



# RESEARCH REPORT 11

Governance of Africa's Resources Programme

July 2012



## **Timber Trade in Africa's Great Lakes:**

The Road From Beni, DRC to Kampala, Uganda

Romy Chevallier and Mari-Lise du Preez

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## ABBREVIATIONS AND ACRONYMS

ACODE	Advocate's Coalition for Development and Environment
ACP	African, Caribbean and Pacific
ACTADE	African Centre for Trade and Development
AfDB	African Development Bank
ARCOS	Albertine Rift Conservation Society
CBFP	Congo Basin Forest Partnership
CI	Conservation International
CIFOR	Centre for International Forestry Research
COMESA	Common Market of Eastern and Southern Africa
COMIFAC	Central African Forestry Commission
DFID	Department for International Development (UK)
DFO	District Forest Officer (Uganda)
DRC	Democratic Republic of Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ESARPO	Eastern and Southern Africa Regional Programme Office
FAO	Food and Agriculture Organisation (UN)
FGLG	Forestry Governance Learning Group (Uganda)
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
FTA	free trade area
ICGLR	International Conference on the Great Lakes Region
ITTO	International Tropical Timber Organisation
IUCN	International Union for Conservation of Nature
K/ML	Kisangani Movement for Liberation
MoU	Memorandum of Understanding
NC-T	non-coniferous tropical timber
NFA	National Forestry Authority (Uganda)
NGO	non-governmental organisation
PPP	public-private partnership
RCD	Rally for Congolese Democracy
RCD-K/ML	Rally for Congolese Democracy-Kisangani Movement for Liberation
RCTG	Regional Customs Transit Guarantee
REC	regional economic community
Réseau CREF	Réseau pour la Conservation et la Réhabilitation des Ecosystèmes Forestiers du Nord Kivu
SADC	Southern African Development Community
SFA	State Forestry Administration (China)
SPGS	Sawlog Production Grant Scheme
UBOS	Uganda Bureau of Statistics
UFWG	Uganda Forest Working Group
UNSC	United Nations Security Council

URA            Uganda Revenue Authority  
VPA            Voluntary Partnership Agreement  
WWF            Worldwide Fund for Nature

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## EXECUTIVE SUMMARY

The report provides a political economy analysis of the trade in tropical timber from the Democratic Republic of Congo (DRC) to and through Uganda via the Northern Transit Corridor. The study focuses on international, regional and local demand-side drivers for tropical timber exports from the eastern DRC to and through Uganda. Extensive fieldwork, conducted in the Great Lakes region as part of this study, found that the bulk of tropical timber on East African markets is from the eastern DRC. Approximately 80% of this timber leaves the eastern DRC across its border with Uganda. The flow is largely unregulated and provides little revenue for the country of origin. This is a concern for both Congolese policymakers and for international timber buyers, who do not want their wood imports tainted by illegal and unsustainable practices.

To better understand these trends, the report investigates the growing consumer demand for legal and certified forest products in developed countries, particularly in Europe and the US. Consumers require strict chain of custody mechanisms that enable importers to comply with legal and/or other certification requirements. International chains are becoming increasingly regulated – both from the supply- and demand-side – through such initiatives as the EU-supported Forest Law Enforcement, Governance and Trade and the related Voluntary Partnership Agreements, and the US Lacey Act. These initiatives include a ‘chain of custody’ component that requires the participation of intermediary actors like China – the ‘wood workshop of the world’.

Although the international flow of timber may well become a major issue in the future (as illustrated by a country like Mozambique), closer inspection of the timber chain in Africa’s Great Lakes reveals that currently most of the timber from the eastern DRC supplies regional markets and very little is exported beyond the region. Uganda serves as both a market and a transit destination for wood to Kenya and South Sudan. Although numbers vary, Kenya is the largest regional consumer of Congolese timber.

The study finds that the regional timber trade, despite being larger in volume, differs from the international timber trade in that it is small scale and largely informal. There is also less pressure to regulate this trade from the regional demand-side (in East Africa) than from the international demand-side (for example, in Europe and the US). In part, this is owing to East Africa suffering from a timber shortage and so welcoming timber from all sources. The study examines several regional initiatives that may have an impact on the trade and/or provide lessons for its regulation. These include trade facilitation along the Northern Corridor (linked to the Trilateral Partnership Agreement between the Southern African Development Community, the East African Community and the Common Market of Eastern and Southern Africa); and the Albertine Rift Strategic Planning Process which involves co-operation on protected areas. It also considers the role that local non-governmental stakeholders can play in reducing governance loopholes and improving transparency in this sector.

The report finds that within Uganda there are some actors who benefit more financially than others from this trade. It examines the actors involved in the local part of this chain, and reveals that middlemen and a select group of traders benefit most, while much of the risk is carried by timber cutters and truck drivers. Those with political connections also



stand to benefit more than those without, largely because they can 'save' along the chain and so undercut others in price. In formulating recommendations, asking 'Who loses out?' is as important as asking 'Who benefits?'

**Figure 1: Route travelled by researchers**



Source: adapted from: East African Community (EAC), 'Main transport routes in East Africa', available at: [http://www.eac.int/trade/index.php?option=com\\_content&view=article&id=113&Itemid=126](http://www.eac.int/trade/index.php?option=com_content&view=article&id=113&Itemid=126).

## CHAPTER 1

### INTRODUCTION

The border separating the eastern Democratic Republic of Congo (DRC) from its fellow Great Lakes countries, Uganda, Rwanda and Burundi, is long and porous and there are many ways to cross it. Depending on the size (and legality) of your load, you could choose to brave bureaucracy and cross at an official border point or take the risks involved in crossing at one of the many unofficial entry points. You could travel by road (on foot, by bicycle, wheelchair, car, bus or truck); by water (on a pirogue/canoe, ferry or boat); or by air – by day or by night. Even if you choose an official route, by road, during the day, your border-crossing experience could range from a non-event – loitering on the border between the DRC and Burundi wondering where the one begins and the other ends, without any official blinking an eye – to a more eventful experience. If you are travelling in a large truck, carrying a heavy load of timber from the Ituri Forest towards Ndeeba Market in Kampala, it would be best to travel where the roads are good, perhaps via Kasindi–Mpondwe – one of the main arteries connecting the eastern DRC with Uganda.

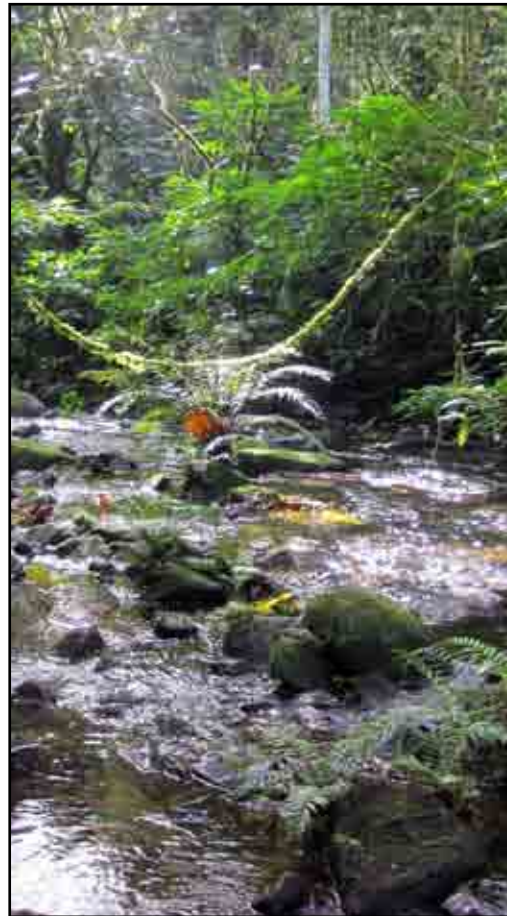


*Photographs taken in Uganda, 'The pearl of Africa'*

The first thing you will notice is the language, which changes from francophone bureaucracy the one moment to English the next. While you wait for formalities to be concluded, casual small talk drifts to jabs at 'the other side', revealing the fine line between friendliness and animosity that characterises relations across this borderland. Regular travellers are greeted with enquiries after family and kin, whereas first timers quickly learn that this is not the place to ask sensitive questions. If you happen to cross on market day, the hive of activities makes a misnomer of the term 'no man's land'. Snippets of conversations drift up from the buzz in the official French and English, but also in Swahili – the trading language of the region – and other local languages. Once all the bureaucratic and security hurdles have been overcome, it is time to swap hobbling along the right-hand side of dirt roads for the left-hand lane of a *murum* (hard-packed earth) or tar road.

The mountainous Albertine Rift Valley stretches from the northern tip of Lake Albert to the southern tip of Lake Tanganyika, forming a natural boundary between the DRC and its eastern neighbours. It comprises part of the Eastern Afromontane region – an area that has recently been declared a biodiversity hotspot by Conservation International (CI).<sup>1</sup> To qualify as a biodiversity hotspot, an area has to satisfy both the criteria of riches (it has to contain a minimum of 1 500 species of vascular plants as endemics, or more than 0.5% of the world's total plant species) and be under threat. According to the criteria used by CI, an area is regarded as being under threat when it has lost at least 70% of its original habitat.

Alternatively known as Africa's Great Lakes, this area is a hotspot in another sense too. It is known for the two Congo wars that ravaged the region, the legacies of which still weigh heavily upon the Congolese people. The causes of these conflicts are numerous and interrelated, and their dynamics complicated. Yet all would agree that natural resources – including fertile land and the minerals underneath – are important dimensions. In short, this densely populated part of the African continent is characterised by an often uneasy interdependence among people, and between people and nature. In many ways, this is a region of riches but also of threat. In the aftermath of the second Congolese war, which ended formally in 2003, the challenge in the Great Lakes region remains one of preventing conflict and fostering co-operation for sustainable development. The report will consider this challenge, owing to its manifestation in the tropical timber trade.



*Bwindi Impenetrable National Park, Uganda*

## JUSTIFICATION FOR THE STUDY

The trade in tropical timber in Africa's Great Lakes region is largely one sided, from the eastern DRC to and through East Africa. An estimated 80% of timber leaving this corner of the DRC either ends up in Uganda or transits through Uganda to the rest of East Africa and the world.<sup>2</sup> According to one estimate,<sup>3</sup> the informal timber trade from the eastern DRC is around double the size of the formally reported trade from the whole of the DRC. Other estimates are much lower. Whatever the exact figures, this trade is set to grow, largely driven by the growing demand for wood in the region and beyond. Not enough is known about the dynamics of this trade or about its sustainability.

Admittedly, this is not the first study focusing on the timber trade in the region. During the Congo wars of the late 1990s and early 2000s, studies about the trade in natural resources (including timber) were motivated by security-related concerns. The United Nations Security Council (UNSC) published two reports by its Panel of Experts on the *Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo*.<sup>4</sup> Following the wars, a series of studies supported by the UK Department for International Development (DFID) were conducted, which aimed at harnessing the trade to promote peace. This included a study by Forest Monitor in 2007.<sup>5</sup>

At the end of 2010, the DRC agreed to negotiate a Voluntary Partnership Agreement (VPA) with the EU in the context of the EU-supported Forest Law Enforcement, Governance and Trade (FLEGT) process. This initiated a new wave of studies focusing specifically on the timber trade, including those from the Centre for International Forestry Research (CIFOR); the Worldwide Fund for Nature (WWF) Eastern and Southern Africa Regional Programme Office (ESARPO); the International Union for Conservation of Nature (IUCN); and studies initiated by the SGS (the Swiss inspection, verification, testing and certification company recently appointed by the DRC to assist in overseeing the timber sector). The latter focused on different aspects of the timber trade, such as the volume of trade, the buyers' locations and the manner in which the timber is transported to the designated destinations. Other studies, such as the one done by CIFOR, focused on supply-side factors that drive the trade from the DRC side. Less is known about the demand-side factors, and specifically about the regional demand-side. This study complements the most recent wave of studies by focusing in particular on the international and regional demand-side. It explores the most popular timber trading route from Beni in the eastern DRC, through the Kasindi–Mpondwe border post, along the Northern Transit Corridor to Kampala, Uganda, and onwards to Nairobi, Kenya. Timber destined for international markets travels still further to the Kenyan port of Mombasa.

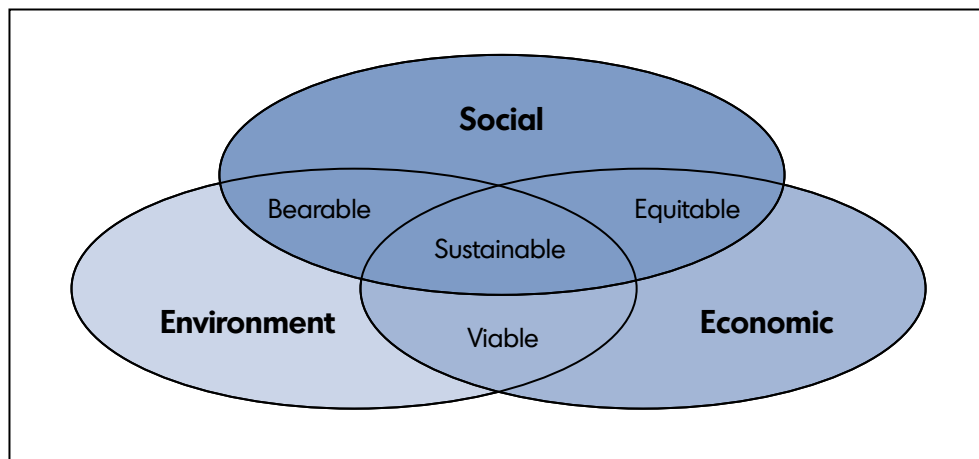
## RESEARCH OBJECTIVES

The study provides a political economy analysis of the trade in tropical timber from the DRC to and through Uganda via the Northern Transit Corridor. As discussed, the bulk of timber leaving the eastern DRC does so via Uganda, and most of it travels along the Northern Corridor route. Trade along this route will be facilitated further by improvements, both in security and in infrastructure. The focus here will be on demand-side factors driving this trade. Uganda is considered both as a market and a transit country

for timber destined for regional (East African) and international (European, Asian) markets.

The aim of the report is not to advocate stopping the trade in timber, but to consider how this trade can contribute to sustainable development in the region. Often, sustainable development is depicted graphically as three interdependent and mutually reinforcing pillars, namely economic development, social improvement and environmental protection. In the case of the Great Lakes region, security-related concerns remain a central issue. Security falls largely in the 'social' spectrum, but cannot be divorced from the economic or environmental aspects. A key question guiding the study, which the report will attempt to answer, was posed by well-known political economist, Susan Strange: 'Cui bono?', or 'Who benefits?'

**Figure 2: Graphic depiction of sustainable development**



Source: IUCN, *The Future of Sustainability: Re-Thinking Environment and Development in the Twenty-First Century*. Report from the IUCN Renowned Thinkers' Meeting, 29–31 January 2006. University of Cambridge: IUCN, 2006.

## METHODOLOGY

### Scope

The study focuses on international, regional and local demand-side drivers for tropical timber exports from the eastern DRC to and through Uganda. Timber exported from this corner of the DRC is harvested in the Orientale and North Kivu Provinces. Most of it enters Uganda through the Kasindi–Mpondwe border post and from there travels along the Northern Transit Corridor. This particular focus means that there are several related issues falling outside the scope of the study.

The study does not focus on supply-side dynamics of the timber trade (ie within the DRC), as these are covered by organisations like CIFOR. It does not go into great detail about timber exported from the eastern DRC to other countries in the region, including Rwanda, Burundi and South Sudan. This is covered by studies with a broader geographical scope, for example, those conducted by Forests Monitor.<sup>6</sup> Even though many of the dynamics described here will be familiar to other countries in the region, important context-specific differences remain. It will be particularly interesting to examine more closely the timber trade to South Sudan, for instance. South Sudan is experiencing a growing demand for timber, and much of it is imported via Uganda. In the wake of South Sudan's independence, relations with East Africa have been growing significantly. This is particularly so in its relations with the eastern DRC and Uganda, which are being facilitated by improvements in infrastructure. Further research can also be conducted on demand-side factors driving the timber trade to Kenya – the biggest regional market for timber. As the study is a subregional one, it does not focus on timber exported via the western, southern or northern DRC, either internationally via the port of Matadi (from where most international consignments leave) or to other neighbouring countries. Other studies are being conducted on this, which include investigations into the informal or illegal trade in timber from the DRC to Angola.

Without denying the significance of other forest types (temperate, boreal or plantation forests, for instance), the focus here is on the trade in tropical timber. Tropical hardwoods are known by their trade names, such as mahogany, teak and meranti. These are umbrella terms that cover a large variety of locally named timber species. Internationally, the main uses of tropical hardwoods are in the construction industry: for harbours, bridges, floors, doors, windows and furniture. Although almost half of global timber is harvested for the paper and packaging industries, the contribution of natural tropical hardwoods to these sectors is small. These industries will not be discussed here. Finally, the report does not investigate the trade in other forest goods, including charcoal and non-timber forest products like honey, although these are important in the region and warrant future research.

### **Data collection**

The study was conducted using a number of semi-structured interviews with key stakeholders in Kampala (Uganda), Beni (the DRC), Nairobi (Kenya) and Arusha (Tanzania) between November 2010 and February 2012. In November 2010 one of the authors attended a workshop on the timber trade in Africa's Great Lakes, held in Bujumbura, Burundi, under the auspices of the UN Food and Agriculture Organisation (FAO) support for FLEGT in African, Caribbean and Pacific (ACP) countries.<sup>7</sup> In May 2011 the authors conducted a field trip along the Northern Transit Corridor transport route from Kampala, Uganda, to Beni in the eastern DRC. Fig 1 illustrates the route that the researchers travelled and Table 1 lists the organisations visited. The authors returned on a third occasion to Kampala to participate in the Forestry Governance Learning Group (FGLG). This group convenes on a quarterly basis to discuss forest governance issues and recent developments in this sector, share lessons, and to decide on a collaborative work plan. The authors presented initial findings to the broad range of individuals representing various stakeholder interests. Feedback was incorporated into this report.

Field research trips and meetings were supplemented by desk research on work already done in this area, particularly on timber trade in and from the DRC, and also on domestic timber trade and governance issues in Uganda. Appendix 1 provides a summarised list of research surveys referred to in the report.

**Table 1: Stakeholders visited for the study, November 2010–February 2012**

Country, town visited	Individuals/organisations visited	Date(s)
Kampala, Uganda	National Environmental Management Authority; National Forestry Authority (NFA); Forestry Sector Support Division; Ministry of Water and Environmental Affairs; Ministry of Trade and Industry; Uganda Bureau of Statistics (UBOS); WWF Uganda; Conservation International; Advocate's Coalition for Development and Environment (ACODE); African Centre for Trade and Development (ACTADE); TradeMark East Africa; Environmental Alert; Association of Timber Sellers at Ndeeba Market; timber dealer; truck driver; Cadma Consult; African Development Bank (AfDB); IUCN; FAO; private forest owners; recipients of funding from the Sawlog Production Grant Scheme (SPGS)	November 2010, May 2011
Kampala, Uganda	Forestry Governance Learning Group (FGLG)	February 2012
Kasese, Uganda	District Forestry Officer; District Environmental Officer, timber dealer	May 2011
Mpondwe, Uganda	Customs official	May 2011
Beni, eastern DRC	ENRA (only industrial-scale logging company in eastern DRC); Wildlife Conservation Society; customs official; private agricultural consultant	May 2011
Arusha, Tanzania	Principal Trade Officer, Principal Environment and Natural Resources Officer, Principal Information and Public Relations Officer, EAC Secretariat; Tanzania Natural Resources Forum	March 2011
Nairobi, Uganda	United Nations Environmental Programme; WWF ESARPO; TradeMark East Africa, World Agroforestry Centre; Institute for Security Studies	March 2011
Bujumbura, Burundi	Regional meeting organised by FAO FLEGT Support for ACP countries, titled 'The trans-boundary flow of timber in the Great Lakes Region in the context of the FLEGT Action Plan'	November 2010

## LIMITATIONS OF THE STUDY

One of the challenges of regulating the timber trade is the lack of accurate data. Where the study makes use of illustrative figures, readers are reminded that formal timber production and trade figures for this part of the world should be treated with caution. Firstly, their accuracy can be disputed. Post-war DRC remains a fragile state that faces difficulties in collecting data. Moreover, much of the timber trade is informal and falls outside formal data-gathering methods. The lack of accurate data poses a particular challenge to the regulation of the trade and was reiterated at a multi-stakeholder meeting on the timber trade in the Great Lakes, held in Bujumbura, Burundi, in November 2010.<sup>8</sup> The call for improved data has been picked up by organisations whose expertise and methodologies make them well suited for this kind of study. These include CIFOR; the SGS; and the Ugandan Bureau for Statistics (which produces an annual study on informal trade including that in timber and forest products).<sup>9</sup> This study does not attempt to quantify the timber trade, but acknowledges this challenge and commends the progress made by these organisations and others, including government departments in the region, in doing so.

## REPORT OUTLINE

Chapter 2 of the report provides a historical overview of conflict and co-operation in the Great Lakes region. This flows into a discussion on global tropical timber chains and Africa's place in them in Chapter 3. Currently most of the timber leaving the eastern DRC ends up in regional markets. The regional trade is less well monitored and regulated than the international trade, and so warrants more attention. Chapter 4 discusses the dynamics of the regional trade. Following an overview of the regional timber chain, Chapter 5 analyses the Ugandan part of the chain, from border to border. The final chapter draws conclusions and ends with recommendations for key stakeholders in Uganda, the region and for the rest of the world.



## CHAPTER 2

### CONFLICT AND CO-OPERATION IN THE GREAT LAKES

#### HISTORICAL OVERVIEW

Recent wars and instability in Africa's Great Lakes threaten to obscure the fact that this region has long been a centre of interaction and commerce. This section illustrates the oscillation between co-operation and conflict that has long characterised relations in this densely populated corner of the African continent. The growing trade in tropical timber has some unique dimensions. In many ways, however, this trade builds on patterns created by the flow of goods and people across these borderlands that have taken place over centuries. These patterns have also been influenced by interactions with the outside world.



*Scene from Beni market, eastern DRC*

### **Ecological frontier spurs trade in Africa's Great Lakes**

Historically, as is the case all over the world, people were drawn to the Great Lakes region by the abundant supply of fresh water, which led to the establishment of several lake kingdoms.<sup>10</sup> The mountainous Albertine Rift Valley proved no barrier to integration. Instead, and long before the rift became a formal political boundary, the different resource endowments found on either side of this ecological frontier – central African forests to the west, savannah to the east – served to spur trade.<sup>11</sup> At first, an inter-lake caravan trade was organised around salt, mined on the shores of Lake Katwe in what is today known as the Semliki Valley in south-western Uganda and transported to the Kivu Mountains, where it was used in cooking and preservation.<sup>12</sup> Over time the trade expanded in terms of distance and products, such as other foodstuffs, ivory and metals. The legacy of these interactions is evident in the settlement patterns of the Banyarwanda, who are found both in the southern part of North Kivu (le Petit Nord) and in Rwanda. The Nande or Bakondjo are local names for a similar group of people living in the northern part of North Kivu and western Uganda.<sup>13</sup> Over time groups like the Nande and Banyarwanda emerged as key trading elites in their respective regions.

### **Conquest connects lakes and sea**

Further eastward, the East African coast was integrated with the commercial world of the Indian Ocean shipping from as early as the 1<sup>st</sup> century BC. Surprisingly, these interactions did not reach far inland until much later. As explained by Curtin:<sup>14</sup>

Neither the Indian Ocean shippers, mainly Arabs and Persians, nor the old inhabitants of the coast carried trade to the hinterland. In the northern Swahili coast, now Kenya and Tanzania, no considerable or regular long-distance trade with the interior developed from either direction till the eighteenth century.

There are several reasons for the relatively late expansion of trade inland from the East African coast to the forested heart of the continent. These include difficulties in transportation over long distances and complex terrain; physical factors like the prevalence of tsetse fly; and difficulties in navigating a complex social terrain.<sup>15</sup>

That this has never been an easy region in which to do business was not going to stop outsiders forever. Between the 16<sup>th</sup> and the 18<sup>th</sup> centuries the Indian Ocean economy gradually expanded its influence. Trade in gold was joined by other goods, including other metals, ivory, agricultural produce and spices. India emerged as a centre for banking and capital, and some Indians settled in East Africa as professional money lenders and traders.<sup>16</sup> In the late 18<sup>th</sup> and early 19<sup>th</sup> centuries industrialisation in Europe and North America also led to an accelerated pace of change in this part of the world. Increased demand for commodities led to an increase in the price of goods such as ivory. There was also a new demand for slaves, partly linked to the European appetite for sugar.<sup>17</sup> The origins of Swahili – a language spoken widely in much of East Africa and eastern Central Africa – can be traced to the far-reaching tentacles of the 19<sup>th</sup>-century Arab slave trade.<sup>18</sup> By the end of the 19<sup>th</sup> century, European influence over this part of Africa largely dominated over that of the Arab world. It is interesting to note, however, that for most of

history, regional trade in East Africa has exceeded intercontinental trade, both in terms of quantity and value.<sup>19</sup>

### **Colonialism creates new patterns**

By the time the first scramble for Africa led to the drawing up of formal boundaries separating anglophone and francophone colonies, the eastern part of the country that is today known as the DRC, but at the time was known as King Leopold's Congo, had long been integrated with markets in East Africa. This outward-looking orientation is not unique to the eastern corner of the DRC. The majority of the Congolese population live within 100 km of an international border.<sup>20</sup> As is the case in the east, those living in the mineral-rich Katanga and Kasai Provinces often have stronger links with their neighbours across the borders in Zambia and Angola than with their country folk on opposite sides of the DRC, or with those in the capital Kinshasa.<sup>21</sup> A similar situation can be found in north-western Uganda, where strong links to both north-eastern Congo and South Sudan exist.<sup>22</sup>

Although trade and interaction in the Great Lakes region can be traced back for centuries, Raeymaekers<sup>23</sup> urges one to consider also the impact of more recent developments on these historic patterns. He shows how the origins of contemporary trading networks – and specifically that of the Nande – can be traced most clearly to the intermediary agricultural retail trade introduced during colonialism. The urban–rural division that emerged at that time created opportunities for those with knowledge of local needs and the necessary entrepreneurial skill to meet them. The legacy of this system which resulted in profits for a small group of middlemen and traders (often in complicity with state officials) while leaving a large group of impoverished peasants and small traders at the base,<sup>24</sup> endures to this day.

### **The post-colonial scramble**

In the wake of colonialism, trade flourished. Raeymaekers<sup>25</sup> explains how, during the 1970s and 1980s, a new wave of regional expansion of trade in the Great Lakes went hand in hand with its informalisation. The mid-1970s to mid-1980s were characterised by the large-scale failure of the post-colonial state apparatus. As always, there were those poised to gain from the situation, which from the outside might have seemed chaotic. In Uganda, this was the height of a system known as *magendo*. The word *magendo* can be translated roughly as 'smuggling', however, it was smuggling of a very specific kind. Those who benefited most – the *mafutamingi* (literally 'dripping in oil') – did so largely because of their official positions and the legitimacy this accorded. Prunier explains that even *antimagendo* campaigns were initially not intended to curb the phenomenon, but to ensure a monopoly for agents of the state.<sup>26</sup> The absence of a de facto state in the eastern DRC (then Zaire) and instability in southern Sudan further encouraged a system in which the lines between legal and illegal, formal and informal, and public and private became blurred. Even though much has changed since that time, especially in Uganda where *magendo* is considered largely a remnant of the past, it remains useful to place contemporary developments in historical context.

The 1980s also saw regional trade in East Africa and the Great Lakes extend to Asia, often via Dubai. Markets like Kasindi (on the Congolese border with Uganda) became regional trading hubs for the exchange of agricultural and mineral products from the DRC as well as for household equipment and luxury products from as far afield as China, Taiwan and Indonesia.<sup>27</sup> Slightly closer to home were links with India and Pakistan. Thus intraregional trade in the Great Lakes existed before the DRC's neighbours were accused of plundering during the wars of the late 1990s and early 2000s.<sup>28</sup> The roots of this region's relations with the East lie further back than the recent furore about the rise of resource-starved emerging powers suggests. Nevertheless, the impact of these most recent developments on regional trading patterns should not be underestimated.

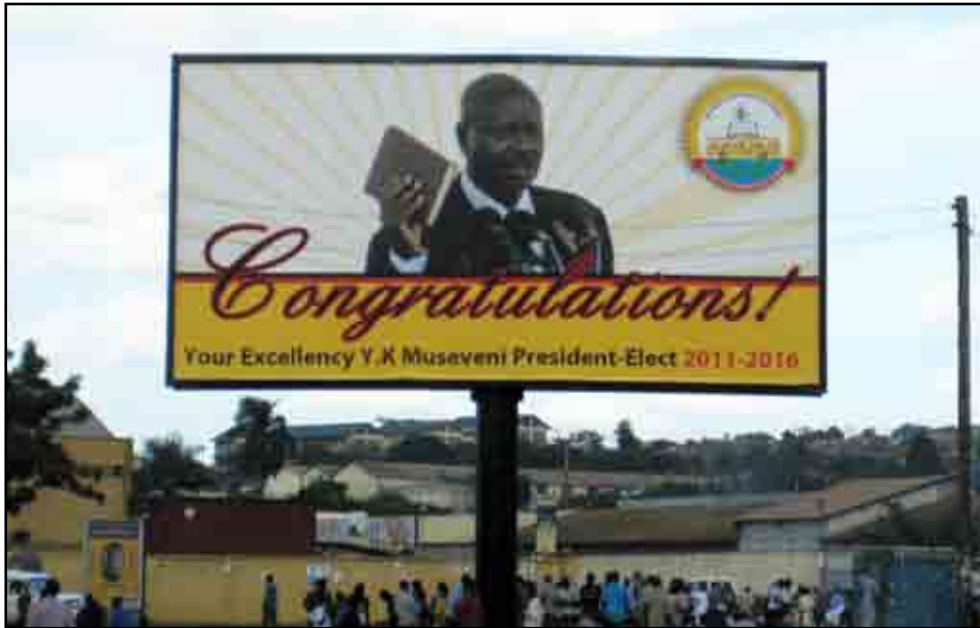
### **Africa's 'World War'**

Africa's Great Lakes conjures up an image of a deeply troubled region, and it does so for good reason. The Congo wars were some of the bloodiest in recent world history. The Second Congo War of 1998–2003 directly involved eight African nations and around 25 local and regional armed groups. By 2008 the war and its aftermath had led to the death of an estimated 5.4 million people, many of whom died from disease and starvation.<sup>29</sup> So intertwined were the wars of 1996–1997 and 1998–2003, that they are sometimes considered one large war. Some, particularly those who focus on the interest of external powers, refer to this as 'Africa's First World War'.<sup>30</sup> An in-depth discussion of the complexities of this war falls outside the remit of this study. For the purposes of this report, a short summary will have to suffice.

In the late 1990s, Laurent-Désiré Kabila overthrew Zaire's long-reigning Mobutu Sese Seko with the help of Rwanda, Uganda and Angola. However, soon after renaming the vast territory the DRC, relations among allies soured. Kabila felt threatened by expansionist rhetoric from Rwanda's Paul Kagame. He accused his erstwhile allies – particularly Rwanda and Uganda – of plundering the DRC's resources, thanked them for their earlier support and ordered them to leave. This resulted in the mushrooming of military and rebel groups in the eastern DRC, all aligned to different sides in what soon became a war fought largely through proxy by neighbouring countries.

Uganda argued that its initial military involvement in the DRC was with the support of the Kabila government. It justified continued involvement on strategic grounds, including the need to neutralise regional rebel groups hostile to the Ugandan regime, such as the Allied Democratic Forces and the Lord's Resistance Army.<sup>31</sup> With time, however, both the Ugandan and Rwandan presence took on more institutionalised forms. By 1999 the northern part of the North Kivu Province in the eastern DRC (le Grand Nord) was controlled by the Nande-dominated armed movement, the Rally for Congolese Democracy–Kisangani Movement for Liberation (RCD–K/ML),<sup>32</sup> which aligned itself with Uganda. The southern DRC (le Petit Nord) was controlled by the Banyarwanda-dominated RCD, which aligned itself with Rwanda. Jean-Pierre Bemba's Movement for the Liberation of Congo – also Uganda-aligned – established itself in the northern DRC.

Tegera and Johnson<sup>33</sup> explain how, during the war, each half of North Kivu had its own tax and trade regime. Whereas the Congolese one remained in place in the RCD-controlled area around Goma, the RCD–K/ML instituted an alternative *système forfaitaire* (English translation: 'flat-rate tax') in the area around Beni that it controlled.<sup>34</sup> The fees charged by



Kampala billboard congratulating President Museveni on his re-appointment to office (2011–2016)

the alternative system were for the most part much lower than the official DRC tax rate and were also open to negotiation.<sup>35</sup> Often, tax exemptions would be granted against pre-financing payments to the rebel administration.<sup>36</sup>

Senior officials from the Ugandan People's Defence Force were implicated in reports by the UNSC Panel of Experts on the *Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo*.<sup>37</sup> These reports speak of the plunder of the DRC's resources – including timber – by a network consisting of high-level officials from Uganda, Rwanda and the DRC, rebels, and unscrupulous businessmen dubbed 'adventure capitalists' by the Center for Public Integrity.<sup>38</sup> As could be expected, the reports caused a stir, not least among those accused of profiting illicitly from cross-border trade. Uganda promptly appointed a judicial commission of enquiry to investigate allegations. The Porter Commission, named after its chairman, Justice David Porter, exonerated many of the most senior officials, including President Yoweri Museveni and his immediate family. It concluded that although individual officers were indeed benefiting irregularly from instability in the DRC, this was not officially condoned and was rather ascribed to ill-discipline in the ranks.<sup>39</sup>

### Denouement in the Great Lakes?

Much has changed since the formal end to the war in the DRC in 2003. Troops have been withdrawn, customs revamped, old roads improved and new bridges have been built. In May 2011 the Congolese president, Joseph Kabila, attended the fourth presidential inauguration of Museveni, which some interpreted as a thawing of tensions between the two presidents. Underlying these high-level political and economic changes is a sense of continuity underpinned by personal cross-border relations that have evolved over

time. It nevertheless remains important to consider recent formal developments. In the aftermath of the war, new regional initiatives were launched and some old ones gained new momentum. Before moving to a discussion of the timber trade, the remainder of this chapter will introduce briefly a number of regional co-operation initiatives, most of which will be revisited later in the report.

## CURRENT STATUS OF FORMAL REGIONAL CO-OPERATION

The tension between interdependence and animosity that characterises the Great Lakes is well illustrated by the relations between the DRC and Uganda. The DRC is regarded generally as part of francophone Central Africa and Uganda as part of anglophone East Africa. Their neighbour, Rwanda, tries to straddle the anglo/francophone divide. This division is most stark in the formal sphere, where everything from traffic regulations and language to legal systems serve as reminders of different colonial legacies.

Beyond the language barrier, the countries' complex regional positioning is reflected in their overlapping memberships of regional communities. There have been different attempts at regional integration, some of which have included the DRC but not Uganda, and vice versa. In addition to the DRC's membership of the Economic Community of Central African States (ECCAS), it also forms part of SADC. The three former Belgian colonies – the DRC, Rwanda and Burundi – form the Economic Community of Great Lakes Countries (known better by its French acronym CEPGL). Uganda is member of the East African Community (EAC), while also maintaining its relations with the Horn of Africa through the Intergovernmental Authority on Development.

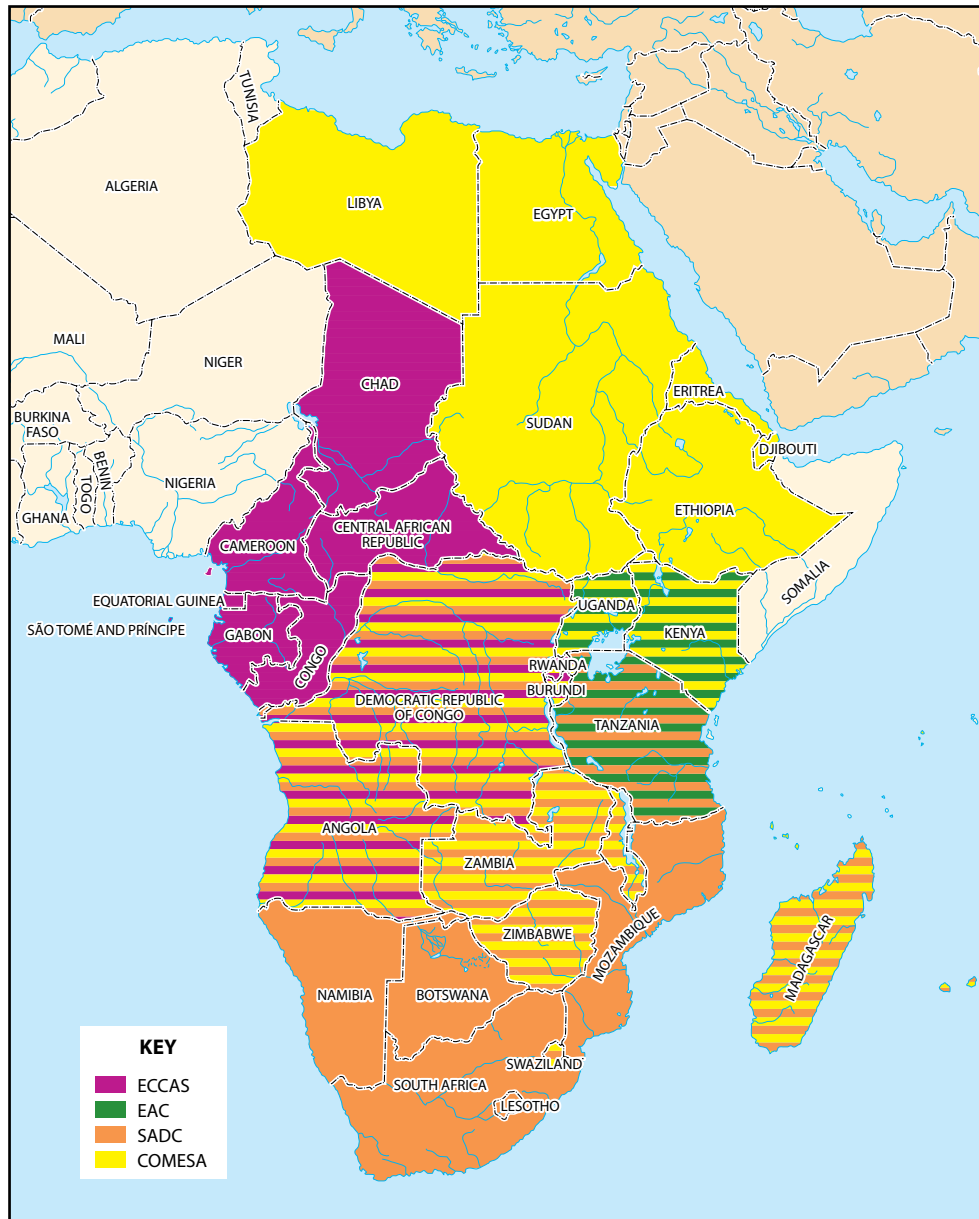
### Regional economic communities (RECs)

On the economic front, both the DRC and Uganda form part of the Common Market of Eastern and Southern Africa (COMESA). COMESA's main objective is to be a large economic and trading unit. In 2000 a free trade area (FTA) was formed, with nine of the member states – including Kenya and Sudan, but not the DRC or Uganda – agreeing to eliminate tariffs on products originating in COMESA. Burundi and Rwanda joined the FTA in 2004. Both the DRC<sup>40</sup> and Uganda<sup>41</sup> claim to be in the process of ascending and complying with this agreement, though there have been some concerns.

Regional integration in East Africa is progressing quickly. The EAC has moved from customs union to common market and is now on its way to a monetary union, with the ultimate aim of becoming a federation. Rwanda and Burundi joined original members Uganda, Kenya and Tanzania in 2007 and South Sudan is probably next in line. The DRC was granted observer status – a nod to its regional significance that should nevertheless not be seen as a step towards membership. The DRC's neighbours see it as an erratic trading partner. Its enthusiasm for signing up to regional treaties is not matched by its implementation of these.

On a more ambitious scale, negotiations towards a trilateral SADC–EAC–COMESA FTA aim to integrate markets from Cape to Cairo. By mid-2011 agreement was reached on the 'roadmap' for negotiations. However, beyond economic integration, it should be noted that thick regional integration of the Great Lakes may not make sense. For one thing,

**Figure 3: Overlapping memberships of regional communities in Southern, East and Central Africa**



Source: Halleson DN, *Regional Integration in Central Africa: Opportunities and Challenges*, Trade Policy Briefing, 15. Johannesburg: SAIIA (South African Institute of International Affairs), 2007, p. 2.

the boundary that separates the DRC from its eastern neighbours is less artificial than many others on the continent. It forms part of the 26% of African boundaries that have some basis in geography<sup>42</sup> and political culture. Before it became an anglo/francophone divide, the Albertine Rift Valley separated the Central African forest and its people from the savannahs and 'lake cultures' of the East.<sup>43</sup> Yet these differences do not negate the need for co-operation in an area characterised by a high degree of interdependency.

The section that follows will discuss briefly three attempts at regional co-operation involving the Great Lakes. The first attempt concerns the transit corridors approach, which, although not new, has recently gained new momentum. The corridors focus largely on trade facilitation. The second attempt, which is a regional initiative with a broader focus, is the International Conference on the Great Lakes Region (ICGLR), launched following UNSC resolutions 1291 and 1304 of 2000. By 2006 ICGLR programmes included one on economic development and regional integration, which link to plans for infrastructure rehabilitation and extension, which in turn link to regional integration and trade facilitation. The ICGLR also launched a regional initiative aimed at breaking the link between mineral revenues and rebel financing.<sup>44</sup> The ICGLR will be contrasted with the Albertine Rift Strategic Planning Process – a third attempt at regional co-operation, which involves a more narrowly focused, bottom-up approach.

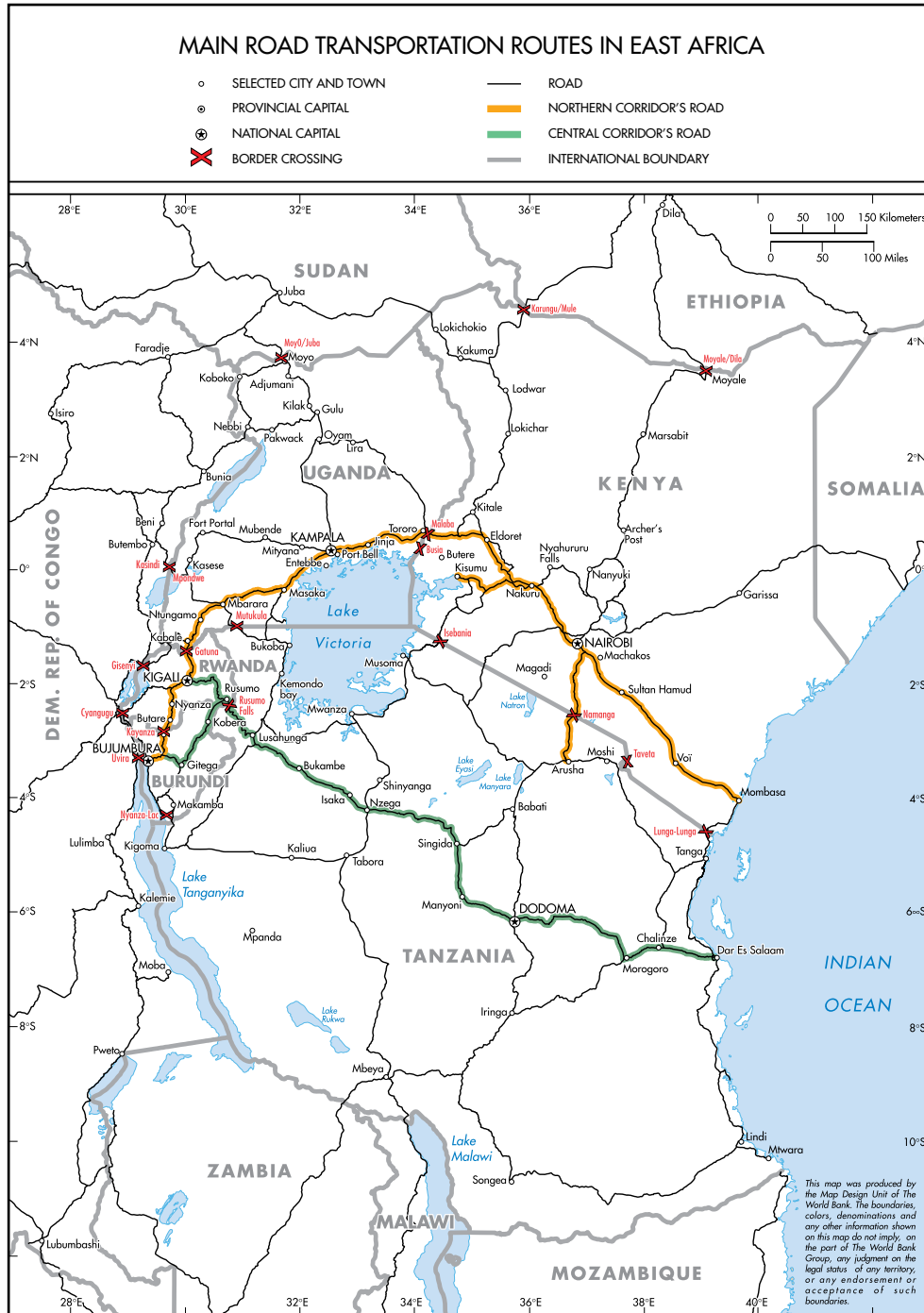
### **The Northern and Central Corridors**

The transit corridors approach deals quite literally in roads, bridges and customs. The trading route described here and travelled by the researchers of this report was institutionalised formally in 1985, when Burundi, Kenya, Rwanda and Uganda signed the Northern Corridor Transit Agreement. The DRC signed up in 1987. The Northern Corridor was one of the first of the transit–development corridors, promoted by the United Nations Conference on Trade and Development in the 1980s. It was intended to link the landlocked countries of Burundi, Rwanda and Uganda with the Kenyan seaport at Mombasa. The corridor also branches into the eastern part of the DRC (which is for all practical purposes landlocked), Ethiopia and what is today the independent state of South Sudan. The main objectives of the Northern Corridor are to promote the efficient transport of goods between landlocked members and sea ports; grant member states a right of transit through each other's territories; and to ensure the smooth transportation of goods by avoiding unnecessary delays, minimising customs duties and taxes, and simplifying and harmonising documentation and procedures.<sup>45</sup> The management of the corridor was entrusted to the Northern Corridor Transit Transport Coordination Authority, based in Mombasa. Considering the history of this region – of conflict and informality – it is not surprising that for many years the implementation of the Northern Corridor's goals has faced considerable challenges.

In recent years relative peace in Africa's Great Lakes has coincided with renewed momentum on the corridors front. Several new development corridors have been established, including the Central Corridor, which links the port at Dar es Salaam, Tanzania, with Zambia and Malawi; and includes ferry and lake services connecting Kenya, Uganda and Tanzania via Lake Victoria, and Tanzania, Burundi and the DRC via Lake Tanganyika.<sup>46</sup> The newer corridors' institutional set-up reflects broader governance changes. Whereas the old corridors' governance arrangements are rather 'state heavy', recent trends favour a public–private partnership (PPP) model in which the states and RECs are joined by private sector stakeholders, with development partners (including DFID, the United States Agency for International Development, the Japan International Cooperation Agency and the EU) and development banks (including the AfDB and World Bank) also playing a role. Most recently, the Northern and Central Corridors have followed in the footsteps of the North–South Corridor – a more recent initiative undertaken by the



**Figure 4: Main road transportation routes in East Africa**



Source: East African Community (EAC), 'Main transport routes in East Africa', available at: [http://www.eac.int/trade/index.php?option=com\\_content&view=article&id=113&Itemid=126](http://www.eac.int/trade/index.php?option=com_content&view=article&id=113&Itemid=126)

three RECs of Southern and Eastern Africa through their tripartite (COMESA–SADC–EAC) task force in the context of working towards a 26-country FTA.

The corridors promote functional economic integration on the continent. In practice, this means that, although underpinned by political agreements institutionalised in laws, agreements and treaties, much of the corridor authorities' work is technical. It involves such things as the building and repair of infrastructure, both hard (roads, railways and ports) and soft (electronic cargo monitoring systems and cross-border trading associations); the set-up of one-stop border posts and trade facilitation centres; and the simplification of import–export procedures for small traders.<sup>47</sup> As explained by the principal trade officer at the EAC Secretariat, the Tripartite Process and the related development corridors approach intends to 'solve trade issues in-country, at the border and after the border (including transit)'.<sup>48</sup> Implementation has started within RECs like the EAC and, provided that all goes according to plan, should be expanded to include borders like those of Kasindi–Mpondwe between the DRC and Uganda.

### **The ICGLR**

The ICGLR<sup>49</sup> is a wide-ranging inter-governmental initiative that, like many others, aims to promote peace and development in this troubled region. The success of the ICGLR depends largely on central government buy-in. That this political will exists is doubtful and the initiative seems mostly donor-driven. However, the ICGLR's potential may well lie in the platform it provides for donor collaboration or co-ordination. Until recently, the many donors involved in the Great Lakes have been constrained by their organisations into individual 'country teams', 'national desks' and single-country peacekeeping operations. Jackson<sup>50</sup> explains how the dominant mindset that governs development assistance – that the world consists of a system of individual nation-states – has led to unintended 'edge effects'. Edge effects are the discontinuities that arise between national regimes. These effects are particularly pronounced in border regions. Jackson uses the example of aid flows to Rwanda and the DRC to show how the 'Kivus have long experienced the contradictions between continuous economic space and discontinuous aid flows based on national units.'<sup>51</sup> Another illustration of edge effects is certain commodity certification schemes that, when applied to one country and not to another, simply result in such things as conflict entrepreneurs shifting production to neighbouring countries or modifying trading routes and laundering modalities. These edge effects strengthen the case for 'close regional calibration of international engagement in transforming war economies in neighbouring countries.'<sup>52</sup> This should be the focus of the ICGLR.

### **The Albertine Rift Strategic Planning Process**

In the midst of the two Congo Wars, field-level co-operation on conservation issues among the DRC, Uganda and Rwanda continued, and even strengthened. What makes this noteworthy is that this co-operation took place in the areas most affected by the conflict, among representatives from three of the key states in the conflict. Over time, co-operation was institutionalised in a process that became known as the Central Albertine Rift Strategic Planning Process. As illustrated in Table 2, this bottom-up approach to regional co-operation can be contrasted with the high-level one exemplified by the ICGLR.

**Table 2: The ICGLR and the Central Albertine Rift Process**

	<b>ICGLR</b>	<b>Central Albertine Rift Process</b>
Origin and evolution	<p>1994 – Idea for regional conference based on the Conference for Security and Cooperation in Europe proposed at the UNSC.</p> <p>2000 – UNSC Resolutions 1291 and 1304 call for an international conference in the Great Lakes.</p> <p>2000 – Secretariat of the International Conference established under the umbrella of the UN and AU.</p> <p>2004 – Declaration on Peace, Security and Development in the Great Lakes Region adopted by 11 heads of state.</p> <p>2006 – Heads of state sign the Pact on Security, Stability and Development in the Great Lakes Region, including the Dar es Salaam Declaration, Programmes of Action and Protocols.</p> <p>2007 – ICGLR Secretariat inaugurated.</p> <p>2009 – ICGLR donor roundtable conference held.</p>	<p>1991 – Informal co-operation among field staff.</p> <p>1999 – Start of transboundary planning.</p> <p>2001 – Meeting of protected area authorities, international and national NGOs and development partners, resulting in a framework for conservation in the Albertine Rift 2004–2030.</p> <p>2004 – MoU signed between protected area agencies of DRC, Uganda and Rwanda.</p> <p>2005 – Tripartite Ministerial Declaration on the Transboundary Natural Resources Management signed.</p> <p>2009 – Institutionalisation of the Greater Virunga Transboundary Collaboration by Inter-Ministerial Board.</p>
Membership	<p>Inter-governmental organisation. Member states: Angola, Burundi, Central African Republic, Republic of Congo (Congo-Brazzaville), DRC, Kenya, Uganda, Rwanda, Sudan (today Sudan and South Sudan), Tanzania, Zambia.</p>	<p>Multi-stakeholder partnership. Primary stakeholders: protected area agencies of Uganda, DRC and Rwanda. Other important stakeholders: protected area managers, local communities, government authorities.</p>
Scope	<p>Comprehensive regional approach to peace-building, reconstruction and development, including main divisions on: peace and security, democracy and good governance, economic development and regional integration, humanitarian and social issues. Also including cross-cutting issues: gender, environment, human rights, HIV/AIDS and human settlements.</p>	<p>Biodiversity conservation in the Central Albertine Rift.</p>
International support	<p>Programme implementation supported through the Special Fund of Reconstruction and Development, with financing from member states and voluntary contributions from development partners. Group of Friends of the Great Lakes established in 2003. Funding challenges.</p>	<p>Supported by international organisations through the International Gorilla Conservation Project, which acts as financier, technical supporter and neutral facilitator. Also other donor funding (eg USAID, MacArthur Fund). Fund-raising responsibility of Trans-boundary Core Secretariat.</p>

The Northern Corridor, Albertine Rift Process and the ICGLR will be discussed again in Chapter 4. The discussion will now shift from a more general one of co-operation and conflict in the Great Lakes, and specifically between the DRC and Uganda, to a closer inspection of the trade in tropical timber. The aim of the following section is to provide the global context for the timber trade in the Great Lakes and particularly for the case study of the trade from the DRC to and through Uganda. This will be followed by further discussion of the regional trade. Finally, the Ugandan section of the regional (and international) trade will be considered in some detail.

## CONCLUSION

Recent wars and instability in Africa's Great Lakes threaten to obscure the fact that this region has long been a centre of interaction and commerce and has deep-seated historical, cultural and economic ties. Trade in natural resources, centred along the region's ecological frontier, remains similar today as it has been for centuries – albeit altered in terms of the quantity and type of commodities traded. History has influenced contemporary trading networks, which are largely informal, and characterised by a combination of legal and illegal activities. An attempt to foster closer regional co-operation in the Great Lakes has culminated in initiatives to improve technical co-operation, facilitate trade and better integrate markets. These initiatives are seeking to improve trade corridors and better regulate and monitor commodity flows in this region. The region has also encouraged formal discussions and functional co-operation on transboundary issues of regional importance, especially centred on conservation, charcoal and timber, mineral trade and wildlife trade. These state-driven transboundary initiatives will require high-level political support and will also need to incorporate non-governmental actors into their activities, such as the private sector and local communities.

## CHAPTER 3

GLOBAL TROPICAL TIMBER FLOWS AND  
THE GREAT LAKES

## OVERVIEW OF GLOBAL TIMBER FLOWS

As discussed, the flow of timber in the Great Lakes is largely one-sided from the eastern DRC to and through East Africa. Although, formerly, the tropical timber belt stretched into Uganda from the Congo Basin, today there is very little tropical timber left in Uganda, situated mostly in reserves. Uganda is an importer and transit destination for wood from the DRC and South Sudan rather than an exporter. The focus here is on tropical timber from the DRC. Considering the vast size of the DRC's forests, its contribution to the international trade in tropical timber is disproportionately small.

Africa is home to up to one-quarter of the world's remaining tropical forests.<sup>53</sup> According to statistics from the International Tropical Timber Organisation (ITTO) for 2010 (see Table 3), the continent produces 14% of the world's total non-coniferous tropical (NC-T) industrial roundwood. Although less than that of Asia-Pacific (60%) and Latin America (25%), it is not insignificant. More than 80% of Asia-Pacific's share comes from Indonesia, India and Malaysia, and the bulk of Latin America's share from Brazil.

**Table 3: Producers of NC-T industrial roundwood, 2010<sup>54</sup>**

NC-T product	Producer	Quantity (1 000m <sup>3</sup> )
Industrial roundwood	Asia-Pacific (total)	83 269
	Latin America (total)	32 233
	Africa (total)	18 752
	<b>Total</b>	<b>134 254</b>
	Indonesia	34 150
	Brazil	24 500
	India	20 313
	Malaysia	14 800
	Nigeria	7 100
	Gabon	3 400
	Cameroon	2 266
	DRC	300

Source: ITTO, 'Annual Review Statistics Database', 2010, [http://www.itto.int/annual\\_review\\_output](http://www.itto.int/annual_review_output), accessed 20 April 2012.

The largest producers in Africa are Nigeria, Gabon and Cameroon. Despite being home to more than half of the Congo Basin forests – the second-largest block of tropical rainforests after the Amazon – the DRC's official production figures for NC-T industrial roundwood are only about one-tenth of those of countries like Gabon and Cameroon.

As mentioned in Chapter 1, formal timber production and trade figures for this part of the world should be treated with caution, as their accuracy can be disputed. For instance, ITTO statistics for the DRC were exactly the same for 2009 and 2010. These figures also differ substantially from FAO statistics<sup>55</sup> for the same year (2009), which placed NC-T roundwood exports at 51 440 m<sup>3</sup> and sawnwood at 20 906 m<sup>3</sup> – much lower than ITTO figures. There could be a number of explanations for this, including differences in definitions or measurements, or challenges with data collection. In the DRC accurate data is a challenge not only in the timber sector. Further, these figures do not reflect the informal trade, or the regional trade (a subject expanded on in the next section). Disclaimers aside, concerns about the absence of exact figures or disparities among those from different sources need not prevent one from identifying broad trends in the international timber trade and their probable impact on the Great Lakes region, which is what this section aims to do.

Notwithstanding unreliable export figures, official timber exports from the DRC are relatively small compared with countries like Nigeria, Gabon and Cameroon. There is also no evidence that the Great Lakes is home to the level of large-scale illegal timber trading syndicates of the kind reported in countries like Russia, China and other parts of East Asia.<sup>56</sup> Factors that have prevented investors – whether reputable ones or 'adventure capitalists' – from accessing the vast timber resources of the DRC include difficulties related to insecurity and a lack of infrastructure. These factors have combined with other governance challenges to contribute to the DRC's reputation as a notoriously risky and costly place in which to do business.<sup>57</sup> Improvements to any of these challenges could unlock the DRC's timber potential – a reality acknowledged with some trepidation by those who advocate for the conservation of the country's forests. Industrial-scale international exports from the eastern DRC would most likely flow along the main trading corridors toward sea ports such as Mombasa and Dar es Salaam. Already those areas of the DRC that are more accessible, such as parts of the western DRC close to the port at Matadi, have seen higher rates of deforestation, some of it no doubt linked to international timber exports.<sup>58</sup> Suspicions that not all that goes on is above board, in the timber yards near the harbour, are strengthened by locals' advice to preferably avoid visiting the location, and not to ask any questions or take photographs.<sup>59</sup>

It nevertheless remains interesting to consider the markets supplied by formal Congolese timber exports. According to FAO figures for 2009, the DRC exports its roundwood to countries like France (17 000 m<sup>3</sup>), Portugal (12 000 m<sup>3</sup>) and China (6 000 m<sup>3</sup>); and its sawnwood to destinations including Morocco (3 987 m<sup>3</sup>), Portugal (3 987 m<sup>3</sup>) and Belgium (2 997 m<sup>3</sup>).<sup>60</sup> Even if not clearly dominant, the DRC's francophone legacy is visible in these figures. This can be contrasted with a country like Mozambique, a former Portuguese colony that today exports more than 80% of its roundwood to China. In 2009 this amounted to 9 010 m<sup>3</sup> out of a total of 10 793 m<sup>3</sup> for NC-T, non-coniferous (NC) and coniferous (C) timber exports combined. Mozambique's timber trade to China was criticised in a 2006 report, which was provocatively titled, *Forest Governance in Zambézia, Mozambique: Chinese Takeaway!*<sup>61</sup>

As illustrated by the Mozambican example, Africa's past relations with the East have indeed been given new impetus by the rise of 'emerging powers' like India and China. Much has been made of these powers' growing appetite for raw materials.<sup>62</sup> This demand includes the timber sector. The growth in timber exports to emerging powers is driven in part by factors like a booming construction industry and consumer markets in these countries. Rising domestic consumption in these markets will most likely continue to grow. These are all factors that – especially when combined with concerns about governance and the non-conditionality of a country like China and its engagement with Africa – have contributed to the wave of alarmist reports published in the early 2000s. However, closer scrutiny of global tropical timber chains reveals that there is more to this story.

Table 4 – detailing 2010 import figures for unprocessed and semi-processed NC-T timber products – reflects the global tropical timber trends. Although China is not the only timber-importing country, it provides an interesting and relevant case study.

**Table 4: Importers of NC-T woods, 2010<sup>64</sup>**

NC-T product	Importer	Quantity (1 000 m <sup>3</sup> )
Industrial roundwood	Asia-Pacific (total)	13 117
	EU (total)	398
	North America (total)	8
	<b>Total</b>	<b>13 554</b>
	China	8 078
	India	3 960
Sawnwood	Asia-Pacific (total)	6 593
	EU (total)	1 245
	North America (total)	281
	<b>Total</b>	<b>8 279</b>
	China	3 284
	Thailand	2 213
Plywood	Asia-Pacific (total)	3 285
	EU (total)	864
	North America (total)	628
	<b>Total</b>	<b>5 136</b>
	Japan	1 989
	China	139

Source: ITTO, 'Annual Review Statistics Database', 2010, [http://www.itto.int/annual\\_review\\_output](http://www.itto.int/annual_review_output), accessed 20 April 2012.

The country clearly dominates the import of unprocessed tropical timber. The further along the timber value chain, however, the smaller its share of imports as a percentage of global imports. For example, China's import of tropical plywood (a value-added product) is

dwarfed by that of a country like Japan. This is because, rather than being a large importer of plywood, China is a producer. In 2010 its production of NC-T plywood accounted for 5 955 000 m<sup>3</sup> out of a world total of 18 293 180 m<sup>3</sup> – a larger share than that of large, tropical, forested countries like Indonesia (3 200 000 m<sup>3</sup>), Malaysia (3 544 000 m<sup>3</sup>) and India (2 130 000 m<sup>3</sup>). This has led authors like Dauvergne and Lister to describe China as ‘the wood workshop of the world’.<sup>63</sup> They explain that the bulk of final timber products, such as furniture and construction materials, still end up in the industrialised world, often on the shelves of big box retailers like IKEA and Walmart. The sheer size of these retailers allows their relatively small price mark-ups to translate into huge profits at the very end of the value chain, while squeezing those at the base – the timber suppliers in the developing world. China plays a central yet intermediary role in these globalised chains.

Currently official figures show that the DRC exports relatively little timber; and that most of the timber officially exported from the DRC still goes to traditional markets in Europe. This could change in future. Mozambique on the east coast of Africa, with easier access to its forests and close ties with China, serves as a case in point. As the international tropical timber flows suggest, much of this so-called ‘Chinese takeaway’ might – like the food – end up in traditional consumer markets in Europe and North America.

In the context of the trade in tropical timber from the DRC, the first step towards better governance is to establish exactly how much is being traded internationally and to where. Beyond that, the international initiatives described in the next section aim to regulate the existing trade as well as to put in place institutions for regulating the global trade in timber, including a growth in supply from the DRC if and when it takes off. The discussion does not go into any great detail about domestic initiatives in the DRC aimed at regulating this trade. Instead, it focuses on international initiatives that either directly involve the DRC (such as FLEGT) or that have an implication on the trade from the DRC (like the US Lacey Act Amendment). Important lessons can be learnt from these international initiatives for the regional trade in timber. In particular, the section will consider lessons from the international demand-side (ie in the US, Europe and Asia) for the regional demand-side (ie in East Africa and the region). This chapter ends with a case study of the only company with an industrial logging concession in the eastern DRC, namely ENRA.

## LESSONS FROM INTERNATIONAL INITIATIVES PROMOTING SUSTAINABLE TRADE IN TROPICAL TIMBER

### **Europe’s answer to illegal and unsustainable tropical timber trade – FLEGT & VPAs**

In 2003 the EU adopted the FLEGT Action Plan. FLEGT initiatives aim to facilitate the legal trade in timber and to eliminate illegal trade with the EU. They are directed at both the supply- and demand-side, in this case at both the DRC and the EU markets. The FLEGT Action Plan includes provisions for support to timber-producing countries, for the promotion of the trade in legal timber and ethical public procurement policies and for dealing with challenges related to conflict timber.<sup>65</sup>

The EU also promotes the negotiation of VPAs, which are WTO-compatible trade agreements between the EU and timber-producing countries aimed at stopping illegal



logging. Although the decision to enter negotiations on a VPA is voluntary, once signed these bilateral agreements become legally binding. Incorporated in each VPA is something called a 'legality assurance system'. The system starts by defining what constitutes legal timber. This is not as simple as might be assumed. As explained in a study on the forests in post-conflict DRC:<sup>66</sup>

The existence or absence of illegal logging should not be perceived as a definitive criterion for failure or success in regulating the timber sector. Environmental damage or rent grabbing might not be labelled "illegal" simply because the rules are inadequate or flawed with exemptions, or because offences are not detected. Conversely, illegal logging may be part of a transition process from an unregulated sector (where "illegality" therefore does not exist) towards a more structured one (where regulations are adequate and monitored). During this transition, the better legality is defined, the more violations become visible. Also, illegal logging most often results in financial loss for the country, but it does not necessarily imply greater environmental damage compared to "legal" operations. Illegal logging is an economic and social issue as much as an environmental one.

Once agreement on a definition of legality is reached, the system verifies compliance with this definition, traces products from forest to export, and provides licences for exports in line with relevant EU regulations. All elements of the system are checked independently. African countries that have concluded VPAs include Ghana, Congo-Brazzaville, Cameroon and the Central African Republic. Others, such as Gabon, Liberia as well as the DRC, are currently in the process of negotiating VPAs.<sup>67</sup> This process applies not only to Africa, but also to Asia, where VPAs are being negotiated with countries like Vietnam, Malaysia and Indonesia. In theory then, once the VPA is concluded, all timber leaving the DRC for Europe will do so under a FLEGT licence.

One of the interesting features of the signed joint declaration that committed both the EU and the DRC to negotiate a VPA in October 2010 is an explicit recognition of the importance of the artisanal and domestic timber markets as well as of the complexity of the transboundary flow in wood products. It is in this context that much of the current work on the timber trade in the Great Lakes is taking place. This work is made more complex by the fact that much of the regional trade is informal and never leaves the region. Furthermore, some countries – including not only producer countries, but also those along the regional or global chains like Uganda and Kenya or China and India – are not in the process of negotiating VPAs. The FLEGT licensing scheme does not deal directly with this. Uganda, however, with the EU's support of the WWF, is in the process of designing other feasible FLEGT models. In an attempt to address this challenge, in 2010 the European Parliament and Council adopted a regulation requiring wood-product-based businesses in the EU to prove that the forest products have not been produced from illegal and unsustainably managed forests.<sup>68</sup> The adoption of such a regulation was supported, among others, by the Timber Retail Coalition, consisting of Kingfisher, Carrefour, IKEA and Marks & Spencer.<sup>69</sup> The resulting regulation introduces three obligations, namely a prohibition against placing illegal timber on the EU market, the use of due diligence systems to ascertain that products entering the EU are legal, and the application of traceability systems.<sup>70</sup> This regulation is not aimed at VPA countries, whose timber is considered legal under the FLEGT licence system. It would, however, apply to countries

like China or India in as far as they wish to export timber products to the EU, but of course would not cover the export to other markets or domestic consumption in these countries. VPAs and FLEGT also have limited applicability for timber destined for regional African markets, as illustrated in the ENRA case study (see Box 1).

### **The Lacey Act Amendment – the US response**

The Lacey Act, enacted in 1900, is the oldest wildlife statute of the US. In 2008 the act was expanded upon to include plant and plant products, like paper and wood. The 2008 amendment was aimed partly at curbing the international illegal logging trade by making it a crime to import wood illegally logged elsewhere. In the process American forestry jobs would be protected against cheap and illegal imports. In addition to products taken or logged in violation of federal, state or national laws, the Lacey Act also applies to the breaking of foreign laws, regardless of whether these laws are enforced in the exporting country.<sup>71</sup>

A recent example illustrates the implications and reach of the act. In 2009 the Gibson Guitars factory in Tennessee was raided. Federal agents seized guitars with parts, such as fingerboards and guitar necks, made from ebony wood imported from Madagascar, allegedly in violation of Malagasy law. The legal text invoked was an inter-ministerial order regarding declarations accompanying timber exports, which prohibit the export of unfinished, semi-worked and sawn ebony unless these exports were expressly authorised. In this case the dispute between Gibson Guitars and the US government involved a difference in interpretation of 'unfinished' goods: in Madagascar fingerboards are regarded as finished products, whereas in the US they are regarded as unfinished.<sup>72</sup>

The Lacey Act Amendment also includes a 'due care' requirement, which requires importers to exercise due diligence in identifying the source of imported wildlife, plants or goods.<sup>73</sup> This might in part serve as motivation for initiatives such as the signing of an MoU between Walmart and China's State Forest Administration to promote worldwide environmental sustainability activities and practices, including forest certification.<sup>74</sup>

### **China's response**

China's domestic timber industry has been strictly regulated for a number of years. Actions relating to the country's participation in global timber chains were motivated initially by requirements for legal compliance and certification in European and US markets. Increasingly, however, China's actions in this regard are concerned with building its reputation as a responsible international citizen which takes a progressive stance on issues of sustainable development. Today, in addition to its insistence on compliance with host country laws, China is involved in bilateral, multilateral and international schemes aimed at curbing the illegal trade in timber.<sup>75</sup> This section will summarise briefly some strides made in the past five years.

China's State Forestry Administration (SFA) has been in dialogue and consultation with the Central African Forestry Commission (COMIFAC), the Congo Basin Forest Partnership (CBFP) and the EU officials working on FLEGT since 2007. It was also around this time that some of the alarmist reports mentioned earlier began to be joined by more constructive ones, such as a Tropical Forest Trust report entitled, *China Wood Products*

*Supply Chain Analysis: Helping Chinese Wood Producers Achieve Market Demands For Legal and Sustainable Timber.*<sup>76</sup> By 2009 much of this interaction was formalised and work on a Chinese legality verification standard had started. This was led by the Research Institute of Forestry Policy and Information of the Chinese Academy of Forestry in collaboration with Proforest and with funding from the SFA and the UK. In the absence of a global standard, work on a Chinese standard takes lessons from international experiences. By mid-2011 two reports had been produced (one on market requirements for legal and sustainable timber, and one an overview of timber legality verification schemes); a meeting had been held to discuss recommended verification schemes; and several field visits had been undertaken.<sup>77</sup> This has led to two options for the verification scheme: a government-led one where the Chinese government signs bilateral agreements with timber-producing countries; or an industry-led one where Chinese timber associations recognise the legality of verification systems developed by industry associations of timber-producing countries.<sup>78</sup> In short, there has been some progress, but the road ahead is still long.

These engagements are not limited to Central Africa. The WWF's China–Africa work, for instance, focuses on East Africa and considers forestry as a key sector of engagement, alongside the financial and renewable energy sectors.<sup>79</sup> The forestry work in particular was catalysed by a 2007 study by TRAFFIC, which identified China as a key timber market for Tanzania and Mozambique.<sup>80</sup> The study showed that much of this trade was in fact illegal. One of the outcomes of this engagement has been the development by the Chinese government authorities of guidelines for companies operating overseas in the forestry sector.<sup>81</sup> Whereas such an initiative could potentially have an impact on large timber companies, the regulation of and control over smaller companies that can fly under the radar remains a key challenge.<sup>82</sup>

Recently there have also been calls from the SFA to further formalise China–Africa engagement in this sector. The deputy managing director of the International Cooperation Centre, the arm of the Chinese SFA responsible for external relations, suggested that COMIFAC engage with the African Union. He also suggested including forests as a theme in the high-level China–Africa dialogue taking place in the context of the Forum on China–Africa Cooperation.

#### **Box 1: Case study of a logging company in the eastern DRC**

The only formal logging concessions in the eastern DRC belong to a company called ENRA. From an international perspective, and even from a DRC perspective, ENRA is a small player. However, in the eastern DRC it provides a rare picture of industrial-scale formal timber trading. There are those who argue that ENRA's success can be ascribed partly to the company's political connections. Until his death in 2009, Jeannot Bemba Saolona – a Congolese businessman, former Minister of the Economy and Industry under Laurent Kabila and the father of former vice-president, Jeanne-Pierre Bemba – was the principal shareholder of ENRA. ENRA's office compound is located in the town of Beni in the eastern DRC, around 70–80 km from the Kasindi–Mpondwe border post between the DRC and Uganda. From Beni, the road connects southwards via Butembo to Bukavu in South Kivu and westwards to the capital of the Orientale Province, Kisangani. Stories still haunting

the streets attest to the recent past when Beni – or 'Beni Town' as it is often called – saw gruesome acts committed in the name of war. Today the ENRA compound houses the company offices, a wood workshop, storage areas, a small shop with samples of cupboards, chairs and parquet flooring, an overgrown airstrip and the local offices of an international environmental non-governmental organisation (NGO). ENRA's concessions are located further afield, in the Orientale Province.

Of the just over 2 473 m<sup>3</sup> of lumber that ENRA produced in 2010, 192 m<sup>3</sup> was dried sawnwood destined for local markets and 573 m<sup>3</sup> for export; 500 m<sup>3</sup> of which went to Uganda via one transporter and timber merchant and the remaining 73 m<sup>3</sup> to Belgium and Vietnam. The company has both a kiln-drying facility and a carpentry workshop, where it transforms the bulk of the lumber produced into final products. In 2010 it transformed 1 708 m<sup>3</sup> worth of wood: 234 m<sup>3</sup> into windows, doors and furniture for local markets and about 1 474 m<sup>3</sup> into flooring and decking for local, regional and international markets. In 2010 most of the flooring and decking was absorbed by the local market, whereas in 2009 the company exported more. In 2010 almost all of the exported flooring and decking (177 m<sup>3</sup> out of 182 m<sup>3</sup>) went to Belgium.<sup>83</sup> The year-to-year fluctuations, both of quantities and of export destinations, illustrate the impact of demand-side factors.

The researchers for this report were provided with a 2005 independent chain-of-custody audit for the certification of 1 800 m<sup>3</sup> of sapele sawntimber (a tropical hardwood from the mahogany family) in accordance with Forest Stewardship Council (FSC) Standards STD-30-010<sup>84</sup> and STD-40-005 for non-FSC certified wood. This wood was destined for Uganda, via the same trader mentioned above. As explained by one of the ENRA managers, the Dutch Embassy in Kampala wanted to procure this wood for the construction of school desks. Certification verifies whether forest management meets certain ecological, economic and social requirements. The scope of the FSC STD-30-010 includes ensuring that wood supplied as controlled is not from the following categories:

- Forest areas where traditional or civil rights are violated by forest management activities.
- Forest management units having high conservation values that are threatened.
- Genetically modified trees.
- Forest management units that have been harvested illegally.
- Natural forest that has been converted to plantations or non-forest use.

The audit assessed ENRA's compliance with each of these requirements. In addition, it discussed the timber processing methods, starting with a description of ENRA's facilities and moving through the processing (sawing, cutting, drying and labelling), transport and sale of goods. The audit identified six preconditions (conditions that need to be fulfilled prior to certification) and two conditions that still needed to be satisfied before certification could take place. Three of the preconditions relate to forest management, with a focus on the identification and sustainable management of high conservation value forests, and another relates to the separation of legally logged timber harvested by ENRA from other illegally

logged timber. In terms of chain of custody, the audit requires that, should any sapele be processed that is not from the ENRA concession, it needs to be strictly separated at all stages of storage and processing. A further precondition requires establishing a transparent documentation system that reports on exact volumes leaving the company, sold to the trader, bought from the trader, transported, and exact volumes processed by furniture makers and others.

The audit concluded that certification would only be granted once the above-mentioned preconditions are fulfilled. Despite this, the tone of the audit was generally constructive and inspectors noted their personal impressions of a well-managed company. ENRA was also willing to share the audit with the researchers, presumably as proof of their compliance with Congolese law and willingness to work towards these kinds of standards, if and when required by the demand-side. ENRA admitted that the demand for these kinds of standards in the region is minimal. This would be even more pertinent for the bulk of wood products leaving the eastern DRC, which is exploited on a much smaller scale than that of ENRA and on a more informal basis. ENRA is a rare example of value addition in the eastern DRC. As discussed, the DRC is not an easy place to do business and considering the history in this corner of the country specifically, it is not surprising that more often than not raw products are exported and value added elsewhere in the region.



*ENRA workshop in Beni, eastern DRC*

## CONCLUSION

In addition to better regulating the existing trade, the international initiatives described above aim to ensure that if and when the tropical timber trade from the DRC picks up, it will do so legally and sustainably. The US Lacey Act Amendment illustrates the far-reaching scope of some of these initiatives – something of which those with international trading ambitions should take note. One of the lessons learnt is that international initiatives on timber trade face limitations such as the fact that most of the trade is regional and most of the operators are small companies that are not as easy to regulate as the larger and more visible companies. Small operators can easily fly beneath the radar.

There are also lessons that may be learnt for regional initiatives and co-operations from the international initiatives. For instance, companies in the US and EU are calling for a more regulated global timber sector, as this would level the playing field and also protect their domestic industries from cheap and/or illegal imports. For their part, Chinese policymakers have realised both that their own forests were being depleted, and that their dependence on timber imports leave them vulnerable to erratic and unpredictable supply-side factors. They have responded by regulating their forestry sector and launching an ambitious tree-planting initiative. Efforts to join international initiatives were motivated initially by China's integration into global chains. The government was also concerned with the reputational risks raised by alarmist reports of the late 1990s and early 2000s. This risk is not unfamiliar to the DRC's neighbours, Uganda and Rwanda, both of which were accused of plundering the DRC's natural resources during the two Congolese wars and which are still facing reputational risks when it comes to trade even today. Finally, when China decided to develop its own certification standard, it looked to international examples. This is important not only for lessons, but also for ensuring that the standards are compatible. Trade, by definition, moves across boundaries. As Uganda works on its own standards, it is encouraged to aim for compatibility of its systems, not only with its neighbours in the EAC, but also with the DRC.

## CHAPTER 4

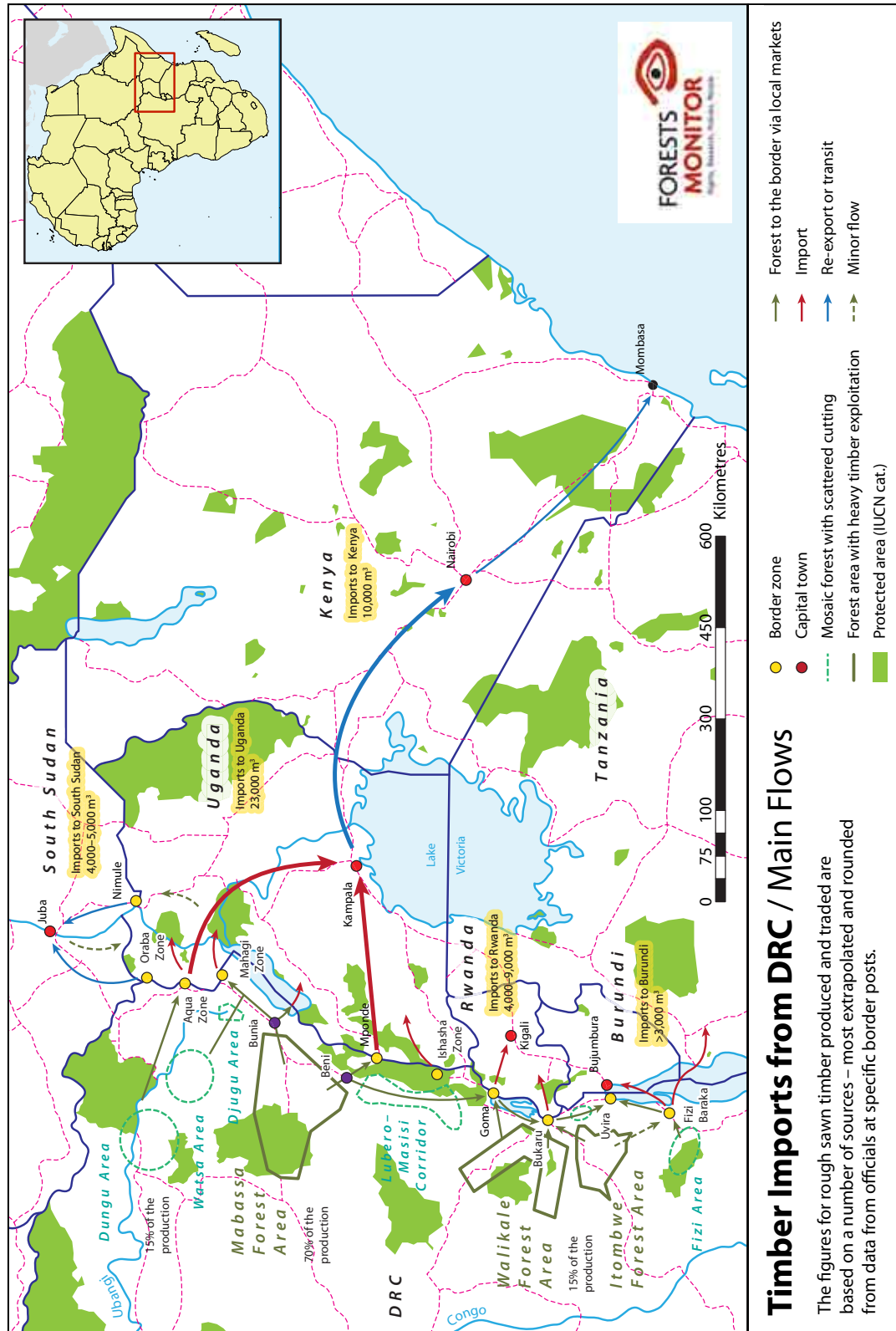
### THE REGIONAL TIMBER CHAIN

The regional timber trade in Africa's Great Lakes differs from the international trade in several important respects. Much of the timber from the eastern DRC either ends up in Uganda or transits through Uganda to the rest of East Africa. Indications are that it is much larger in volume than the timber travelling beyond the region (international trade). As is the case for other commodities, the DRC's East African neighbours (ie the regional demand-side) benefit more from the trade than it does. Within the region, those who control the trade – some of which have political or military connections – benefit more than other actors in the chain. All of these factors make the regional trade challenging to regulate.

A study conducted by Forests Monitor estimated that around 59 000 m<sup>3</sup> of timber was exported from the eastern DRC in 2006. Around 47 000 m<sup>3</sup>, or just under 80%, of timber leaving the eastern DRC left via the DRC–Uganda border. Of this, around half (23 000 m<sup>3</sup>) stayed in Uganda and half transited to South Sudan (5 000 m<sup>3</sup>) and Kenya (19 000 m<sup>3</sup>).<sup>85</sup> The study estimated that around 5–10% of timber exported from the eastern DRC ends up in international markets. These figures can be compared with that of a more recent (2011) study commissioned by the WWF ESARPO. Similar to the Forests Monitor study, this study estimated that by 2011 just over 60 000 m<sup>3</sup> of timber was leaving the eastern DRC per year, more than 80% of which travelled through the DRC–Uganda border. However, this study estimates that only around 16–17% of the Congolese timber leaving via Uganda ends up in Uganda, 63% transits to Kenya, 2% onwards via Kenya to destinations outside of Africa, and 18% to South Sudan. These figures are still much lower than that of the SGS. The SGS is working with export figures of 200 000 m<sup>3</sup> of rough sawnwood and more than 600 000 m<sup>3</sup> of roundwood equivalents from the Orientale and North Kivu Provinces.<sup>86</sup> If the SGS figures are to be believed, the informal trade from the eastern DRC is at least double the size of the formal trade from the whole of the DRC. Somewhere between the Forests Monitor and the SGS figures are those of the Congolese Ministry of Environment, which estimated that 80 000 m<sup>3</sup> of roughly sawn timber is likely to have been produced in the north-eastern DRC during 2010.<sup>87</sup>

Even more so than in the case of the international trade, caution is advised in dealing with these figures. One of the explanations for these disparate figures relates to difficulties involved in monitoring trade – much of which is informal – along a long and porous border. Methodologies for gathering data on such informal trade differ. For instance, the Forests Monitor statistics are aggregate figures collated from different government departments and statistics, whereas the SGS ones are estimates from the number of trucks crossing the border at seven different points, five of which are official border points.<sup>88</sup> The FAO generally obtains its figures from governments. A recent meeting on the timber trade in the Great Lakes, held in Bujumbura, Burundi, in November 2010, identified a lack of reliable data as one of the challenges in regulating the trade. It is for this reason that efforts like those above, or the annual study on informal trade conducted by UBOS and the Bank of Uganda,<sup>89</sup> are commendable and should be encouraged, so long as caution is exercised

Figure 5: Timber production and trade routes in the Upper Great Lakes Region



Source: Forests Monitor, *The Timber Trade and Poverty Alleviation: Upper Great Lakes Region*. Forests Monitor Group, 2007, p. 48.



in the way in which these figures are ultimately used. For comparative purposes one could urge certain studies to use the same methodology, for instance, those conducted by CIFOR on the DRC side and by the WWF on all major Ugandan borders with the DRC.

As mentioned at the outset, this study does not attempt to quantify the trade. Instead, it focuses on some of the factors driving the timber trade from outside the DRC, such as the growing demand for timber in East Africa and/or stricter regulations of the domestic industry in Uganda and the region. In addressing the socio-economic dynamics of the regional timber trade, it is important to focus not only on technical solutions, but also to consider ways to address the power relations at play.

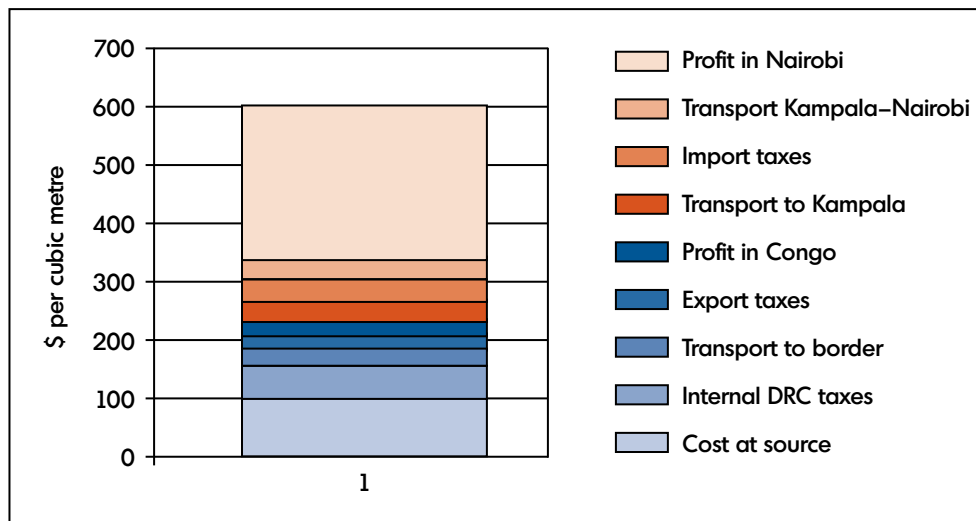
Although much has changed in the relations between Uganda and the DRC since the end of the second DRC war in 2003, perceptions often remain, as do relations established over time. As discussed, the eastern Congolese people often relate as well (or even better) to Ugandans across the border than they do to people living in other parts of their own vast country. Admittedly, there are factors that divide them, including anglo/francophone differences. This is less of a concern for the military and traders. For historical reasons, few Ugandans speak Swahili (a language spoken widely in the rest of East Africa and the Great Lakes), however, the military and traders do. Paradoxically, although the wars engendered new animosities and soured official relations, it also served to strengthen links between the two countries, for example, through the displacement of people (refugees) and the deployment of military officials across borders. For those with the connections and necessary entrepreneurial skills, making a living from cross-border trade has proven lucrative.

The feeling among regional delegates at the Bujumbura meeting on forestry governance was that Uganda benefits more from this trade than the DRC. Certainly, the further away from the eastern DRC the wood is sold, the higher the profits. The 2007 Forests Monitor study analysed the value chain for African mahogany (locally known as sapele) originating in the DRC and ending up either in Uganda (Kampala) or, via Kampala, in Kenya (Nairobi), as shown in Figure 6. Prices have increased significantly since 2007, as evidenced in a 2011 study commissioned by the WWF ESARPO, which estimated the price of a cubic metre of mahogany in Kampala at \$595 and in Nairobi at \$672.<sup>90</sup> The price increase is in part attributed to higher taxes in both exporting and importing countries. Nevertheless, the findings of the Forests Monitor study remain: traders' profits increase the further along the value chain they are situated.<sup>91</sup> The study concludes that, in general, profits benefit the importer countries more than they do the DRC. It furthermore claimed that, by 2007, the timber trade between the DRC and Uganda was controlled largely by Ugandan traders. Whereas in the past these traders used to travel to the DRC and personally manage the cutting and transport, by 2007 they were providing finance, equipment and fuel to independent Congolese middlemen, who would arrange the cutting and transport to the border. Ugandan traders would then buy the timber from storage yards at the border.<sup>92</sup>

The dominant position of Ugandan traders is not limited to the trade in timber. Titeca discusses the dynamics of Uganda's role as 'gatekeeper' in the regional trade in north-eastern DRC, what is today the south-western corner of South Sudan and north-western Uganda. In addition to wood, the range of traded (and smuggled) products includes gold,<sup>93</sup> petrol, foreign currency, manufactured goods, sugar, coffee and cigarettes.<sup>94</sup> Although there are similarities between that subregion (north-eastern DRC, South Sudan

and north-western Uganda) with the one further south (the area of this case study), there are also important subregional differences. This is as true for the trade in other products as it is for the trade in timber.

**Figure 6: Value chain for African mahogany from the DRC transiting Kampala and sold in Nairobi**



Source: Forests Monitor, 'Value Chain for DRC Mahogany sold in Kampala and in Nairobi', London: Forests Monitor, 2007b, p. 2.

The meeting on the timber trade in the Great Lakes held in Bujumbura, Burundi, furthermore emphasised the lingering nature of perceptions. Here too, Uganda was generally portrayed as both benefitting more and being less concerned about the trade than the DRC. It should be mentioned that the DRC was much better represented at this meeting than Uganda. Admittedly, participants at the meeting also recognised the political dynamics underlying this trade, in the DRC as much as in the neighbouring countries. Even during the Congolese wars, it was not so much the DRC's neighbours as a whole that benefitted, as it was a select group of high-ranking officers (on all sides), private businessmen and rebel leaders. Although currently there is no open conflict, some serious flashpoints remain. A more recent study on organised crime in Central Africa, published at the end of 2011 by the United Nations Office on Drugs and Crime, still implicates the Congolese army and the Democratic Forces for the Liberation of Rwanda in timber trafficking. Beyond the DRC, it speaks of buyers based in Kenya and Uganda, who generally finance artisanal loggers in return for supplies of timber at low prices. Whether Congolese, Ugandan or Kenyan, those who control the trade need connections 'on the other side'.

Although the timber trade in this region is not new, it is set to intensify, driven not only by improvements in infrastructure, but also by pull factors in Uganda and the rest of East Africa. Some of the Uganda-specific factors – many of which will be familiar to other countries in the region – are summarised in Box 2.

**Box 2: The socio-economic and political drivers of deforestation and wood use in Uganda**

Uganda's last National Biomass Study, which was conducted in 2005, indicated a drastic decrease of total forest and woodlands area from 4.9 million ha in 1990 to 3.6 million ha in 2005. In 1990 approximately 24% of the total land area of Uganda was forested. The vast majority of this was woodland, while the remainder was tropical high forest and forestry plantations. By 2005 this had decreased to 17% and, according to recent World Development Indicators, by 2010, only 15.2% of Uganda's land remained forested.<sup>95</sup>

The loss of Uganda's forests can be attributed to a broad variety of socio-economic and political factors that are driving the high rate of deforestation. Without addressing these direct and indirect drivers of change, one cannot adequately address the causes of the problem. This has far-reaching effects on the 24 million Ugandans who depend on forests and tree resources for their basic needs. Direct causes of deforestation include, among other factors, encroachment and degazettement of protected forested areas; land-use change and slash-and-burn agriculture; illegal activities such as logging; unsustainable harvesting, production and management technologies; an increasing demand for fuelwood and charcoal; and a growing need for construction timber. The indirect drivers of change include a high population growth rate; rising economic growth and industrialisation; as well as challenges related to forestry policy and legal and regulatory frameworks governing this sector.

Regional drivers of deforestation and the causes of increased demand for timber are not much different from those of Uganda. There are strong regional markets for sawnwood stimulated by a growing construction industry; and a substantially increasing demand for wood and processed products. The rest of East Africa also has high rates of population growth, urbanisation and economic growth. Good practice should be shared across the region.

Source: Uganda, Ministry of Water and Environment, *Uganda's National Biomass Study: Technical Report* Ministry of Water and Environment: Kampala, 2005; Uganda Data Country Profile, World Development Indicators, World Bank, 2010, [http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?REPORT\\_ID=9147&REQUEST\\_TYPE=VIEWADVANCED&DIMENSIONS=213](http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?REPORT_ID=9147&REQUEST_TYPE=VIEWADVANCED&DIMENSIONS=213).

A number of Ugandan policymakers<sup>96</sup> have also identified timber entering the country as if for transit, only to be absorbed by the Ugandan market ('dumped'). In the case of dumped timber, the Uganda Revenue Authority (URA) loses out. Depending on where and how the goods are dumped, the border district, which is supposed to raise money by issuing movement permits for goods entering Uganda, also loses out. The same has been noted in Kenya, where timber would enter as if for transit, never to leave the country.<sup>97</sup> Once sealed transit containers have been opened and timber repackaged, it is no longer possible to distinguish transit timber from that destined for Ugandan consumption.<sup>98</sup>

In Uganda, transit yards have been replaced by temporary check points manned by the URA and police.<sup>99</sup> Weaknesses in transit monitoring make it possible for this timber to either stay in Uganda 'illegally' or to 'legalise' it somewhere along the chain. Illegally imported timber is sometimes confiscated. However, and for the same reasons mentioned above, rather than clamping down on imported timber, the focus has largely been on timber illegally harvested in Uganda. Even then, and as will be expanded upon in the next section, the law has not been enforced without fear or favour. Often, it is the 'small fry' – those who cut and transport the wood – who get caught, while so-called 'godfathers' of the trade are shielded in part by the high political office they hold and in part by removing themselves from the actual cutting and transporting of goods.

There used to be less discussion about this trade within Ugandan policy circles than in the DRC, but this may be changing with some regional initiatives emerging in recent years. Most of these are linked to FLEGT and – like the regional workshop held in Bujumbura, Burundi, in November 2010<sup>101</sup> – are funded by the FAO through its support for FLEGT in the ACP countries. This includes projects implemented by organisations like the IUCN, WWF and Care International.<sup>102</sup> The following section places the regional trade in tropical timber in the context of broader regional co-operation related to trade and conservation, respectively. These are wider processes that could have an impact on the trade in timber, and provide lessons for legal timber trade as well as associated opportunities.



*Poles for sale in western Uganda*

## REGIONAL INITIATIVES WITH IMPLICATIONS FOR THE TIMBER TRADE

Beyond the language barrier, the DRC and Uganda's complex regional positioning is reflected in the countries' overlapping memberships of regional organisations (see Figure 2). The

only high-level, formal, economic–political groupings to which both the DRC and Uganda belong are COMESA and the ICGLR. It should be acknowledged that high-level, formal co-operation of the kind promoted by RECs is only one kind of co-operation. Moreover, merely signing up to high-level political agreements does not necessarily have the desired impact at the grassroots level.

Even though some of the dynamics related to the timber trade are unique to this sector, many are not. Broader developments on the trade front, for instance, can have effects also on the trade in timber. Some of these effects might be intended, but many will be unintended. A brief mention of the ICGLR and COMESA, followed by a discussion of the Northern Corridor – linked to the Trilateral Partnership Agreement of SADC–EAC–COMESA, but focusing on technical and logistical aspects of trade facilitation – will highlight some of these effects. There are also interesting lessons to be learnt from co-operation in related sectors, for instance, on the conservation side. A discussion of the Albertine Rift Strategic Planning Process – the basis for co-operation in protected areas management between the DRC, Uganda and Rwanda, and including co-operation on the trade in wildlife – will identify potential lessons for co-operation on forestry, and the trade in timber and other forest products.

### **The ICGLR**

The strength of the ICGLR lies in the platform it provides for regional calibration of international engagement. This is needed in the forestry and conservation sectors too. Development partners could co-ordinate broad engagement related to conflict and peace-building in the Great Lakes region through the ICGLR. Also, for conflict- and trade-related aspects of the timber trade, lessons should be learnt from the ICGLR initiative on conflict minerals.

### **COMESA**

COMESA's integration plans include the introduction of the Regional Customs Transit Guarantee (RCTG). The RCTG is intended to improve existing transit tracking systems, which either require traders to buy transit bonds for each country they pass through or give customs agencies the responsibility of surveying the entire transit chain (the system described as being used by Uganda above). Both of these systems have been described as expensive and time-consuming. Custom bonds (or guarantees) aim to address the problem of dumping, firstly, by offering a guarantee to the transit country that the goods leave the transit country and do not enter it illegally (by being dumped); and secondly, if no evidence can be produced that the goods have left the country, the relevant excise duties will still get paid. The RCTG improves on the bond system described above in its issuance of a mutually recognised guarantee and a single set of documentation. The RCTG has been ratified by most of the COMESA countries, including Uganda, Rwanda, Burundi, Sudan and Kenya. In 2007 a pilot programme was launched along the Northern Corridor. By 2011 a similar system had been adopted by SADC and talks of harmonising the systems between COMESA and SADC in the spirit of the COMESA–SADC–EAC Tripartite arrangement were well under way.<sup>103</sup> This system, once fully implemented by

Uganda and others along the timber chain, may go some way in addressing the problem of dumping.

### **The Northern Corridor**

The DRC's neighbours often describe it as an 'erratic trading partner',<sup>104</sup> whose willingness to sign up to regional treaties and agreements is not matched by the capacity or will to implement these. Although the erratic implementation of regional protocols by the DRC casts doubt on the impact of such agreements on actual trade, practical interventions related to trade facilitation (discussed in the section on transit corridors in Chapter 2) will have an impact on the flow of goods across the border. By extension, interventions such as the building and repair of infrastructure, both hard (roads, railways and ports) and soft (electronic cargo monitoring systems and cross-border trading associations), the set-up of one-stop border posts and trade facilitation centres, and the simplification of import–export procedures for small traders will also have governance implications for both countries. The implementation of one-stop border posts have, for instance, shortened the time required for clearing from as much as two days to as little as two hours.<sup>105</sup> So too could simplifying and computerising some of the customs procedures lessen the number of 'human contact points' in the chain and with it opportunities for irregularities, such as bribes.<sup>106</sup>

The significance of the Northern Corridor is apparent when one considers the main timber trading routes from the eastern DRC (refer back to Figure 3). Most of the formal timber leaving the eastern DRC, and even much of the informal and illegal timber, travels along this main artery. Broken-down trucks and collapsed bridges – more common on the Congolese side of the border, but not an unfamiliar sight in Uganda – attest to the importance of good physical infrastructure in the timber trading business. Improvements along the main corridors would increase accessibility to the Congolese forests.

In a similar way, improvements on the main roads to South Sudan will affect the timber trade between South Sudan, Uganda and the DRC. The booming construction industry in newly independent South Sudan has also had an impact on the timber trade. Whereas Sudan used to export timber to Uganda, it now needs to import timber from countries like the DRC, often via Uganda.<sup>107</sup> Fieldwork for this study was done in the year of South Sudan's independence and Uganda was abuzz with talk of the business opportunities this represents. Even before its independence, South Sudan's main trading partner was Uganda. This trade would be further stimulated by improved infrastructure and formalised relations. Work on this axis of the Northern Corridor has been under way for some time, some of it linked to plans for another port on the East African coast and some of it to trade from and via Kampala through Gulu to Juba. Southern Sudan has long been oriented more towards East Africa than to the North, and several East African officials have made a convincing argument for welcoming the country into the EAC.

Trade along the Central and Northern Corridors will also be stimulated by infrastructure improvements. This is acknowledged with trepidation from those concerned about the conservation of the Congolese forests. One need only look at the fate of more accessible forests in countries like Uganda (and the rest of East Africa) or Nigeria, or even of Congolese forests near the capital, Kinshasa, and the port of Matadi, to know the source of these fears. However, and considering the many benefits that would flow from

improvements in infrastructure, one would of course not argue against these initiatives. Closer scrutiny of the timber trading business furthermore reveals that the regularisation of trade along this route may well address some of its problems related to the illegal trade. The full implications of facilitated trade on the forests require closer scrutiny.

### **Transboundary conservation co-operation**

The transboundary conservation co-operation, which covers mainly the Central Albertine Rift, narrows the focus to biodiversity conservation and stands in contrast with the wide-ranging mandate of the ICGLR. What started in the early 1990s as the informal co-operation among field staff of protected areas was eventually formalised in a process that became known as the Albertine Rift Strategic Planning Process. This process involves protected area stakeholders – from high-level ministerial to technical and field staff – of the Central Albertine Rift. The aim of the process and its supporting institutional structures is to ensure biodiversity conservation in the Central Albertine Rift Transboundary Protected Area Network, also known as the Greater Virunga Landscape. This landscape stretches over three countries; covers about 12 860 km<sup>2</sup>; and includes national parks in the DRC (Virunga National Park); Rwanda (Parc National des Volcans); and Uganda (Semuliki, Rwenzori, Queen Elizabeth, Bwindi, Mgahinga and Kibale National Parks, and Kasyoha–Kitomi and Kalinzu–Maramagambo Forest Reserves, which are contiguous with Queen Elizabeth National Park, and Kyambura and Ishasha Wildlife Reserves). The relevant government agencies are those responsible for the protected areas. These are the ICCN (which falls under the Ministry of Environment, Nature Conservation and Tourism) on the Congolese side and the Uganda Wildlife Authority (which falls under the Ministry of Trade, Tourism and Industry) on the Ugandan side. In Rwanda, the relevant government agency is the Rwandan Office for Tourism and National Parks. Even though transboundary conservation co-operation is aimed largely at effective park management and tourism promotion, it may still provide lessons and/or opportunities for collaboration with those interested in the timber trade (and its effect on forest conservation).

Central to the strategic planning process is that it is multi-stakeholder in nature. It brings together the government agencies mentioned above as well as international and national NGOs and development partners. In addition to the local and the well-known international NGOs, the Albertine Rift Conservation Society (ARCOS) deserves a mention. ARCOS is a charity and company registered in the UK and Uganda with a regional co-ordination office in Kampala. The ARCOS network facilitates strategic partnerships and collaboration among leading players in the rift. Its role also includes knowledge creation and facilitating the flow of information among stakeholders. In addition to some large NGOs, ARCOS network partners include government agencies and departments, civil society organisations, umbrella organisations and academic institutions from Burundi, the DRC, Rwanda, Tanzania, Uganda and Zambia. In recognition of the innovative structure and impact of ARCOS, it was recently awarded the MacArthur Award for Creative and Effective Institutions.<sup>108</sup> The foundation also expanded its geographical focus beyond the Albertine Rift to the Great Lakes region, covering the Upper Nile Basin, Lake Victoria Basin, Lake Tanganyika Basin, Lake Malawi/Nyasa Basin and the Lake Turkana Basin.

The strategic plan of ARCOS for 2011–15 includes the strengthening of a regional NGO network. Its partners already include a network for the conservation and rehabilitation

of the forest ecosystems of North Kivu (*Réseau CREF – Réseau pour la Conservation et la Réhabilitation des Ecosystèmes Forestiers du Nord Kivu*, in French). Réseau CREF has a track record on forestry work in the DRC and interested civil-society bodies in Uganda (for instance, the Forest Governance Working Group) should consider linking up with them, perhaps through ARCOS.

## CONCLUSION

Even ten years after a fragile peace was established, the Great Lakes remains a difficult region in which to do business. In the case of timber, trade requires moving large loads over difficult terrain: both physically and politically. Despite these difficulties, the regional timber trade is set to grow, driven largely by a growing demand in East Africa. However, the ordinary people of the DRC are losing out, as the forests are denuded and state coffers dwindle. The artisanal loggers and transporters carry much of the risk of the trade, for little reward. Small traders at the base benefit less than a few large traders at the top.

Improvements in infrastructure – like those in the context of the transit corridors – will ease access to the Congolese forests, a reality acknowledged with some trepidation by those concerned with sustainability and equity of timber exploitation in this hotspot. However, the full implications of facilitated trade on the timber sector remain to be seen. The impact may well be partly positive and partly negative, partly intended and partly unintended. Some initial pointers were identified in this chapter, but this is an issue that requires closer scrutiny. What is clear is the highly inequitable nature of the current trading patterns. Environmental concerns to ensure more sustainable logging of the eastern DRC in the future could be addressed through a bottom-up, regional initiative like the Albertine Rift Strategic Planning Process and its related institutions.

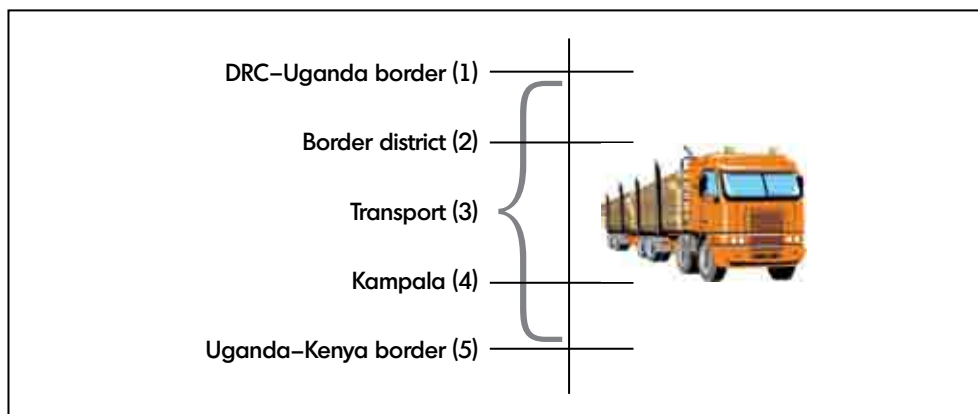


## CHAPTER 5

### THE UGANDAN LINK IN THE TIMBER CHAIN

This chapter focuses on a section of the regional timber trade. It looks specifically at the Ugandan part of the chain, from when timber enters Uganda along its western border, to when it leaves the country. Although Uganda in general benefits more from the cross-border timber trade than the DRC, within Uganda itself, there are those who benefit more than others. The discussion will focus on five key points along a simplified domestic chain, namely the DRC–Uganda border, the border district, transport along the chain, Kampala, and the Uganda–Kenya border, as illustrated in Figure 7. At each of these points, the Ugandan government, local authorities and other non-state actors can play an important role in promoting transparent and regulated trade. It is often at these points where governance is at its weakest, where the capacity to monitor and enforce is at its poorest and where people benefit most from illicit activities (such as import tax evasion). This is by no means a comprehensive list of the actors in the regional chain. For the purpose of this study, the authors have not included actors, such as the national institutions, responsible for regulating the domestic timber trade.

**Figure 7: Ugandan portion of the regional timber chain**



#### KEY SEGMENTS OF THE UGANDAN DOMESTIC TIMBER CHAIN

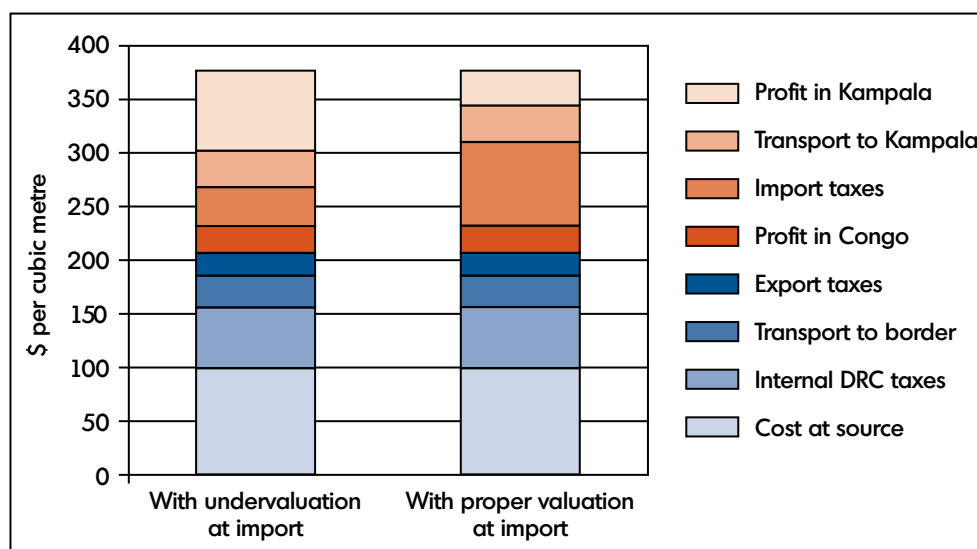
##### The DRC–Uganda border

One of the factors that encourages the smuggling of goods from the DRC is the high export taxes levied there. For instance, total taxes and levies on coffee leaving the DRC

amount to 7% of the value of the coffee, compared with 1% in Rwanda.<sup>109</sup> This is an issue that needs to be dealt with on the Congolese side. In addition, timber entering Uganda from the DRC currently faces import taxes from 0% for unprocessed products, like logs; to 10% for semi-processed products, like sawn timber; and to 25% for finished products, like plywood.<sup>110</sup> At the border, the URA is responsible for the collection of import tax and the issuance of import documents (or transit documents, in the case of goods in transit). Should a trader be unable to pay the required taxes, these goods are bonded and taken to a warehouse. If after 21 days the taxes have still not been paid, the goods are auctioned off.<sup>111</sup>

The profit margin for Congolese timber sold in Kampala is not fixed. Profits can be increased by minimising costs along the value chain in an attempt to grow the final profits. Whereas certain costs are more or less fixed, others are more malleable. This is especially apparent at the border, where the evasion of import taxes takes place. Cutting import taxes in half – paying only \$40 of unofficial taxes per cubic metre of timber instead of the official \$80 – could translate into \$40 of additional profit per cubic metre in Kampala, provided that the final selling price remains the same.<sup>112</sup> Of course, those who pay less in taxes could also undercut other traders in price. Figure 8 illustrates this. Whereas other costs are relatively similar, a reduction in import taxes can have a significant impact on the profit of timber sold in Kampala.

**Figure 8: Value chain for African mahogany from the DRC sold in Kampala**



Source: Forests Monitor, 'Value Chain for DRC Mahogany sold in Kampala and in Nairobi', 2007b, p. 1.

The undervaluation of timber is one of the main means of evading import tax.<sup>113</sup> No import tax is paid on timber entering through an unofficial point or timber entering as transit goods. In the case of unreported or falsely reported entry, the Ugandan fiscus loses out. A general sense of government 'losing out' recently led to an aggressive tax-collection

drive, which included improvements to Ugandan customs. In the case of the timber industry, this tax-collection drive has been cited as one of the factors contributing to the increase in the price of timber in Uganda.<sup>114</sup>

### The border district

Once through customs, importers need to report to the nearest border district. There, the District Forest Officer (DFO) is responsible for hammer-marking both imported and domestically harvested timber, and for the issuance of movement permits.<sup>115</sup> After checking the content of the vehicle transporting the timber against the paperwork from the village (for domestic timber) or customs (for imported timber), the DFO hammer-marks the consignments: domestic timber with a round hammer and imported timber with a triangular one. There are apparently only three border-clearing instruments (hammers) in Uganda, at Busia, Arua and Kasese.<sup>116</sup> Should paperwork not be in order, the DFO can issue it, but then charges the normal taxes plus a surcharge or fine.<sup>117</sup> This is one way in which illegal wood – whether domestic or imported – can be legalised<sup>118</sup> (knowingly or unknowingly).

As part of a decentralisation process in Uganda, districts were given the responsibility of raising most of their own funds. Of the money collected at the local level, 65% is supposed to remain in the sub-county and 35% is meant to go to district headquarters.<sup>119</sup> Forests and associated products are considered a significant source of revenue, even more so since a decrease in conditional grants and the removal of graduated tax, which were the districts' main sources of revenue in the past.<sup>120</sup> Today methods of raising district funds include the issuance of permits (including timber felling permits); the granting of licence fees (trading licences for a shop or kiosk, for instance); the charging of taxes (on local industries such as charcoal, brick making or sand mining);<sup>121</sup> and the issuance of fines. In the case of imported timber, the DFO in the border district also collects a royalty tax that amounts to 1% of the value of the wood.<sup>122</sup>

In addition to clearance and revenue collection, the DFO also has an enforcement role. The issuance of fines was mentioned above. Legally, the District Forest Services are



*Export stamps on Congolese timber sold in Uganda*

empowered to enforce forest-related laws at the local level, for instance, by impounding illegally harvested or smuggled wood. In practice, however, they often do not have the capacity to do so. According to district officials in Kasese, the DFO works in collaboration with a few rangers and three forest guards. The DFO also often works with District Environmental Services and could call on the NFA for assistance. Representatives of the NFA and Special Revenue Protection Services are sometimes present at the district level, largely for purposes of law enforcement and to initialise timber tracking.<sup>123</sup> However, all these officials are unarmed and, in the case of confronting armed smugglers or illegal traders, have to rely on assistance from the police or military.<sup>124</sup> Sometimes the police or military are the very ones involved in the illegal activities,<sup>125</sup> further complicating enforcement. In 2009 the dangers of forest law enforcement were underscored by the widely reported murders of a number of forestry officials.<sup>126</sup> However, officials are not always victims. Following the 2009 killings, Ugandan journalist, Gerald Tenywa, reported on allegations of forestry officials' involvement in illegal or corrupt behaviour.<sup>127</sup>

Two of the main problems at the district level facing the forestry sector are that of multitasking and underfunding. In terms of multitasking, the situation in Uganda is not that different from the one described in the 2007 TRAFFIC report on Tanzania. At that time, it was not uncommon for a Tanzanian forestry officer to perform duties ranging from the setting of revenue targets, revenue collection and reporting, to the issuance and verification of harvest licences, to hammer-marking and checkpoint supervision<sup>128</sup> – duties very similar to those of the DFOs in Uganda today. Not only do too many responsibilities lead to suboptimal performance, but they also open the door to large abuses of power resulting from conflicts of interest.<sup>129</sup> Budget pressures add to incentives for irregular behaviour. As explained in a 2009 article that appeared in Uganda's *New Vision* newspaper:<sup>130</sup>

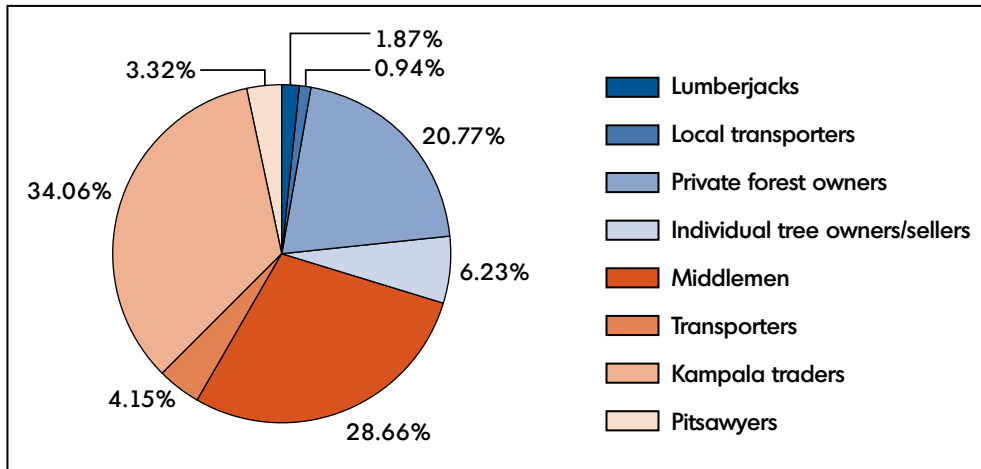
How do you become the steward of a forest, which has large trees (each can fetch as much as [US\$<sup>131</sup> 10 million]) yet you don't earn a salary and illegal loggers with hefty offers keep on knocking on your door?

## Transport

Timber needs to be transported from the border district to the market. A 2007 study published by ACODE identifies transporters, law enforcement personnel and middlemen as major actors in the 'linkage components' of Uganda's domestic timber chain. These actors are not confined to one specific 'node' because they perform their roles along the chain, all the while forming linkages with other actors.<sup>132</sup>

The truck drivers or transporters are often some of the most knowledgeable stakeholders because they accompany the timber throughout the chain.<sup>133</sup> They are usually the ones loading the timber, obtaining the movement permit, paying the district forest services and being stopped at the road blocks.<sup>134</sup> Transporters carry much of the risk, yet make only a small share of the profit. The ACODE study estimates the profit of transporters in Uganda's domestic timber sector to be around 4% of the total; not much more than the 3% made by pit sawyers. By contrast, the transporters' employers are often middlemen, who make 28% of the profit<sup>135</sup> (see Figure 9).

**Figure 9: Profit sharing in Uganda's domestic timber chain**



Source: Muhumuza F, Kutegeka S & A Wolimbwa, 'Wealth distribution, poverty and timber governance in Uganda: A case study of Budongo Forest Reserve', ACODE Policy Research Series, 26. ACODE: Kampala, 2007, pp 34–36.

The dynamics of the cross-border trade are not that different from the domestic trade, apart from its scale. Even more so than in the domestic case, to make a success of the regional trading business in a historically volatile region like the Great Lakes, people who can 'make things happen' are needed. As in the past, today's timber trade results in profits



*Men loading a truck for transport to Kasese town*

for a small group of middlemen and traders (often in complicity with state officials), while leaving a large group of small traders and rural poor at the base.<sup>136</sup> Middlemen derive their power neither from ownership of the resource nor from their ability to add physical value to the timber. Instead, they control the trade through their access to market information and credit, and their connections or relations with other actors (including law enforcement personnel).<sup>137</sup> The higher up these relations go the more power can be derived from them.

**Box 3: Typical exchange at a road block in Uganda**

The following situation, hypothetically constructed from several interviews, is illustrative. A timber truck is stopped at a police road block. In the case of regular travellers, the driver and the policeman might recognise each other. Should the truck's paperwork not be in order, the timber could be confiscated and the driver fined or prosecuted. Alternatively, the driver could try to bribe the police officers to let him pass. This could be successful or unsuccessful. Either way, the exchange would involve some communication between the driver and law enforcement officer. The two (or more) might discover that they speak the same language or come from the same region, which could encourage a more relaxed interaction. Talk might drift to a discussion of 'who knows whom'. It would be even better for the driver if his connection to a 'big man' (an influential member of the community) could be established, as it might open up opportunities for negotiation.

The hypothetical situation described in Box 3 should not be taken to suggest that all law enforcers are corruptible. This is certainly not the case. A newspaper article published in 2009 illustrates what could happen in the case of law enforcement officers standing their ground. During the festive season of 2008–09, 15 trucks loaded with charcoal and timber were impounded in the Mpigi and Mukono districts with the assistance of the police. Some of the trucks were transporting charcoal instead of the timber stated in their papers, many of which had expired. As explained by the journalist, Gerald Tenywa, '[the] team was engaged in a tussle with a man [...] allegedly sent by a high-ranking army official to rescue charcoal impounded at Lwamunda Forest Reserve'.<sup>138</sup> The acting manager of the reserve explained that suspects often try to bribe officers and 'sometimes contact highly-placed people in the Government to intimidate the National Forest Authority workers'.<sup>139</sup> One of the drivers interviewed for this study spoke of how he transported timber in 2007 from Sudan to Uganda under military escort. Because of the military presence, and even more so because of the high rank of the official involved, the truck was simply waved through check points.

The above discussion supports what was said in several interviews. One of the major challenges of governing the Ugandan timber trade relates to the involvement in, and the impunity, of high-level officials.<sup>140</sup> The TRAFFIC study on the illegal timber trade in Tanzania states that favouritism is a potentially more damaging form of corruption than bribery, since it 'may involve senior public officials, who hold the ability to undermine democratic and equitable processes, and operate in a highly clandestine manner'. It

continues to argue that '[at] the extreme, favouritism can be a root cause of illegal forest activities with linkages to political structures'.<sup>141</sup> This certainly appears to be the case in Uganda. Good laws and policies exist and they are applied, but only selectively. The fact that the broader environment and natural resources sector has not been a priority for some time also means that the related government departments and bodies (such as the NFA) are much lower in the Ugandan hierarchy than, for instance, the military.

### Timber trading markets in Kampala

In Kampala, middlemen sell the timber to small and wholesale traders, many of whom are owners of timber depots (locally known as 'kibanda' (singular) or 'bibanda' (plural)) at markets like the Ndeeba Wood Market. The profit of domestic timber traders in Kampala has been estimated at 34% of the total profit.<sup>142</sup> However, profit margins for Congolese timber sold in Kampala are not fixed. Those who have managed to cut costs along the chain stand to make bigger profits. As discussed, undervaluing the timber in order to pay less income tax at the border could translate into a difference in profit of as much as \$40 per cubic metre.<sup>143</sup> Further along the chain, additional 'costs' and 'savings' could also serve to shrink and grow the final profits.

Once timber is put up for sale at the market in Kampala, there is no clear distinction between 'legal' and 'illegal' timber.<sup>144</sup> Prices also seem relatively consistent among the traders. A possible explanation for this was given by the chairperson of the Association for Timber Sellers at Ndeeba Market. He explained that the members-based voluntary association was useful for purposes of information sharing ('we face the same problems'),



*Ndeeba Market in Kampala, Uganda's largest timber market*



*Ndeeba Market in Kampala, Uganda's largest timber market*

including on timber prices. Prices would therefore be fairly standard among traders, except – as he argued – in the case of illegal wood, which could undercut the others in price. That such undercutting is possible was confirmed in a separate meeting with a kibanda owner.

### **To the Kenyan border**

Although numbers vary and the informal nature of the trade makes exact figures difficult to obtain, various studies show that more than half of the timber entering Uganda from the eastern DRC (approximately 63% of the estimated 80% total crossing the border) transits through Uganda to Kenya.<sup>145</sup> The dumping of timber in Uganda further distorts figures, and there have also been reported accounts of illegal Ugandan timber being added to Congolese loads. The financial incentive for smuggling timber along the DRC–Uganda border is large, because of the substantial taxes on exports (on the DRC side) and imports (on the Ugandan side). Both informal trade and smuggling are further enabled by the border being a long and porous one, with many unmonitored entry points and few customs stations.

From Uganda to Kenya, the movement of goods is facilitated by both countries' membership of the EAC. Goods originating in the region (Uganda, Kenya, Tanzania, Burundi or Rwanda) benefit from community rules of origin.<sup>146</sup> As part of regional integration in East Africa, members of the EAC have dropped all internal tariffs. In addition, Ugandan exports are zero-rated.<sup>147</sup> However, these regulations have limited impact on goods in transit, which should be in possession of transit documents and



movement permits. Congolese wood dumped in Uganda might be labelled as Ugandan at different parts in the chain (including customs and the border district) and for different reasons: timber cutters, transporters or traders may be required to produce documents anywhere along the chain or traders may wish to take advantage of lower tax rates as well as regional agreements in the EAC. Currently Congolese timber that has been dumped and repackaged as Ugandan should face difficulties on exit from Uganda, because although permitted in law, there is a ban on the export of Ugandan tropical timber.<sup>148</sup> This means that, without transit documents, Congolese timber cannot simply enter Kenya as Ugandan timber (even if in possession of Ugandan documents), unless it is smuggled into the country. Timber that reaches Nairobi – whether by regular or irregular means – fetches much higher profits than that sold in the DRC or even in Uganda. Smuggling from Uganda to Kenya is therefore motivated less by import–export tax burdens and more by the final profit and the barrier posed by the ban.

### LOCAL, NON-GOVERNMENTAL INITIATIVES TO IMPROVE GOVERNANCE IN THE TIMBER TRADE SECTOR

As discussed, there are various non-governmental entities that play an important role in supporting national authorities in the regulation and control of domestic timber. Stakeholders have varying vested interests and it is in their best interests to ensure that the playing field is levelled so that no one party is losing out or benefitting disproportionately. The following section will look briefly at initiatives and actors within Uganda that are playing a role in improving the governance of the forestry sector, namely the private sector, trade associations and civil society alliances.

#### Promoting private sector development

In order to manage its deficit of timber, Uganda is looking to promote commercial plantations for timber production.<sup>149</sup> The theory is that the more incentives there are to grow trees, the less pressure there will be on both Uganda's natural forests and those in the DRC. Uganda's favourable climate and the wide gap between timber supply and demand (both within Uganda and the broader region) should mean that commercial forestry is seen as a very attractive investment opportunity for the private sector. The price of timber has increased in recent years due to the scarcity of the timber, the long distances to market, inflation leading to a higher dollar exchange rate and a change in policy incentives that favour investment.

Historically private sector investment in Uganda has focused elsewhere than on forestry. Serious investors are reluctant to commit funds to the forestry sector when the investment climate is risky; when there is limited accessibility to credit and the return on investment is long term; when administrative procedures are not transparent; when concession allocation and tenure is uncertain; and when challenges related to political interference and favouritism in timber trade still exist. Nile Plywood Limited, for example, has experienced numerous instances of political interference in its plantations on the Central Forest Reserves, mainly relating to encroachment issues and arson. Nile Plywood Limited is the leading timber industry in Uganda and the only plywood processor in the

country. Amaply Limited, Budongo Saw Mills Limited and Techna Sawmills Limited are among the numerous small-scale timber dealers.

The illegal and undervalued timber that is currently flooding the domestic market makes it difficult for private growers to compete. The private sector is thus calling for increased effectiveness in law enforcement and governance. Past experiences have shown that when measures are put in place to fight corruption, government revenue collection increases. The private sector also wants tighter regulation and control in the Ugandan forestry sector. This includes improved monitoring at the border where foreign timber enters Uganda, as well as better regulation and domestic controls on timber. An improved system of independent verification of legal sources of timber and the implementation of standards for certification of sustainably managed forests is required. The increasing global demand for products from certified forests will make it possible for Ugandan forest products to access local and international niche markets, as has been the case with large companies dealing in forest products elsewhere in the global market. From a reputational perspective, these businesses do not want to be associated with 'tainted produce'. This provides an opportunity for Ugandans to work towards certifying their forests in order to tap this market. Early African entrants in this market stand to sell at a higher premium.



Photographs taken at a private tree grower's pine plantation, an hour's drive from Kampala. This project received a grant and subsidised seedlings through the SPGS

Policy, legal and financial instruments and incentives are necessary to catalyse private investment in the timber sector. Financial support and other incentives, such as security of land tenure and tax breaks, can be designed to motivate private sector participation. The SPGS has shown a successful PPP in timber plantation enterprises and the benefit of start-up grants.

### **Levelling the playing field through timber trade associations**

Associations of independent timber users and industry groups are a popular tool of communication and collaboration in Uganda. These groupings take different forms and fulfil various functions, but essentially bring together those with similar interests, such as sawmillers, pit sawyers and traders. For example, most of the SPGS clients form part of the Association of Timber Growers in Uganda and cross-border traders' associations in Arua and Bibia border districts own the trade information desks. Community forest associations manage community forests, whereas collaborative forest management associations are established to improve access rights and powers of communities neighbouring central forest reserves.

Being an association member can bring numerous benefits that include information sharing, the raising of capital and enhanced advocacy potential. It is much more effective to lobby government as part of a group than as an individual. In fact, the government often prefers dealing with associations. An official in the Ministry of Water and Environmental Affairs explained that associations could help to consolidate and articulate the positions of certain groups of people. These views could then be taken into account in policy formulation. He used the example of an association identifying problems with timber licensing and successfully convening a presidential roundtable to discuss this issue.<sup>150</sup> Organisations like TradeMark East Africa, which works on trade facilitation, also support private sector institutions in advocacy. By their very nature, associations are likely to develop a voice of their own, which they may use to take positions in opposition to the government.<sup>151</sup>

Associations can play a governance role by providing a source of 'social capital' for those who do not form part of patronage networks. Raeymaekers<sup>152</sup> explains that social capital is often high in groups which suffer discrimination from other groups, but are 'nonetheless able to confer unique rewards upon their members'. For example, a trader connected to a 'big man' may not require the association, whereas other traders could use it for gaining access to market information, lobbying and for raising capital. If associations become strong enough, they could even cut out the need for middlemen. Supporting associations could contribute to the regulation of the timber. As explained by a representative of the Ugandan government, associations often set standards and codes of practice, which should be encouraged to promote fairness and equity among timber traders.<sup>153</sup> That said, caution is advised in the blind promotion of associations. Associations are essentially organisations for mutual self-help, which means that forest users form or join them out of self-interest. Improved forest governance is a positive 'side effect'; albeit one that begs further exploration, study and possibly encouragement.

### Civil society alliances and oversight

Uganda has a very active civil society, including the media, church groups and others, in the pursuit of good forest governance. All of these non-governmental entities play an essential role in ensuring that natural resources are protected, used sustainably, shared equitably, and that corruption and illegal activities are avoided throughout the timber chain.

In 2007, for example, government attempted to allocate 7 100 ha of the 30 000 ha Mabira Central Forest Reserve to the Sugar Corporation of Uganda Limited. The government faced strong resistance from civil society organisations and the public. Three people died during demonstrations. At the forefront of the Mabira advocacy campaign was the Uganda Forest Working Group (UFWG) and the FGLG. These groups are informal alliances of foresters, researchers, lawyers, NGOs, journalists, opinion leaders in academia and the private sector. They engaged in court cases, newspaper and broadcast debates, and the boycotting of Mehta sugar; and organised petitions and SMS-messaging campaigns. The FGLG, of which ACODE is a member, provided intellectual leadership to the campaign by using its research to justify why natural forest land should not be razed for agricultural purposes. Cost-benefit analyses of forestry versus agriculture were undertaken to feed into this debate and information was generated on socio-economic and environmental impact reviews, policy reviews and legal opinions. As a result, a case was filed in Uganda's Constitutional Court challenging the proposed Mabira concession, given that Mabira Forest is one of the public trust resources provided for in the Constitution. Further, a suit was filed in the High Court against BIDCO Uganda Limited, the company



*Meeting of timber association members, Uganda*

in whose favour Bugala Island Forests were proposed to be allocated. Both cases were won and the government's decision was postponed. However, in 2011, President Museveni reopened the Mabira debate and has expressed similar intentions to introduce land-use change in Mabira forested land and other central forest reserves.

The FGLG is aligned with the UFWG, the latter being a larger network of civil society organisations, academic and research institutions and individuals working on forestry issues. Formed in 2001, today the UFWG has a membership of over 500 individuals and institutions. This grouping has also played an important role in producing policy-relevant research on the forestry sector, facilitating cross-sectoral dialogue and promoting advocacy, media and networking. The momentum gathered around this campaign to save Ugandan forests could be applied to wider regional forest governance efforts.

## CONCLUSION

Once timber enters Uganda, there are various parts of the timber chain that present pockets of weak governance. The Ugandan authorities need to put controls in place at these points to minimise and cut out illegal trade and activities. This will ensure that both Uganda and the DRC benefit from this trade and that timber is valued and accounted for appropriately. Regulations also need to be enforced to increase the benefits of local participants in the chain. Currently individual tree planters and owners, lumberjacks, and local and regional transporters are making the least profit from the timber trade. Middlemen and politically connected individuals, through unfair practices, are taking the lump sum of these earnings. The government needs to provide incentives to regulate domestic and regional timber trade, whereby those who do not undergo formal processes will lose out on tax revenue, be penalised for non-compliance, and will suffer from regional and international reputational risks.

The Ugandan government should encourage assistance from other stakeholders in this domestic chain. There are particular functions that civil society networks, associations and the private sector can play to further good governance and transparency in the forestry sector. After all, it is also in the government's interest to minimise corruption and illicit trade in the forestry sector. All players in the chain can help in levelling the playing field, either through promoting local certification schemes and standards for best practice or through promoting public awareness and education.

Uganda needs to implement long-term planning strategies in order to reduce its dependence on the region to supply its timber needs. This is particularly important as the demand within Uganda and the region for timber is set to increase in the near and long-term future. The Ugandan government needs to think strategically about how it will address this timber shortage internally through plans to encourage the private sector to invest in plantation development.

## CHAPTER 6

## OVERALL CONCLUSION AND RECOMMENDATIONS

There is a largely one-sided trade in tropical timber from the eastern DRC to and through East Africa. This trade is driven both by an abundant supply of timber from the Congo Basin, which is home to around one-quarter of the world's remaining tropical forests, and by a growing demand in East Africa and beyond. Despite its significance, the regional timber sector is less studied and also less regulated than the international sector. This leads to the challenge of harnessing this trade for the sustainable development of the DRC and the region. Suggestions for potential solutions and interventions are as follows.

**Those concerned about the sustainability of timber flows from the DRC should acknowledge the fact that much of this flow is regional.** Because this flow differs from the international flow, it requires different solutions. For one thing, the international community's leverage over this trade is smaller than over the international trade. Improving this can be tackled through initiatives like the US Lacey Act Amendment and the EU FLEGT and VPAs. Even so, the forestry sectors in all these countries continue to rely heavily on donor funding, often from the same partners (Norway, for example). Development partners continue to wield influence over domestic forest governance in countries like the DRC and Uganda. In addition, **co-ordination and communication among development partner staff and programmes in neighbouring countries – and in this case specifically between those working on forestry and trade in the DRC and Uganda – is encouraged.** One of the benefits of institutions like the CBFP is that it allows for the co-ordination of development partner responses. The CBFP, however, does not include Uganda. The ICGLR was earlier described as top-down and donor-driven. Despite the negative connotations inherent in this description, **one of the main potential benefits of the ICGLR is that of development partner co-ordination on issues affecting this region, including on trade and sustainable development.**

Development partners are not the only actors that need to improve communication and co-ordination. The same is true for other stakeholder groups in the DRC and Uganda. Communication and co-ordination is hindered by the fact that the DRC is generally regarded as part of francophone Africa and Uganda as anglophone. Even before the anglo/francophone divide, the Albertine Rift Valley has served as an ecological frontier. In addition, years of war and conflict have soured relations between the two countries. Despite this, this report has shown how the Albertine Rift and Great Lakes region has long been a centre not only of conflict but also of commerce and interaction. **One initiative that has managed to harness the local-level interaction and co-operation in this region is the Albertine Rift Strategic Planning Process.** This process started as field-level co-operation between the protected areas' agency staff of Rwanda, Uganda and the DRC. It continued during the wars and has even built up momentum over time. **There are important lessons to be learnt from the narrow, bottom-up approach to regional co-operation exemplified by the Albertine Rift Strategic Planning Process and its related institutions.** This process also deals with a sector related to forestry (and timber),

namely conservation. Stakeholders working on the forestry sector (and the related trade in timber) are encouraged to link up with this process. In particular, **the UFWG – which plays an important oversight role in the Ugandan forest sector – is encouraged to link up with the ARCOS regional NGO network. ARCOS equally provides a platform through which government departments and international NGOs working on conservation and forestry issues can share information or collaborate.**

The timber trade in the Great Lakes region builds on patterns established by centuries of flow of goods and people. As was the case with other commodities in the past, today the trade in tropical timber results in profits for a small group of middlemen and traders (often in complicity with state officials), while leaving a large group of small traders and rural poor at the base. Even more so than in the case of domestic trade, making a success of the regional timber trading business in this volatile region requires people who can ‘make things happen’. The middlemen who play this role derive their power neither from ownership of the resource nor from their ability to add physical value to the timber. Instead, they control the trade through their access to market information and credit, and often through their connections or relations with other actors (including law enforcement personnel). The higher up these relations go, the more power can be derived from them. If nothing else, those who are connected benefit more because they can undercut others in price. One of the ways in which timber traders in Uganda have dealt with this uneven playing field has been to form associations. Associations could provide a form of ‘social capital’ for those who are part of patronage networks. Other benefits of association membership could include information sharing, the raising of capital and advocacy or lobbying. **If associations become strong enough, they could even cut out the need for many of the middlemen.** Finally, associations often set standards and codes of practice. **User group associations have the potential to promote fairness and equity within stakeholder groups involved in the timber trade. The formation of these groups should be encouraged. In addition, more research on associations, and specifically on their governance implications, is recommended.**

In the broader trade context, trade facilitation like that channelled through the transit corridors will have an impact on the trade dynamics. Improvements in infrastructure along the Northern and Central Corridors will facilitate access to the eastern DRC’s forests – a reality acknowledged with some trepidation by those who advocate for their conservation. However, the full implications of facilitated trade on the timber sector have not been explored in any great detail in this study or elsewhere. Closer scrutiny may well reveal that the regularisation of trade along this route will address some of its problems related to the illegal trade. For instance, simplifying and computerising some of the customs procedures could lessen the number of ‘human contact points’ in the chain and, with it, opportunities for irregularities such as bribes. **It is recommended that a study be conducted on the probable impact of measures aimed at trade facilitation (in the context of the Northern and Central Corridors and the trilateral SADC–EAC–COMESA framework) in the formal and informal trade in timber in the Great Lakes. Organisations that work to promote regional integration in East Africa and the Great Lakes – TradeMark East Africa, for instance – are encouraged to include South Sudan and the DRC, and specifically the eastern DRC, in their programmes and strategies.** Work on regional integration, such as trade facilitation in East Africa, has already led to improvements in customs co-operation through such initiatives as the

establishment of one-stop border posts. With time and in the context of the trilateral SADC–EAC–COMESA framework, these initiatives are set to expand also to the DRC. **In the interim, customs co-operation between the DRC and Uganda can be encouraged through the signing of a bilateral MoU. This would build on the existing bilateral agreement to support revenue collection and could make use of existing models of the World Customs Organization – of which both countries are members. Steps towards customs co-operation should also include the operationalisation of the RCTG, which will go some way in preventing the dumping of goods.**

The regional demand-side (ie Uganda and the rest of the East African region) could also learn from the international timber trade. China has realised that the depletion of its own forests and the resultant dependence on imported timber leaves it vulnerable. China's domestic timber sector has therefore long been strictly regulated. The country's timber importing and production industry also faced reputational risks raised by the publication of a series of alarmist reports in the early 2000s. One of the ways in which China has tackled these challenges is by the launching of an ambitious tree-planting and plantation programme. In the same way, **Uganda should initiate better regulation of its timber sector. The promotion of plantation forestry in Uganda should be encouraged as a means to address the country's timber shortage.** This will lessen the pressure both on the country's own timber resources and on that of its neighbour, the DRC. The timber shortage in Uganda and the region should translate into opportunities for investment in the forestry sector. Although some investment has taken place, it is not to the extent that it could have been. There are different reasons for this, one of which relates to the uneven playing field mentioned above. In Uganda, domestic timber has also been less competitive than it should have been, in part owing to the dumping of foreign timber on the market. **Here too Uganda could learn from the international example: in both the EU and the US, the private sector has been at the forefront of calling for a better regulated global timber sector, arguing that it would help to protect their domestic industries from cheap and/or illegal imports.**

In developing its domestic timber certification system, Uganda should look to international and regional examples. This is important not only for lessons, but also for ensuring that the standards are compatible. Trade, by definition, moves across boundaries. **Uganda is encouraged to ensure that the timber certification, which is in its early stages of development, is compatible not only with those of its neighbours in the EAC, but also with the DRC. Those working on this issue in Uganda could contact accredited certifying companies, such as the SGS – the Swiss inspection, verification, testing and certification company that was recently appointed by the DRC to assist in the oversight of its timber sector.**

**With regards to the challenge of accurate and/or comparable data, organisations working on collecting and analysing data – in the Congolese and Ugandan public sector, but also international and domestic organisations like CIFOR (in the DRC) and the WWF (in Uganda) – are encouraged to use similar methodologies and/or document their methodologies for easy replication.**

**Uganda (and other EAC countries) is encouraged to revisit its public procurement policies in the light of studies showing the high, growing and largely unregulated timber trade in the region, of which a significant amount supplies public-construction**



**projects.** This will show a measure of political will on the part of the Ugandan government, and will go some way in averting reputational risks linked to a one-sided trade.

**Finally, the forestry sectors in the countries of East Africa face similar challenges and are encouraged to learn lessons from one another. An example of this could be the Mama Msitu campaign against illegal logging and timber trade in Tanzania<sup>154</sup> – a successful civil society campaign that could provide lessons for the UFWG and the FGLG. This campaign could in turn learn from the Ugandan groups. Another example relates to the challenges of capacity constraints and probable conflicts of interest related to multiple roles and responsibilities of district forestry authorities. Here too lessons can be shared between Uganda and Tanzania.<sup>155</sup>**

## APPENDIX 1:

LITERATURE OVERVIEW OF IMPORTANT REPORTS  
ON TIMBER TRADE IN THE GREAT LAKES

Name of study and authors	Publisher and publication date	Keywords
The Timber Trade and Poverty Alleviation: Upper Great Lakes Region.	Forest Monitor Study, June 2007.	Timber trade in the Great Lakes originating in the DRC and southern Sudan; quantifying trade; mapping trade routes.
Contrôle de la Production et de la Commercialisation du Bois en RDC: Application à l'Est de la RDC.  Atelier international sur les flux transfrontaliers de bois dans la région des grands lacs dans le contexte du plan d'action FLEGT.	SGS. Presentation made in Bujumbura, Burundi, 22–24 November 2010.	Chain of custody study; DRC oversight and tracking.
Trading For Peace: Achieving Security and Poverty Reduction through Trade in Natural Resources in the Great Lakes Area.	DFID, October 2007.	Governance of natural resources in the DRC; resource curse.
In-country Timber Trade and Feasible Models for FLEGT in Uganda.	WWF Uganda, 2012.	Ugandan forest trade; FLEGT; governance initiatives.
Potential Forest Certification in Uganda.	WWF Uganda, 2011.	Forest Governance; forest certification; chain of custody.
Timber Movement and Trade in Eastern Democratic Republic of Congo and Destination Markets in the Region.	WWF Uganda, 2011/2012.	Timber trade within Uganda; as well as trade with neighbouring countries.
Forestry, Governance and National Development: Lessons Learned from a Logging Boom in Southern Tanzania.  Authors: Milledge S, Gelva I & A Ahrends.	TRAFFIC Report East, Southern Africa, February 2007.	Logging and timber trade in Tanzania; governance challenges; deforestation and illegal forest trade between Tanzania and Mozambique.
Review of the Forestry Sector in Uganda: Proposals for Improving Governance and Effective Management in the Forestry Sector.	LTS International Ltd, 1 December 2010.	Internal forestry governance in Uganda; forestry policy; sustainability.

Name of study and authors	Publisher and publication date	Keywords
SPGS Timber Market Study: Final Report. Authors: Held C, Techel G & K Windhorst.	SPGS and UNIQUE Forestry Consultants, Kampala, November 2010.	State of Uganda's forests; private sector involvement in Uganda.
The Last Stand of the Gorilla: Environmental Crime and Conflict in the Congo Basin: A Rapid Assessment. Authors: Nellemann C, Redmond I & J Refisch (eds).	United National Environmental Programme & INTERPOL, 2010.	Trade in wildlife; exploitation and logging; threatened apes species.
The Domestic Market for Small-Scale Chainsaw Milling in the Democratic Republic of Congo (DRC).	Center for International Forestry Research (CIFOR), Bogor, forthcoming.	Artisanal sectors; small-scale logging; domestic trade.
Regional Co-operation in the Great Lakes Region: A Contribution to Peacebuilding. Authors: Westerkamp M, Feil M & A Thompson.	International Alert Initiative for Peacebuilding, June 2009.	Regional co-operation; regional institutions; peacebuilding; International Conference for the Great Lakes region; The Economic Community of the Great Lakes region.
Rules for Sale: Formal and Informal Cross-border Trade in Eastern DRC. Authors: Tegera A & D Johnson.	Pole Institute, May 2007.	Cross-border trade in the eastern DRC (north Kivu).
The Power of Protection: Governance and Transborder Trade on the Congo-Uganda Frontier. Author: Raeymaekers T.	Ghent University, 2006-07.	Transborder trade; Uganda and the DRC.
Tycoons and Contraband: Informal Cross-border Trade in North-Western Uganda. Author: Titeca K.	Institute of Development Policy and Management, University of Antwerp, forthcoming.	Contraband trade in north-western Uganda.
The Changing Cross-border Trade Dynamics between North-Western Uganda, North-Eastern Congo and Southern Sudan. Author: Titeca K.	Institute of Development Policy and Management, University of Antwerp.  Crisis States Research Centre, Working Paper, 63, 2, November 2009.	Transboundary trade and informal co-operation.

Name of study and authors	Publisher and publication date	Keywords
Rapport de l'atelier international sur le thème: 'Les flux transfrontaliers de bois dans la région des Grands Lacs dans le contexte du plan d'action FLEGT'.	Bujumbura, Hôtel Club du Lac Tanganyika, 22–24 Novembre 2010 (This document is for internal use only.)	Regional trade in timber; the DRC and Uganda.
Peacebuilding across Lake Albert: Reinforcing Environmental Co-operation between Uganda and the Democratic Republic of Congo.  Authors: Westerkamp M & A Houdret.	Adelphi Research, Initiative for Peacebuilding, February 2010.	Co-operation between Uganda and DRC on shared natural resources in Lake Albert.
Wealth Distribution, Poverty and Timber Governance in Uganda: A Case Study of Budongo Forest Reserve.  Authors: Muhumuza F, Kutegeka, S & A Wolimbwa.	ACODE Policy Research Series, 26, 2007.	Uganda forestry governance; forestry policy.
SPGS Timber Market Study. Final report.	UNIQUE Forests Consultants, November 2012.	PPPs; investment in the forestry sector; SPGS.
Forest Governance Reform: A Draft Strategy Note for Uganda.  Authors: Nsita S & G Kiyingi.	Compiled from a stakeholder discussion with the Ministry of Water and Environment and the World Bank, June 2010.	Reform of the forestry sector in Uganda.
Review of the Forestry Sector in Uganda: Proposals for Improving Governance and Effective Management in the Forestry Sector.	LTS International Ltd, NORAD sponsored, December 2010.	Ugandan forestry sector review; forestry reforms; policy; institutions.
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