

## **Gum Growers Group G 3:**

### **Note No: 3:**

**Matters relating to commercial forestry which the members of The Gum Growers' Group, (G3) believe should be addressed and rectified so that commercial forestry will become stronger in the Private Sector.**

#### **1. BACKGROUND**

Commercial forestry has always been the preserve of the Government through the Forestry Dept, now the KFS, with the exception of the Tea Companies which have grown their own fuelwood plantations.

Until around the mid 1990s the FD was well run. Mature plantations were felled, and replanted to a good standard.

Since then much of the area that was felled has never been replanted, or was replanted to such a poor standard as to have little value.

In addition many hundreds (thousands, perhaps) of hectares of commercial forest land was taken from the FD and allocated to the 'landless' who now have titles, built houses and cultivated their land. This land cannot revert to the FD. Therefore the Government land available for plantations has been severely reduced, and with rising demand with an increasing population, will not be able, even if it was well managed, to meet the country's needs for timber and poles, and associated products.

The choice is to accept imports as a matter of course, the nearest source being South Africa, or to encourage the Private Sector (PS) to fill the gap. There will be a severe shortage as far into the future as can be seen as the Gov has only small areas of immature, and the PS has only just started to plant on a significant scale.

Friends of the Mau Watershed, under whose umbrella G3 operates, has recommended a better way forward to successive CCFs and PFOs, and to the Ministers and PSs in MENR since 2001. Recent attempts to discuss matters with KFS Board have failed. None of the recommendations have been implemented and the FDs claims that it will perform better have been worthless. The PS, around the northern side of the Mau has made a start with the guidance of Fomawa. Much more would be done if the policies of the Gov were not seen by the growers to be so obstructive. The following need to be addressed and rectified;

#### **2. THE WAY TO A BETTER FUTURE FOR COMMERCIAL FORESTRY**

(a) All permits to fell and transport to be abolished. This to apply to trees and timber. NEMA to have no authority over planting and felling. Farm owners safeguard what is on their land and trees are not stolen. The only trees being stolen are from Gov land. These permits have to be paid for and take a long time, and much travelling to obtain. Fomawa has catalogued its own experience, which was dismal, and typical of Gov offices

(b) Proceeds from the sale of trees to be exempt from tax to the farmer. Suppose a farmer has ten hectares of gums and sells six hundred from each hectare as poles for sh4000 each. He will be paid sh24 million and the KRA will probably demand 30% of it. HOWEVER there is no other investment where it takes ten years or more to get a return. In that period the farmer has had the expense of planting and husbandry, and no return of any kind, and he will argue that his profit is not sh24 million. To encourage investment, which hardly exists at the moment, and therefore provides the KRA with nothing, the income should be exempt. On that basis there is no room for argument.

(c) The Gov to stop the practice of 'giving' timber in return for the value of planting. This has been done over the past five years with Timsales performing reasonably, and Comply very badly. In the case of the latter much of the planting has been so poor as to have no value and yet it is understood that they have been allocated timber to the supposed value of the replanting. In addition the value placed on a tonne of timber is far below the market rate. These companies have had preferential treatment while all other millers have been denied the opportunity to bid.

In future all mature stands to be sold by public auction open to anyone with a realistic base price in the context of the market.

d. The Gov has demonstrated its incompetence in replanting and its forestry land should be leased to private investors. This should be open to anyone who has the cash and skills to do a decent job and should not be limited to the sawmill companies, KPL, etc. In Uganda seventy thousand hectares has been leased to investors. Why does Kenya not follow suit? Terms to include.

- A lease to be as long as the crop will take to mature, and subject to an agreed management plan
- The tenant to be responsible for all costs and husbandry, and to own the trees until sold and converted to cash.
- The Gov to have no supervisory role. However there should be some kind of independent inspection each year to ensure that appropriate standards are maintained.
- A rent to be paid based on the rate for nearby agricultural land. This is important as otherwise the farmer who plants his own land will feel that his position is being undermined.
- No compulsory involvement by local communities, women's groups etc
- The lease to be renewable provided the tenant has done well.

**3. Obtain carbon credit funding.** This will probably only apply to farmers who plant trees on land that was not previously forested

#### **4. CHARCOAL**

Fomawa has helped to finance the construction of several kilns on private farms. None of these are being used as almost all the charcoal on the market is being made from material stolen from the Government's forests, and they place a value on their labour, but not the material. Very little is being done by the authorities to stop this theft and each day dozens of bicycle loads go into Nakuru on the main road without anyone asking where it comes from.

There is a completely unrealistic idea that if charcoal making was regulated, (the Gov's usual reaction to things not being right), that the problem would be solved. However what is needed is for the Gov to protect its property and stop theft. If that was done then the price of charcoal would be at more realistic/worthwhile levels and farmers would consider that it was worth making from their own sustainable resources.