

Review of the Forestry Sector in Uganda

**Proposals for improving
governance and effective
management in the forestry sector**

Main Report
1 December 2010



Foreword

This review was commissioned by the Ministry of Water and Environment, Directorate of Environment Affairs, with financial support from the Royal Norwegian Embassy. It was undertaken by a forestry consultant Mr Sean White who was assisted by Mr Patrick Byakagaba of the Faculty of Forestry and Nature Conservation at Makerere University. The work was carried out between June and September 2010.

The author would like to thank all those who gave their time to be interviewed, to attend meetings and to arrange appointments. Their assistance was vital to this work.

1 December 2010

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Acronyms

ACODE	Advocates Coalition for Development and Environment
DFID	UK Department for International Development
ENR	Environment and Natural Resources
CFR	Central Forest Reserve
CSO	civil society organisation
DEA	Directorate of Environment Affairs
DFS	District Forestry Services
ED	Executive Director (of NFA)
ENR-SIP	Environment and Natural Resources Sector Investment Plan
FD	Forestry Department
FID	Forestry Inspection Division
FSSD	Forestry Sector Support Department
FIEFOC	Farm Income Enhancement and Forest Conservation Project
GoU	Government of Uganda
GTZ	Gesellschaft für Technische Zusammenarbeit
IDRC	International Development Research Centre
IFM	Independent Forest Monitor
IIED	International Institute for Environment and Development
LFR	Local Forest Reserve
LG	Local Government
MoWE	Ministry of Water and Environment
MoU	memorandum of understanding
MWLE	Ministry of Water, Lands and Environment
NBU	National Biomass Unit
NDP	National Development Plan
NFA	National Forestry Authority
NFP	National Forest Plan
Norad	Norwegian Agency for Development Cooperation
NTSC	National Tree Seed Centre
SFM	sustainable forest management
SPGS	Sawlog Production Grant Scheme
UTGA	Uganda Timber Growers Association
UWA	Uganda Wildlife Authority

Executive summary

This review of the forestry sector comes six years after the completion of the comprehensive forestry sector reform process that was implemented between 1998 and 2004. The review was holistic in scope but focused mainly on the three institutions that were created to replace the Forestry Department during the reform process. The three institutions - the Forestry Sector Support Department (FSSD), National Forestry Authority (NFA) and District Forestry Services (DFS) - have not been working to expectations and forest destruction is continuing despite efforts to reverse the trend. The review assessed each institution's performance as a basis for identifying constraints and making recommendations on improving performance and governance within the current institutional framework. The review also assessed the revised Policy and Act as a basis for effective performance of the sector.

The reform process separated the regulatory and sector coordination functions from the forest management and implementation functions. FSSD was designed to be a "lean" regulatory institution while DFS and NFA were to implement the forest management and other functions. The three institutions were designed to function in a complimentary and programmatic way under the coordination of the FSSD.

The NFA was operationalised effectively but the expected facilitation and support for operationalising both FSSD and DFS did not materialize. The institutional linkages remained weak and the expected synergies did not develop. While NFA made strong progress in the early years at least, the sector coordination, regulation, support and oversight functions were lacking and implementation of decentralised functions was also weak.

FSSD performance has been constrained by inadequate funding and weak organisational capacity. At present, activities are focused on support to DFS through the Farm Income Enhancement and Forest Conservation (FIEFOC) project as funds are available for this function, while implementation of other important functions that are not funded is weak. The degree of involvement of FSSD in implementing FIEFOC is going beyond the coordination role and resulting in "mission creep" into implementation activities. The recommendations for improving performance of FSSD are

- a) Improve organisational capacity through structural re-organisation, improved staffing and staff deployment, implementation of management systems, strategic planning linked to functions
- b) adhere to the regulatory and coordination focus, avoid mission creep and keep the organisation lean
- c) improve funding-raising competence
- d) raise the organisation profile and strength
- e) provide technical assistance to FSSD
- f) provide adequate funding for core activities.

The **NFA** was effective initially but performance has declined. The main constraint has been its inability to manage the political pressures within its operating environment. The ban on eviction of encroachers constrains its ability to protect and manage the forest reserves. Other political influences also have a strong impact on performance such as Board appointments, pressures to degazette forest reserve land, and pressures to modify its implementation strategies such as its leasing strategy. Other constraints to NFA performance are: the decrease of the revenue stream from plantations and the requirement to be self-financing which focuses NFA unduly on income generation at the expense of the public good functions; a weakened organisational capacity resulting from the Board and staff resignations on the mid 2000s; weak law enforcement capacity; and lack of oversight from FSSD.

The recommendations for improving performance of NFA are

- a) political support in making the right Board and senior staff appointments to revitalise the NFA, and political support to NFA in implementing its mandate to protect and manage the reserves
- b) revitalise the institution which will be a priority for the new Board and Executive Director (ED) involving re-examining its priorities, business planning, addressing financing issues, functional re-organisation, recruiting and realignment of senior staffing, addressing low staff morale and poor public image
- c) re-establish the oversight role of FSSD
- d) strike a balance between production and public good functions of NFA
- e) improve linkages between NFA and DFS, including possibly NFA providing a support role to DFS through its performance contract with FSSD
- f) resolve the ban on evictions
- g) public sensitization to gain support for NFA activities and reduce negative political pressures.

As the sector coordinating institution, FSSD has a key role in supporting NFA to implement several of the recommendations for improving performance.

The **DFS** have not been effectively operationalised. Activities are focused on revenue generation with little progress on other functions. The main constraints are the low priority status of forestry within the local government system and the consequently small budgets, low salaries, inadequate staff and low staff capacity, inadequate support from the Ministry (FSSD), political and administrative pressures on DFS staff to allow encroachment and unsustainable harvesting.

The measures recommended to improve performance of DFS are:

- a) additional staff (and increase in staff salaries);
- b) conditional grants from GoU for public good activities;
- c) back-up support from FSSD, possibly through arrangements with NFA ;
- d) empower DFS with more control of FIEFOC and other project funds (treating such funds in the same way as conditional grants);
- e) address political pressures and constraints through FSSD support for awareness campaigns, and provision of information;
- f) provide DFS with better information on the resources (through FSSD support), especially the forests on private lands;

- g) collaborate with SPGS project (through FSSD coordination) in its community forestry activities;
- h) capacity building training for DFS staff through FSSD (in collaboration with SPGS initiatives where appropriate); and
- i) develop strategies for management of DFS functions – management of LFRs, forests on private land, provision of extension services.

As the sector coordinating institution, FSSD has a key role in supporting DFS to implement several of the recommendations for improving performance.

As FSSD is itself a weak institution, it has not been able to provide the necessary coordination and support to DFS. FSSD's role is to coordinate support to DFS and can do this through service providers such as NFA or the FIEFOC coordination unit, or other contractors.

The option of recentralizing DFS was considered, either through incorporating DFS in NFA or through direct integration with FSSD. The latter option would compromise the principle of segregating regulatory and implementation functions and is not recommended. The former option of integrating with NFA has some advantages but is contrary to the decentralisation policy. The recommended option is to strengthen DFS in its current institutional arrangements rather than re-centralise.

The overall assessment of the institutional framework involving FSSD, NFA and DFS is that it was well designed and should be given the chance to function as originally envisaged by providing the necessary facilitation.

Other institutions and stakeholders play an increasingly important role in the sector but coordination and intra-sectoral linkages are weak as FSSD has not been adequately fulfilling this function. The Uganda Wildlife Authority (UWA) manages approximately the same area of natural forest as does NFA. It has good law enforcement capacity and is not encumbered by the ban on evicting encroachers. There is a need for better coordination between NFA and UWA. A Memorandum of Understanding (MoU) was drawn up in the mid 2000's but not finalized. FSSD should now facilitate improved linkages between NFA and UWA and finalise the MoU.

Private sector investment in plantation development has exceeded expectations partly due to NFA's strategy to lease forest reserve land to investors, and partly due to the success of the Sawlog Promotion Grant Scheme (SPGS). FSSD should support private investment in the sector and ensure the climate for investment remains favourable. Commercial plantation management is increasingly likely to be a private sector function in the future. This reduces the need for public sector investment in plantations and therefore the FSSD and NFA should review the strategy for NFA involvement in plantation development in the future. It is recommended that NFA should progressively divest its plantation role to the private sector.

The reformed **Forest Policy (2001)** and **National Forestry and Tree Planting Act (2003)** provide the basis for good sector performance and are not a constraint. However, many provisions in the Act have not been utilized and this is because the regulations to be made under section 92(2) have not been developed and gazetted. They are an urgent priority and are necessary to effectively implement and operationalise the Act.

Poor **governance** is a constraint to performance in NFA and DFS. The issue was analysed by a gathering of experts in Kampala in June 2010 and a series of recommendations were made to improve governance. As the coordination and regulatory institution, FSSD has a key role in addressing this issue. The priority recommendation of that analysis and of the current review is to increase transparency by making comprehensive information available to the public on the forest resources and the management of those resources. Transparency improves accountability and reduces the opportunities for corruption. It is recommended that information is freely available and readily accessible on public forests and the operations of NFA and DFS, including GIS maps, inventory data, felling plans harvesting forecasts, long term plans and forecasts, financial information, financial reports, progress reports, tender allocations, concession allocations, and any other information required by the public. Information on forests on private land including natural forests and plantations should also be available to the public.

Civil society organisations (CSOs) that focus on governance and forestry issues have an important role in holding public institutions and individuals to account to civil society. The Forest Governance Learning Group and the Advocates Coalition for Development and Environment (ACODE) are key players in this regard. Good information facilitates their efforts to improve governance in the sector. It is recommended that FSSD supports and facilitates their efforts.

Given the important role of FSSD in improving governance in the sector, strengthening FSSD will help in addressing the issues of poor governance.

1 Introduction

This review of the forestry sector in Uganda comes six years after the completion of the forestry sector reform process that was implemented with support from Norway, DFID, EU, FAO, GTZ and Government of Uganda from 1999 to 2004. The reforms resulted in a framework for development of the forestry sector consisting of a new Forestry Policy (2001), a new law the National Forestry and Tree Planting Act (2003) to give legal backing to implementation of the policy, a comprehensive National Forest Plan (2002) and three new institutions to replace the former Forestry Department which was disbanded.

Despite the comprehensive reforms, the new institutions are not functioning to expectations and the sector still faces many challenges with continued destruction and degradation of forests, loss of forest cover, and failure to contribute to improving livelihoods and forest based development to the levels expected in the Forest Policy and the NFP.

This review focuses primarily on the three institutions that replaced the former Forestry Department i.e. the Forestry Sector Support Department (FSSD), National Forestry Authority (NFA) and the District Forestry Services (DFS). The organisational performance and linkages between the three institutions were assessed and gaps, overlaps and constraints to performance identified as a basis for recommendations on improved performance. The review also considered the role of other institutions and stakeholders in the sector and provides a holistic assessment identifying challenges, gaps and/or overlaps, and shortfalls in performance. The review makes recommendations on the necessary coordination and institutional adjustments required to address these issues.

The review was carried out from June to September 2010 by the Ministry of Water and Environment and the Directorate of Environment Affairs.

2 Institutional Context

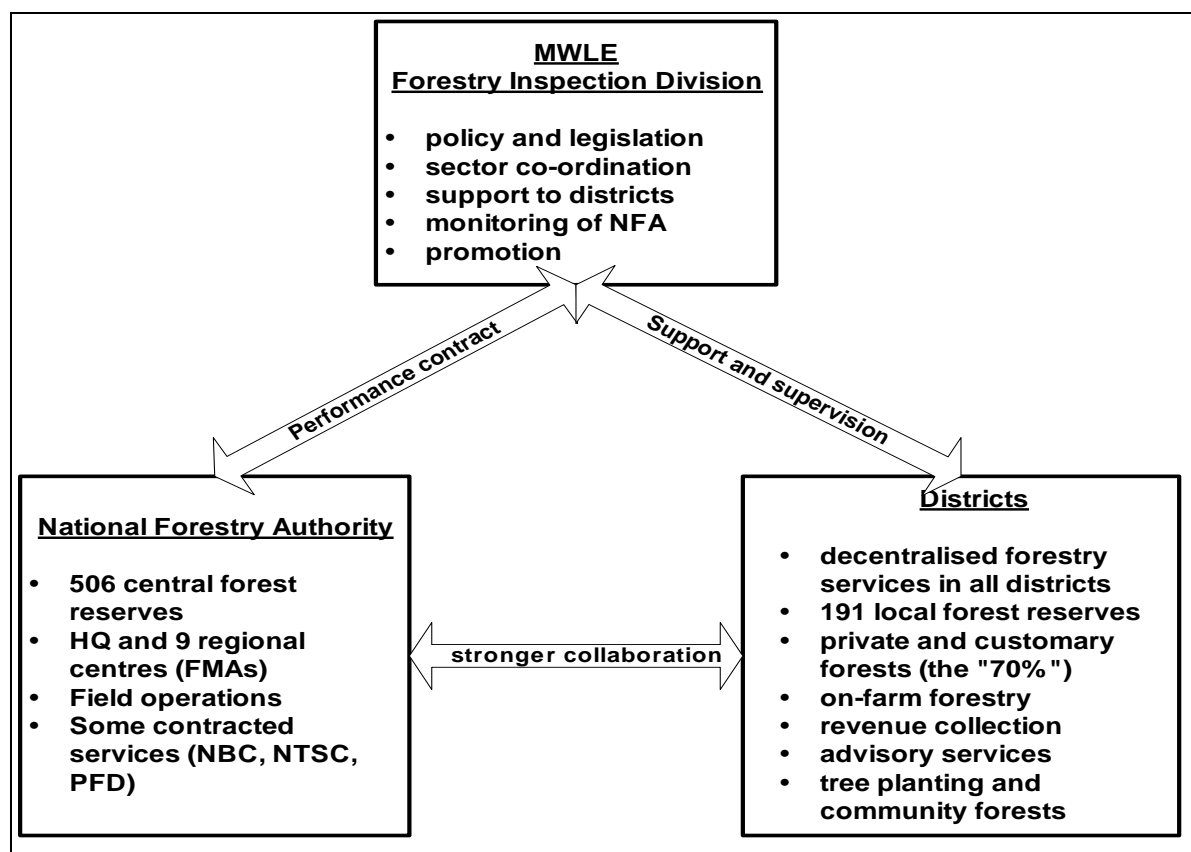
The forestry sector reforms of 1998-2004 came at a time when institutional changes in forestry governance and management had been occurring in many countries worldwide for over a decade. In many countries, government Forestry Departments were being replaced by more efficient and effective institutions, and forestry laws and policies were being updated to take account of new principles and standards of sustainable forest management, social equity and environmental sustainability. In implementing its reforms, Uganda was able to draw on experiences in other countries and emerging best practice principles for forest sector regulation and management.

The institutional reform process in Uganda resulted in the creation of 3 new institutions to implement the functions of the former Forestry Department - the Forest Inspectorate Division (now the FSSD), the NFA, and the DFS. The regulatory and implementation functions were separated and assigned to different institutions in line with good governance principles.

The regulation functions were assigned to the FSSD under the direct control of the Ministry. The management of the Central Forest Reserves was divested to the NFA which was given the flexibility and freedom to operate in a more business-like manner than the former Forestry Department. The management of Local Forest Reserves and other functions were decentralised to Local Governments (LGs) for implementation by the DFS. Decentralisation was expected to increase local ownership and deepen democracy in line with the broader government decentralisation policy.

The three institutions were designed to operate in a complimentary and programmatic way under the Directorate of Environment Affairs (DEA) with clearly defined functions described in the 2003 Act and elaborated in the 2002 NFP. The institutional mandates and linkages are illustrated in figure 1. The reformed institutional arrangements were expected to result in improved governance and improved efficiency in the forestry sector.

Figure 1 Institutional arrangements introduced to replace the Forestry Department



3 Objectives and scope of the review

The main objective is to provide a set of proposals for improved governance and effective management in the forest sector. Improving the performance of the sector institutions will lead to more sustainable management, increased contribution to livelihoods, enhanced environmental services, increased revenues and other benefits. The scope of work was comprehensive and holistic and entailed a review of the sector at all levels, including a performance assessment of the key institutions, analysis of the linkages and mandates of the institutions as well as gaps and overlaps in mandates, assessment of future needs for technical assistance needs of the DEA, analysis of the contributing factors to poor governance, and assessment of the appropriateness of the existing policy and legal framework.

The reforms of 1998-2004 resulted in a core organisational framework consisting of the MoWE/DEA/FSSD, NFA and DFS, with linkages to other institutions in the sector including UWA, forestry training and research institutions, private forestry institutions and forest based processing industries. The focus of the review was on how to improve performance and governance within the current organisational framework rather than on proposing adjustments to the overall institutional architecture.

4 Methodology

The review process involved a combination of literature reviews and consultation of institutions' plans, performance and progress reports and other documents, individual interviews, focus group meetings, and broader consultative meetings with stakeholders in the sector. The reviewers visited the institutions and held meetings with staff to discuss performance, achievements and constraints. Institutions visited included MWE/DEA, FSSD, NFA, NTSC, Nyabeya Forestry College, Makerere University, ACODE, and SPGS. The review team undertook a field visit to Wakisu, Hoima, Masindi and Lira Districts, visiting private forests, Central and local forest reserves and holding discussions with NFA staff, DFS staff, other local government officials and individuals and companies involved in private forestry.

In reviewing the relevance of the Forestry Policy, the process involved posing indicator questions regarding the relevance of the policy with the objective of identifying redundant provisions or gaps. The detailed assessment of the Policy is attached in Annex 1.

In reviewing the 2003 National Forestry and Tree Planting Act, the approach was to assess progress in implementation by listing the individual provisions in the Act, commenting on progress in implementation of each provision, assessing the on-going relevance of the provisions, commenting on perceived gaps or redundant provisions, and making an overall assessment and recommendation based on this analysis. This approach highlighted successes and weaknesses in implementation. Where no progress was made on implementation in the 6 years since the Act was adopted, questions arise regarding the continuing relevance of those provisions. The detailed assessment of the Act is attached in Annex 2.

The recommendations on improving institutional performance and governance are based on an analysis of organisational performance. The performance of the key institutions FSSD, NFA and DFS was assessed through discussions with staff and stakeholders, and by reference to performance assessment tools and criteria such as achievements against planned targets. A standard assessment process was used which is described further below. The organisational assessments were limited in scope due to the time constraints which also precluded in-depth analysis of the performance of other important institutions in the sector including the training and research institutions and the service providers such as National Tree Seed Centre (NTSC) and the National Biomass Unit (NBU). The recommendations related to those institutions are based on discussions with institutions staff and clients and reference to existing documentation including plans and progress reports.

The section below describes the process used in assessing the performance of FSSD, NFA and DFS.

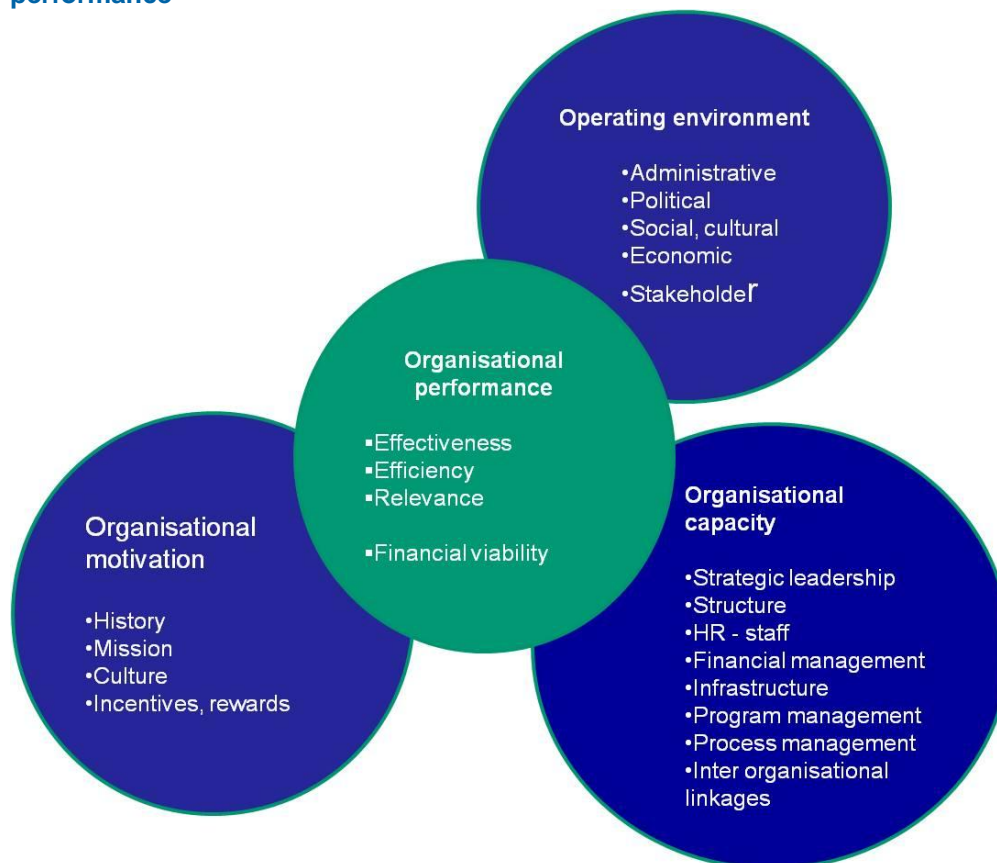
Assessing organisational performance

Organisational performance is normally assessed in terms of how well an organisation achieves its mission and goals. Judging performance however can be complicated as stakeholders will judge performance differently, depending on how well the organisation serves their particular needs. For example, communities living around CFRs, sawmillers, conservationists, downstream beneficiaries of environmental services will all judge NFA's performance differently. The organisation itself will judge its own performance differently to any one group of stakeholders. It can be difficult to get consensus among stakeholders on performance indicators and the relative importance of different indicators.

Organisational performance assessment frameworks help to overcome subjective or biased assessments. The framework used to assess performance of FSSD, NFA and DFS in this review was developed by the International Development Research Centre (IDRC) and has been widely used internationally for public sector institutional assessment.

The methodology focuses on three key elements of organisational performance **effectiveness**, **efficiency**, **relevance** and a fourth crosscutting issue **financial viability**. If an institution is effective, efficient and relevant while remaining financially viable, it is performing well. The ability of an institution to perform well is influenced by 3 main external factors (illustrated in figure 2) – the **organisational capacity**, the **operating environment** and **organisational motivation**.

Figure 2 Organisational performance criteria and external factors affecting organisational performance



The performance assessment of each institution focused on the four key performance criteria and the three categories of factors influencing performance. Assessment using the first criterion **effectiveness**, focused on the degree to which the institution is achieving its mission and goals and the objectives set out for the institution in the NFP in 2002 and in subsequent updated plans (where available). Assessment using the second criterion **efficiency**, focused on cost effectiveness, or ability to provide good value for money in both qualitative and quantitative terms and comparisons with private sector institutions (where appropriate) providing the same services. Assessment using the third criterion **relevance**, focused on how well the institution is adapting to the changing context and capacities in the sector, and if its mission, goals, programmes and activities are still agreeable to its key stakeholders and relevant to the needs of the sector. Assessment of **financial viability** focused on the ability of the institution to raise funds to implement its mandate and to account for the financial resources it uses.

The impact on organisational performance of the three external factors *operating environment*, *organisational capacity* and *motivation* was then assessed for each organisation. In relation to the ***operating environment***, the aspects considered were the administrative, legal, political, socio-cultural, economic, technological and stake-holder contexts. These external forces shape the organisation and influence how it operates and its performance. In relation to the ***organisational capacity***, the aspects considered were strategic leadership, human resources, financial management, organisational processes, programme management, infrastructure and institutional linkages. In relation to ***organisational motivation***, the aspects considered were history, mission, culture and reward mechanisms.

Using this framework, the review team held a series of individual and group discussions with staff at various levels within the organisations, with clients of the organisations and other stakeholders directly and indirectly affected by the organisations' services. The organisational plans, progress reports and other relevant documentation were consulted in assessing progress against planned targets.

The performance assessment and analysis of the factors affecting performance provided the basis for recommendations on improving performance of the three institutions. The detailed performance assessment reports are provided as an annex to this document. Summaries of the assessments are provided in the following sections. A comprehensive description of the assessment methodology is available in Lusthaus *et al.* 2002.

5 Performance of the Key Institutions

5.1 Forestry Sector Support Department

5.1.1 Performance assessment

The performance of FSSD is assessed in terms of its effectiveness and efficiency in achieving its goals and objectives. The functions of FSSD as specified in the NFP 2002 are shown in table 1. The NFP describes a series of specific objectives and targets under each of these functions and effectiveness can be assessed in terms of achievements against these objectives and targets. However, the NFP plan is now outdated and ideally we should be assessing achievement against more updated plans and targets but FSSD does not have such plans, apart from its annual workplans and they are not clearly linked to its specific functions as described in the NFP 2002. Some functions do not have activities and targets in the current annual plans. The annual work plans are based on the Environment and Natural Resources Sector Investment Plan (ENR-SIP) rather than the NFP and performance against annual targets is reported in the joint sector technical review report against the annual targets not the NFP targets. The report therefore cannot provide a good assessment of FSSD performance as some functions have no associated activities and targets.

In the absence of more recent comprehensive plans that provide objectives and targets for each of the FSSD functions, the NFP 2002 objectives and targets were used in this review to measure effectiveness.

FSSD has made little progress in achieving its objectives and specific targets set out in the NFP 2002 (detailed assessment of achievements against specific targets is provided in Annex 3).

Table 1 Effectiveness of FSSD in achieving its objectives and targets

Functions of the FID (now FSSD) as specified in the NFP 2002	Effectiveness in achieving objectives and targets
1. Formulate and oversee forestry policies, standards and legislation	No reviews done, standards not developed, 3 sets of guidelines produced, subsidiary legislation or rules required to operationalise the 2003 Act have not been produced
2. Coordination and supervision of technical support and training to local governments	Carrying out this function in conjunction with the FIEFOC project in 50+ districts. Weak monitoring of forestry activities in Districts due to lack of capacity
3. Inspect and monitor LG and NFA performance in sector development	Weak monitoring of forestry activities in Districts due to lack of capacity. Weak monitoring of NFA. Weak implementation of forest cover assessments and change monitoring
4. Ensure effective NFP co-ordination and cross-sectoral linkages	Weak coordination of NFP implementation and cross sectoral linkages to stakeholders
5. To mobilise funds and other resources for the forest sector	Weak funds mobilisation
6. Promotion, public information and advocacy for the forestry	Advocacy activities on-going and public information campaigns on-going within funding constraints

Most of FSSDs current work is focused on support to local governments, as funds are available for this activity through the FIEFOC project. The other sector coordination and regulatory

functions are either not implemented or are implemented at low levels as funds are not available for those functions.

In assessing FSSD's *efficiency* (or cost effectiveness) in implementing its mandate, it was not relevant to compare it with competitors in the same field as FSSD is a government regulatory institution and does not compete with other institutions in implementing its functions. However, within the institution itself and within the limits of the range of activities currently implemented, it is possible to assess how efficiently it implements its various functions.

The NFP 2002 envisaged that FSSD would remain a "lean" unit implementing its functions efficiently through other organisations, institutions and projects or directly through contracts and consultants, rather than implementing activities directly with its own staff. FSSD used consultants to develop a number of guidelines and is using consultants at present to review the NFP.

Inefficiencies were apparent in several aspects of FSSDs implementation of its functions including an inefficient organisational structure, inadequate technology and communication systems, inefficient implementation of FIEFOC project activities, and monitoring forestry activities in Districts. The assessment is that there are many inefficiencies in FSSD's implementation of its functions particularly in relation to implementation of FIEFOC project.

A large part of FSSDs role is in coordination of the sector and this should be done by FSSD itself with its own staff. The other functions relating to advocacy and sensitisation, capacity building, monitoring, providing services to LGs, development of guidelines and training manuals, and other assistance required to promote the sector, can all be more efficiently implemented through project interventions coordinated by FSSD or through specific contracts designed by FSSD to fill gaps not addressed in other organisations interventions.

With regard to *relevance* to the sector and stakeholders, FSSD's coordination and regulatory role remains highly relevant. The weak level of implementation has negatively affected the sector as a whole.

Inadequate coordination and sector planning by FSSD has resulted in lack of prioritization, institutional rivalries, gaps and overlaps in implementation of sector initiatives. FSSD's weak performance in implementing its regulatory activities has constrained development of the sector (e.g. lack of regulations and subsidiary legislation is delaying effective operationalisation of the 2003 Act; inadequate oversight of NFA may have contributed to declining governance standards; lack of information on the forest resources is constraining effective planning).

The *relevance* of FSSD to the sector is therefore considered highly relevant and revitalisation of the institution and facilitation to implement its mandate is considered a high priority for the sector.

As regards *financial viability*, FSSD has not had sufficient funds to enable it to function efficiently and effectively and therefore cannot perform well as an institution until sufficient funds are made available.

Based on the assessment of efficiency, effectiveness, relevance and financial viability, FSSDs performance is weak.

5.1.2 Constraints to performance

The factors affecting organisational performance are *organisational capacity*, *operating environment* and *organisational motivation*. These issues were considered in assessing constraints to performance (refer to Annex 3 for detailed assessment). The major constraints

were found to be due to weak organisational capacity. Specific weaknesses in organisational capacity are evident in the following areas:

- a) Planning is inadequate and poorly coordinated. FSSD should have developed its own long-term (5-year) plan or strategic plan elaborating objectives for each of its functions, and strategies for achieving the goals and objectives. Without a strategic plan, there is no strategic leadership or direction. Current annual work plans are drawn up by reference to the ENR-SIP, but linkages between the ENR-SIP objectives and functions of FSSD as described in the NFP are not clear. As a result, some functions do not have associated objectives and targets and are therefore neglected.
- b) Programme management is weak (i.e. periodic assessment of progress against targets, prioritising activities, etc) and it does not have a monitoring and evaluation system
- c) Organisational structure and staffing are not clearly aligned with functions and priorities and staff do not have clear job descriptions, responsibilities and duties. Staff skills are not aligned with functions. In the early years of the Forestry Inspection Division the Ministry was well resourced with support from DFID, NORAD and GTZ with a strong complement of staff with skills in economics, investment, sector planning, communications, institutional development, forestry, fund raising, etc. Today, these skills apart from forestry, are not visible within the current staff cadre.
- d) Lack of finance is a key constraint that overlaps and compounds other limiting factors. It limits the ability of staff to perform their functions, and constrains the ability of FSSD to contract in services as was originally envisaged.
- e) Linkages to other institutions in the sector and outside the sector are generally weak. As the regulatory and coordinating institution, FSSD should maintain strong links and strong communication with other institutions and stakeholder groups in the sector. Strong linkages are necessary for coordinating activities for holistic development of the sector.
- f) Institution profile and strength is generally weak. As a regulatory institution it should have a high profile and have the institutional strength to regulate and coordinate the sector effectively.

The financial support and facilitation that was planned when the three institutions were established was not provided to FSSD (or to DFS as discussed below). In contrast, NFA was well supported and funded. As NFA offered a more prestigious working environment, much higher salaries, and had the flexibility to hire its staff, it attracted the more dynamic and capable staff leaving FSSD (and DFS) comparatively weaker. The combination of funding disparity and staffing disparities resulted in an extreme imbalance between the three institutions where NFA dominated while FSSD and DFS remained weak, de-motivated and under resourced. Improvement of the performance of FSSD (and DFS) must address these fundamental disparities in staffing and funding.

5.1.3 Discussion and recommendations on improving FSSD performance

Improving current management

The performance of FSSD can be substantially improved with better management, even within the constraints of current levels of funding and staff. The areas to target are planning, programme management systems, functional re-organisation and effective staff deployment. The following specific measures are recommended.

- Develop a strategic plan for FSSD to define strategies and objectives, including developing a medium term plan, with realistic financial targets. Develop annual workplans in line with the strategic plan. Align the plan with higher level plans - NDP, ENR-SIP and updated NFP.
- Review the organisational structure to facilitate implementation of the plan, including functional units matching the requirements of the plan, and clear definition of staff numbers and staff roles.
- Review staff capacities to meet plan needs and match staff capacities with functional requirements. Provide staff with job descriptions and periodically carry out performance reviews.
- Employ good programme management processes to ensure the staff stay motivated and on track and that the plans are implemented according to the priorities set in the plan and within the budget.
- Develop an M&E system to track progress and provide management information for the FSSD staff and leadership.

Securing funds for FSSD

Increased funding is a key requirement to enable FSSD to implement its functions. The level of funds required depends on several factors but should be clarified during the strategic planning process and elaborated in the strategic plan. While it is essential that FSSD has sufficient funds for implementing its core responsibilities such as monitoring roles or reviewing policy and laws, many of the activities (such as providing technical support to LGs, or advocacy activities), can be implemented and funded by others in the sector. FSSD's role is to ensure that these functions are implemented to the correct standards and that interventions are well coordinated.

When considering funding requirements for FSSD, it is important to remember that FSSD is a coordinating and regulating institution and not an implementing institution and therefore will generally not be budgeting for implementation of activities, rather ensuring that these activities get done by other players in the sector. For example, FSSD should not be developing training manuals for village tree planting, rather ensuring that training manuals are developed through mechanisms such as FIEFOC, SPGS and others and coordinating those activities to ensure there are no gaps and overlaps.

Funding should include provision for short term outsourcing of specialist staff to support the core staff and to make specialist expertise available to the FSSD as required. The contracting option enables FSSD to remain a lean and efficient unit with a relatively small staff.

Staying on mission

Because FSSD does not have funding to implement its core functions, and because it has access to FIEFOC project funds, its day-to-day work is dominated by FIEFOC related activities. FSSD is involved in implementation of the FIEFOC project to an extent that goes beyond its coordination and support roles. The project is implemented in the districts and through the DFS but during the review, several local government staff complained of too much central control by FSSD (e.g. supply of seedlings directly from FSSD to districts, employment of foresters by FSSD to work in the sub-counties, etc). As the coordinating and oversight institution, FSSD's role in FIEFOC should be at the level of the steering committee, in design of the project, ensuring that standards are acceptable, that adequate training is included etc. If support is needed in implementation, it should be done through the project coordination unit, through the NFA and other service providers with a comparative advantage. FSSD should not be providing that support through its own staff as it then becomes involved in implementation instead of "coordinating and supervising provision of support" which is its mandate. It is in danger of "mission creep" from its regulatory and coordination role to an implementation role.

The FIEFOC implementation process needs to be revisited. It is recommended that implementation should be realigned with greater emphasis on empowering districts to manage and utilise the funds provided e.g. by establishing nurseries etc and hiring temporary forester staff through the LG system on a contract basis when in fact the LG system may not be in a financial position to absorb these foresters into their own district establishment. Capacity building through training and technical support could be provided by NFA or other sources, and the project coordination unit could assume a greater role in assisting the LGs with planning and M&E. FSSD should be less involved in implementation and assume an overall coordination role as it does with SPGS and other projects in the sector.

In discussing improving management of FSSD above, it was recommended that functional units are established and staff are dedicated to specific functions. A functional unit should be established to coordinate support to the DFS consisting of 2-3 staff. During the review, a proposal was discussed to provide the unit with additional field based staff that would provide technical support services to DFS on a district cluster basis. Such a system exists in the Rural Water Department and the District Water Engineers who were consulted reported that this system helps them in their work. This approach would help the DFS but unless it is carefully managed, could compromise the role of FSSD as a coordination and regulatory body and allow it to stray into implementation activities – otherwise there is a risk of re-inventing the former Forestry Department. For this reason, this option is not recommended at this time. Rather it is recommended that a new functional unit within FSSD is created to support DFS, but that it remains small and that the unit contracts NFA to provide field level technical support as needed rather than expanding its own staff cadre to provide this support.

Improving human resources

The precursor to the FSSD, the Forestry Inspectorate Division, was initially created in 1998 with a staff of 3. This rose to 9 in 2004, and when the Inspectorate was upgraded to a Department within the Ministry in 2006/7 the staffing level was raised to its present level of 13 (although 4 of those posts are currently vacant).

Shortage of staff is frequently cited as a constraint to FSSD. If FSSD keeps to its core mandate as a regulatory and coordination body, it can be effective even with a modest staff compliment. The level of staff required depends in part on FSSD's ability to outsource staff and on its ability to achieve its objectives through other organisations and initiatives in the sector. Outsourcing enables FSSD to draw on the best quality services available and is a better approach than building up staff numbers within the FSSD.

Notwithstanding the above, FSSD does require a core compliment of in-house staff to undertake the functions of the Ministry, including policymaking, co-ordination of the NFP, and overall monitoring of the NFA and local governments with respect to implementation of forest policies, legislation, standards and guidelines. The staff level of 13 agreed in 2006/7 should be sufficient to fulfill its functions assuming it adheres to its core functions and has funds available for outsourcing additional expertise when needed. Until a strategic plan with objectives, strategies and financial plans is developed it is not possible to say if an increase in staffing is required.

A functional re-organisation is required but should be done as part of (or after) the strategic planning exercise, as staff should be re-organised as required to implement the plan. Staff competencies should match the requirements of the job descriptions. Within the Ministry, there is limited flexibility to recruit new staff with the required competencies, and therefore a relatively small core staff with flexibility to increase capacity as required by outsourcing short-term technical assistance with the required competencies is the preferred option.

Strong and credible leadership is key to revitalising the FSSD and raising its profile as a regulatory and coordination institution and the required competence to fill that role may not be readily available within the civil service. It is recommended that the Ministry considers filling that position on contract to ensure that a suitable candidate is found to fill that role. This is in line with one of the NDP 2010 strategies for unlocking constraints due to weak public administration by “deepening the current practice of hiring by contract to ensure that senior staff and management of Public service are on contract employment terms” (ref NDP table 4.1 Item 13).

Provision of long term technical assistance to support the leadership position is recommended. This would help to build the capacity and profile of the FSSD. The terms of reference for the leadership position should include assisting the unit to develop its strategic plan, to reorganize and restructure, as well as assisting with implementing the regulatory and coordinating functions of FSSD.

Strengthening coordination

In its coordination role, FSSD is the body responsible for ensuring holistic development of the sector in line with the policy. Through coordination, FSSD can ensure that gaps and overlaps are avoided, required services are provided, standards are maintained, training and research are meeting the needs of the sector, economic and fiscal conditions are created and maintained to encourage investment in the sector, relevant information is generated to facilitate forestry development, policies find the balance between competing land uses, and long term planning is carried out to facilitate orderly development of the sector. Many of these activities are occurring through various initiatives in the sector but more coordination by FSSD is required to overcome gaps and overlaps and ensure holistic development of the sector.

5.2 National Forest Authority

5.2.1 Performance assessment

Section 52 of the National Forestry and Tree Planting Act (2003) established the NFA as a semi-autonomous entity, under the supervision of a Board that reports to the Minister. Its core function is to manage the CFRs but is also mandated to supply other products and services to the forestry sector including technical services, tree seed and GIS and other data. The NFA was provided with the autonomy to enable it to function in a “business like” manner, managing the CFRs for their productive and ecosystem services functions. The 2003 Act provided detailed guidance on the set up and operation of NFA, on its Board functions and relationship with other institutions in the sector.

The NFA was set up according to the guidelines in the 2003 Act. The NFA was well resourced with revenues from timber sales and other sources exceeding planned levels, and additional funds available from development partners. The combination of good organisational capacity, a favourable operating environment and strong organisational motivation, provided an excellent basis for good organisational performance.

NFA's effectiveness in implementing its mandate to protect and manage CFRs was reported to be high in the initial years (2004/05), with good progress made on opening CFR boundaries, recovering encroached land and establishing plantations. NFA successfully established partnerships with the private sector to establish plantations on CFR land, and instituted transparent procedures for timber sales and other revenue collection.

Operational effectiveness declined since 2005 as NFA's management of CFRs was constrained by a ban on evicting encroachers. Effectiveness in achieving targets in 2009/10 has been low due to funding constraints (2010 Joint Sector Review technical report). However, the NTSC has been reaching its targets for seed production and distribution and for sales of seeds, mainly because it is a revenue generation centre within NFA and is not constrained by funds shortage as are other units within NFA.

As regards *efficiency*, the NFA has the autonomy and flexibility to function as an efficient and business like institution and efficient management systems are in place. However its ability to function efficiently has been constrained by external factors (discussed below).

A number of options exist that could improve efficiency in implementing NFA's functions in management of the CFRs. NFA's initiatives to concession CFR land to private sector for plantation establishment has resulted in substantial areas of new plantation establishment at no cost to the public. This is a more efficient way of achieving the national plantation targets than direct public investment in plantations through NFA. Generally, experience thus far in Ugandan has suggested that the private sector is more efficient in large scale plantation establishment and management, however results of private sector performance with regards to small scale (1-2 hectare) units is mixed.

As regards *relevance* of NFA to its stakeholders needs, its core function to manage the CFRs remains highly relevant. However, in relation to NFAs technical services, tree seed services and GIS services, other service providers have entered the market since 2003 and are competing with NFA to provide these services to the sector.

5.2.2 Constraints to performance

The political aspects of the operating environment are the main constraints to performance of NFA and have contributed to decline in organisational capacity and organisational motivation. Despite the relative autonomy of the NFA and its Board and the strong legal and policy environment in which NFA operates, it is clear that political pressures can still have a make-or-break impact on its performance.

The political pressures on NFA to excise parts of Mabira and Bugala CFRs for conversion to sugarcane and palm oil production in 2006, had a profoundly damaging impact on NFAs organisational capacity as the entire first term Board and several senior staff including the Executive Director resigned in protest. The resignations marked a turning point for the organisation as the appointment of the subsequent Board did not follow the same rigorous procedures that were followed in appointment of the first Board and resulted in a strong political presence, rather than competence, on the second term Board. Such presence led to a weakened institution which is more exposed to political pressures.

Under the new Board and Executive Director, the NFA revised the business plan and redesigned the organisation. Management decision-making processes became more

centralized. Governance standards declined despite the existence of good finance, procurement, administration and other management systems.

In the initial years (2004/05), NFA received strong political support in its efforts to evict encroachers and re-establish CFR boundaries. This contributed greatly to NFAs early successes, but in 2005 the President imposed a ban on eviction of encroachers. At the time 180,000 registered encroachers were cultivating and living in the CFRs. NFA estimates the numbers have now risen to 270,000. The ban has significantly reduced NFA's effectiveness in implementing its primary function of managing and protecting the CFRs.

NFA's law enforcement capability is weak and is a constraint on its performance. Unlike UWA staff, forest guards do not carry arms and are therefore less capable of protecting forest reserves compared to UWA.

NFA is experiencing financial constraints to performance as revenues fail to meet projected targets and planned programmes are not implemented due to lack of finance. Revenue from timber sales will decline further in the next couple of years as remaining mature plantations are cleared, putting further pressures on NFA's ability to implement its planned programmes.

Currently, NFA's main constraint to performance is lack of financial liquidity due to a specific alleged corruption issue rather than to longer term financial constraints. Most of NFAs bank accounts are frozen (including the account holding USD 1.6 million in Norwegian donor funds) due to a court order imposed in late 2009 when NFA was sued by a lessee over a retraction of a lease of CFR land in Entebbe. As a result, NFA's operations are currently paralyzed due to lack of operational funds.

NFA implements its functions according to the terms of a performance contract with the FSSD that is renewed every two years. However the arrangement has not been working well as contracts are not renewed in time and have not been adequately monitored or evaluated by FSSD. The arrangement was designed to ensure NFA activities are in line with Government priorities, and that technical and other standards are maintained, and that there is the right balance between commercial and public good functions. Instead, NFA has been setting its own priorities leading to an undue focus on revenue generation at the expense of progress in implementing its public good functions.

5.2.3 Discussion and recommendations on improving NFA performance

Appointing a strong Board of Directors

The role of the Board and ED is critical in determining the future of NFA. The Minister recently appointed the new Board, and a new ED will soon be appointed to replace the former ED who is facing corruption charges.

According to the 2003 Act the Minister appoints a Board with a balance of skills and experience and whose members are "persons of high moral character and proven integrity who have had experiences of, and shown capacity in forestry, environment management, business and administration" (55.2). The process followed in identifying and appointing the members of the first Board resulted in a Board with high integrity and competence in line with the requirements of the Act. The NFA Corporate Governance Initiative conducted in 2004 for the first term Board used the following principles:

- all appointments should be governed by the overriding principles of selection based on merit, by well-informed choices of individuals who through their abilities, experience and qualities match the needs of the NFA;
- the appointment process should be transparent;
- no appointment should take place without first being scrutinised by a Technical Panel with independent membership;

- all Board members must confirm, before appointment that they are committed to the principles and values of public services and that they will perform their duties with integrity; and
- it should be recognised that ultimate responsibility for appointments is with the Minister.

It is recommended that these principles should be adopted in future appointments to ensure the right calibre of individuals are appointed to the Board. Before the first Board was appointed, a “Person Specification” was devised, setting out a range of different attributes required to achieve the necessary balance of skills and competencies that Board members should possess, and a Technical Panel was appointed. The Technical Panel consisted of senior ministry officials, advisors on forestry reform, and experts in business management and corporate governance including the Institute for Corporate Governance. This process should be followed for future Board appointments.¹

Appointing the Executive Director

The role of the ED will be extremely demanding with many challenges. As well as re-building the organisational capacity, s/he will have to restore the corporate image of NFA and rebuild public confidence in the organisation. Major challenges with highly political dimensions have to be resolved such as the encroachment in forest reserves and other political pressures. Long term financing challenges must also be tackled in the immediate term. The ED and organisation will have to learn from the experiences of the past and be strong enough to resist external pressures. It is recommended that the Board does not restrict the recruitment to Uganda but considers an international search for an ED.

The Act provides for the appointment of the ED by the Minister on the recommendation of the Board. This means that the Chairperson of the Board should be closely involved in the selection process. Since the Minister will have to ratify the appointment it is recommended that the Board Chairperson, the DEA Commissioner and an independent assessor nominated by the Institute for Corporate Governance Uganda, oversee the ED selection process. If recruitment consultants are employed, this panel would run the final interviews, assisted by the recruitment consultants.

Revitalising the NFA

The corruption scandals, interdiction of senior staff, current lack of a fully appointed ED, frozen bank accounts, low staff morale and adverse public opinion, leaves NFA in a very weakened state at present. It is expected that when the new Board and ED are appointed, they will set about revitalising the institution. To successfully achieve this task, it is essential that they have the right combination of competencies, and a supportive political environment, and that they learn from past mistakes. The quality of the Executive Director and his/her senior staff is a key component for success. Assuming those elements are in place they will need to revitalise the institution from top to bottom, including a thorough re-examination of NFA priorities and strategies, revising the business plan, addressing critical long term financing issues, carrying out a functional re-organisation, and recruiting and realignment of senior staff as necessary.

¹ The process is described in detail in the document: Ministry of Water, Lands and Environment, 2003. A Corporate Governance Initiative for the National Forestry Authority. Setting up the Board of Directors, the Executive Director and the Performance Contract with MWLE. Final Report. May 2003

FSSD should be fully involved in revision of NFAs business plans as the performance contract with FSSD under which NFA operates, sets the parameters for NFAs operations. Broader policy issues such as the mix of income generating and public good functions will be set by FSSD in the interests of the sector as a whole and in line with the NDP. Therefore NFA will have to liaise with FSSD in agreeing the performance contract based on realistic business and operational plans.

FSSD has a number of important roles in revitalising NFA: in advocacy and raising awareness of the role of forests and mobilising public (and political) opinion in support of forestry; in assisting NFA to raise funds to remain financially viable; in unlocking constraints such as the ban on evictions and the ban on additional leasing of CFR land; in ensuring that NFA's role and functions remain relevant to the needs of the forestry sector; in ensuring a good balance between income generation and public good activities of NFA; and generally ensuring NFAs activities are in line with broader GoU priorities and plans.

Coping with political pressures

If NFA is allowed to implement its mandate without negative political pressures, it can perform well and this has been proven in the initial years. If it receives political support, it will do much better.

Political pressures are significant wherever NFAs activities impact on community's welfare. Encroachment into reserves for agriculture is the most contentious issue, with an estimated 270,000 encroachers in the CFRs. The ban on evictions has emboldened those engaged in other illegal activities in CFRs and undermined NFAs authority. The FSSD as the regulating agency should be assisting NFA to resolve this issue and finding solutions so that NFA can get on with its management role, but FSSD has neglected its responsibilities in this regard. Resolution of this issue is a high priority for improving NFA's effectiveness in implementing its management role. FSSD should take the lead and not let the issue drag on further.

NFA's implementation strategies and processes have also been subjected to political pressures. For example, its policy on leasing CFR land originally focused on larger commercial scale forestry companies and investors, but due to external pressures this had to be modified to include smaller scale local investors, resulting in significant additional costs to NFA. A more recent political intervention has been a ban on leasing CFR land imposed by presidential order. FSSD should assist NFA to resolve this issue as a matter of priority.

The political pressures in support of encroachment and conversion of forest to other uses are an indication that the economic arguments in support of forestry are not as convincing or as well understood as the arguments in favour of conversion to other productive uses. Clearly this is a role for FSSD which is responsible for "promotion, public information and advocacy for the forestry sector" as per the NFP. Both FSSD and NFA need to do more to convince the public of the case for forestry. The more successfully the case is made, the stronger the political support for forestry and the NFA as was the case during establishment of these institutions. More robust economic arguments for forestry are required and they can be disseminated by various means including through champions and opinion formers within the political and business spheres.

Reconsidering NFA's role in plantation development and management

The role of the private sector in plantation establishment has increased substantially over the past decade. Investment by the private sector has been increasing steadily (through funding from domestic sources) from a level of UGX 5.8 bn in 2002 to UGX 19.6 bn in 2008 (Kamugishe 2010). Currently, the overall target for plantation area is 200,000 ha of which 50,000 is scheduled to be done by NFA and the remaining 150,000 by the private sector.

The success of private sector investment in plantations is a very positive development in the sector and is due in a large part to NFA's policy of leasing degraded areas within CFRs to investors. Both small and large investors have become involved. The SPGS has facilitated the smaller investors through technical advice, training, advocacy and inputs. By ensuring commercial forestry investors follow criteria and principles governing sustainable forest management (SFM), and even realising certification, the NFA (which leases the land) and FSSD (which has responsibility for standards) can help create confidence. In modern day forestry there is a need for confidence in that investments are following best practices including social and environment codes, and that local communities are benefiting from the investments. Equally important, SPGS can continue to ensure that smaller investors adhere to high standards through the provisions of subsidy scheme.

The continuing expansion in private sector investment in plantations reduces the need for public sector (i.e. NFA) investment in plantation establishment and management. There is a strong case for leaving commercial plantation development entirely to the commercial forestry companies in the private sector. The benefits to the economy are the same whether plantations are public or private, but they are greater if production is more financially efficient and quality is higher. On both counts, the private sector usually exceeds efficiency and effectiveness of plantation management as compared to the public sector. Standards in commercial-scale private plantations are generally high because it makes economic sense to maximise efficiency as well as complying with SFM standards to achieve certification. For various reasons, private plantation management is usually more financially efficient than public sector plantation management, especially where public sector administration is weak and therefore NFA will struggle to compete with the *commercial-scale* forestry companies in terms of efficiency and standards.

The argument most commonly advanced for NFA's continued investment in plantations is that it will provide long term revenue stream to sustain the organisation and to fund the public good functions. However, due to the skewed age distribution of the current resource (less than 1,000 ha remain in mature and semi mature age classes), there will be very little revenue from NFA plantations for at least another decade to fund plantation establishment and maintenance. In the meantime NFA is utilizing scarce public funds in long term plantation investments that will yield returns in 15-25 years, while private funds from domestic and external sources are readily available for this investment. This is an inappropriate use of public funds in the economic circumstances in Uganda today and is contrary to GoU policy which is to leave commercial enterprises to the private sector wherever feasible (e.g. refer to the strategy in the NDP 2010 of "strengthening public-private sector partnerships" -NDP table 4.2a, item 4).

Other arguments in support of public sector investment in plantations were a) the unwillingness of the private sector to invest in long-term, high-risk and low return forestry projects, and b) the strategic importance of an industrial timber resource for the economy. These arguments no longer apply as the private has already taken up this role.

Because of the age distribution of NFA's plantation resources, the organisation is likely to rely substantially on public or donor funds over the next decade. Such funds should be utilized on enhancing the public good functions of the CFRs, rather than investing in plantations.

Because of the age distribution of NFA's plantation resources, the organisation is likely to rely substantially on public or donor funds over the next decade. Such funds should be utilized on enhancing the public good functions of the CFRs, rather than investing in plantations.

It is recommended that plantations progressively become a private sector function and that NFA's role in commercial plantations is reduced. As the remaining plantations are cleared by NFA, reforestation can be undertaken by the private sector. The young plantations already

established by NFA since 2003 can be leased to the private sector and the revenue used to fund NFA's public good functions.

This change would have significant implications for NFA as plantation activities are a substantial part of its current work. As its commercial forestry role reduces, NFA could expand its role in enhancing the public good functions of CFRs and its role in supporting and building capacity of the DFS.

Realising financial self reliance

When NFA was established, funding consisted of a combination of donor funds, GoU subvention and revenues generated by NFA's commercial activities, mainly sales of plantation timber. NFA was expected to be self-financing by the fourth year of operation (2008). Annual donor funding has been reducing from UGX 6.6 billion in 2004/05 to UGX 2.9 billion in 2008/09, while annual revenues from NFA's commercial activities have been rising from UGX 5.5 billion in 2004/05 to UGX 13.2 billion in 2008/09. However, assuming recent allegations of financial irregularities at NFA are correct, it is likely that revenue leakage was occurring, and therefore revenue levels may be understated. The GoU subvention in the first 4 years amounted to UGX 265 m instead of the expected UGX 1.45 billion.

Revenues from timber sales have been above target but this resource is now almost exhausted. Timber sales have been the major sources of NFA's revenues (72% in 2008/09) and the loss of this revenue stream raises serious concerns about NFA's future financial viability.

The CFR land already leased to private investors is generating a steady annual stream of funds for NFA which is predictable (and therefore easy to monitor and difficult to mis-appropriate). As the areas leased are quite large (149,000 ha to date) the annual lease income is significant even though the amount per ha may be small (currently UGX 10,000 per ha per year). Divesting the plantation resource to the private sector as proposed above, would further increase this annual revenue stream as well as generating substantial funds from sale or lease of its established plantations.

NFA's current business plan shows a deficit in the income/expenditure balance which can only be bridged if substantial payments for ecosystem services come on stream. This is unlikely in the short term. Assuming NFA reduces its role in plantations and focuses on its public good functions, its operations should be funded by GoU, but this is unlikely because of the multiple demands on GoU funds. There are many external sources of funds available but NFA needs to develop creative and innovative financing strategies to access these funds.

Carbon credits provide a potential funding opportunity for NFA if carbon stock in CFRs can be increased through protection or enrichment planting. NFA could also consider retaining the rights to claim credits on new private plantations established in CFRs (or to share in the value of the credits). This issue should be coordinated by FSSD as it has sector wide implications.

Enhancing linkages between NFA and DFS

During the reform process in 1998-2004, it was envisaged that NFA would provide technical support to DFS but this has not happened. There is potential for increasing NFAs support role especially if it reduces its commercial plantation activities. The FIEFOC project and other initiatives supporting DFS could incorporate a role for NFA e.g. on activities such as planning support, monitoring support and training.

Linkages with DFS are weak and relationships between the two institutions are characterized by mutual distrust and suspicion. NFA staff assert that district forest officers facilitate illegal logging in CFRs by providing timber movement permits while turning a blind eye to the origin of the timber. FSSD should facilitate better coordination between NFA and DFS to find solutions to such issues.

Improving the leasing policy

NFAs policy of leasing land to individuals for plantation investment CFR leasing policy needs revisiting to increase efficiency. Leasing small units (down to plantation units of 2 ha) is a response to local pressures but is administratively very expensive, difficult to manage and ultimately uneconomic for clients as small commercial plantation units are often uneconomic. Leasing for commercial plantations should focus primarily on large commercial scale units. Smaller units may be leased in suitable CFRs through simpler leasing mechanisms, with fuelwood and polewood production objectives.

Public sensitization and awareness-raising are needed to educate clients, public and politicians on NFAs leasing policy to reduce ill-informed criticism and resulting political pressures.

Improving management of CFRs

Many CFRs are fragmented and expensive to protect and manage. Community management may be a more efficient long-term option for managing small reserves. A number of small CFRs with conservation management objectives or water catchment objectives are located close to protected areas managed by UWA and a long distance from the nearest NFA range post (e.g. CFRs around and in Kidepo National Park are a long way from the nearest range post at Lira). Management arrangements could be devised between NFA and UWA which would reduce duplication and reduce the costs of protecting and managing those reserves.

Strengthening the NTSC

The NTSCs mandate is to provide quality tree seed to the sector. It lost the confidence of its clients by supplying unreliable seed, and many players in the sector now procure seed directly from sources in other countries. NTSC is consequently less relevant to the needs of the sector. The NTSC is a profitable unit for NFA due mainly to revenues from its nursery. The seed supply role is now secondary to the nursery in importance which supplies seedlings for NFA's planting programme and for sale to others. Within the NFA organisational structure, the NTSC was originally a department within the Technical Services Division and was later relocated to the Plantations Division. If NTSC is to return to its core function of providing quality seed it should be separated from the commercial nursery function and moved out of the Plantations Division, but should still remain as a unit within NFA.

Revitalising the NBU

The NBU, like NTSC is located within the Plantations Division of NFA. Its role is to provide GIS mapping and related services to the forestry sector and to other clients in GoU and the private sector. At the time of the NFA launch in April 2004, the NBU had the greatest prospects and a business plan to back up its competitive edge within the mapping services market place. However, the NBU has not been dynamic and responsive in serving the needs of the sector and alternative service providers are now available who are providing GIS and remote sensing services to the sector. The NBU has a key role in providing map data and other data on the

forest resources and on changes in the condition of forest resources, which is urgently needed for planning. NBU should be relocated from the Plantations Division but can remain as a separate unit within NFA. Its role and management should be revitalised to be more responsive to the needs of the sector.

5.3 District Forestry Services

5.3.1 Performance assessment

The reforms of 1998-2004 decentralised responsibility to District Local Governments for all forests other than those managed by NFA and UWA. When private forests and other unreserved forests are included, this amounted to 70% of the forest resources in Uganda in 1993 but that resource has been steadily declining since then.

The 2003 Act describes the functions of the DFS as: managing Local Forest Reserves (LFRs), private and customary forests; collecting revenue; providing advisory services on community forestry and tree planting in general; promoting tree planting and on-farm forestry; and generally advising the District Councils on all matters relating to forestry in the district.

LFRs are small and fragmented. Almost all are degraded and in total amount to approximately 5,000 ha. Good quality, up to date information is lacking but available data suggest that most destruction and degradation of forests in the country is occurring in the forests on private land. The DFS has made no progress in improving protection and management of LFRs, and there is no legal mechanism at present for controlling destruction of forests on private land.

Over 50 (out of 130+) districts have been carrying out village level tree planting through the support of FIEFOC project and FSSD, which focuses on those districts with the lowest levels of forest resources.

The main focus of DFS day-to-day work is on collecting revenue for timber movement permits, charcoal production, tree felling etc. This is generally driven by LG administrations which are chronically short of funds and expect DFS to generate some revenue to support LG administration costs. Other functions of DFS are neglected.

There is considerable variation between districts but overall performance of DFS in achieving its goals and implementing its mandate is very weak.

5.3.2 Constraints to performance

The DFS was expected to function with support from FSSD and with technical support as needed from NFA. Lack of funds and other facilitation has been major constraint to DFS performance (as it has been for FSSD).

The funds and other resources received by some districts through the FIEFOC project have enabled some tree planting activities, training and other activities to be implemented. However, a number of Chief Administration Officers and District Forest Officers interviewed during the review said that central government (i.e. FSSD) retains too much control on implementation and does not sufficiently empower LG/DFS staff. An example of this is direct provision of seedlings rather than providing the funds to the districts to produce them themselves.

DFS operates within a difficult administrative environment within the LG system and this imposes constraints on performance. Within the LG administration, forestry is a low priority compared to health, water, agriculture, education and other sectors. Consequently, budgets allocated to forestry are low.

Forestry presents one of the few opportunities for LGs to raise funds since local taxes were abolished, and therefore DFS is under pressure to generate funds from forestry fees.

DFS staffs are subject to local political and administrative pressures to allow encroachment and clearance of forest. For this reason restoration of degraded LFRs or protection of forests on private lands is often not practical.

DFS staff numbers capacity is a constraint. The designated DFS staff level in each district is 2-3 technical staff, but many recently created districts do not have technical forestry staff and it is difficult to recruit staff at the low salary rates offered by LGs. DFS staff are demoralized by the low priority status of forestry in LGs, and by political pressures to tolerate forest destruction. Locally, foresters are perceived as working against the interests of the population by protecting forests, preventing clearance and conversion to agriculture, prohibiting unsustainable forest use, etc.

5.3.3 Discussion and recommendations on improving DFS performance

The priorities for improving performance of DFS are enhanced staff capacity, funding and improved back-up from the FSSD to enable it to perform better. Each of these elements along with other measures to improve performance are discussed below.

Enhancing the capacity of DFS

DFS staff capacity varies between districts but is generally weak. Some districts do not have qualified forestry staff. This is partly due to difficulties in recruiting staff at the low salary grades and rates applying in the LG system while NFA by contrast pays much higher rates and therefore can attract the more dynamic and competent staff. However, improved pay and incentives for the public sector is planned in the NDP (NDP, table 4.1, item 14) for implementation in the period 2010-2015 and this will help to DFS to overcome this constraint. Provision of training, funding and transport to DFS will enhance its capacity to perform better.

The limited staff numbers permitted under LG system is often quoted as a constraint. Before increasing staff numbers however, the support systems and other constraints limiting performance of the current staff should be addressed.

The FIEFOC project has been providing funds for tree planting and associated activities in over 50 districts. The project provides opportunities for building DFS technical, financial and administration capacity which are not being realised at present as FSSD retains too much control. It is recommended that FSSD empowers DFS and reduces its own level of control in the implementation of FIEFOC. Developing DFS capacity to implement such initiatives, provides confidence to potential funding agencies that DFS can utilise funds effectively and efficiently, and therefore enhances its ability to raise funds in future to implement its mandate.

Securing finance for DFS

LGs do not provide adequate budgets for DFS activities, and therefore the Ministry and FSSD have repeatedly requested conditional grants to LGs for forestry activities. This remains a key priority for operationalising the DFS. Conditional grants are justifiable in supporting the public good functions of DFS.

Funds provided through projects such as FIEFOC could be managed in similar ways to management of conditional grants. This would empower the districts, utilising LG structures and mechanisms and building management capacity.

The UGX 1 billion fund provided by GoU in 2009-10 and 2010-11 for community tree planting was channelled through NFA. Less than 300 million of this was utilised and some is now tied up in NFAs frozen accounts. Such funds would be more appropriately channelled through the "tree fund" (not yet effectively mobilised) or made directly available to districts and managed through

a system similar to management of conditional grants. This would build capacity in the DFS to implement activities, and ensure more of the funds reached the intended beneficiaries.

The NDP proposes annual expenditures on community tree planting programmes of UGX 8.6 billion per year rising to UGX 15.7 billion per year (mostly in the “unfunded” category as yet). DFS requires capacity building to effectively utilise this level of funds.

Provision of technical support to DFS

One of FSSD’s functions is to coordinate provision of technical and other support to DFS. This supporting role by FSSD is has not been effective to date. As discussed in the FSSD section above, a unit dedicated to DFS support is required in FSSD along with sufficient funds and facilitation to implement its support mandate. It is proposed that FSSD contracts NFA to provide that support with technical support units regionally based (or in “NFA Ranges”) providing back-up support to clusters of districts. FSSD can include this measure as a task order in its performance contracts with NFA. The tasks to be implemented could include training, planning support, GIS services, community forestry systems development and implementation, registration of private forests, forest management planning, etc. The FSSD should not provide this support directly with its own staff but rather coordinate it through NFA.

Addressing destruction of private forests

Most forest loss in Uganda is reportedly occurring in forests on private lands although there is a lack of information on the scale of forest clearance and where destruction is occurring. Strategies are required to arrest this trend, but first information is required as a basis for planning appropriate interventions. DFS is not capable of generating this information. FSSD should arrange to generate this data through the NFA (NBU) or through other means as an urgent priority. Strategies can then be developed for addressing forest destruction. Identification of zones within such forest that are considered critically important for public good functions can be identified and protection measures considered.

Improving management of Local Forest Reserves

Most LFRs are reportedly degraded, encroached or in some cases absorbed into built up urban areas, although there is a lack of information on the current condition of those forests. In many cases it is not practical to rehabilitate or reforest those areas, evict encroachers, regulate harvesting levels, etc due to local political pressures. DFS in conjunction with FSSD should develop a strategy to manage the LFRs and a template for LFR management plans. This will include collecting information on the condition of LFRs, and prescribing management regimes or other options as appropriate. This may require redrawing boundaries or excisions in some cases.

As many LFRs are reserved because of their importance to local livelihoods, communities should have a dominant role in management. This could include leasing LFRs to communities, leasing small units to individuals for fuelwood and pole production, or forms of collaborative management between DFS and communities. DFS will require support from FSSD (possibly through NFA) to develop and implement systems for community involvement. Enhanced community involvement in management of LFRs and in regulation of off-take of resources has many advantages for both the communities and the DFS.

Providing robust forestry extension services

The mechanism for forestry extension is NAADS but it is not working satisfactorily for forestry as the services are demand-driven and the demand is for agriculture and livestock extension and not for agroforestry/farm forestry services.

The strategy of delivering forestry extension services through NAADS should be re-examined by DFS in conjunction with FSSD. A range of other extension options exist which are more cost effective than on-the-ground forestry extension workers.

Some extension activities are implemented through the FIEFOC project focusing on village tree planting, and through the SPGS project focusing on commercial plantation establishment. The FSSD should seek ways of building on the lessons of the SPGS extension and training programmes which are demand driven and in high demand.

The institutional option to recentralise DFS

There has been some discussion of recentralising DFS as an alternative to building capacity to function within the LG system, on the grounds that decentralisation was done prematurely, before staff were adequately prepared. If re-centralised, there are options for the DFS to operate directly under the FSSD or alternatively be integrated with NFA. Re-centralising and integrating with FSSD would have the disadvantage of changing the role of FSSD from a regulatory institution to a regulatory and implementation institution thus effectively re-creating the former Forestry Department.

Re-centralising DFS and integrating with NFA would have some advantages, for example: staff would be less susceptible to local pressures; DFS would have access to the technical and financial resources available to NFA; a line management system that would facilitate harmonising and improving standards; ability to provide better service through a cluster system rather than in individual districts; better capacity to plan and implement increased funding to community tree planting as envisaged through the NFP and other mechanisms.

The disadvantages of re-centralising DFS are firstly, NFA itself is a very weak organisation at present and is not in a position to take on additional responsibilities. Secondly, the GoU remains committed to the policy of decentralisation. One of the strategies for development under the NDP 2010 is to “strengthen decentralisation and the link between central government and LG planning” (NDP table 4.1, item 18). The DFS has not been facilitated or supported to function effectively within the decentralised system. It is therefore recommended to assist the DFS to function within the current institutional framework as was originally envisaged, rather than re-centralising.

6 Other Institutions in the Sector

The role of other institutions in the sector and linkages to NFA, FSSD and DFS were considered.

The role of **UWA** and its links to the three key institutions in the sector are important as UWA is responsible for 15% of the forest resource which is located within National Parks and Game Reserves. This area is equivalent to the area managed by NFA. Forests under UWA are conservation areas where timber production is prohibited although a limited amount of dry fuelwood and other resources are harvested through collaborative management agreements between neighbouring communities and UWA.

UWA has been more effective than NFA at protecting its forests as its law enforcement capability is stronger and unlike NFA it is permitted to evict encroachers.

As mentioned earlier using the example of Kidepo National Park, there are overlaps between the mandates of NFA and UWA where the CFR management objectives are biodiversity conservation or water catchment protection and where the forests have no commercial timber production potential. There are opportunities for collaboration between the two agencies or for rationalization involving transfer of forests from one agency to the other to reduce duplication.

There are no formal mechanisms in place at present for coordination between UWA and NFA, although FSSD does have a mandate for overall coordination of the sector. In 2005-06 a MoU was prepared between NFA and UWA but was not formally signed by the Ministers. This needs to be revisited and reactivated as coordination is required.

The technical forestry **training institutions** Nyabeya Forestry College and Makerere University have a key role in improving performance of the sector. The courses offered and numbers trained must be responsive to the needs of the sector which have changed substantially in the past decade. The most notable recent change is the expansion of small scale commercial plantation establishment. Curricula should be redesigned and methods of training adapted to suit the current demands of the sector.

NAFORRI's mandate is to serve the **research needs** of the sector but it is not effective at present. The research needs are changing and research carried out by NAFORRI should be demand driven. The institution must become more relevant to the sectors needs. Makerere University is also carrying out forestry research. External research bodies are occasionally commissioned to carry out research which local institutions are unable to do. These commissions provide opportunities to build local capacity through counterpart or other arrangements.

The SPGS is successfully promoting high quality **private sector commercial plantation establishment** and setting up the associated support structures. The rapid expansion of private sector investment by smaller investors in plantation development over the last 7 years is due largely to SPGS.

In the initial phase, the project was implemented through NFA. In the subsequent phase, the SPGS was moved out from NFA and implemented directly by a project team under the coordination of the Ministry. This arrangement has given the SPGS the flexibility to perform well. The arrangement has been very successful and should continue as NFA does not have the institutional capacity, operating environment or stakeholder confidence at present to administer this type of large scale subsidy scheme.

Institutionally, the SPGS project like other projects under the Ministry should be coordinated by the FSSD which has the mandate to coordinate interventions in the sector. At present, coordination is through attendance of the Permanent Secretary or his/her representative at

steering committee meetings and participation of the DEA in project planning. FSSD should assume its coordination role and strengthen links with SPGS.

The **Uganda Timber Growers Association (UTGA)** represents the interests of and serves the needs of the private timber growers and was an initiative of the SPGS. It is a key institution for long term success of the small scale private plantation growers in Uganda. To be successful, UTGA must be firmly democratic and responsive to the needs of its members. SPGS and donor support to the institution should be carefully targeted to ensure that the institution remains responsive to its members (and not to donors or SPGS), and does not grow at a rate that cannot be sustained after donor support ends.

FSSD should strengthen its links with and support for the UGTA. An important role for FSSD is to ensure that the fiscal and other economic conditions for investment in forestry in Uganda remain favourable. It can do this in conjunction with UTGA.

Timber processors will assume a more significant role in the sector as production from recently established plantation resources comes on stream. FSSD, NFA, SPGS and UTGA should undertake long term planning to prepare the way for orderly development of, and investment in the processing sector.

Civil society organisations have an important role which should be fostered by the FSSD and coordinated with other players in the sector. The range of activities includes tree planting initiatives, training, advocacy, awareness raising, holding government to account of their actions and giving a voice to communities impacted by forests and forestry.

International Funding and Technical Cooperation Agencies have supported forestry in Uganda for decades through financing and technical assistance. As well as providing funds and technical assistance, they can have a positive impact on forest governance through their high level contacts in GoU and through ensuring best practices are built into implementation of initiatives for which they provide funding.

7 Coordination and Other Issues

The overall institutional framework is robust and well designed and has a strong legal and policy basis. The focus should be on getting the institutions working as was designed in 1998-2004 while taking into account the changes in the operating environment since then – the most important changes being the emergence of the private sector in plantation establishment and the growing importance of the role of forest in climate change.

NFA should be revitalised and the FSSD and DFS must be operationalised as per the original design. The measures outlined above for each of the institutions will help enable these institutions to function better. In addition, the following measures are recommended at a broader level to help to improve performance in the sector.

- ❖ **Institutional and sector plans should be aligned** and clearly linked with higher level plans. The NDP 2010 now provides the planning framework for all lower level plans across the public sector. The Environment and Natural Resources Sector Investment Plan (ENR-SIP), the National Forestry Plan, and individual institutional strategic and operational plans, reporting systems, indicators and M&E systems should all be revised to be in harmony with the NDP. Individual institutional objectives need to be linked to higher level objectives. The indicator system needs to be revised and linked to higher level indicators and to baseline data. In this regard, the current initiative to develop “platinum indicators” for the forestry sector should be part of the process. These are tasks for FSSD and will help to ensure planning and reporting coherence within the forestry sub-sector as a whole.
- ❖ **Long term holistic planning for the sector** is weak, although there is an opportunity to address this through the on-going review of the NFP. Realistic targets are required for forest cover, plantation development, timber processing, wood energy requirements, indigenous hardwood production, and other forest goods and services. The current target plantation area of 200,000 ha is high by international standards taking into account Uganda’s population and economic growth rates, unless the low sawing conversion ratios are assumed. The targeted forest cover for the country of 30% provided in the NDP appears high and may need to be revisited and based on rational land use planning that takes account of population growth and increasing demand for agricultural land. The current plans and activities in the sector do not give sufficient attention to the important issue of wood energy production. The current tree planting initiatives focus very much on pine and eucalyptus. There is a case for more planting of hardwood species which could be readily incorporated into planting plans. These issues need attention in the long term plans for the sector. This is a function of FSSD.
- ❖ The “**tree fund**” as described in the 2003 Act has not been effectively operationalised . This is potentially an important mechanism that can greatly assist the sub-sector but must be established and operated in a transparent manner and in ways that give potential contributors confidence that funds will be effective. The FSSD has developed draft guidelines on operating the fund and are under consideration by the Ministry. Substantial funds for tree planting and other activities in support of the subsector can be channelled through the tree fund if it is well set up and managed.
- ❖ Better **forest resource information** is needed on the status of CFRs, LFRs, forests in protected areas and forests on private land. This information is urgently required for planning purposes and for formulating strategies to address forest degradation and destruction. The capacity to produce this information is in the NFA/NBU and it is the role of FSSD to ensure this information is generated for the sub-sector.
- ❖ Many NGOs are now involved in tree planting initiatives and many businesses are willing to support such initiatives as part of their corporate social responsibilities. These efforts, and the annual tree planting campaigns, community tree planting initiatives and national designated tree-planting days are not well coordinated. **Better coordination of tree**

planting initiatives is required to eliminate duplication and gaps and to maximize the gains from these efforts. This is a role for the FSSD.

8 Relevance of the Existing Policy and Legal Framework

The 2001 Forestry Policy is comprehensive and is in line with other government policies. No deficiencies were noted and the policy remains relevant to current needs

The rapid review of the 2003 Act showed no major short-comings. However, many provisions in the Act have not been operationalised as the required rules, regulations and guidelines have not been developed although a number of draft regulations were prepared by the Forestry Inspectorate Division (now FSSD) in 2004 but only 4 have been finalised. Development and dissemination of these rules is a priority and will empower NFA and DFS in implementation of their functions.

The Act provides robust protection against excisions from the reserved forests and has helped to protect the resources in line with the policy.

9 Improving Governance in the Forestry Sector

Low standards of governance in public administration are a major issue in Uganda and the issue is addressed in the 2010 NDP. Corruption in the forestry sector has been highlighted in the national media over the past year with a number of corruption cases involving the NFA ED and other senior staff. In the course of this review, it became clear that there are low standards in management of forest revenues in districts and there is also evidence of mis-use of funds in community tree planting programmes including the FIEFOC project. The on-going illegal trade in hardwood timber from the Democratic Republic of Congo is another manifestation of a willingness to tolerate irregularities in the forestry sector.

These concerns regarding forest governance were addressed at a recent meeting of experts convened in Kampala in June 2010. The meeting aimed at diagnosing governance problems and proposing solutions. Participants used a diagnostic tool developed by the World Bank and produced a set of proposals which are summarised in text box 1 below. Many of the proposals listed are within the mandate of FSSD to implement.

9.1 Consequences of poor governance in the forest sector

If not addressed and controlled, poor governance in the forestry sector can have the following impacts:

- ❖ Results in mis-allocation of public funds – reduces revenues to NFA and DFS, reduces or prevents expenditures getting to targeted areas.
- ❖ Distorts institutions. Nepotism and patronage networks result in incompetent staff being promoted or recruited to office in institutions, reducing their capacity to perform and demoralizing other staff.
- ❖ Management performance reduces as managers and officials accept bribes to ignore standards and procedures.
- ❖ Institutions' mandates are not implemented as staff accept bribes to accept lower standards – monitoring, law enforcement, regulating sustainable use, prosecuting offenders, are not carried out. Staff morale reduces as honest staff become demoralised.
- ❖ Distorts markets and prices. If timber supplies can be procured cheaply (or free) through corrupt deals this gives a competitive advantage to corrupt dealers. This forces other dealers to engage in corrupt practices to compete and survive.
- ❖ Illegal imported timber in the region affects the competitiveness of locally produced timber, lowers prices and is a disincentive to local timber growers.
- ❖ Increases the risks for investors, reducing willingness to invest in forestry.

9.2 Combating corruption in the forestry sector

The forestry sector operates within the broader context of the socio-political-economic life of the country as a whole, and if governance standards are low in public administration in general, they will be low in the forestry sector. Ultimately, improving governance standards in public administration is a challenge for society at large and requires political leadership and commitment from the top down. It is encouraging to note that the issue is prominent in the 2010 NDP and that it includes a range of strategies and specific measures to improve standards in public administration.

Several factors make the forestry sector more prone to corruption than other sectors – the resources are publicly owned, logging generates large revenues, the value of the resources is often not clear, and procedures are often complex and opaque which facilitates corruption. Many measures aimed at ensuring good governance in the sector were built into the institutional, policy and legal framework designed during the 1998-2004 reform process, but corruption remains one of the biggest challenges in the sector today.

Foresters working in the NFA and DFS are subjected to pressures from politicians, senior administrators, sawmillers, business people and others to bend or break the rules. The pressures can be enormous and resisting difficult, while complying can bring substantial personal benefits.

NFA has adequate financial, administrative and procurement systems and procedures but they are not always followed. Improving governance therefore does not require further reform of the institutions or development of procedures, rather it requires increasing transparency, reducing opportunities for engaging in corrupt practices and taking measures to ensure that current processes and procedures are followed. The comprehensive list of measures for addressing corruption generated at the meeting of experts in June 2010 and listed in text box 1 will all help in addressing the problem.

A short list of priority actions discussed at that meeting are proposed below.

Supporting CSOs to improve accountability

CSOs in the forestry sector have an important role in holding public bodies and individuals to account. They can act as “watchdogs” or “whistle blowers” when individuals or institutions deviate from the law or policy or are not acting in the public interest. An example is the campaign mounted by ACODE in 2006 that mobilised public opinion in Uganda and internationally against the proposed excision of parts of Mabira and Bugala CFRs and succeeded in preventing the excisions.

CSOs are not strong in Uganda at present and should be supported to build their capacity. The most relevant group in regard to forest governance is “The Forest Governance Learning Group” which is an alliance of individuals and organisations affiliated to ACODE. The group is supported by the International Institute for Environment and Development (IIED) which is supporting similar groups in several tropical countries. Through IIED, the group can draw on evolving best practices internationally in combating corruption in forestry.

Other CSOs such as Uganda Forests Working Group which give a voice to people affected by forestry issues can also help highlighting issues of concern and through advocacy and awareness-raising on environment and forestry issues. The foresters’ technical and professional body the Uganda Forestry Association, has a role in maintaining standards of ethics and professional integrity among its members and supporting its members to resist pressures to engage in corrupt practices.

It may also be beneficial to engage with and support international civil society pressure groups such as Global Witness, Forests Monitor and others that specialize in monitoring forest

activities and uncovering illegal practices. They can provide independent forest monitors (IFMs) who by agreement with the FSSD could provide assessments of compliance with forest laws and regulations.

The effectiveness of all of these groups is greatly facilitated by access to quality information on resources, plans, financial reports, etc. of the public forestry bodies.

Promoting transparency by making information publicly available

Lack of transparency, complex systems and opaque procedures provide the type of environment where corruption can thrive. The corollary is that with good information publicly available, it becomes more difficult to engage in corrupt practices. Currently, there is a lack of information on the forest resources, revenue flows, quantities and value of potential timber yields and revenues. The regulating body FSSD can help to improve governance and reduce corruption, by making information on public resources (the forests) and the performance of public institutions like NFA and DFS, publicly available.

The type of information required, goes beyond what is currently available from published reports and should include GIS map data, inventory data, felling plans harvesting forecasts, long term plans and forecasts, financial information, financial reports, progress reports, details of tender allocations, details of concession allocations, and as much additional information as is available. There is no good reason for keeping information on public resources and public institutions secret.

The NBU and NFA Inventory unit have the capacity to produce high quality information on the resources. There are already substantial quantities of data available within the NBU and the inventory unit, although these data need updating to maintain the quality of the data. These data are usually restricted to the units within NFA and are not even readily available to other staff in NFA. The culture of protecting data and restricting access to NFAs resource data, facilitates corruption and should be changed.

Other information on NFAs processes and procedures with regard to leasing land, harvesting concessions, felling plans and revenue projections should be made available. Progress reports, including relevant financial information should also be available.

Relevant Information on public forests that is of public concern and interest should be available, including information on the rate of new plantation establishment, targets for plantation establishment by specific companies, location of proposed plantation and any other relevant data.

FSSD is the body responsible for establishing and operationalising such an information system for the sector.

Improving law enforcement

Improving law enforcement increases the risk for those involved in corruption, from illegal loggers, transporters, sawmillers, officials, administrators and political representatives. Successful prosecution of offenders gives a clear signal to others that crime does not pay. On the other hand, if offenders benefit from corruption, it encourages others to do the same. In this regard, the degree of national publicity surrounding the current corruption issues at NFA and the high profile given to the cases in the national media, means that that outcome will influence public perceptions of NFA and the GoU's commitment to combating corruption in public administration. If those involved are seen to benefit, it will make it more difficult to control corruption in future.

At the level of illegal logging, illegal charcoal burning, encroachment and similar offences, NFA's capacity to enforce the law in the field has been weak. This is partly due to the failure to develop the rules and regulations needed to implement the Act. It is also partly due to the fact that NFA rangers are unarmed (in contrast to their UWA counterparts).

The low level of awareness and understanding of the law by local police, judiciary and prosecutors is also a concern. Law enforcement at the local level can be improved by training police and the judiciary on the 2003 Act, developing and gazetting the regulations, better equipment and systems for law enforcement units and mobility to show presence in the field.

Improving the management of the FSSD

FSSD have the leadership role in the sector and is the key institution responsible for implementing the measures described above. FSSD is also responsible for implementing most of the other measures proposed at the forestry governance diagnostic workshop in June (text box 1). Its effectiveness in monitoring NFA and the DFS is key to improving standards of governance in the forestry sector.

Other measures

The list of measures for improving forest governance in Uganda generated at the meeting of experts in Kampala in June 2010 is summarised in text box 1.

Text Box 1 Summary of recommendations of the World Bank / MWE diagnostic workshop, Kampala June 2010

1. Make information accessible to stakeholders
2. Strengthen public participation
3. Build capacity of FSSD, NFA and LG
4. Adhere to procedures (e.g. PPDA, 2003 Act etc)
5. FSSD to engage politicians in lobbying, sensitization and training to secure “political buttressing”
6. FSSD to engage the media in lobbying, sensitization and training
7. FSSD to engage cultural leaders, faith based institutions in lobbying, sensitization and training
8. Separate politics from the technical issues.
9. Insulate NFA from politics and natural resources politicking.
10. Sensitise on the economic importance of forestry in economic development.
11. Advocacy for forestry at local level and at the centre.
12. Strengthen the formal mechanisms for cross-sectoral forest-related collaboration
13. Ensure budgetary allocations for forestry in sister sectors are not diverted
14. Improve the public image of the forest sector
15. Increase the visibility and activities of FSSD and DF/LGs
16. Ensure FSSD does not deviate from its mandate
17. Reduce political meddling (negative political interference)
18. Demonstrate the viability of forestry investment.
19. Inter institutional sharing of management reports.
20. Joint planning within the sector
21. Create a national forum for sharing experiences by different institutions
22. CSOs should monitor the activities of the responsible bodies and have access to information
23. Government should implement existing laws
24. Prosecute law breakers
25. Clarify ownership of carbon and other forest products not covered by the Act
26. Popularise the law, targeting communities, law enforcement agencies and judiciary
27. Publish and publicize regulations, standards and guidelines that guide the implementations of policy and law at grassroots
28. Improve both inter and intra-communication and sharing of management plans and reports
29. Collaborate with NAADS in the delivery of forestry extension
30. The NFA should return a % of revenue to communities as UWA does
31. Set up a monitoring unit to oversee contract/license enforcement
32. Produce supply and demand forecasts of forest products and services
33. Reflect ecosystem service values in national accounts
34. Provide forest investment incentives for small scale initiatives.
35. Promote certification
36. Exclude political interference in allocating concessions and licenses for harvesting
37. Improve efficiency in timber harvesting and processing
38. Improve inventory technology
39. Incorporate environmental costs into product prices

Source: Kanyingi G, 2010

10 Implementation Plan for Improvements in the Forest Sector

Issue/response	Lead responsibility	Time horizon
FSSD		
Improve current management Strategic planning. Align with NDP, ENR-SIP and NFP Review organisational structure, create functional units Develop and implement M&E system	FSSD	Short
Increase funding, incl funds for outsourcing	GoU, donors	Short
Remain on mission and avoid “mission creep” Withdraw from implementation activities Empower districts to implement FIEFOC Provide technical assistance to DFS through NFA	FSSD	Short
Improve HR competence Review staff requirements through the strategic planning exercise Develop job descriptions and utilize performance appraisal instruments Strengthen leadership through contracting	FSSD	Medium
Provide contracted staff and technical assistance to FSSD	GoU/Donors	Short
NFA		
Secure political support	GoU	Long
Appoint high quality Board and senior management	Minister	Short
Revitalise the institution Revise business plan, strategies, priorities	ED with support of the Board	Medium
Resolve the ban on evictions Carry out associated public sensitising and awareness raising	FSSD & NFA	Short
Review NFA role in plantation management	FSSD & NFA	Short
Develop realistic financing plans	NFA	Short
Improve linkages between NFA and DFS including potential TA support to implementation of FIEFOC	FSSD	Short
Refocus NTSC	NFA, FSSD	Medium
Refocus and improve management at NBU	NFA & FSSD	Short
Review leasing arrangements	NFA	Short
Increase community forestry activities	FSSD & NFA	Medium
Rationalise CFRs	FSSD, NFA and UWA	Medium

Issue/response	Lead responsibility	Time horizon
District Forestry Services		
Facilitation – training, funding, transport	GoU, FSSD	Medium
Empower DFS to implement FIEFOC	FSSD	Short
Conditional grants from GoU	GoU, FSSD	Medium
Generate additional funding from other sources	FSSD	medium
Provide back up support from FSSD	FSSD	Short
Develop strategies for addressing destruction of forests on private land	FSSD	Medium
Increase community involvement in managing LFRs	DFS with TA from NFA	Medium
LFR management plans	DFS with TA from NFA	Medium
Leasing plots in LFRs	DFS with TA from NFA	Medium
Re-examine extension strategies	FSSD	Medium
Improve linkages with NFA (and FSSD)	FSSD	Short
Other institutions		
UWA – increase collaboration with NFA, develop coordination mechanisms	FSSD	Short
Training institutions match courses and numbers trained to needs Re-design curricula to match current needs	FSSD with Nyabeya FC and Makerere University	Medium
Research Introduce mechanisms to make NAFORRI more responsive to the research needs of the sector When commissioning external research institutions, include measures to strengthen domestic capacity through counterpart arrangements	FSSD FSSD	Medium
Private sector investment Coordinate with the broader sub sector Ensure the climate for investment remains favourable Support UTGA	FSSD FSSD FSSD	Medium
Processing sector - Develop plans for the future	FSSD	Medium
Coordinate development of the sector Establish the tree fund Carry out long term planning and commission appropriate studies Improve resource information	GoU and FSSD FSSD FSSD	Medium

Governance		
Support civic society organisations (CSOs) that can hold public bodies and individuals to account	FSSD, Donors	Medium
Promote transparency by making information publicly available	FSSD	Short
Improve law enforcement	NFA, FSSD	Medium
Strengthen FSSD	GOU, Donors, FSSD	Medium

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Appendix 1 Terms of reference

Background

The Forestry Sector is one of the oldest natural resource management sectors in Uganda having been established in 1907. The sector has undergone several reviews and transformations to meet the changing circumstances and the needs of the sector. The last of such reviews was carried out from 1998 to 2004 and resulted in the following:

- Adoption of the National Forest Plan
- Adoption of the National Forestry Policy
- Enactment of the National Forestry and Tree Planting Act 2003
- Establishment of the Forestry Sector Support Department (FSSD)
- Establishment of the National Forestry Authority (NFA)
- Establishment of the District Forest Services (DFS)

Despite these reforms, the Forestry Sector still faces several challenges which have affected the attainment of the sector vision, goal and objectives as outlined in the National Forestry Policy and the National Forest Plan.

The purpose of these TORs is to provide short term consultancy services to the Ministry of Water and Environment (MoWE) specifically the Directorate of Environment Affairs (DEA) to carry out a comprehensive and holistic review of the forestry sector to identify gaps, overlaps and the required coordination to address these gaps and challenges. The sector has recently undergone a major restructuring, and may not at this junction need a new overall architecture, but existing institutions are not performing up to the expected standards, and adjustments may be needed in the way they are operated and staffed. The consultancy should also assess the need for future Technical Assistance support to Directorate Environment Affairs taking into consideration the organisational structure comprising of the Directorate Environment Affairs, Forestry Sector Support Department, National Forestry Authority, District Forest Services and Uganda Wildlife Authority.

Objective

To support the Ministry of Water and Environment and the Directorate of Environment Affairs in reviewing the forestry sector, identifying gaps and/or overlaps and the required coordination and institutional adjustments to address these gaps and challenges.

Scope of Works

The scope of work entail a review of the forestry sector at all levels and to development an organisational analysis report with options that can be used for discussion among stakeholders. The specific tasks include but not necessary limited to following:

1. Review of the existing policy, legal and institutional framework for forest management;
2. Identify linkages between the various institutions with a mandate on forestry as well as gaps and overlaps in mandates;
3. To provide an assessment of the future need for long term Technical Assistance support to the Directorate of Environment Affairs and Ministry of Water and Environment in fulfilling its mandate for the forestry sector.
4. Identify contributing factors for poor governance and alleged corruption in the forest sector and possible remedies that will reduce this practice
5. Propose an implementation plan for sector improvements, outlining the various steps to taken by the various actors in the implementation of the plan
6. Any other inputs required to meet the objectives of the consultancy.

Expected Outputs and deliverables

The main output of this review will be a proposal for improved governance and effective management in the forest sector. A better performance of the sector institutions will improve the delivery of forest goods and benefits like local livelihoods, revenues for local and central authorities, environmental services like control of carbon emissions as well as forest biodiversity. The Consultant will prepare detailed reports on each aspect of the scope of work detailed as follows:

- i. Inception report containing agreed work plan, a detailed timetable outlining the steps that need to be taken, the parties responsible for each step, and the different milestones.
- ii. Draft Report.
- iii. Final Report

Implementation/Logistical Support /Reporting Arrangements

The Consultant will be in charge of the preparation and carrying out the review and will be responsible to the Permanent Secretary, MWE through the Director DEA.

The working place will be the Directorate of Environment Affairs in the Ministry of Water and Environment in Luzira, Kampala. DEA is expected to provide the required information to facilitate this exercise.

Requirements/qualifications

A master degree or higher in the field relevant to the consultancy

- Profound experience in providing institutional and development support to Government institutions preferably within the forestry sector
- Knowledge of challenges of the forestry sector in developing countries with both tropical forests and potential for establishment of commercial timber plantations
- Strong experience from developing countries including Eastern Africa
- Fluency in English, written and spoken
- Analytical, outgoing and robust with a pragmatic approach and appreciation for the dynamics in a politically managed organisation
- Ability to work as part of an interdisciplinary team with relations to different stakeholders

Duration of the Assignment

This assignment is expected to last not more than 327 hours for the international consultant and not more than 252 hours for the local consultant spread between June and September 2010, and will be based on a schedule to be agreed between the Consultant and The Norwegian Embassy/MoWE.

Appendix 2. List of people met, or with whom the review issues were discussed

Abwoli Banana, Makerere University Faculty of Forestry and Nature Conservation
Andre Olschewski, SKAT consultant
Bashir Twesigye, ACODE
Bill Farmer, Uganda Carbon Bureau.
Birakwate Polly, DFO Mpigi
Bjoerg Leite - Ambassador of Norway to Uganda
Buyinza Mukadasi, Makerere University Faculty of Forestry and Nature Conservation
Byaruhanga Charles, FSSD
C.D.Langoya, Consultant, Cadma Consult
David Elungat, Inventory Unit, NFA
David Kintu Nkwanga, Nature Foundation
Diogo Paul, DFO Kaliro
Edward Senyonyo, NTSC
Ernest Kaddu, formerly Dir of Finance, NFA
Esther Nekesa, NFA (Sector Manager, Kacung Lira)
Evelyn Agaro, SM-LMU, NFA
G. Achaya, Planning Unit, NFA
Gaster Kiyingi, Straight Talk Foundation
Gershom Onyango – Directorate of Environment Affairs, MoWE
Helle Biseth – First Secretary, Royal Norwegian Embassy
Hillary Agaba, NAFORRI
Hon J. Eriyo – Minister of State for Environment, MWE
Hon M. Mutagamba - Minister of Water and Environment
Hudson Andrua, Ag Executive Director, NFA
Hudson Omoko, District Water Engineer, Lira
I.Oluka-Akileng, FSSD
J.D.Mununuzi, Manager NTSC
J.R.S. Kaboggoza, Makerere University Faculty of Forestry and Nature Conservation
Joesph Mukwaya, CAO Wakiso District
Johannes Mokwena, Global Woods AG.
John Bosco Obore, Internal Audit Manager, NFA
John Disij, Coordinator GIS and Mapping, NFA
John Magezi Ndamira, National project Coordinator, FIEFOC project
John Makombo, Ag Executive Director, UWA
John Naggenda Special Presidential Advisor on Media
Justine Namara, UWA
Kabi Maxwell, Forest Utilization Specialist, NFA
Ken Rosenbaum, WB Washington (Forest Governance diagnostics)
Kihika James, DFO Hoima District
Kikangi Israel, Ag. Director plantations, NFA

Levand Turyomurugyendo, M&E Officer, FIEFOC project
Levi A. Etodu, Budongo Range Manager, NFA
Malinga Michael, NTSC (Tree improvement)
Margaret Adata – Asst Commissioner FSSD
Margaret Mwebesa - Asst Commissioner FSSD
Martin Fodor, Senior Forestry Specialist, World Bank, Kampala
Masaba D.S-Min of Local Government
Maxwell Kabi, Forest Utilisation specialist, NFA
Michael Sizomu-Kagolo, Retired Forester
Michael Sizomu-Kagolo, former forestry officer
Mucunguzi Percy, MWE/PPA ???
Mugisha Seth, Agh CPD, NFA
Mujuni Willaim, DFO Mukono
Mutambukye Blessing, Global Woods AG
Nalan Kishor, WB Washington (Forest Governance Diagnostics)
Nankya Harriet, DFO Wakiso District
Nelson Turyahabwe, Makerere University Faculty of Forestry and Nature Conservation
Obed Tugumisirize, NFA
Onesmus Mugenyi, Dep Executive Director, ACODE
Paul Asiimwe, Natural forest management specialist, NFA
Paul Buyera Musamali, Director Corporate Affairs, NFA
Paul Jacovelli, CTA, SPGS
Paul Mafabi, Commissioner for Wetlands, MWE.
Peter Ngategize, Ministry of Finance, Planning and Economic Development
Rachel Musoke, Commissioner FSSD
Robert Nabanyumya, Executive Director UTGA
Robert Owinyi, NFA Sector Manager, Kisindi Sector
Ruhombe Jonas, Consultant
Samuel Kajoba, Senior Program Officer, Royal Norwegian Embassy
Sarah Nkonge-Former Board member, NFA
Seth Mugisha, Ag. CPD, NFA
Steve Khaukha, Consultant working on review of the NFP
Steve Nsita, Consultant working on review of the NFP
Walter Iriama, CAO Hoima District
Walugembe David, ED. Uganda Forestry Association
Wilfred Abitegeka, Manager Core Woods, Hoima District
William Nsimiire, Ag DFO Masindi
Wilson Kasolo, Principal, Nyabeya Forestry College
Xavier Mugumya, NFA (Community Conservation)