



## TERMS OF REFERENCE FOR UNDERTAKING INSTITUTIONAL ANALYSIS ON REGULATION OF TIMBER TRADE IN UGANDA

### 1.0. Introduction

Environmental Alert with support from WWF Uganda Country Office (WWF UCO), is implementing a project that contributes to mainstreaming responsible timber trade and other forest products in Uganda. It has been noted that over 99 per cent of forest products used in the country are acquired illegally. Every year Uganda uses 300,000 cubic meters of timber translating into Ush57 billion (\$22.9 million) and 43 million centimeters of fuel wood accounting for Ush324 billion (\$130.4 million)<sup>1</sup>. The most obvious economic impact of the trade is the reduction of legitimate tax revenue to the state but of potentially more significance; is the distortion of the market resulting from tax avoidance. The dealer who avoids taxes gains a competitive advantage which forces other dealers to engage in the same malpractices in order to compete and survive. It also affects the competitiveness of locally produced timber, lowers prices and ultimately acts as a disincentive to the certified /legal timber producers. Additionally, illegally traded timber increases the risks to investors, reducing their willingness to invest in timber processing or timber production (WWF, 2012). Hence, the need for designing and implementation of actions/strategies and policy instruments to regulate not only timber trade but also other forest products such as charcoal in Uganda and across its borders.

Anecdotal evidence suggests that unregulated trade and movement of timber within and across borders in Uganda are more widespread than what is documented and reported. In the past, the main sources of timber supply were the government-owned forest plantations and natural forests in the Central Forest Reserves (CFR). But due to overharvesting of these natural forests and the poor replanting practices 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 who unfortunately are not organized into producer organizations making the regulation of licences/ inventories and production with efficient technologies even harder. 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 (WWF, 2012)<sup>2</sup>. There is need to strengthen the private into an institution that can engage government to reduce on imports and promote wood based exports so as to benefit from their investments

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 and based mainly on outdated data from an assessment carried out in 2005 when the forest sector

<sup>1</sup> (<http://www.illegal-logging.info/content/uganda-cfm-fails-curb-illegal-logging>).

<sup>2</sup> WWF (2012). Timber movement and Trade in eastern democratic republic of Congo and destination markets in the region.

was better regulated and good quality information on the trade was available. However, the present saw wood market in Uganda is estimated at 369,000 m<sup>3</sup>. 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.

The WWF report (2012), *'Timber movement and trade in eastern Democratic Republic of Congo and destination markets in the region,'* indicates that in Uganda, under-payment of duties and taxes on imported timber was estimated at 50% in 2011 and is the main issue in the illegal trade. Illegal export of Ugandan timber mainly to South Sudan is also occurring, mainly by adding locally sourced timber to consignments in transit to South Sudan. Smuggling DRC timber into Uganda is not considered to be significant. According to the report, the challenge for the immediate future is to improve regulation and management of the trade so that it maximizes benefits to local communities and society at large while remaining environmentally, economically and socially sustainable.

## 2.0. About Environmental Alert

Environmental Alert (EA) is a Ugandan Non-Governmental Organization officially registered with the NGO Board, founded in 1988, that promotes sustainable agriculture and natural resources management for sustainable livelihoods in Uganda through supporting community development and policy lobbying and advocacy. EA envisions, ***'Resilient and dignified communities, managing their environment and natural resources sustainably.'*** EA is also a 1<sup>st</sup> prize winner of the Energy globe award for environmental sustainability-2005 under the category, earth.

Since its inception, EA has been working with local communities in Eastern, Northern, Western and Central regions of Uganda linking evidence based information to national policy and advocacy processes. Environmental Alert serves as the link between Civil Society Organisations (ENR-CSO Network) and the Ministry of Water and Environment and represents Civil Society at the Annual Joint Sector review meeting convened by the Ministry. EA directly influences Ministry of Water and Environment's policies and programmes through its membership in the two top policy making organs of the Ministry (The Environment and Natural Resources Sub-sector Working Group and the Water and Environment Sector Working Group). These two policy organs of the ministry are responsible for approving the ministry's policies and programme, including budget allocations and monitoring of the performance of the Ministry and its agencies.

In addition, EA is a member of the Wetlands Advisory Committee and the International Union for Conservation of Nature (IUCN). The organisation is also working in close collaboration with the Civil Society Budget Advocacy Group (CSBAG), Uganda Land Alliance (ULA), Uganda Poverty Conservation and Learning Group (U-PCLG), Participatory Ecological Land Use Management (PELUM) and REDD+.

EA provides secretariat services for PROLINNOVA Uganda country programme and serves as the coordinating agency for Environment and Natural Resources Civil Society (ENR-CSO) Network and the Uganda Forest Working Group (UFWG). Details can be found at [www.ervalert.org](http://www.ervalert.org).

## 3.0. Purpose of the assignment

The overall objective is to carry out a Situational Analysis study on regulation of timber trade in Uganda among the targeted stakeholders.

### Tasks

Undertake institutional analysis on regulation of timber trade in Uganda to establish whether it is necessary to establish an agency to promote and regulate trade in forest products or whether the current institutional arrangements suffice for all forest trade issues in country and across border. Specifically:

- The consultant will look at institutional arrangements and adequacy on all ingredients of trade in country and across border, value addition, export potential, taxation, efficient production, producer associations etc.
- Compare how other products such as coffee are traded, exported, promoted and regulated
- Assess whether ministries and agencies that procure timber and other forest products ensure that only legal forest products are procured.
- Advise on how best regulation of forest trade can be done with the aim of promoting legality and enhancing national and actors incomes from forestry investments
- Conduct validation workshop on the study findings bringing together all the key actors in timber trade

### 3.1. Scope of the Assignment

The institutional analysis on regulation of timber trade will take place at both the National and district levels with the identified Departments, and Institutions such as Ministry of Water and Environment, Public procurement and Disposal of Assets( PPDA), Forest sector support Department( FSSD), National Forestry Authority( NFA), the Environmental Police force( EPF), Key Civil Society and Media Institutions( ACODE, CARE and WEMNET among others as will be agreed). Also districts where there is good practice with respect to legal timber trade for comparison and learning purposes

### 3.2 .Time schedule

The assignment will be carried out in January 2017(Last two weeks of January). The anticipated total number of work days is 10 days. Deadline for submission of proposals is 20<sup>th</sup> January, 2017 before 2pm and the study will commence on Monday 23<sup>rd</sup>, January 2017 and final report is expected not later than 3<sup>rd</sup> February 2017.

Activities	Number of days	Tentative scheduled dates
Preparation and Analysis of tools for the assignment.	1	
Conduct a survey among the identified stakeholders and institutions	6	
Analysis and interpretation	2	
Compilation of final report	2	
Total number of days	10	

### 4.0. Role of Environmental Alert

- a) Pay the Consultant an agreed consultancy fee.
- b) Provide the necessary information available at Environmental Alert
- c) Provide transport, communication and other logistics necessary for the assignment as will be agreed

### 5.0. Professional qualification and experience

The required consultant shall possess the following qualifications and experience:

- Demonstrable wealth of experience in Forestry and Natural resource management

- At least an advanced degree in relevant field
- Familiar with / knowledgeable about Regulations on Timber trade
- Good training, writing, communication and presentation skills
- Evidence that he/she has previously conducted similar assignments

## 6.0. Deliverables and Reporting Requirements

- a. Inception report
- b. Make a presentation on the findings during the validation workshop bringing together all the key actors in timber trade
- c. Final report with details on names of institutions that are responsible for the regulation of timber trade in Uganda including their strengths , weaknesses , challenges and opportunities , forms of regulation , who is involved and what is the source of illegal timber in Uganda , institutional mechanisms /strategies in place to regulate timber trade and practical recommendations for regulating timber trade in Uganda

## 7.0. Payments

The Consultant will be responsible for declaration of the income for income tax purposes. (I.e. **6% from the gross payment**) payable to Uganda Revenue Authority in accordance with the income tax regulations of the Republic of Uganda from the amounts that will be agreed.

## Administrative Charges

Furthermore, a **10% charge from gross payment**, for covering costs associated with procurement of the consultant and management of the consultancy will be charged by Environmental Alert from the total agreed professional fees.

Other costs associated with delivery of the task especially those associated such as transport and communication will be provided and or reimbursed by Environmental Alert based on modest rates in the context of Environmental Alert's policies.

## 8.0. Contractual conditions

-The Consultant shall be persons of high integrity and competence in application of the task at hand for the period required.

-Except with prior agreement with EA, the Consultant shall not publicize or make public through media or in private any (part) of the raw or finished material, recommendations or information provided within the framework of this contract.

-All reference materials belonging to EA that the Consultant may have in possession by virtue of the contract shall be surrendered to EA at the end of the contract.

-In case of conflict arising from the implementation or execution of this contract, the parties agree to do their best to avoid legal action, but shall seek arbitration from a third party acceptable to both parties.

**9.0. Correspondence**

Please send your proposals to Environmental Alert- Dr. Joshua Zake, P.O Box 11259 Kampala-Uganda, Email; Ed@envalert.org with a copy to [pm@envalert.org](mailto:pm@envalert.org).

**1.0. Submission of proposals**

The proposals (technical and financial) should be sent by email to Ambrose Bugaari at [pm@envalert.org](mailto:pm@envalert.org)