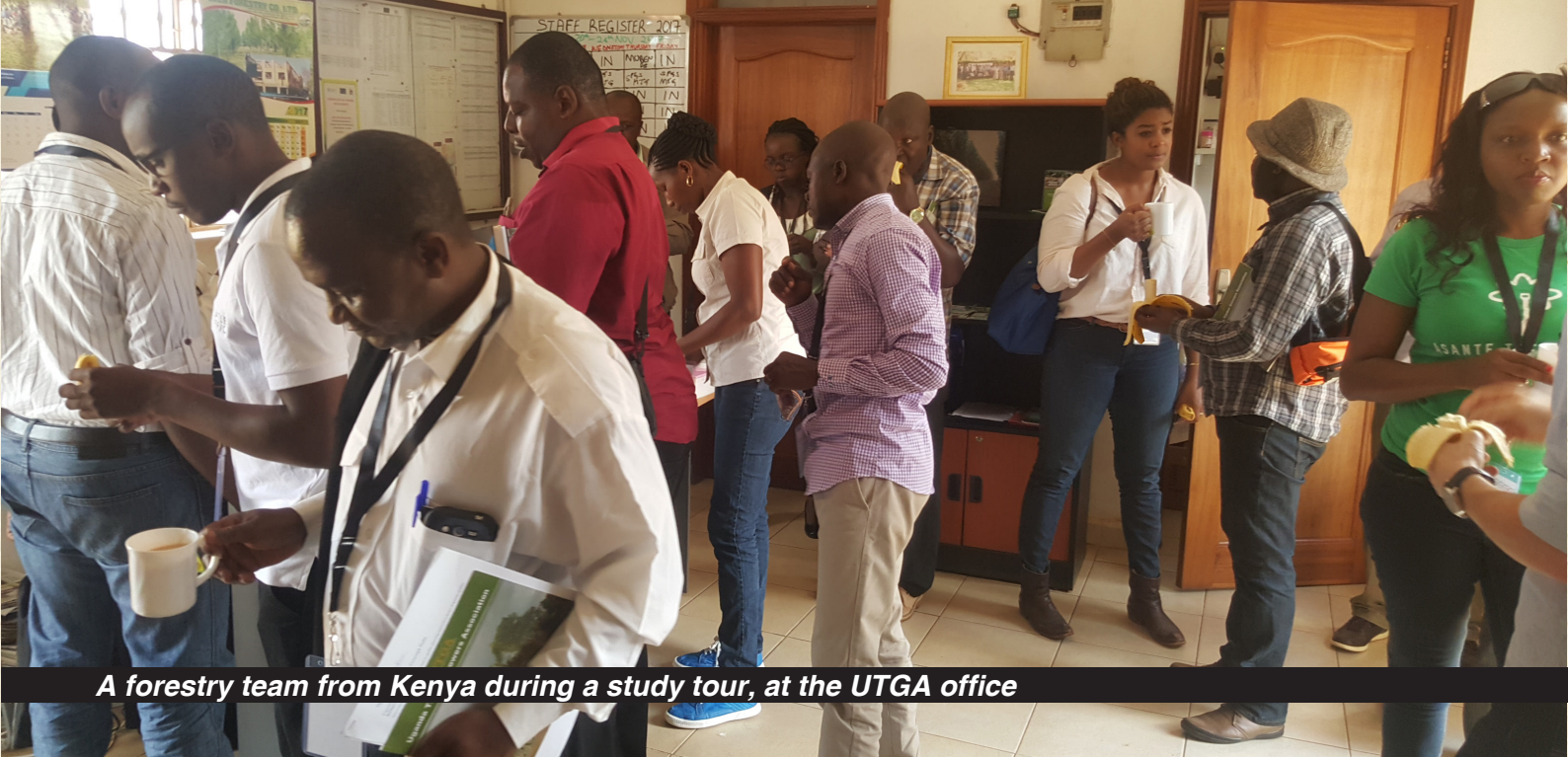
animal and infrastructure. Commercial forestry provides a platform to give accountability on progress in the sector because it helps to show visibility of benefits. It is easier for forest plantations to indicate tangible value by way of costing for standing volumes, inputs, jobs and market value. Forest inventory, regular monitoring, measuring and valuation also enable the making of projections for current and future value.

### UTGA MANAGEMENT

I would like to thank the Board of Directors, Secretariat and UTGA members for the work that they have done to support commercial forestry in Uganda.

#### Membership

72 new members were registered during the year and 208 members renewed their membership fees for the year inclusive of arrears. UTGA collected UGX 7,200,000 as registration fees and UGX 57,252,300 hence total collections of UGX 64,452,300, inclusive of arrears of UGX 18,906,150, as annual subscription fees were realised. UTGA endeavors to set the standard in forest management by bringing the science, best practice and people together, focusing on beneficial and marketing activities that will help the future of the forestry industry in Uganda. By striving to use collective action on nearly everything that is done, signified by increasing numbers of members is a sign that business pursuit and members' interests depend to



**A forestry team from Kenya during a study tour, at the UTGA office**

a great extent on foresight for long-term value, market developments and strategies that realize accrued benefit to the organised group.

Details	2017	2016	2015	2014	2013	2012	2011
New Members	72	54	50	72	46	71	22
Paid up Members	208	194	144	144	172	176	80
Registration fees	7.2M	5.4M	4.85M	6.59M	4.6M	7M	5.7M
Subscription fees	57.25M	45.59M	38.04M	38.87M	48.08M	46.07M	22.M
Total Collections	64.45M	53.74M	42.89M	45.46M	52.68M	53.07M	27.7M

#### Board, Committee and Staff Meetings

Staff meetings were held every week to review work done and to plan for the implementation of ongoing and future activities. The board met regularly and groups of growers convined on issues that required consultation.

#### Strategic plan

Towards the end of 2017, UTGA embarked on developing a new five year strategic plan to guide its activities and ambitions for the period 2018-2022. An analysis of UTGA both internally and externally was done to guide strategy formation. That process is on going.



*The UTGA stall at the 2017 New Vision Harvest Money Expo received a cross section of visitors*

#### Institutional Corporate Governance

UTGA is a registered member of the Institute of Corporate Governance Uganda (ICGU) and had a training session for its Board and Committee Members in September 2017 on the theme “Corporate Governance and Business Strategy”.

#### UTGA News:

UTGA compiles and disseminates information on forestry to Members, stakeholders, local, regional and international partners. Five issues of the UTGA online news letter were sent out in 2017.

#### UTGA Website and Facebook Page

The UTGA website is a one-stop center for information about the Association and forestry in general. Visitors can download relevant

documents and information on services they may require. The UTGA Facebook page is up & running and can be accessed through <https://www.facebook.com/utga.ug/?fref=ts>

#### 10TH UTGA Annual General Meeting and 4th Forest Fair:

This was held on 6th April, 2017. 120 members and 7 guests attended. 30 exhibitors participated in the UTGA Forest Fair including nursery operators, forest contractors, herbicide suppliers; pole treatment plants, water system suppliers, bee keeping companies among others. The Forest Fair is an annual event.



## SERVICES

Collective procurement and technical extension services

UTGA is a one-stop centre for forestry tools and equipment and is strengthening its capacity to provide administration and technical services including field visits to Members' plantations, plantation valuation and inventory. Over 80 members received technical support in forestry best practices onsite, online and at the secretariat.

### Seed

UTGA imports improved seed for sale to certified nurseries. This is done to ensure that growers have access to quality planting material that will give trees that have good form, structure and growth rates. In 2017 UTGA imported 75kg of Pine Caribea Brazil Seed (F.2) and 3,860grams of Eucalyptus Grandis F.2 seed from South Africa.

Table 1: Seed Imported in 2017

F.2 Pinus Caribaea (Brazil)	Eucalyptus Grandis (South Africa)
75 kg	3,860 grams

Based on what they see in the field, some growers, especially the early planters have increasingly indicated that UTGA should consider to import only Australia Pine Seed for quality tree plantations. This however will require collective understanding and agreement of the concept.

### The UTGA Model Nursery

The UTGA model nursery is now up and running. While 2017 was mainly an investment phase, the nursery started producing high quality eucalyptus clones (GU 7 & 8, GC796 /1&2, GC 550), Pinus Caribaea, Eucalyptus Grandis (SA)



**A water reservoir used for irrigation at the UTGA Model Nursery**



**Resin tapping is a source of interim income to tree farmers with pine trees that are 8 years or more**

seedlings and an assortment of indigenous tree species including *Maesopsis Eminii*, and *Melia Azedarach*. Like all tree nurseries, it's expected

that the UTGA Nursery will undergo normal biological growth in scale and scope of services offered to Members. UTGA has also taken note of the ever increasing interest in the growing and processing of indigenous tree species and discussions have been held with partners who want to leverage and support this aspect of forestry on a commercial scale yet using grassroots and community approaches.

#### Timber trade

2017 saw an increase in support to sales of wood from members' plantations. Nile Fiber Boards, a subsidiary of Nile Plywoods U. Ltd continued to be the main market even if other smaller markets are slowly being identified. 1500 tons of wood, mainly thinning of members were sold by UTGA on behalf of the Membership to NFB. Contacts were made with several other timber dealers in

the formal and informal markets. A database of wood buyers and sellers was developed. A lobby for a timber export license for UTGA was started and is ongoing in order to take advantage of several markets available in the region.

#### Resin tapping

UTGA engaged and negotiated with China International Forestry Development Co. Ltd (CIFDC), a company that taps and buys resin from pine trees. This opportunity provides additional revenue for managing and expanding member plantations. Some growers in Mubende, Albertine and Central clusters have signed 3 year contracts. Many others are also lined up to enjoy similar benefits where they will earn UGX 1.6M/ha/year for trees that are above 8 years. This is a growing initiative which will be rolled out to other clusters soon.

#### PARTNERS

##### UTG-SACCO

The UTG-SACCO had an increase of its asset base from UGX244,756,027 to UGX310,787,709,

an increase of advance to members from UGX 134,913,982 in 2016 to UGX204,084,363 in 2017. There was also an increase in net profit from UGX 17,333,981 of 2016 to UGX 31,766,170 in 2017 to be shared by members as dividends. UTGA recommends its members to join the UTG-SACCO in order to enjoy associated benefits including access to short notice finance for sector-specific interventions.

### Forestry Sector Support Department (FSSD)

UTGA continued to engage the Forest Sector Support Department (FSSD) on issues that affect and afflict tree grower. These specifically included work on regulation and enforcement in the sector to minimize illegal timber trade and timber standards to help formalize the industry. The other important aspect was a lobby for the grading and exporting of timber especially pine wood. This is work in progress.

### Climate Change

The dry season at the beginning of 2017 was scorching and therefore destructive to some tree farmers who suffered from forest fires. UTGA started an initiative with corporate companies to plant trees to mitigate climate change. These

partners including UMEME, Pride Microfinance Ltd. and Uganda Electricity Transmission Company Limited (UEGCL) responded positively. Many others remain prospects.

### National Forestry Authority(NFA)

NFA advertised for applications for land. They received in excess of 8,000 applications for commercial forestry, restoration & eco-tourism activity in central forest reserves. This is an indicator of growth in level of interest in forestry by the citizenry 1300 applicants were successful.

### Sawlog Production Grant Scheme(SPGP III)

The sawlog production grant scheme III managed by the Food and Agricultural Organisation (FAO) has been running with some growers receiving grants in late 2017 after field inspections for compliance. Four clients meetings were held around the country and growers were trained in some silvicultural operations. An update on progress of the project and its plans was also made. During 2017 a Letter of Agreement (LOA) was prepared for UTGA to carry out some SPGS activities. The LOA signifies close collaboration and co-operation between UTGA and SPGS/



*The Permanent Secretary Ministry of Water & Environment chairs a committee meeting on REDD+*



**SIDE BY SIDE: Pine and teak plantations in Gulu**

FAO.

SPGS also hosted a COMFORT Meeting held on 28th June 2017 to discuss a way forward on the red gum infestation of eucalyptus.

### Kenya Forestry Team visit

UTGA organized a one week technical visit to Uganda, for Gatsby Kenya, Kenya commercial tree growers and other forestry stakeholders, to learn, observe and share information on nursery and contractor operations, certification and the contribution of UTGA and SPGS among others. The Team visited the UTGA Nursery, Kisaana Clonal Nursery, Green Spirit Nursery, Bukuwa Nursery, National Tree Seed Centre, the New Forests Company pole treatment plant in Mityana, contractors and plantations in Bujuuko, Luweero and Nakaseke. They also interfaced with stakeholders from SPGS, CMO and FSSD on issues of forest management, standards, training and forest certification.

### MARKETING

The FSC group certification scheme was revitalized with a roadmap and budget developed to guide the process. All group members, their managers and a few prospective members were trained and a gap analysis conducted by CMO with support from FSC Africa. UTGA is working towards attaining certification in 2018 and to have the greater percentage



*A discussion among tree growers during a visit to Kaweri coffee plantation in Mubende*

of UTGA member plantations FSC certified in the near future. UTGA attended an FSC Meeting for stakeholders in Dar-es-Salaam in May 2017 as part of building understanding and capacity.

### Processing

In 2017, some growers who were doing 2nd and 3rd thinning purchased mobile sawmills and began to engage in processing to add value to their wood. The SPGS III project will be supporting downstream processing and value addition and discussions on the approach are ongoing.

### Initiative into coffee

In 2017, some members identified the opportunity of investing in coffee farming alongside tree growing in agroforestry systems. With some anticipated support from UCDA and other partners some members were convinced

that this is a worthwhile venture and have decided to run the path. This lends credence from the visible initiatives led by the Uganda Coffee Development Authority (UCDA) to increase coffee production. Coffee is still the leading foreign exchange earner for Uganda. Even if in recent years, production had gone down, in 2017, there was increased production (est. 4.8 million bags) fueled by technical improvements and financial/budgetary support. UTGA organized a maiden visit to Kaweri Coffee Plantation in Mubende for a few growers to inform the others on the merits, challenges, risks and benefits. It is UTGA's view that growing coffee on the side would complement tree farming because the interim income accruing would in turn support the growers in plantation maintenance, management and expansion. Initial discussions had been held

with Ryra Investments Ltd, a financial brokerage firm who had access to prospective co-investors that were willing to work with UTGA members to join coffee growing. Without a doubt, interested tree farmers organized under their umbrella body have a platform they can use to further their business interests into coffee, if they so wish.

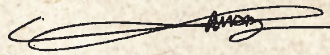
### Carbon

In 2017, capacity building in carbon trade was done with support from the African Forest Forum (AbonFF). The UTGA Programme officer attended a workshop on Forest Carbon Trade for small and medium scale private sector players in forestry in Mozambique. With this knowledge UTGA supported the African Hungarian Union (AHU) to do progressive reporting for their fifty-year carbon project in Nakasongola.

### UTGA staff

UTGA continues to work to develop its human resource, to build their competencies to increase their productivity and ability to provide qualitative service to the growers. We strive to improve our working environment to enable the employees to be motivated and be effective in what they offer. The UTGA Secretariat has 5 permanent staff and 10 contract casual workers. We make deliberate effort to support staff career development and also to identify capacity building opportunities. Our nursery workers were encouraged to regularly attend training at other nurseries to boost learning, knowledge generation and sharing.

UTGA is grateful for the financial support from the African Hungarian Union (AHU) and the China International Forestry Development Co. Ltd towards the print production of this Annual Report.

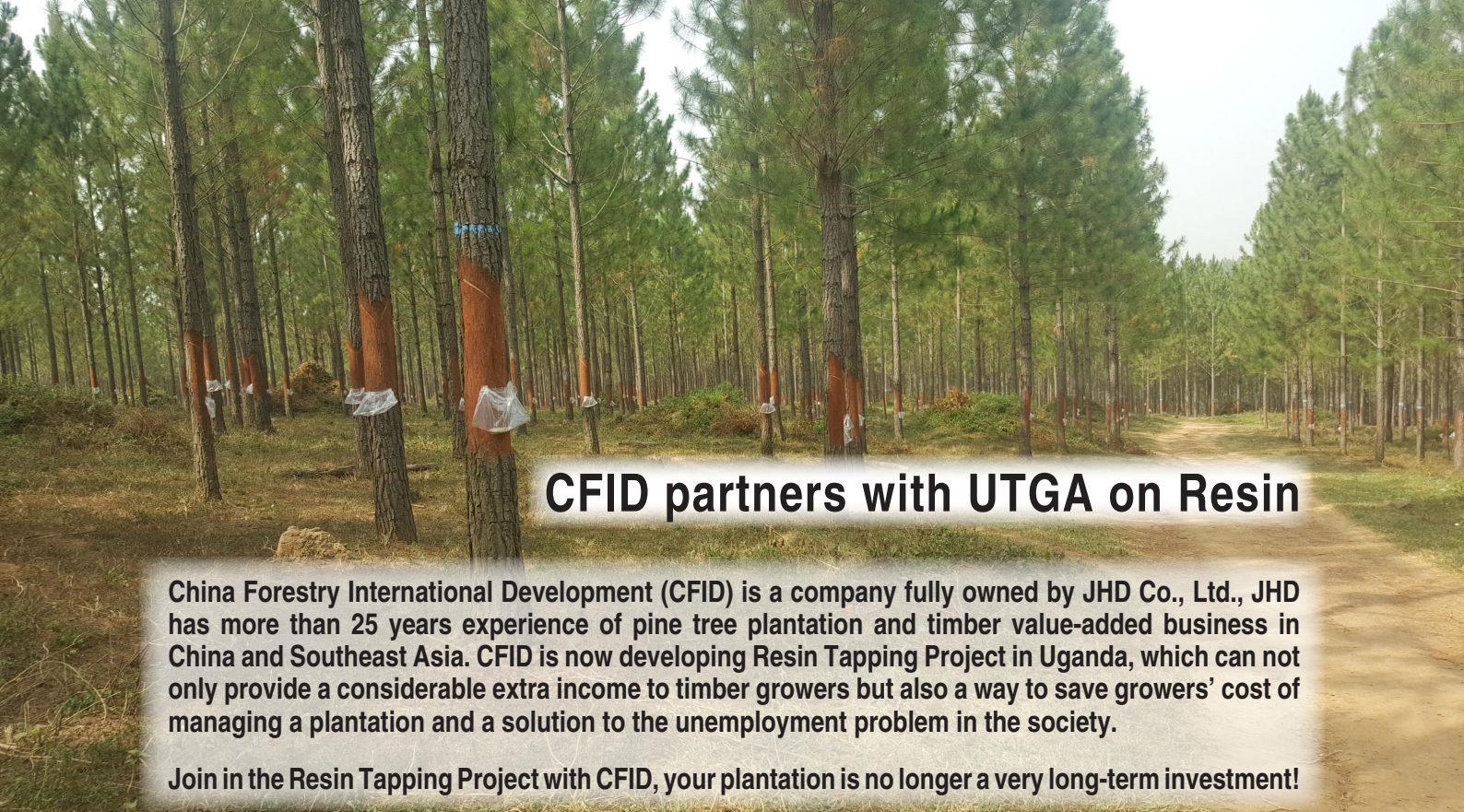


**Dennis David Kavuma**

*UTGA General Manager*



**UTGA's Peter Mulondo and SPGS's Walter Mapanda on a technical visit to a tree grower, Engineer Kakeeto**



## CFID partners with UTGA on Resin

China Forestry International Development (CFID) is a company fully owned by JHD Co., Ltd., JHD has more than 25 years experience of pine tree plantation and timber value-added business in China and Southeast Asia. CFID is now developing Resin Tapping Project in Uganda, which can not only provide a considerable extra income to timber growers but also a way to save growers' cost of managing a plantation and a solution to the unemployment problem in the society.

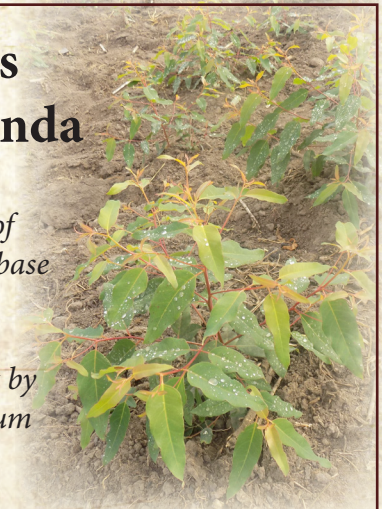
Join in the Resin Tapping Project with CFID, your plantation is no longer a very long-term investment!



## African Hungarian Union supports Climate Change Mitigation in Uganda

*The African Hungarian Union (AHU) is an international NGO, founded in 2006 by prominent members of the African diaspora in Hungary with the aim of promoting cultural exchange, awareness raising and advocacy, while offering a base for sustainable development and humanitarian initiatives focusing on Africa.*

*AHU is a partner of UTGA. AHU has helped establish a tree plantation project whose broad objective is to support the global efforts to protect the environment by promoting sustainable forest management in accordance with the UN Millennium Development Goals. This project activity is in Kisozi village, Kalongo parish, Kalongo Sub County, in Nakasongola district, central Uganda.*





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