



**UTGA**  
Uganda Timber Growers Association

**UGANDA TIMBER GROWERS ASSOCIATION**

**ANNUAL  
REPORT  
2022**



Chairperson's Statement .....	2
General Manager's Report .....	6
Financial Report .....	18
Statement of Changes in Reserves .....	18
Statement of Profit or Loss and Retained Earnings .....	19
Statement of Financial Position .....	20
Statement of Cash Flows .....	21





## VISION

To be the leading commercial forestry actor in Uganda.

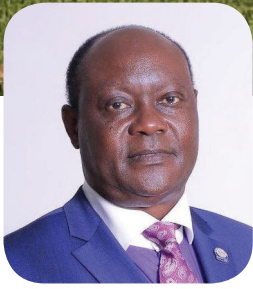
## MISSION

To support efficient, high quality and profitable commercial forestry investments that represents members' interests through collective effort.

## CORE VALUES

1. **Honesty:** We are open and truthful in whatever we do and we condemn all forms of dishonesty
2. **Accountability:** We hold our selves accountable to the highest level of ethical behaviour and responsibility for our actions, while maintaining integrity in our performance.
3. **Mutual Respect:** We respect each other's views and contributions cognizant of the fact that each individual is endowed with different and unique capabilities which are useful to the attainment of the Associations' objectives.
4. **Gender Equality and Diversity:** In fulfilling our mission we treat men and women equally with fairness and acknowledge, respect and celebrate the diversity within our membership.
5. **Participation:** We appreciate each other's participation and encourage all the members to actively participate in the affairs of the Association.
6. **Value for quality:** We stand for the best standards and practices in commercial forestry.





I congratulate all you members and partners for the successful completion of the past year and in the same vein, I extend my deep appreciation to all members and partners for the effort and support rendered towards the strides made by UTGA over the past year.

I also empathize with those that lost loved ones and all those who encountered moments of difficulty.

### The BOD

The Board of Directors with support from management committees continued to provide direction to the association by working closely with the secretariat to ensure the implementation of UTGA plans. The board and committees continued to convene regularly to discuss issues to guide proper management and future of the association. Key areas of focus for the BOD included; marketing, policy, partnerships, visibility, operationalizing the timber yard, member support and resource mobilization.

### Membership

I wish to warmly welcome all new members and to thank all existing members who paid their subscription fee for the year and those who managed to recruit others. This is how we'll increase the strength of UTGA's voice and position in the sector.

Members continued to exhibit the spirit of togetherness especially through participation in member activity and contributing their thoughts through the different platforms. This should continue as it is the best way to deal with the challenges facing us as a group.

### Partners

UTGA continued to promote local, regional and global partnerships. It was a core focus that resulted in outstanding milestones during the year. Our major partners for 2023 included; Fairventures Worldwide, Gatsby Africa Foundation, Silva Causa, the Hammerbacher family, FAO, SPGS and Government of Uganda. The BOD and secretariat continued to work closely with Government ministries, directorates and agencies (MDAs) including the Ministries of Finance, Planning and Economic Development, Ministry of Trade, Industries and Cooperatives and Ministry of Water and Environment plus others in working to regularize timber trade, lobbying for the gazettement of timber graders, streamlining timber exports, popularizing the National timber standard and pushing for responsible sourcing by the Government.

There was considerable work in restoration, preparing growers to benefit from investor facilitation for wood processing, initiating the development of a site species matching tool and reinforcing efforts towards the introduction of new germplasm/new clones in Uganda.

I thank all our partners for the continuous interest in working with UTGA, the support rendered in all forms and for ensuring that together, several achievements were made.

### Strategic direction

The year, 2022, was the first of the 5 years as enshrined in the UTGA business plan, that majorly looks at enhancing lobbying and advocacy, member support services, institutional capacity building, operationalizing the demo merchant timber yard, modernizing the UTGA nursery, access to quality plant material, contributions towards research and





development, expanding forest certification and better positioning of UTGA in regard to responsible forest management. These will provide a basis for prioritizing UTGA's activities in the short and long terms to enable the association to deliver on its mandate to meet the needs of its members.

### Conclusion

I am confident that with concerted efforts, UTGA will play a more significant role in enhancing benefits to members, fulfilling its mandate and strengthening her position in the industry.

I wish to encourage members to continue embracing the spirit of working together so that the association continues to tap into the expertise within its membership. This will enhance UTGA's ability to provide products and services to its membership and to deal with changing needs.

As some growers start to harvest their trees, there's increased focus on marketing, processing and value addition in order to ensure a good return on investment which will in turn allows replanting and expansion of the forest estate in Uganda.

Solomon Osewe Oketcho  
**CHAIRPERSON**



*A previous visit by the UTGA Chairperson to a wood processing facility in Kenya*



**G**reetings from the Uganda Timber Growers Cooperative Savings and Credit Society Ltd (UTG-SACCO Ltd).

The UTG-SACCO was formed in 2010 by some members of the UTGA to bridge cashflow gaps that tree growers were facing and were not addressed by the financial institutions. Since then, UTG-SACCO has achieved impressive growth of Savings, Shares loan portfolio and profitability hence giving returns to members in form of dividends to their shares.

### UTG-SACCO Performance during 2022

1. SACCO Membership: During the year 2022, the SACCO recruited 13 new members compared to 3 in 2021. This increased the SACCO membership from 80 to 93.
2. Share Capital: Member's Share capital grew from UGX 635,220,000 of 2021 to UGX 747,740,000 in 2022 hence an increment of UGX 112,520,000 compared to UGX 98,900,000 of 2021.
3. Loan portfolio: The SACCO's loan portfolio grew during the year from UGX 344,464,333, to UGX 407,818,246 by end of December 2022. Thank you, members that borrowed from us, including our business partners - Q-Sourcing Ltd.
4. Total Loan turnover: During the year, the SACCO's annual total loan turnover increased from UGX 590,310,000 of 2021 to UGX 694,700,000 in 2022, UGX 280,900,000 were loans to our SACCO members while UGX 413,800,000 were the loans disbursed to corporate staff from our business partner Q-Sourcing Ltd.
5. SACCO total assets: The SACCO's total assets grew from UGX 722,239,741 to UGX 854,723,076. Direct sale of shares to members during the period was UGX 59,971,227 compared to UGX 40,550,000 of 2021 while UGX 52,548,771 was a result

of transfer of member's savings above UGX 500,000 and dividends for 2021.

6. UTG-Wood Mill: As some of you may be aware, the UTG-SACCO responded to the Gatsby call for Expression of Interest EOI where Gatsby wants to support growers to identify an investor who will partner with members to carryout high Wood processing, Gatsby engaged members and the EXCOM and progress is so far good number of engagement meeting with members, Stock verification of member's product was done, and due diligence were done by consultants funded by Gatsby Africa.

### Challenges

We had a few challenges during the year due to the effects left behind by the COVID-19 and the economic recession. Those challenges range from low borrowing especially among the SACCO members, and in some cases delayed repayment due to unclear cash flows, and low saving and buying of shares by members. We, however, remain optimistic that the situation will steadily improve over the coming years.

### Way forward

I would like to encourage you to join UTG-SACCO, buy shares and enjoy our service good service as we continue with the desired to form a Financial Institution for the forestry sector. Take Note: In order to be competitive in the market, we have reduced our lending rate from 30% PA (2.5% per month) to 24% PA (2% per month). We therefore encourage all the forest planter/Contractors, Nursery Operators, and Forest Owners to join the UTG-SACCO.

**Dr. Henry Wamani**

UTG-SACCO Chairman





**A**s members know, after many years of investment in tree growing, the next challenge for the tree farmers is how to access

a reasonable market that would bring good financial returns to make a profit from our forest investment. We, as farmers have realized that we are not getting a good price for our wood from our plantations. That is why we collectively embarked on a journey of investing in improved value addition processes to access better markets.

We would like to thank the team that is mobilizing us to build ownership and are investing their time and money in casting the vision, collecting and generating information, making the right contacts with technical and financial supporters so that tree growers can realize better benefits from their investments. Wood value addition through wood processing into various products is a critical step in making tree growing a viable long-term business for the members, for biodiversity & environmental conservation and promotion of forest certification.

We would like again to thank WWF - Uganda and the Forest Stewardship Council (FSC) that financed the feasibility study. The results of the study demonstrated a high level of profitability based on the concept of a particle board factory. The study concluded that many commercial tree farmers are at the stage of processing their wood from their forest plantations, therefore investing in wood value addition wood mill through collective action would help to stem the increasing frustration with low wood prices and lack profitability from tree growing that

demotivate tree farmers from continuing in commercial forestry.

The concept of collective action is built around the understanding that all subscribing members will be required to supply the value addition plant (wood mill) with the wood raw materials which shall be processed and sold in both local and international markets for profit. Plans are already in advanced stages where willing members shall enter into an MoU with the Wood mill to supply raw materials. The SACCO will also be encouraged to buy shares in the wood mill so that its members can get dividends from the plant in proportion to their shares in the SACCO.

The next step for the Special Purpose Vehicle (SPV), the UTG Wood Mill company is for willing members to raise the capital through purchase of shares to put in place the wood mill. The capital raised by member will be part of the stake in the joint venture with a willing partner investor. We thank God for Gatsby that has come in to support tree growers to bring our vision to reality. After several discussions, Gatsby was convinced that the members were committed to pursuing wood value addition and therefore came in to offer technical and financial support. Gatsby has hired consultants to carry out an inventory of forest plantations, to ascertain the collective resource base using a combination of satellite imagery analysis and fieldwork, working with the service provider Swift Geospatial and UTGA. Gatsby is offering support to help in getting the farmers investor ready to engage an investment partner who will bring in value addition expertise, machinery, and access to markets. There have been a series of workshops and meetings to clarify what it takes to be able to get farmers ready for such an investment.





Gatsby has developed areas of collaboration with the Wood Mill to align the collaboration objectives, activities, timelines, and resource commitments from both the Wood Mill and Gatsby in the investment facilitation mechanism pilot. The desire is to test whether investor-ready tree grower groups can access higher value markets through securing investment from investors with appropriate capital, technical experience, and market knowledge. Gatsby and the farmers have enlisted a forestry investment advisory to lead a process of engagement with different investors to identify a pipeline of potentially suitable investors with interest in Uganda's commercial forestry sector.

The overall goal of the mechanism is to see new investments in wood processing deliver higher returns to Uganda's grower groups. We are

very grateful to Gatsby that is funding most of the costs of the investor ready process. In that regard, Gatsby and the UTC Wood company are working on four collaboration areas, namely: Forest resource assessment, Investor-readiness assessment through the consultancy Savo project developer, Investor outreach & matchmaking by Margules Groome, and exploring value orientated saw-milling.

We launched the sale of shares in the UTC Wood Mill SMC Ltd at fifty thousand shilling (UGX 50,000) per share. Some members have already bought the minimum 100 shares, thank you. I encourage every member to buy shares and become a shareholder in the UTC Wood Mill Ltd.

**Edward Mupada,**  
Chairman of the Woodmill Ug. Ltd



A team from Gatsby Africa, Margules Groom and UTC-SACCO carrying out a due diligence at Mr. Edward Mupada's plantation in Nakasongola



**ENVIRONMENTAL SUSTAINABILITY, ECONOMIC GAIN AND ENERGY SECURITY ARE MUTUALLY ACHIEVABLE ELEMENTS through SUSTAINABLE FOREST MANAGEMENT.**

The private sector through UTGA, has demonstrated that, with the right mix of incentives, sustainability of the forestry sector is achievable. Over the last years during the implementation of the SPGSIII project, FAO has supported private sector investment in timber value chain; including, supporting establishment of plantations, developing industry standards and supporting private sector to invest in efficient wood processing and utilization technology to enhance the wood-based value chain industry and ensure optimum utilization of available wood resources for the benefit of tree growers, wood processors and, users of wood products. With increased wood resources from planted forests to meet the country's wood needs- as well as some surplus for potential export- it may merit acknowledging that the timber value chain indeed has made a contribution to reducing pressure off the natural forests- by providing an alternative source of wood- while at the same time contributing to economic growth and increased income for tree farmers and wood processors. The lessons learnt from sustainable investment the forestry value chain are very important in informing other interventions aimed at addressing the challenge of deforestation and climate change.

With funding from the European Union (EU), FAO is implementing the "Forest Management and Sustainable Charcoal Value Chain" project, whose overall goal is to address negative environmental, social and economic impacts of charcoal production. Traditional bio-energy (firewood and charcoal), is the primary cooking fuel for over 88 percent of Uganda's

population but with major concerns on its social, economic and environmental impacts. In addition to promoting cleaner energy alternatives to reduce over dependency wood biomass, improvements in production and utilization of woodfuel, to minimize negative impacts on the environment, is essential as a short to medium term measure, during the transition phase- to cleaner energy. Dedicated wood energy plantations for instance have a role to play in providing a more sustainable source of wood biomass to meet the increasing demand for wood energy which is increasingly exerting pressure on existing natural forests. The unsustainable extraction rate of firewood and charcoal leads to disastrous consequences such as forest degradation, loss of biodiversity, soil degradation, floods, low agroforestry productivity and less resilience against natural disasters, not to mention socio-economic consequences. This calls for promoting other sources of energy in order to gradually reduce the proportion of wood biomass in the total energy mix in the long term. These efforts complement on the sustainable use of biomass by contributing to the objective of universal access to clean energy by 2040 through a basket of solutions such as mini-grids, solar home systems.

FAO forestry programme is delighted to work with Uganda Timber Growers Association (UTGA) and other partners in broadening the scope of interventions to address environmental challenges and enhance natural resources management - including commercial forestry and the related programmes.

"Alone we can do so little; together we can do so much."

**Leo Hitimana**

Team leader, Forestry at FAO





2022 was largely a year of recovery. With efforts to try and return to normalcy after the devastation to lives caused by the COVID 19 pandemic over a period of over 2 years. About 3,630 people in Uganda and 6.8 million lives globally were lost to COVID and yet nearly all of us were affected negatively by the disease. While there has been a spirited campaign to extend the vaccination campaign to all corners, the corona virus is still with us and infections are continuing especially among those that are unvaccinated.

Some good however came out of the COVID situation. In Africa generally and Uganda specifically, we used herbs and leaves of trees and shrubs in local saunas and steaming, as a preventive method. Studies later on will tell us the magnitude of the effect that forestry, our weather and organic fresh food had on our lives and the impact this bore on our immunity. But as Uganda emerged from the COVID-19 pandemic, it then faced an outbreak of the Sudan Ebolavirus strain. A struggling economy with dire effects on the lives of the people was compounded by the Ebola virus infestation in the Mubende and Kassanda districts with spillover effects to the rest of the country.

The second half of the year was more exciting! We increased our regional and international visibility with visits for UTGA members and staff to Kenya and Tanzania, Indonesia plus the XIV Forestry Congress in South Korea. We also brought the team together for the annual strategy and teambuilding session in December.



*UTGA and a team from Nguni Forestry from South Africa, carried out inventory work for growers that want to be part of collective processing.*

UTGA is identifying itself with and is part of initiatives to promote and establish wood as a sustainable building material that is environmentally friendly, affordable, flexible in usage and durable.





While in 1990, a quarter of Uganda was under forest cover, there was considerable loss to an all-time low of 9% in 2015. Recently, an assessment has shown that Uganda is one of two countries in Africa who have had a recent

increase in forest cover which now stands at 13.5%. The reason for this increment is due to the good work that is being done in plantation forestry.

**Refer to graphic showing changes in land and forest cover from 1990 to 2019**

Land Use/Land Cover class	1990	2000	2005	2010	2015	2017	2019	1990-2019	Ratio
Broadleaved plantations	18,682	9,844	14,786	20,995	43,733	84,137	228,118	209,436	1121%
Coniferous plantations	16,384	11,498	18,741	43,743	63,546	75,801	86,236	69,852	426%
THF high stocked	651,106	703,926	600,955	564,948	525,134	524,189	518,073	-133,033	-20%
THF low stocked	273,060	226,549	191,693	120,756	104,592	102,150	156,774	-116,286	-43%
Woodlands	3,974,498	2,834,730	2,778,044	1,448,869	1,201,985	1,239,176	1,739,958	2,234,540	-56%
Bushland	1,422,254	4,007,891	2,968,685	2,371,776	1,970,692	1,664,429	273,405	1,148,849	-81%
Grassland	5,115,446	2,793,950	4,063,594	5,068,269	5,103,796	5,121,004	5,531,494	416,048	8%
Wetland	484,028	838,537	753,038	810,445	716,721	785,703	877,337	393,309	81%
Subsistence farmland	8,401,550	8,916,053	8,847,640	9,772,224	10,275,557	10,483,258	10,607,875	2,206,325	26%
Commercial farmland	68,446	103,327	106,629	134,915	255,934	182,396	165,003	96,557	141%
Built up	36,571	26,315	97,270	98,449	135,593	138,722	259,502	222,931	610%
Water bodies	3,689,580	3,680,870	3,706,467	3,689,346	3,750,237	3,746,221	3,701,338	11,758	0%
Impediment	3,741	1,857	7,804	10,614	7,828	8,162	10,235	6,494	174%
<b>Total Area of Uganda</b>	<b>24,155,347</b>	<b>24,155,347</b>	<b>24,155,347</b>	<b>24,155,347</b>	<b>24,155,347</b>	<b>24,155,347</b>	<b>24,155,347</b>	<b>0</b>	<b>0%</b>
Forest Cover	4,933,730	3,786,547	3,604,219	2,199,309	1,938,990	2,025,453	2,729,159	2,204,571	-45%
Land Area	20,465,767	20,474,477	20,448,880	20,466,001	20,405,110	20,409,126	20,454,009	-11,758	0%
Forest % of land area	24%	18%	18%	11%	10%	10%	13%	-11%	-46%

**Sustainable Development Goals (SDGs)**

It remains important for UTGA as an organization, its members as investors to commit to the sustainable development goals as they do their work. UTGA identified 10 SDGs

(shown in the infographic) that are impacted by what the tree growers do in commercial forestry and are able to link the call to action for the people and their livelihoods, the environment and the planet.




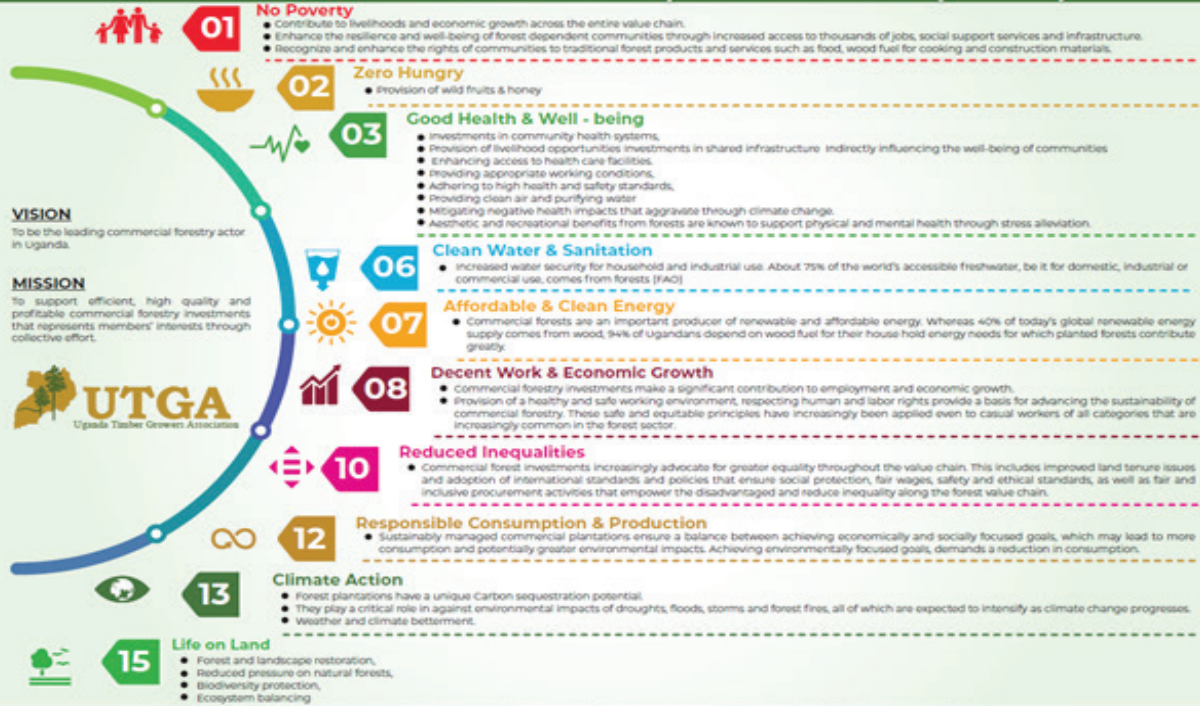


## Contribution of **Commercial Forestry Investments** to the Sustainable Development Goals (SDGs)

**VISION**  
To be the leading commercial forestry actor in Uganda.

**MISSION**  
To support efficient, high quality and profitable commercial forestry investments that represents members' interests through collective effort.





**01 No Poverty**

- Contribute to livelihoods and economic growth across the entire value chain.
- Enhance the resilience and well-being of forest dependent communities through increased access to thousands of jobs, social support services and infrastructure.
- Recognize and enhance the rights of communities to traditional forest products and services such as food, wood fuel for cooking and construction materials.

**02 Zero Hungry**

- Provision of wild fruits & honey

**03 Good Health & Well - being**

- Investments in community health systems.
- Provision of livelihood opportunities: investments in shared infrastructure indirectly influencing the well-being of communities.
- Enhancing access to health care facilities.
- Providing appropriate working conditions.
- Adhering to high health and safety standards.
- Providing clean air and purifying water.
- Mitigating negative health impacts that aggravate through climate change.
- Aesthetic and recreational benefits from forests are known to support physical and mental health through stress alleviation.

**06 Clean Water & Sanitation**

- Increased water security for household and industrial use: About 75% of the world's accessible freshwater, be it for domestic, industrial or commercial use, comes from forests (FAO).

**07 Affordable & Clean Energy**

- Commercial forests are an important producer of renewable and affordable energy. Whereas 40% of today's global renewable energy supply comes from wood, 94% of Ugandans depend on wood fuel for their household energy needs for which planted forests contribute greatly.

**08 Decent Work & Economic Growth**

- Commercial forestry investments make a significant contribution to employment and economic growth.
- Provision of a healthy and safe working environment, respecting human and labor rights provide a basis for advancing the sustainability of commercial forestry. These safe and equitable principles have increasingly been applied even to casual workers of all categories that are increasingly common in the forest sector.

**10 Reduced Inequalities**

- Commercial forest investments increasingly advocate for greater equality throughout the value chain. This includes improved land tenure issues and adoption of international standards and policies that ensure social protection, fair wages, safety and ethical standards, as well as fair and inclusive procurement activities that empower the disadvantaged and reduce inequality along the forest value chain.

**12 Responsible Consumption & Production**

- Sustainably managed commercial plantations ensure a balance between achieving economically and socially focused goals, which may lead to more consumption and potentially greater environmental impacts. Achieving environmentally focused goals, demands a reduction in consumption.

**13 Climate Action**

- Forest plantations have a unique Carbon sequestration potential.
- They play a critical role in against environmental impacts of droughts, floods, storms and forest fires, all of which are expected to intensify as climate change progresses.
- Weather and climate betterment.

**15 Life on Land**

- Forest and landscape restoration.
- Reduced pressure on natural forests.
- Biodiversity protection.
- Ecosystem balancing

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### 2021 UTGA Annual General Meeting and Forest Fair

The 15th UTGA Annual General Meeting (AGM) was held on 10th March, 2022 at the Silver Springs Hotel in Bugolobi, Kampala. A Forest Fair was organized at the same venue. 106 people inclusive of 12 guests, 6 prospective members and staff plus 14 exhibitors participated at the Fair.

### The Board and committees

The Board had 5 meetings and also made a

visit to the West Bugwe Central Forest Reserve in Busia, to inspect UTGA restoration work being done in that CFR. Members were taken to the areas where trees had been planted and also to spots from which they could see much of the reserve.

The 2 UTGA WhatsApp groups have helped members to keep in touch with each other, share information and benefit from online networking. These digital platforms have offered a space to members to discuss issues affecting their investments.





### Membership

UTGA registered 21 new members while 120 members were paid up for the year. The membership and subscription fees collected were UGX 2.1m from new members and UGX 44.85m respectively. Total receipts collected

from members was UGX 46.95m.

UTGA appreciates all its members who met their dues for the year. Their contributions ensured less dependence on subsidies to do work of the association.

### Below is a summary of 2022 collections compared to previous years;

Detail	2022	2021	2020	2019	2018	2017	2016	2015
New members	21	21	19	62	57	72	54	50
Paid up members	120	148	128	201	221	208	194	144
Registration fees (Millions in UGX)	2.1	2.1	1.8	6.2	5.7	7.2	5.4	4.8
Subscription fees (Millions in UGX)	44.85	44.6	38.96	55.79	63.78	57.25	45.59	38.04
Total Collections (Millions in UGX)	46.95	46.7	40.79	61.99	69.48	64.45	53.74	42.89

### The UTGA Nursery

2022 generally saw a drastic drop in tree planting in the country and this is visibly

evident when one looks at the performance of planting material at the UTGA Nursery as shown below: -

Year	2017	2018	2019	2020	2021	2022
Annual Income	63.6m	103.2m	166m	249.7m	263.2m	170.5m

### Improved seed

UTGA imported 35 kg of Pinus Caribaeae (PCH) from Australia while 212 grams of Eucalyptus Grandis from South Africa was sold during the year. This means that the majority of growers used clonal planting material in their new and young plantations. There is less pine planting material that was imported and therefore used.

quarter of 2023.

This establishment worth USD 320,000 will be officially handed over by FAO after full installation and testing has been done. As part of the expansion plans for the yard, UTGA acquired two more acres of land adjacent the nursery which will accommodate the tunnelling shed for the nursery work and seedling incubation. The area left after the transfer of the green houses will allow for better storage and haulage of timber within the yard and cater for expansion of processing capacity. This facility will be the leading training facility for timber processing in Uganda and will provide learning opportunities for small

### Demo merchant timberyard

Major installation of equipment at the timber yard was completed after three-phase power had been extended to the site. Plans were made to recruit personnel in order to have the whole facility up and running by the first





and medium scale tree growers, processors students, traders, carpenters, wood workers and other actors along the wood value chain. Apart from training and exposure, the timber yard will provide some other services like;

- Kiln drying of timber,
- Saw doctoring
- Timber resewing and planning
- Timber storage
- Collective marketing

### Forest Restoration

UTGA continued enhanced its forest restoration activities in West Bugwe central forest reserve (CFR). The project aims to restore the reserve to its indigenous state while contributing to long term carbon sequestration. In 2022 a total of 89 hectares were restored with support from Hammerbacher in Germany and Silva Causa from Denmark. This brings the total restored area so far, by UTGA to 248 hectares.

UTGA entered an agreement with the Hammerbacher family who run a chain of furniture stores in Germany to restore 250ha over a five-year period. There are plans to get the project area FSC certified for responsible forest management and supply of ecosystem services in the first quarter of 2023. The certification will also contribute to the UTGA group scheme's commitment to have at least 10% of the certified area under conservation. The project also included community engagements and support aimed at reducing pressure on the reserve.

### Certification

Surveillance of the UTGA FSC group scheme took place in December 2022. Since the area to

be visited was Mubende and was under Ebola lockdown, a virtual audit activity was made. UTGA maintained its certificate as a symbol of continued commitment to responsible forest management. Although the group scheme didn't expand, several tree growers had expressed interest and applied to join the scheme. The key lessons included the need to put emphasis on legality, worker's conditions, maintaining forest roads and record keeping. The target was to have as many certified forests as possible. In is in plan that in 2023, UTGA will add West Bugwe CFR forest restoration project (1000 hectares) as to its FSC group scheme for small and medium scale growers.

### Standards

Working with the Forest Sector Support Department (FSSD) in the Ministry of Water and Environment and the Uganda National Bureau of Standards (UNBS), UTGA made a contribution to the development of national standards for the forestry sector. These included standards on nursery management, forest management and harvesting.

### Resin Tapping

A number of growers continued to engage in resin tapping. However, as many continued to enjoy the benefits, some were not happy, as they had lost their trees majorly due to wind breaks and poor growth. Indeed, UTGA attended to some of these challenges by engaging and working with the tapper, China Forestry International Development (CFID). A status report was also produced and shared with the membership to guide those still desirous of engaging in resin tapping.



### National Forestry Authority (NFA)

Most of the UTGA growers are planting trees in central forest reserves managed by the NFA. UTGA has compiled a list of its members who are in need for more land to continue the afforestation campaign that has been well embraced by a very active and vibrant private sector. UTGA has also indicated to NFA the need to strengthen working partnerships in the other areas of the forestry value chain including processing, value addition and marketing. UTGA has resuscitated its proposal to NFA to establish a processing, storage and sales hub for high quality forest products at the Banda CFR.

### Food & Agricultural Organisation (FAO)

There was a continuation between the partnership between FAO Uganda and UTGA. FAO are managing a 3-year forest management and sustainable charcoal value chain project whose goal is to mitigate negative social, environmental and economic impacts resulting from charcoal production. Some UTGA members are direct beneficiaries of this project in the districts of Gulu, Lamwo, Kassanda, Mubende, Kitgum, Amuru, Adjumani, Moyo, Nwoya, Luweero, Nakaseke, Obongi, Kiboga and Yumbe.

### CMO

UTGA's work in the group certification is done with the guidance and expertise provided by CMO whose experience, determination and diligence of their professional team has been extremely beneficial to the performance of the scheme. CMO remains a very strong strategic partner of UTGA.

### Fairventures Worldwide (FvW)

UTGA and FvW have been working together on the IKU project to carry out prototyping and demonstrating what timber can be used for in the construction and housing industry. While the Europeans and Americans are setting up storied wooden buildings, a case is being made to do the same in Africa generally and in East Africa specifically. FvW has erected a timber house on top of Crown House on Kampala road to show that even in Uganda, we can build and construct dwelling spaces using wood.

### Partnerships for forests (P4F)

UTGA had several engagements with P4F both locally and in Kenya with the aim of sharing experiences in forest certification and identifying ideas that would help to propel the UTGA group scheme to include forest communities and learn from each other about the economic and social benefits of forestry.

### Silva Causa

Silva Causa is a company in Denmark that works with multiple companies in Denmark. They have been supporting and working with UTGA for the forest restoration of 35 ha in West Bugwe CFR in 2022 and have agreed to underpin the restoration of another 35ha in 2023.

### Hammerbacher

Hammebacher is a family business that specializes in the production of home and office furniture in Germany. They have been supporting and working with UTGA and FSC Germany for the forest restoration of 54 hectares in West Bugwe CFR in 2022 and have





agreed to fund the restoration of at least 50ha every year until 2026.

### **Gatsby Africa Foundation (GAF)**

A working agreement was signed between UTGA Gatsby Africa Foundation (GAF), for support in technical areas of the timber industry as well as value chain initiatives that are majorly looking at processing and value addition.

UTGA had several beneficial engagements with Gatsby Africa through their regional office in Nairobi, Kenya.

- a. GAF supported some members through initiating investor facilitation. This followed a call for organized groups of tree growers to express interest in benefiting from the facilitation from which the UTC SACCO emerged the beneficiary. The facilitation included support to conduct forest resource base assessments which would provide investors with wood flow information including the quantity, quality and locations of the tree resources among others. The assessments were done by Swift Geospatial through the UTGA technical team together with Nguni Forestry from South Africa for 3,476 hectares.
- b. GAF also worked with NaFORRI and UTGA to develop a site- species matching tool for Uganda after studying the performance of different commercial species across the country. The tool will help growers reduce the risk of offsite planting for the major commercial tree species in Uganda. GA also initiated the process that will lead to the introduction

of new clones in Uganda.

- c. GAF worked with UTGA to plan a visit to Kenya. This was held in late June 2022 and 30 participants attended with 26 travelling from Kampala while 4 were met in Nairobi.

The trip objective was to allow UTGA Members to interface with the Kenyan market players who are regional buyers of wood and for members to appreciate wood value addition initiatives in Kenya. Members agreed on a way forward that included full optimization of the tree, ensuring that the wood/ timber is always kiln dried to improve its quality and planned products, promoting certification of nurseries and forests, coming together to lobby for support in form of technical advice on processing techniques, machinery and funding.

They also agreed to promote the usage of commercial species for joinery and furniture making, the usage of wood from their plantations in construction, interior décor and design, starting with their homes, houses and buildings, organizing training for carpenters, wood workers, architects and interior designers to use home grown Ugandan wood in their work, replacing polyethene with reusable trays for seedling production and embracing modern technologies like cross lamination of timber (CLT) that has lower carbon emissions and finger jointing which utilizes the whole tree optimally.

- d. GAF worked with UTGA, government





departments and private sector actors to facilitate the introduction of alternative improved germplasm targeting solid wood products. Uganda being a high-potential country having ventured into plantation forestry, however relies on a narrow genetic pool for commercial forestry deployment. For pines only relying on *Pinus Caribaea* var *Hondurensis* sourced from suppliers in Australia and Brazil while *Eucalyptus* clones only GU7 and GU8. There was agreement by GAF, invited Government Officials from Ministry of Water and Environment – FSSD, NaFFORi and the whole Uganda team to form a network to move this agenda, use the SSMT tool to help with some ecological tests across the country, work to establish a tree improvement working group and for UTGA members to provide space for trials at the nursery and plantations.

- e. UTGA had meaningful engagements with a number of partners who are slated to bring value and are going to be very beneficial to the work of UTGA, its members and the industry at large. UTGA is optimistic about what is going to be brought to the table by IMTN, Arocha Uganda, Modern Laminates Ltd, Fairventures Digital, Geo Spatial Solutions, Margules Groomes, Savo project Developers

### Others

The UTGA secretariat offered internship opportunities to one university student and another from Nyabyeya Forestry College in 2022.



*The wood industry offers an exciting opportunity for a wide product range*





### KEY MILESTONES FOR 2022

- Constructing and equipping the UTGA demo merchant timber yard with support from FAO and the European Union (EU)
- The coming together of a group of tree farmers (coalition of the willing) to venture into downstream processing and value addition and the diligence and verve of a partner, Gatsby Africa Foundation (GAF) to support the investor readiness process.
- The pursuit of forest restoration, biodiversity conservation & protection

and the growing of native tree species juxtaposed with plantations as important pillars of forestry.

### CHALLENGES FOR 2022

UTGA is still reliant on subsidies and therefore prone to abrupt shortages which disrupt activities and services to members.

The secretariate also remains thinly staffed and, in many ways, this limits its scale and scope of engagement.

The long-term nature of commercial forestry strains the patience of tree growers. Some become disillusioned by the waiting and find it difficult responding to invitations to planned activities and requirements.



*Our partners at Fairventures Worldwide have set up a Timber Innovation Centre that will showcase full usability of wood in the construction of homes and houses*



## OUTLOOK FOR 2023

As UTGA continues to make a contribution to the building of a sustainable timber industry in Uganda, that journey is a step-by-step process. It is believed that what will help bring sustainability the industry includes:

1. Carrying out and extending an advocacy campaign to sensitize the general public on the multiple benefits of the use of wood in our lives, at home and in our work places. Wood is a safe and versatile alternative to concrete, cement, metal and tiles. There is need for increased use of wood by builders, architects and engineers owing to the environmental and aesthetic benefits brought by wood in our living spaces.
2. Extend awareness on the need to add value to our home-grown Ugandan wood by kiln drying (KD) it. Carpenters, wood workers and users have made a preference for KD wood owing to its stability and ease of use.
3. Promoting organized and formal wood exports of Ugandan-grown timber/wood to regional and international markets. It is thought that this will stimulate the local markets and give the growers fair value for their wood, supporting and promoting the Buy Uganda, Build Uganda (BUBU) campaign.
4. In 2022 owing to devastating forest and other fires plus high temperatures in many European countries and the Americas which were vivid indicators of global climate change, we started to discuss with new partners about promoting and

operating carbon services. It is thought that this will continue to expand.

5. There is also interest to support the growing of native species and for members to replicate the growing of indigenous trees.

## ACKNOWLEDGEMENTS

I'd like to thank the UTGA members for keeping the association alive by participating in activities that promote the business of the association.

The Board members have attended to UTGA work with dedication and zeal and so we thank them too.

The UTGA Secretariat staff have been able to continue to serve and offer valuable service to the association, promoting team work and working with the members and the Board to plan, organize, lead, deliver and report on tasks.

A number of partners have been supportive of UTGA initiatives in 2022. We appreciate their efforts.

**Dennis David Kavuma**  
General Manager - UTGA



**UGANDA TIMBER GROWERS ASSOCIATION**

(Registration Number 196196)

Annual Financial Statements for the year ended 31 December 2022

**Statement of Comprehensive Income****Figures in Sh `000**

	Notes	2022	2021
Revenue	13	336,183	562,786
Cost of sales	14	(202,739)	(360,461)
<b>Gross profit</b>		<b>133,444</b>	<b>202,325</b>
Other income	15	1,044,634	989,758
Administrative expenses	16	(35,659)	(16,023)
Other expenses	17	(1,462,710)	(592,722)
<b>(Loss) / profit from operating activities</b>	18	<b>(320,291)</b>	<b>583,338</b>
Finance income	19	5,564	4,000
<b>(Loss) / profit for the year</b>		<b>(314,727)</b>	<b>587,338</b>

**UGANDA TIMBER GROWERS ASSOCIATION**

(Registration Number 196196)

Annual Financial Statements for the year ended 31 December 2022

**Statement of Cash Flows**

Figures in Sh `000

	Note	2022	2021
<b>Cash flows from operations</b>			
<b>(Loss) / profit for the year</b>		<b>(314,727)</b>	<b>587,338</b>
<b>Adjustments to reconcile (loss) / profit</b>			
Adjustments for finance income		(5,564)	(4,000)
Adjustments for decrease / (increase) in inventories		10,259	(19,629)
Adjustments for increase in trade accounts receivable		(7,780)	(28,960)
Adjustments for increase in other operating receivables		(349)	-
Adjustments for increase in trade accounts payable		3	-
Adjustments for (decrease) / increase in other operating payables		(34,669)	32,527
Adjustments for increase in deferred income		794,927	-
Adjustments for depreciation and amortisation expense		12,555	15,370
Adjustments for impairment losses and reversal of impairment losses recognised in profit or loss		328,497	-
Adjustments for provisions		29,300	-
<b>Total adjustments to reconcile (loss) / profit</b>		<b>1,127,179</b>	<b>(4,692)</b>
<b>Net cash flows from operations</b>		<b>812,452</b>	<b>582,646</b>
Interest received		5,564	4,000
<b>Net cash flows from operating activities</b>		<b>818,016</b>	<b>586,646</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment		(940,564)	(420,760)
Purchase of investment		-	(1,100)
<b>Cash flows used in investing activities</b>		<b>(940,564)</b>	<b>(421,860)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(122,548)</b>	<b>164,786</b>
Cash and cash equivalents at beginning of the year		269,232	104,446
<b>Cash and cash equivalents at end of the year</b>	<b>9</b>	<b>146,684</b>	<b>269,232</b>



**UGANDA TIMBER GROWERS ASSOCIATION**

(Registration Number 196196)

Annual Financial Statements for the year ended 31 December 2022

**Statement of Financial Position**

Figures in Sh `000

	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,499,830	571,821
<b>Current assets</b>			
Inventories	5	46,486	56,745
Trade and other receivables	6	237,076	557,444
UTGA Investment SACCO	7	1,100	1,100
Prepayments	8	16,500	16,500
Cash and cash equivalents	9	146,684	269,232
<b>Total current assets</b>		<b>447,846</b>	<b>901,021</b>
<b>Total assets</b>		<b>1,947,676</b>	<b>1,472,842</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Retained income		779,283	1,094,010
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Capital Grants	12	794,927	-
<b>Current liabilities</b>			
Provision for doubtful Subscription fees	10	357,797	328,497
Trade and other payables	11	15,669	50,335
<b>Total current liabilities</b>		<b>373,466</b>	<b>378,832</b>
<b>Total liabilities</b>		<b>1,168,393</b>	<b>378,832</b>
<b>Total equity and liabilities</b>		<b>1,947,676</b>	<b>1,472,842</b>

Approved by the members on 14<sup>th</sup> March and signed on its behalf by:


Chairperson



Secretary

**UGANDA TIMBER GROWERS ASSOCIATION**

(Registration Number 196196)

Annual Financial Statements for the year ended 31 December 2022

**Statement of Changes in Equity**

<b>Figures in Sh `000</b>	<b>Retained income</b>	<b>Total</b>
<b>Balance at 1 March 2020</b>	506,672	506,672
<b>Changes in equity</b>		
Profit for the year	587,338	587,338
Total comprehensive income for the year	587,338	587,338
<b>Balance at 31 December 2021</b>	<b>1,094,010</b>	<b>1,094,010</b>
<b>Balance at 1 January 2022</b>	1,094,010	1,094,010
<b>Changes in equity</b>		
Loss for the year	(314,727)	(314,727)
Total comprehensive income for the year	(314,727)	(314,727)
<b>Balance at 31 December 2022</b>	<b>779,283</b>	<b>779,283</b>





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