

**Forest Governance and Timber Trade Flows
Within, to and from Eastern and Southern African
Countries**

Kenya Study

February 2014

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Abbreviations

AfDB	Africa Development Bank
AFLEG	Africa Forest Law Enforcement and Governance
CITES	Convention for Trade in Endangered Species
CoC	Chain of Custody
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
EAWLS	East African Wildlife Society
ECA	Economic Commission for Africa
ENCOM	Enforcement and Compliance Unit
EOI	Expression of Interest
EU	European Union
FAN	Forest Action Network
FAO	Food and Agriculture Organisation
FINNIDA	Finnish International Development Agency
FLEGT	Forest Law Enforcement, Governance and Trade
FPMP	Forest Produce Movement Permit
FR	Forest Reserve
FSC	Forest Stewardship Council
GoK	Government of Kenya
IUCN	World Conservation Union
JICA	Japan International Cooperation Agency
KFMP	Kenya Forestry Master Plan
KEFRI	Kenya Forestry Research Institute
KFS	Kenya Forestry Service
KFWG	Kenya Forestry Working Group
KRA	Kenya Revenue Authority
KSH	Kenya Shillings
KTDA	Kenya Tea Development Agency
KWS	Kenya Wildlife Service
LFCC	Low Forest Cover Country
NFP	National Forestry Programme
NGO	Non-Governmental Organisation
PFM	Participatory Forest Management
PIE	Public Information and Education

PPP	Public-Private-Partnership
UNEP	United Nations Environment Programme
USAID	United States Agency for International development
VPA	Voluntary Partnership Agreement

Background

This study of timber flows within, to and from Kenya has been prepared as a part of a wider study that covered nine countries in Eastern and Southern Africa, with an identical objective in each to these countries that consisted of two main parts:

1. To provide a baseline of the wood based trade flow information
2. To provide an overview and analysis of the regulatory framework for timber production, processing and trade.

The study is quite timely considering that widespread illegal logging in recent years has had a devastating effect on the valuable forest resources in the countries in this part of Africa, which has had not only environmental consequences but also economic and social ones. The response by the European Commission has been the introduction of FLEGT, the Forest Law Enforcement, Governance and Trade Action Plan, to provide a set of measures to prevent illegally harvested timber from reaching the European markets. With the European Union Timber Regulation, EUTR, the placing of illegal timber on the European market has been prohibited starting from 3 March 2013.

Against this background, it becomes important to understand the dynamics of the timber trade flows not only in Kenya but also in Eastern and Southern Africa, including the volume and value of the trade, within, to and from these countries, and the potential interest that individual countries might have in improving forest management and entering into VPAs. This study has therefore identified many burning issues that need to be addressed to prevent illegal logging and trade in illegally harvested products, in Kenya as well as in the other countries of the study.

The study has produced nine comprehensive country reports, each of 50-60 pages, covering Burundi, Kenya, Madagascar, Mozambique, Rwanda, South Africa, Tanzania, Uganda and Zambia, in addition to one Summary Report. This particular country report, on Kenya, was prepared by Jones Ruhombe.

Executive Summary

Forest covers in Kenya comprise natural forests (1.1 million ha), mangrove forests (80,000 ha), state forest plantations (112,000 ha) and private commercial plantations (over 90,000 ha).

State forests are divided in gazetted and un-gazetted forests that have a total area of 2.35 million hectares (1.57 million gazetted and 0.78 million ungazetted). The gazetted area was 1.7 million ha initially but has been reduced to 1.57 million ha through encroachment and excisions during the period 1980 - 2000. This decline of forest covers is continuing albeit at a slower pace. On the other hand, extensive planting and the establishment of trees on farms in agroforestry systems have created a substantial raw material base.

Kenya is a net importer of especially sawn timber, panel products, paper, furniture and transmission poles. The source is mainly Tanzania, D.R. Congo, South Sudan, Malawi and Mozambique. Kenya's import of timber has tended to increase since the last ten years. In 2011, timber worth US\$ 50 million was imported. Kenya's imports of paper are increasing rapidly, supplied mainly by South Africa and the EU.

No major export of timber originating from Kenyan forests has occurred during the last ten years as domestic demand is very high. Still, wood based products have been exported including plywood, fibre and particle boards, block boards, carvings and hardwood furniture.

A host of problems surround the timber trade in Kenya including under-declaration of volumes, misreporting on species, forging of documents, smuggling across border etc. Regarding imports, no serious attempts are being made to establish legality of imported timber. In effect, large volumes of illegally acquired timber are imported into the country.

In the 1970s and early 1980s forest plantations in Kenya produced 1 million m³ of industrial logs annually and supported 500 sawmills, a chip board factory, 3 plywood mills, a fibre board mill and a paper mill, in addition to a strong industry supporting thousands of manufacturers of furniture, flooring, building components and industrial pallets.

Then, in the mid-1980s, the forestry sector started to decline with 40,000 ha of the plantation areas being excised and allocated for settlement, while the remaining areas suffered from illegal harvesting. Replanting of harvested areas lagged behind. By the late 1990's, the forest estate was in a very poor state and could no longer supply adequate raw material for the industry. In a last attempt to save the remaining forests, the government of Kenya issued a decree in 1999 that banned all logging in state forests. This marked the beginning of the decline of the formal forest industry in Kenya. The decline of the forest was caused mainly by politically motivated conversion of forests to settlement and extensive illegal harvesting.

In 1995, with donor support, the Kenya Forestry Master Plan was adopted. It recommended policy, legal and institutional reforms to modernise forest management. Indeed reforms were done and the country now has a new Forest Policy from 2007 and a Forest Law from 2005. In 2007 the Kenya Forest Service was established, replacing the old Forestry Department, to implement forest policy and the Kenya Forestry Master Plan. Kenya Forest Service is a parastatal established by the Forest Act of 2005 to conserve, develop and sustainably manage forest resources for Kenya's socio-economic development. The responsibility of overseeing the implementation of forestry policy in the country is delegated to the Ministry of Forests and Wildlife.

Kenya Forestry Service is the only body authorized to issue licenses for the harvesting of forest products and currently harvesting is only allowed in forest plantations. Five year harvesting plans have been prepared for the plantation areas with harvesting rules and regulations having been formulated, to enable the allocation of harvesting rights. A new system of auctions is about to be introduced to auction mature plantations so that eligible operators can place bids. Kenya Forest Service further intends to place some of the forest plantations under concession arrangements.

Kenya has adequate laws and policies for effective governance and transparency in the forestry sector. The recent reforms of the sector have created more effective administrative and management systems for implementing and promoting good forest governance. However, Kenya Forest Service is still a young institution. All the same there are clear indications that the sector is improving through better revenue collection and use of its revenue. Political goodwill is forthcoming and the state of forests and forest industry are improving. The reforms have paid special attention to forest law enforcement and in this regard a very special "Enforcement and Compliance Unit" was created. This is an armed force that is well equipped with ground transport, winged aircraft, helicopters, a VHF communication system and a staff force of 2800. Staff of the unit is given both para-military and technical forestry training and bear assault firearms to combat crimes of all types.

Although the condition of forest resources are improving, the wood-based manufacturing industries that closed down in the late 1990's are still not back on their feet. Less than 10 sawmills exist today operating at below capacity, largely depending on logs sourced from farms.

Current aggregate demand for wood in Kenya stands at 37 million m³, including fuelwood which meets 70% of the national energy requirements. The domestic demand for fuelwood is rising especially for large consumers like the tea industry. Sustainable domestic wood supplies are estimated at 30 million m³, implying a deficit of 7 million m³. Supply of logs and timber comes mainly from imports and trees on farms.

The Customs services in the East African Community are being modernised as part of a trade facilitation programme among the member countries that includes collaboration between the different customs services and the exchange of data. This process includes improvement of customs infrastructure, adoption of computerised systems and adoption of standards used internationally for the coding of commodities traded. This has greatly improved the quality of information being collected by customs authorities across the East African countries.

Reforms within the forest sector are still on-going with the institutional changes having shown positive results. The forest Industry sector is being refurbished and renewed after the lifting of the logging ban. Kenya is exporting such small quantities of wood based products to the EU that there is limited scope for the EU to enter into VPA negotiations with Kenya.

1. Introduction

Forestry in Kenya plays a major role in providing timber, wood-fuel and poles. Natural forests especially around the major water catchments (locally referred to as “water towers”) provide protection to these areas and help to conserve biodiversity. In the past, it was estimated that gazetted forests contributed 80% of the construction timber, 93% of the poles and 25% of the fuel-wood requirements. However, weak administration coupled with inadequate law enforcement during 1980 - 2000 resulted in a rapid decline in sectoral performance. Large areas of gazetted forests were illegally used for agriculture and human settlement while forest plantations declined from around 160,000 ha to just over 120,000 ha.

There are on-going policy, legal and institutional reforms aiming at revitalizing the sector in line with the new national constitution and the requirements of Vision 2030. A new approach to management of forests is being formulated and should lead to a more vibrant sector than seen in the last 2 decades. Currently, forests contribute over US\$250 million worth of goods annually to the national economy and provide over 50,000 and 300,000 direct and indirect jobs respectively. In addition, over 1 million households living within a radius of 5 km from Forest Reserves (FRs) depend on them for various goods and services.

2. The Forest Sector

Forest cover in Kenya comprises natural forests (1.1 million ha), mangrove forests (80,000 ha), state forest plantations (112,000 ha) and private commercial plantations (over 90,000 ha). In addition, open woodlands (stands of trees less than ten metres tall which have been established by natural regeneration) occupy an area of 2.1 million ha while bush-land (areas predominantly with shrubs and herbaceous plants), grasslands (areas predominantly covered with grasses and scattered woody vegetation) and trees on farms occupy 3.47 million, 24.3 million and 10.3 million ha respectively. Closed canopy forests and open woodlands constitute respectively 2.4% and 5.9% of the total land area of Kenya. State forests (forests declared by the Minister to be central forests, a forest area or nature reserve through legal public declaration) are divided in gazetted and degazetted forests which have a total area of 2.35 million hectares (1.57 million gazetted and 0.78 million degazetted). The gazetted area was 1.7 million ha initially but has been reduced to 1.57 million ha through encroachment and excisions especially during the period 1980 - 2000. As shown in Table 1, decline of forest cover continues albeit at a slower pace. On the other hand, commercial plantations have increased from 84,000 ha in 2006 to 90,000 ha in 2010 through “public-private-partnerships” (PPP) involving Finlays Ltd, Unilever Tea Ltd, New Forests Company, Raiply, East Africa Produce, Kakuzi Ltd, British American Tobacco and Kenya Tea Development Authority. The area of trees on farms has stabilized at around 10,000 ha.

Table 1: Status of Forests in Kenya (2006-2010)

Forest Cover type ('000') ha					
	2006	2007	2008	2009	2010
Indigenous closed canopy	1,160	1,155	1,165	1,155	1,140
Mangroves	80	80	80	80	80
Public plantation forests	110.5	112.3	114	107	111.8
Private plantation forests	84	86	88	89	90
Sub-total closed canopy forests	1,435	1,433	1,447	1,431	1,422
Open woodlands	2,070	2,065	2,060	2058	2055
Sub-total of forest areas	3,505	3,498	3,492	3,489	3,477
Bush-land	24,505	24,440	24,375	24,343	24,310
Trees on farmlands	10,333	10,346	10,359	10,372	10,385

Source: Kenya Forest Service, 2010

At their peak (1970s - mid 1980s) forest plantations in Kenya produced 1,000,000 m³ of industrial logs annually and supported a vibrant saw milling industry with about 500 sawmills in operation, in addition to a chip board factory, 3 plywood mills, a fibre board mill and a paper mill, see table 2. Downstream manufacturing included a strong cottage industry supporting thousands of manufacturers of furniture, flooring, building components and industrial pallets. The decline of the forestry sector started in the 1980's and saw nearly 40,000 ha of the plantation areas in Rift Valley, Mt. Kenya and Aberdares excised and allocated for settlement. The remaining areas suffered from illegal harvesting. Replanting of harvested areas started to lag behind due to shortage of funds. By the late 1990's, the forest estate was in a very poor state and could no longer supply adequate raw material for the industry. Almost all

sawmill and panel board mills closed. The decline was caused mainly by politically motivated conversion of forests to settlement and illegal harvesting. Figure 1 shows distribution of gazetted forests in Kenya.

Table 2: Forest Plantation Area, 1999-2003 ('000 hectares)

Type of forest	1999	2000	2001	2002	2003
Indigenous trees	12.3	12.3	12.3	12.3	12.3
Exotic trees	116.6	116.6	89.4	89.4	89.4
Total	128.9	128.9	101.7	101.7	101.7
Fuel-wood and poles	18.3	18.3	18.3	19.3	20.3
Total area	147.2	147.2	120	121	122

Source: Economic Survey - Central Bureau of Statistics, Ministry of Planning and National Development, 2004

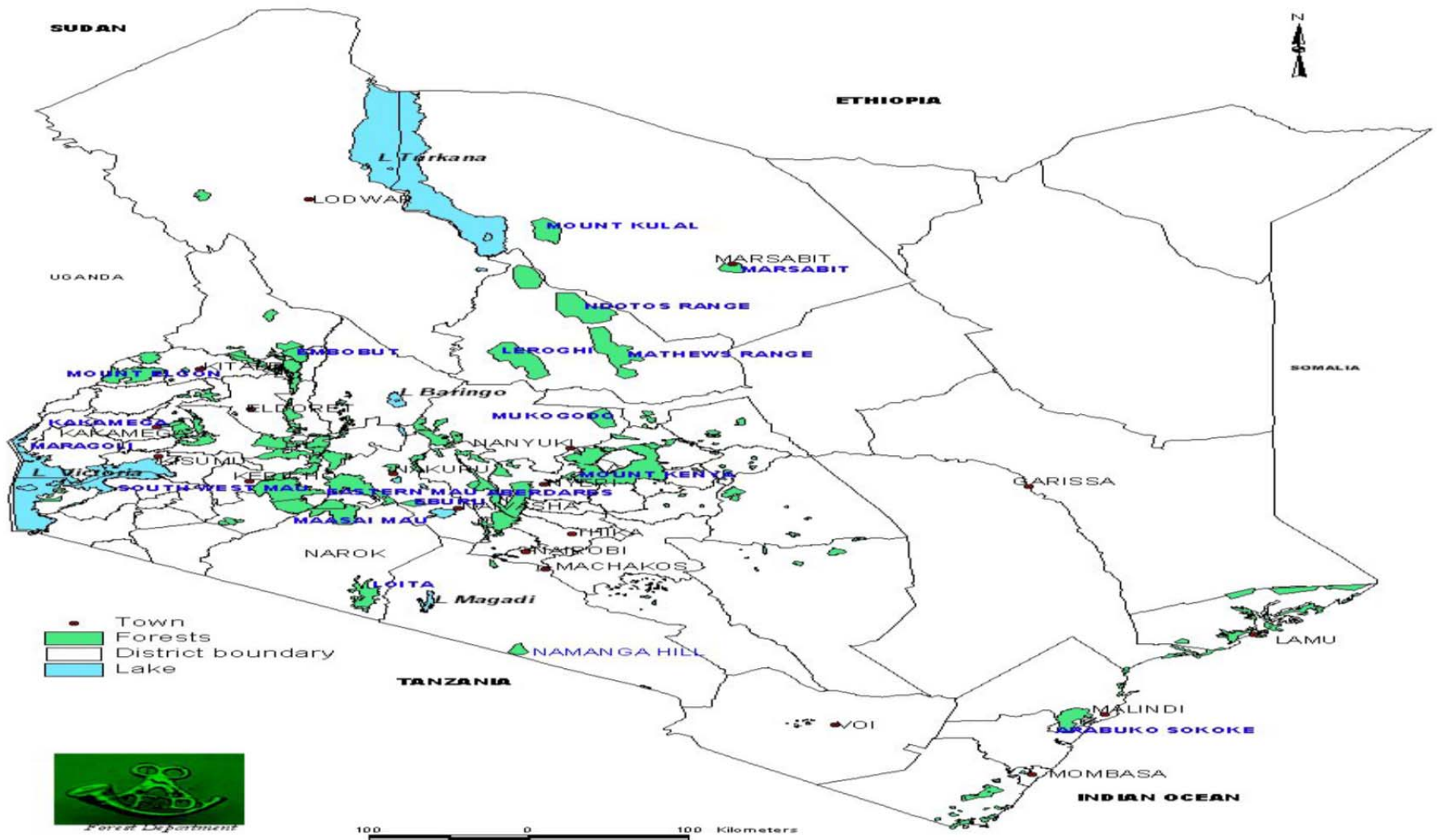


Figure 1 Distribution Forests in Kenya

Source: KFS, 2010

3. CITES

Section 61 of the Forests Act (2005) recognizes Kenya's international obligations with respect to forests and provides for the implementation of the Act in accordance with any treaties, conventions and international agreements related to forests to which Kenya is a party. The country has indeed signed a number of such agreements and participates in a number of relevant legally and non-legally binding forest-related international processes, including, among others:

- Convention on Biological Diversity;
- Ramsar Convention;
- Convention on International Trade in Endangered Species (CITES); the
- United Nations Framework Convention on Climate Change;
- United Nations Convention to Combat Desertification;
- Food and Agriculture Organisation (FAO) Committee on Forestry;
- African Forestry and Wildlife Commission;
- African Tropical Timber Organization;
- Tehran Process of the LFCCs;
- World Forestry Congress; and
- Economic Commission for Africa (ECA).

Aspects of these agreements have been internalised in the forest policy, legislation and KFMP. Implementation, however, appears to vary with circumstances and time. For instance according to CITES, each party is responsible for implementation of the convention in its own country and for co-operating with other parties to enforce the rules. This has not been fully implemented in Kenya. The case in point is the continued uncontrolled importation from neighbouring countries of for example *Prunus Africana* (*African cherry*) and *Dalbergia melanoxylon* (*African black wood*), which are "threatened" and listed under CITES in those countries. Kenya has a long tradition of animal wildlife conservation and in this context, attention to CITES issues is heavily skewed towards animal wildlife. As such, there is no information on plant wildlife with regard to the convention.

4. The Forest Administration

4.1 General

The Government of Kenya (GoK) is responsible for the formulation and implementation of the national policy and legislation required for the management, protection and conservation of forests in the country. The responsibility of overseeing the implementation of forestry policy in the country is delegated to the Ministry of Forests and Wildlife.

4.2 Institutional Setup

GoK established Kenya Forest Service (KFS) in 2007 to implement forest policy and the Kenya Forestry Master Plan (KFMP). KFS is a parastatal established in February 2007 by the Forest Act (2005) to conserve, develop and sustainably manage forest resources for Kenya's social-economic development. Its main functions include to, *inter alia*:

- (i) Manage all state forests;
- (ii) Manage all provisional forests (forests that have been recommended by the KFS Board to the Minister by order published in the Gazette if mismanaged or neglected to be a provisional forest and to be managed by KFS) in consultation with forest owners;
- (iii) Protect forests in Kenya in accordance with the provisions of the Forest Act (2005), including through law enforcement;
- (iv) Collaborate with individuals and private and public research institutions in identifying research needs and applying research findings;
- (v) Draw or assist in drawing up management plans for all indigenous and plantation state, local authority and provisional and private forests in collaboration with the owners or lessees;
- (vi) Provide forest extension services by assisting forest owners, farmers and associations in the sustainable management of forests;
- (vii) Collect all revenue and charges due to the GoK in regard to forest resources, produce and services;
- (viii) Develop programmes and facilities for tourism, recreational and ceremonial use of forests;
- (ix) Collaborate with other organizations and communities on forest management and conservation;
- (x) Manage forests in water catchment areas primarily for purposes of water and soil conservation, carbon sequestration and other environmental services;
- (xi) Promote national interests in relation to international forest related conventions and principles; and
- (xii) In consultation with the Attorney General, train prosecutors from amongst the forest officers for purposes of prosecuting court cases under this Act in accordance with any other law relating to prosecution of criminal cases.

KFS is headed by a Director who reports to a Board of Management and its management structure comprises 10 conservancies that are ecologically demarcated, 76 Zonal Forest Offices, 150 forest Stations, and 250 divisional forest extension offices (Diagram 1). Forest adjacent communities have formed and registered 325 community forest associations that are currently working with KFS. As will be seen later, KFS staff is highly trained and equipped and the management structure gives flexibility to operational decision making while the composition of its board ensures cross-sectoral representation and vertical accountability to GoK. With a budget allocation of

US\$ 94 million for the fiscal year 2011/2012, KFS is evolving into an effective institution in terms of managing the forestry sector and its capacity in terms of equipment, tools and human resource is continually being improved.

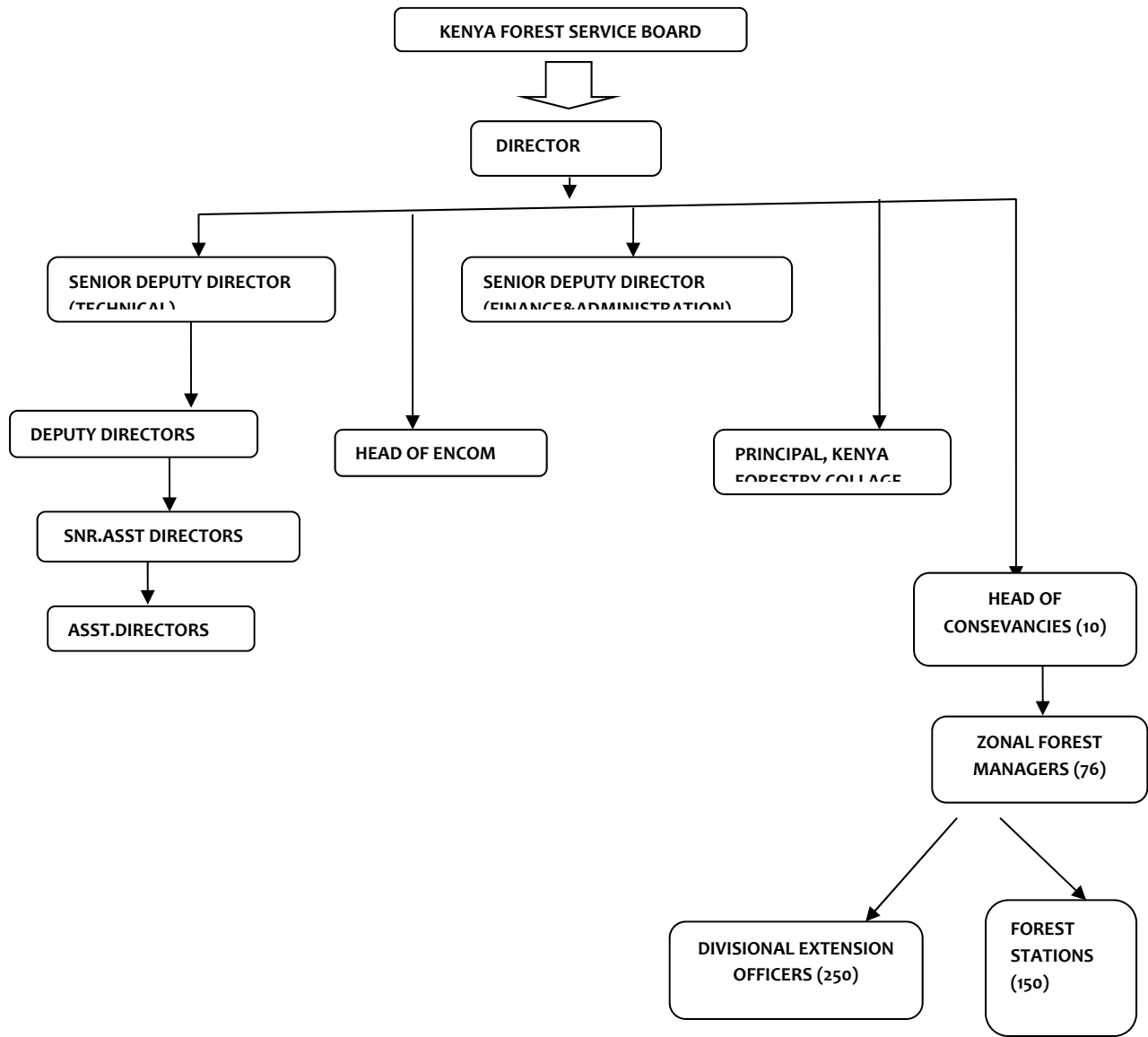


Figure 2 KFS Organogram

Source: KFS, 2010

5. The Regulatory Framework for Timber Production and Harvesting, Processing, Transport and Marketing

5.1 Kenya Forestry Master Plan

KFMP is the equivalent of the National Forestry Programme (NFP), which is supported by FAO. It was adopted in 1995 to last up to 2020 and has the following priorities, among others:

- (i) Undertake policy, legislative and institutional reforms;
- (ii) Review the status of forestry programmes regarding how management practices meet the country's need for biodiversity conservation and production of goods and services to meet national demand;
- (iii) Analyse current national wood supply and demand and forecast future trends;
- (iv) Develop programmes to make Kenya self-sufficient in sustainable supply of wood products;
- (v) Promote forestry research to support forestry development;
- (vi) Promote an efficient forest industrial sector; and
- (vii) Support farm forestry programmes to supplement wood supplies from government forests.

In the absence of another strategic plan, KFMP remains the most authoritative national forest resource management instrument. Its implementation, however, has not been effective, save for the few years of existence of KFS. The plan requires an urgent review to update the data which is over 17 years old and therefore have been overtaken by events. There is an overall governance reconfiguration in the country, which for forestry requires that a strategic instrument of this nature is updated. The need to incorporate the emerging global trends including those relating to climate change and harmonization with relevant international forest-related instruments cannot be over-emphasized.

5.2 Kenya Forest Policy

Kenya is internationally considered to be a low forest cover country (LFCC) as it has less than 10% of its total land area classified as forest. GoK has, therefore, taken measures to significantly increase the area under forest cover, with the aim to attaining at least 10% within the next decade. In this regard, GoK decided to promote farm forestry, intensify dryland forest management, involve the private sector in the management of industrial plantations and promote community participation in forest management and conservation as strategic policy interventions. These strategic intentions resulted in the new Kenya Forest Policy that was enunciated in 2007. Key elements of the new policy that have been implemented so far include:

- (i) A new forest legislation to implement the policy effected in 2007;
- (ii) Expanded mandate of GoK in the management of all types of forests with effect from 2007;
- (iii) Involvement of forest adjacent communities and other stakeholders in forest management;
- (iv) Forest management planning based on an ecosystem approach;
- (v) Appropriate incentives to be provided to promote sustainable use and management of forests;

- (vi) Institutional transformation leading to creation of KFS was effected from 2007; and
- (vii) Enhancement of forest law enforcement.

The policy addresses local and global forestry issues and challenges to ensure fair contribution of the forestry sector in national economic development. The implementation of this policy is expected to improve the social welfare of the Kenyan population without compromising environmental conservation. Thus, the policy underpins not only the need for adequate forest areas to be reserved in order to enhance conservation and protection of biodiversity in the country but also to provide goods and services to the nation in perpetuity.

5.3 Legislation Relating to Forestry in Kenya

The Forests Act (2005), and “Rules” thereof, provides for the establishment, development and sustainable management of forest resources for the socio-economic development of the country. The Act applies to all forests and woodlands on state, local authority and private land. Part V of the Act (Sections 50 – 58) provides for all-round enforcement of the Act, including licensed and prohibited activities, offences and penalties and establishes an armed unit in KFS known as the “disciplined force” to ensure compliance with the Act. The Act also allows any member of a forest community to collect, subject to such conditions as may be prescribed, such forest products as it has been the custom of that community to take products from such forest other than for the purpose of sale. A member of a forest community may, together with other members or persons resident in the same area, register a community forest association under the “Societies Act”. Management agreements between KFS and an association may confer on the association all or any of the following forest user rights, including harvesting timber or fuel wood, collection of forest products for community based industries and plantation establishment through non-resident cultivation. Both the Forest Policy and the Forest Act are undergoing reviews to enable harmonization with the “National Constitution” of 2010. Drafts should be in Parliament before end of 2013. The new Constitution is inclined towards devolution, hence management of natural resources should be devolved to “county governments”.

While the Forest Act (2005) defines the processes to be followed for forest management, there are other laws that complement the Act, including:

- **Environmental Management and Co-ordination Act (EMCA) of 1999** - emphasizes the need for the public to participate in development of policies, plans and processes for environmental management. This Act also harmonises the various sectors involved directly or indirectly with the environment. The Act makes degazettement of forests more difficult by requiring Parliamentary approval;
- **Water Act, 2002** - transfers the duties of allocating licenses to water service providers from the GoK to Regional Service Boards. The Act protects wells and springs and water catchment areas thus helping in conservation of forests;
- **Agriculture Act, Cap. 318** - promotes soil and water conservation and prevents the destruction of vegetation. Under the Act, the Minister responsible for forestry and wildlife can identify rules to

prohibit, regulate, control clearing of land for cultivation, grazing or watering of livestock thus complementing the Forest Act;

- **Antiques and Monuments Act, Cap. 215** - is used for gazetting of areas of historical importance and threatened heritage sites. The Kayas at the coast have been protected under this Act;
- **Local Government Act, Cap. 265** - empowers County Councils to make by-laws to control cutting of timber, destruction of trees and shrubs and afforestation. It also authorizes local authorities to take measures necessary to control bush fires, quarrying for minerals, sand, gravel, clay or stones;
- **Fisheries Act, Cap. 378** - regulates trout fishing in the forests and protects fish breeding areas and is relevant to mangrove management at the coast but often clashes with the Wildlife Act, especially in the management of marine parks; and
- **The Forest (Charcoal) Rules** – regulate production, transportation, selling and use of charcoal.

5.4 Licensing Procedures for Forest Harvesting - In Selected Areas

KFS is the only body authorized to issue licenses for harvesting forest products in the country and currently harvesting is only allowed in forest plantations. It has prepared five year harvesting plans specifically for plantation area to cover the period 2012 – 2017. In addition, harvesting rules have been formulated and gazetted. In a nutshell, eligible forest operators should be selected through “Expressions of Interest” (EOI) requested by KFS by a committee and licensed by the Director. The steps in the allocation of material to licensed operators include:

- The Director of KFS identifies plantations for harvesting during the year;
- Environmental Impact Assessment is done;
- Director receives requests from licensed operators;
- Allocation is done in writing with copies to relevant offices;
- Inventory is done by KFS to determine stumpage volume;
- Payment is made and receipted;
- Harvesting is done;
- Logs are hammer marked;
- Transit Permit issued by KFS to allow the transport of the logs out of the forest.

The allocation system described above is being phased out and replaced with an auction method where standing trees in plantations will be advertised for sale and eligible operators allowed to place bids for their purchase through competition. The highest bidder will win. KFS also intends to place some of the forest plantations under management concession arrangements. Requests for EOI have been advertised and responses received. When the system is complete, concessionaires will manage the standing forest and harvest mature compartments under an agreed procedure with KFS. This approach was proposed by KFS in mid 2012 and has raised a lot of political interest because of the huge economic opportunities expected to be generated by concessions. But it is not certain that the system will be implemented as it

is now in court. For the year 2009/2010, KFS generated revenue of over US\$11 million from stumpage fees (196,000 m³) and license sales for an assortment of other forest products including transmission poles (13,288 units), timber (8000 m³) and fuelwood (49,000 tonnes).

5.5 Regional Legislation and Agreements Relating to Trade

There have been several regional attempts to legislate and to come up with agreements in order to control and regulate cross-border trade in forest products. This is arising from the fact that timber and other forest products are crossing national borders but the laws governing the movement of these products have remained national. The following are the instruments in place.

- **Ministerial Declaration on Africa Forest Law Enforcement and Governance (AFLEG)** - Yaoundé, Cameroon, 2003;
- **East African Community (EAC) Treaty** (1999) - EAC is an intergovernmental organization with the mandate of promoting regional integration and development among member states (Kenya, Uganda, Rwanda, Burundi and Tanzania). As per its development strategy, EAC charter (Chapters 19 and 20) states that for sustainable development to be achieved there is a need to manage natural resources and also protect the environment. This includes management and conservation of forest resources and harmonization of environmental policies. However, the treaty is yet to be implemented; and
- **EAC Protocol on Environment and Natural Resource Management** (Article 11 on Management of Forests and Trees) - This Protocol was signed in 2006 and states, *inter alia*, that the Partner States shall co-operate in all activities relating to development, conservation, sustainable management and utilization of all types of forests, trees, and trade in forest products throughout the Community. Just like the EAC Treaty, this protocol has not been implemented largely because of the weak institutional set up at the EAC Secretariat. Thus its impact has not yet been felt across the region.

5.6 Development Partners

A number of bilateral and multilateral development partners have, for a long time, supported Kenya to implement its domestic agenda and fulfil its international obligations in relation to forestry, especially in areas of planning, research, capacity building, forest conservation, plantation development and farm forestry. They include, inter alia, the African Development Bank (ADB), FAO, Finnish International Development Agency (FINNIDA), Japan International Cooperation Agency (JICA), European Union (EU), United States Agency for International Development (USAID), United Nations Environment Programme (UNEP) and the World Bank (WB).

5.7 Forest Law Enforcement

Illegal logging and trade in timber increased during 1980 – 2000 as a result of weak legal frameworks, inadequate enforcement and administration due to low staff morale, lack of funds, large areas of jurisdiction per guard and lack of political good-will for the sector. It led to market price distortions and

many sawmills made financial losses and had to close. In a last attempt to save the remaining forests, GoK issued a decree banning all logging in state forests in 1999. That marked the end of the forest industries in Kenya. KFMP (1994), Kenya Forest Act (2005) the new Forest Policy (2007) have ushered in a new dawn.

KFS has put up a very elaborate machinery to combat illegal activities in state forests known as the Enforcement and Compliance Unit (ENCOM) (known as the “disciplined force” under the Act). It is headed by an ex-military colonel assisted by ex-military officers. There are enforcement officers in each “Conservancy”, district and Forest Station. ENCOM is very well manned. Out of the total KFS work force of 5300 employees, 2800 work for ENCOM. The unit plays the three roles of intelligence gathering, investigations and enforcement/prosecution. It is well equipped with ground transport, winged aircraft, helicopters and a VHF communication system and its overall budget for the year 2012 – 2013 is US\$1,250,000 (3.3% of the total KFS budget). ENCOM staff is given both para-military and technical forestry training and bear assault fire arms to combat crimes of all types.

The main challenges faced include occasional internal corruption in KFS, long and remote Northern and North Eastern border to patrol, ignorance of the magistrates and judges with regard to the laws relating to forestry (although training is easing this) and the high domestic demand for timber in the ever growing furniture and construction industry. Demand exceeds supply by a big margin and to the extent that the high prices implied lure people to take risk. ENCOM recognizes the need to work closely with all stakeholders, including forest adjacent communities. In this context, public information and education (PIE) is given to the communities on forest management, fire protection, reporting crime and voluntary forest patrols. As mentioned earlier, several “Community Forest Associations” have been formed and are involved in participatory forest management (PFM) with KFS. This endears them to KFS and has helped to curb illegal logging and trade. Reported incidents of illegal logging and trade have decreased by more than 80% since ENCOM was formed (Mbugua, D., personal communication; 2012). The unit seems to be winning the war but there are many battles still to fight.

5.8 Timber Tracing System

Bearing in mind that logging in Kenya is currently allowed only in GoK industrial forest plantations and agro-forests, logs must be marked with the official hammer mark at both ends. Before logs are moved to sawmill, a movement permit is issued by the local forest officer who will also indicate the origin of the log. It is notable that timber from a sawmill to a customer is not marked. Forest products, including logs, posts, poles and firewood in transit from farms must be accompanied by a “*Forest Produce Movement Permit*” (FPMP) and receipts showing which dues have been paid. A certificate of origin issued by the local forest office helps to identify the source of the material and to confirm that the material is not contraband in accordance with Section 49 of the Forest Act (2005). The Act gives powers to KFS to search any premises in order to establish correct facts and places responsibility on the owner of forest products to prove that the material is not from a state forest. The timber/forest products tracing system is strictly internal and no attempt is made to ascertain legality beyond the Kenya borders.

5.9 Certification Systems

None of the Kenyan forests are certified under the known certification schemes and the law does not explicitly provide for it. As such, there is no legal chain of custody (CoC) process that would be recognizable under a certification scheme. Lifting of the logging ban in October 2012 will probably encourage KFS to develop a CoC process and explore possibility of certification.

5.10 Transparency in the Sector

Kenya has adequate laws and policies for effective governance and transparency in the forestry sector. The reforms in the sector have created effective administrative and management systems for implementing and promoting good forest governance. However KFS is still young and is struggling with all the expected “teething” problems. All the same there are clear indications that the sector is back on its feet through better collection and use of its revenue (nearly US\$38 million in 2012), more forthcoming political goodwill and budgetary allocation from the GoK, very supportive civic society through the Kenya Forestry Working Group (KFWG) and a rebounding private sector. KFWG has been active in lobbying and advocacy on various aspects of forestry in Kenya, including law enforcement and is contributing to policy formulation. KFWG consists of both governmental and non-governmental organisations, the most active of which include the East African Wildlife Society (EAWLS), KEFRI, Kenya Wildlife Service (KWS), Nature Kenya, KFS, FAN, the World Conservation Union (IUCN) and certain individuals.

6. The Fuelwood Market

Biomass energy in Kenya remains the main and for some households, the only source of energy and yet traditional sources of supply continue to dwindle (Mugo, F., 1997 - unpublished). In 1980, woodfuel was estimated to supply 71% of Kenya's total energy requirements. The most recent national biomass energy study (GoK, 2002) reported that biomass energy provides 68% of the national energy requirements followed by petroleum products at 22%, electricity 9% and other forms of energy at 1%. The consumption was reported to be 34.3 million tonnes of which 15.1 million tonnes were in the form of fuel-wood while 16.5 million tonnes was wood for charcoal. These figures include harvesting from large tea estate plantations in Kericho, Nandi, Limuru and some in the Western Province. GoK is not involved in regulating the wood-fuel market beyond ensuring that the wood is not harvested from government forests, given especially the fact that the main sources are private forests and farmlands.

Charcoal is used by 82% of urban and 34% of rural households in Kenya. The charcoal industry employs over 700,000 people supporting over 2 million dependants. Despite charcoal being an important energy source, its production and transportation is still artisanal and most of it is not regulated. Its true economic value is not captured in national statistics and the industry continues to have a low profile. As a result, it is not attracting investment for product development, a crucial first step towards commercialization. Most of the charcoal produced comes from non-sustainable sources especially in dry woodlands in areas such as Kajiado, Kitui, Narok, Samburu and West Pokot.

The Energy Act and Policy, the Forest Act and Forest Policy recognize charcoal as an important source of energy and make provisions for its sustainable production, commercialization and utilization. In addition, the Ministry of Forestry and Wildlife has introduced subsidiary charcoal legislation to ensure these policies are implemented. Kenya is developing all forms of energy to power its Vision 2030 and charcoal is a key energy source in this context. Ramping up the charcoal sub-sector to becoming a vital income earner in the country does require the promotion of suitable models for sustainable charcoal production and marketing.

Demand for fuelwood is rising especially for the large consumers like the tea industry. Kenya Tea Development Agency (KTDA) has 65 tea factories which use fuel-wood for their boilers with some boilers being 100% firewood dependent. These factories consume over 223,000 tonnes of fuel-wood per year with a market value of approximately KSH 167,250,000 (over US\$2million) delivered to the factories. Tea Estates in Kericho, Nandi, and Limuru have large eucalyptus plantations to meet their energy demand. Schools in the rural areas use firewood for cooking. In 1989, the United Nations Environmental Programme (UNEP) estimated that the total firewood consumed by all institutions/schools in Kenya was approximately 500,000 tonnes per year. Currently the demand has nearly doubled to 1 million tonnes annually due to increase in population and construction of more schools, particularly with boarding facilities.

7. Forest Utilisation

In Kenya, indigenous forests are completely protected as they form important water catchment areas. As mentioned above, 45,000 ha plantations are available for harvesting. As shown in Table 3, harvested volumes have continued to dwindle.

Table 3 Sales of Forest Products from Government Forests

	1999	2000	2001	2002	2003
Timber – '000 m ³					
Soft wood	345.7	216.8	197.2	162.0	183.1
Fuel wood/charcoal ('000 stacked m ³)	61.9	0.8	45.5	67	77.4
Power and telegraph poles (")	24.6	0.5	3.3	-	0.3

Source: Economic Survey - Central Bureau of Statistics Ministry of Planning and National Development, 2004

The volume of logs purchased from government forests will increase with the lifting of the logging ban, initially at a slow pace but the speed of harvesting can be expected to increase as wood industries refurbish or establish new mills. *Per capita* annual wood consumption was estimated at 1m³ in 2008, implying aggregate demand of 37million m³ per year (KFS, 2009). The sustainable supply has been estimated at 30 million m³, resulting in a deficit of 7 million m³ (*ibid*).

Demand for transmission poles in the country has been increasing during the last 10 years, due to the steady expansion of rural electrification in the country. Due to a shortage of poles from government forests, demand has been met through purchases from private eucalyptus plantations. Poles are also being sourced from farmers' woodlots. As demand for poles far outstrips supply, the country has been importing from Tanzania, South Africa, Chile and Argentina. To meet rising demand for wood products, KFS has increased the planting targets from 6000 ha to 8000 ha per annum and is meeting the targets. In addition, small scale farmers are encouraged to establish woodlots of different species. The woodlots have been an important source of industrial wood during the time of the harvesting ban from state forests.

8. The Forest Industry Sector and Domestic Timber Market

Three decades ago Kenya had over 500 sawmills, a paper mill, 2 plywood mills, a hardboard factory and a very vibrant wood based cottage industry. Most of the wood-based manufacturing industries closed in late 1990's. Less than 10 sawmills exist today operating at a fraction of the installed capacities. Then, the country had 160,000 ha of industrial plantations, which have been reduced to 120,000 ha of poor stock. According to KFS, 45,000 ha are mature and ready for harvesting. Only Raiply, Timsales Ltd and Comply, all locally owned large companies, continue to operate, producing timber, veneer and fibre-board. They were politically exempted from the logging ban. The less than 10 sawmills and other small sawmills are located in rural towns and logs are sourced from farms. Also common in the areas are chainsaw operators who do the splitting at felling sites. Some produce only sell to the small sawmills while others produce timber. Precise data on amount of timber produced, number of the sawmills and distribution are not readily available.

The lack of a functional wood processing facilities has led to severe shortage of wood products in the country. The country which was once an exporter of wood products is now heavily dependent on imports. Although the logging ban has been lifted (late 2012), it will take many years to refurbish the old mills. This means that the country will continue importing for the foreseeable future.

9. The Timber Trade

9.1 Consumption

Kenya has a large manufacturing base and its economy is by far the strongest in the eastern and central African region. Its capital, Nairobi, is host to several multi-national companies, inter-governmental agencies, including the United Nations, and international NGOs. Its port Mombasa serves the country itself but also Uganda, Rwanda, Burundi, eastern DRC, S. Sudan and northern Tanzania. As a result, there is high demand for wood products in the country, especially timber. Table 4 shows the volume of wood products consumed in the country over the last 5 years while Figure 2 shows overall trade in selected wood products in the country.

Table 4 Domestic Wood Products Consumption

Forest Products	2007 ¹	2008	2009	2010	2011
Timber- '000 m³					
Softwood	423.4	503.7	347	401.2	419.2
Hardwood	-	-	12.7	19.3	9.5
Total	423.4	503.7	359.7	420.5	428.7
Stacked '000 m³					
Fuelwood /charcoal	25	89.7	0.9	60.3	6.6
Power & Telegraph poles	2	52	12.2	6.4	0.8

Source: Statistical Abstract- Central Bureau of Statistics, Ministry of Planning and National Development, 2011

As shown in Table 4, there are significant variations. This has more to do with poor data capture and recording systems than actual consumption. Figures for consumption of hardwoods and fuelwood are even more uncertain because the bulk of these products are consumed directly with a large proportion being traded informally without being recorded.

¹ Only data from 2007 onwards were available. The experts approached the Kenya Revenue Authority in Nairobi but they could not obtain any additional info.

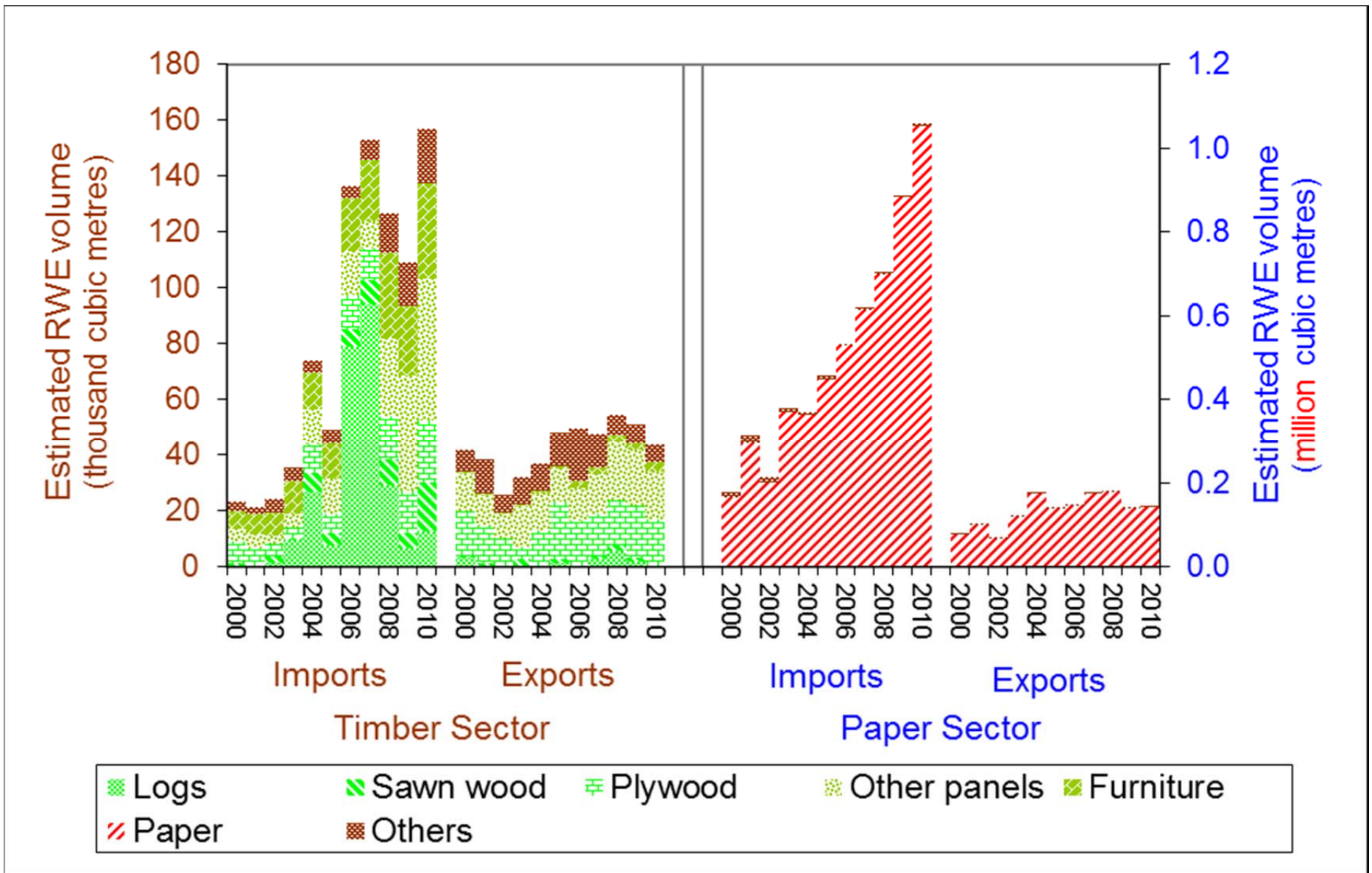


Figure 3 Trade in Selected Wood Products in Kenya

Source: UN Comtrade, 2012

9.2 Imports

Import procedures include:

- Importer applies to KFS for import permit;
- Importer obtains “no objection letters” from country of origin and KFS;
- Goods are imported;
- At border importer must produce import permit, phyto-sanitary certificate, grading certificate, certificate of origin and all customs documents;
- Inspection carried out by Kenya Plant Health Inspectorate;
- Inspection by Kenya Bureau of Standards for quality;
- Customs Department verification of quantity and taxes; and
- Issuance of a FPMP by KFS.

Information on quantities of wood products imported is scanty but according to KFS (2011), wood products worth KSH 3.36 billion (US\$ 42million) were imported into the country from the “Common Market for Eastern and Southern Africa (COMESA) region (Table 5). Figures 3, 4, 5, 6 and 7 show imports of various wood products into the country. Kenya’s imports of paper are increasing rapidly, and are supplied mainly by South Africa and the EU. The weight of paper exported from Kenya during recent years has changed little, and is destined primarily for Tanzania and Uganda. Kenya’s pulp and paper mill near Webuye has operated intermittently for a number of years due to claims from creditors and GoK in running the mill.

Kenya is a net importer of timber and other wood products, mainly from Africa (Tanzania, Ethiopia, Malawi, South Sudan, and Democratic Republic of Congo - DRC) but also from Peru and Chile. Key border entry points include Namanga, Busia and Malaba and to some extent Mombasa. There is also a very active exporting of timber products to mainly Dubai, India and China and to Iceland. All these products, even though they are not produced in Kenya, because they are exported from Kenya are recorded as originating from it.

Table 5 Imports by Category from COMESA in 2009/2010 FY

Category	Quantity	Amount (million US\$)	Origin
Softwoods(m ³)	75,354	24	Malawi and Tanzania
Hardwood timber (m ³)	18,645	14	Tanzania & DRC
Poles (No.)	35,000	1.3	Uganda and Tanzania
Wattle bark(tons) (for leather tanning)	24,000	2.4	Uganda
Total		41.7	

Source: KFS Annual report 2009/2010 FY

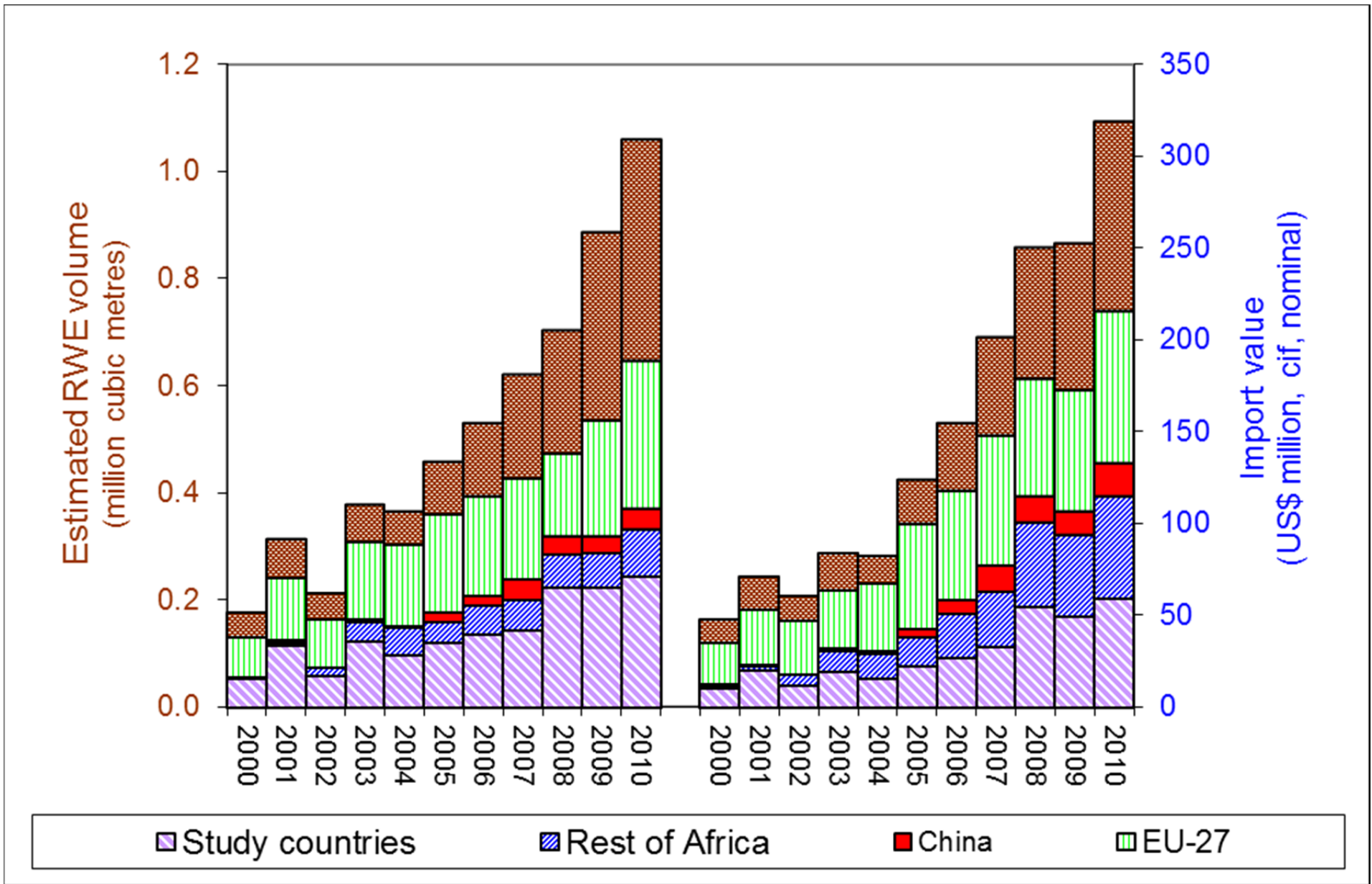


Figure 4 Kenya's Imports of Paper Sector Products

Source: UN Comtrade, 2012

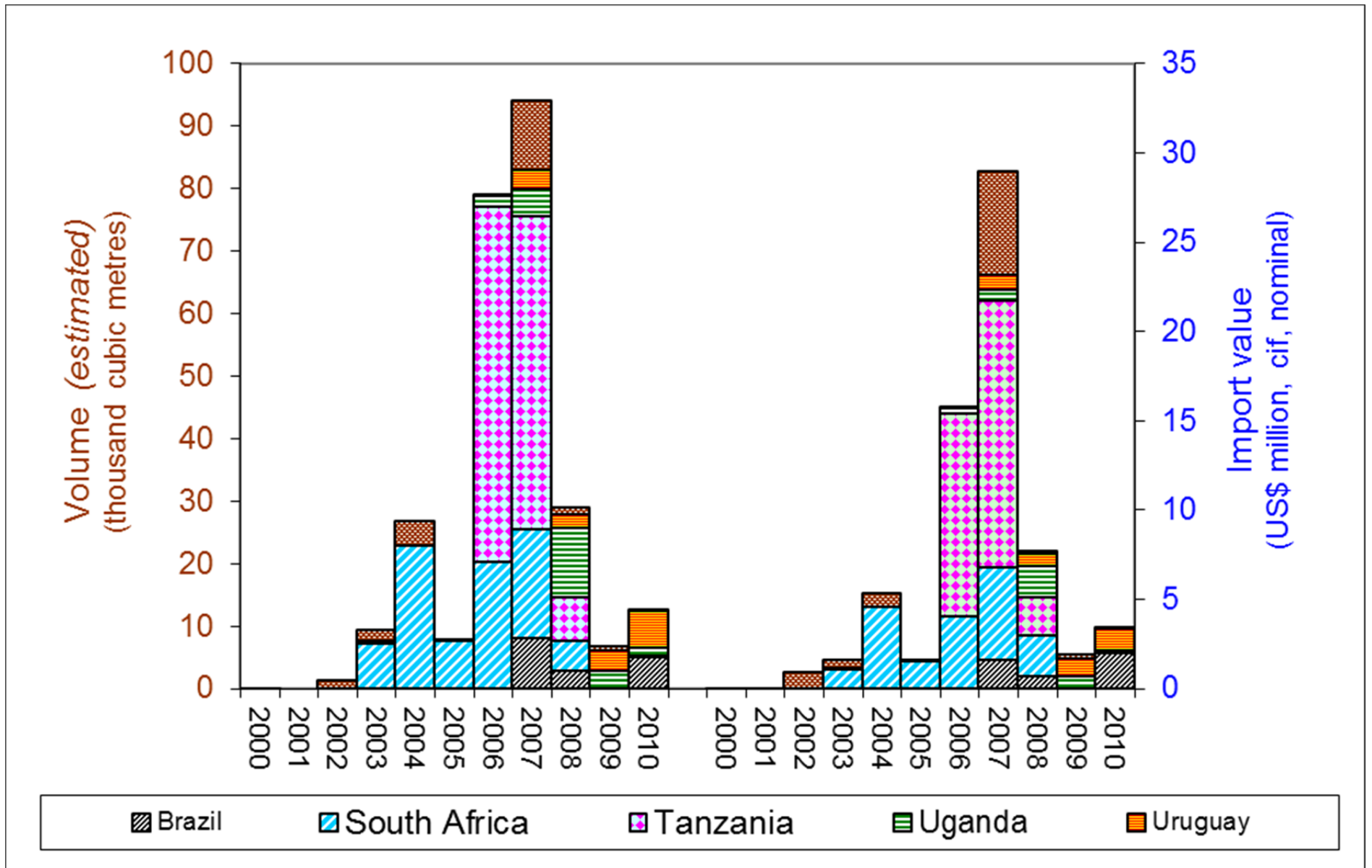


Figure 5 Kenya's Imports of Logs

Source: UN Comtrade, 2012

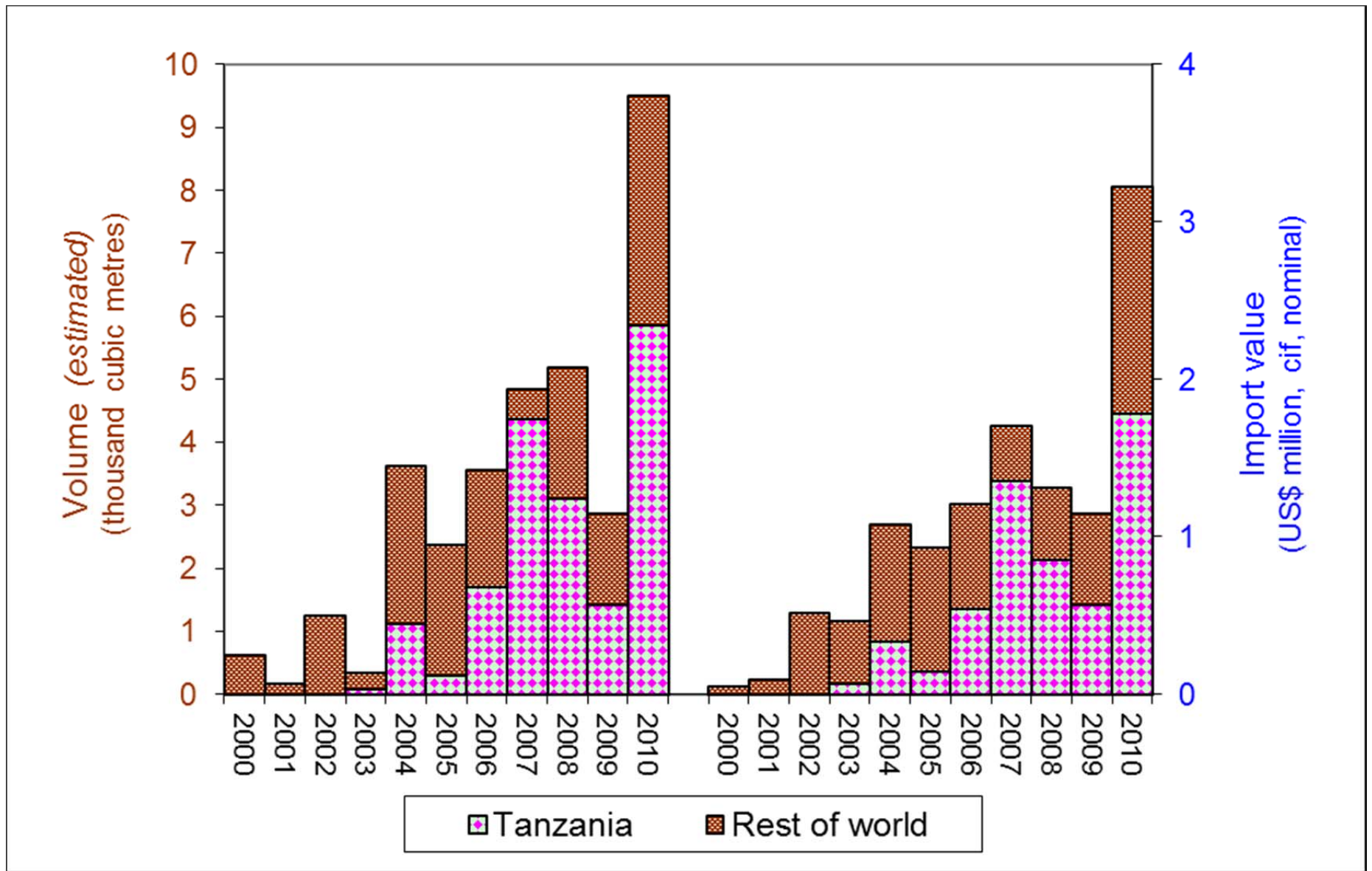


Figure 6 Kenya's Imports of Sawn-wood

Source: UN Comtrade, 2012

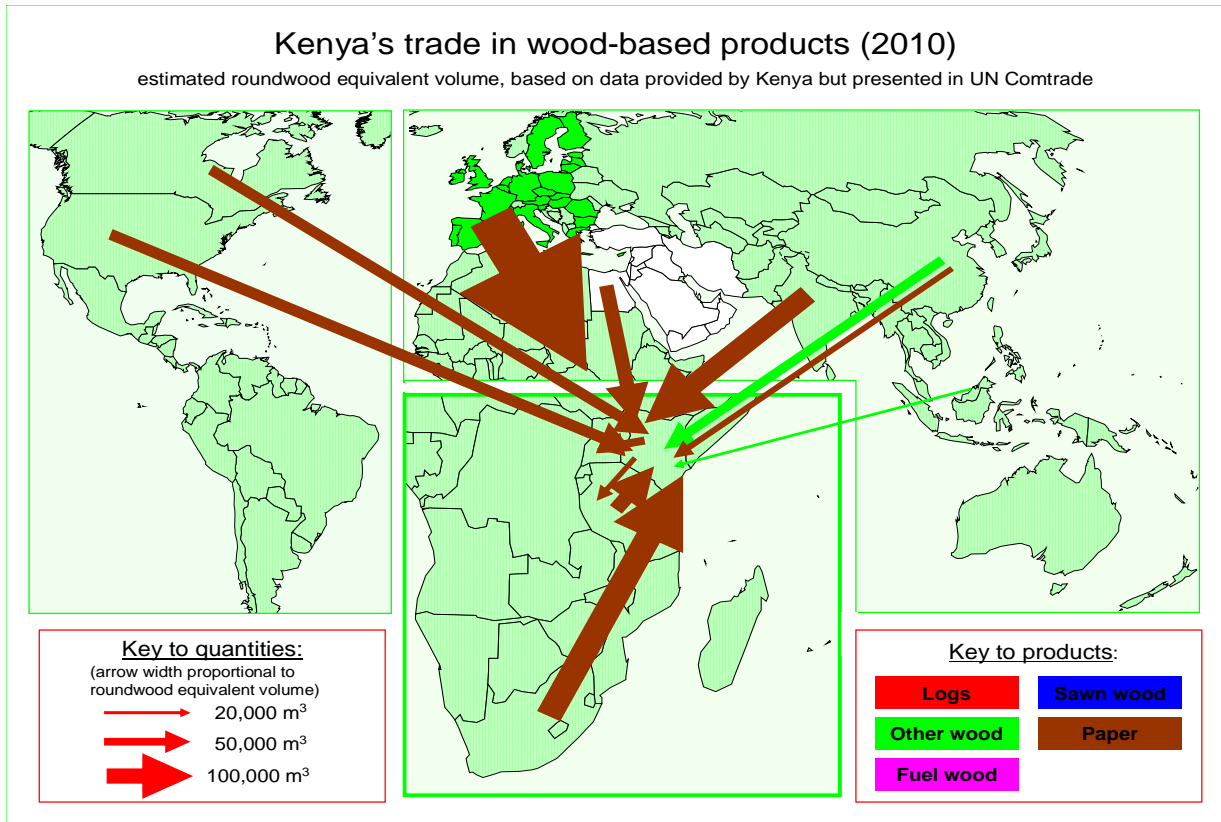


Figure 7 Kenya's Trade in Wood-based Products (2010)

Source: UN Comtrade, 2012

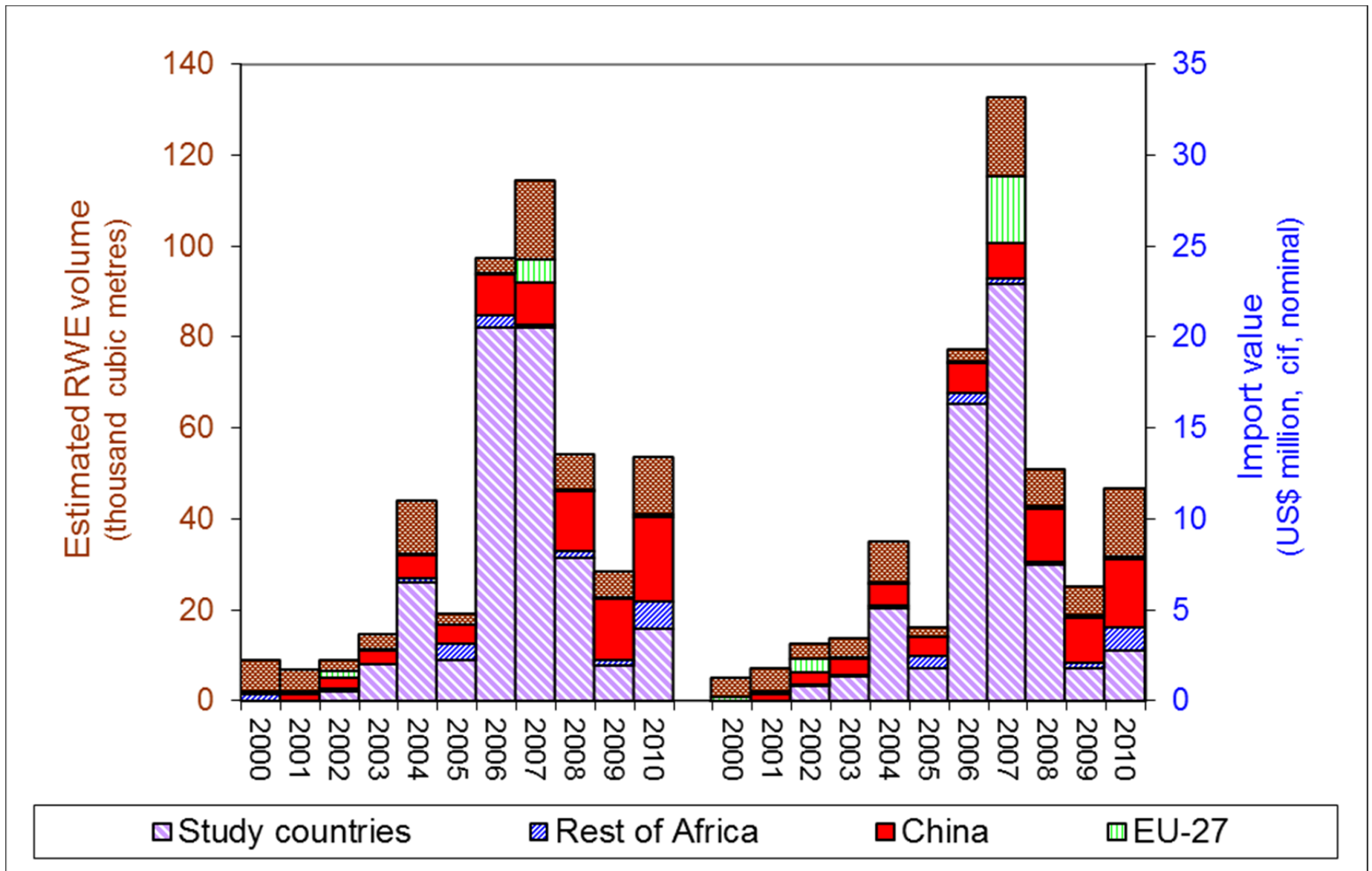


Figure 8 Kenya's Imports of VPA core products (by supplying country)

Source: UN Comtrade, 2012

Kenya's imports of timber have tended to increase since early last decade. However, relatively large volumes of logs imported from Tanzania during 2006 and 2007 distort the underlying trend. Given that the trend has been going on since 1999, when logging in plantations in Kenya was prohibited, it is unlikely that the increase is attributable only to that prohibition. The majority of those imports of logs are not recorded as exports from Tanzania. During recent years, China, Malaysia, South Africa and Tanzania have supplied most of Kenya's imports, the latter primarily as logs and sawn wood. It is almost certain that a substantial volume of logs that Kenya imports from Uganda is in transit from South Sudan to India. The biggest teak plantations in Africa are in South Sudan and the teak is exported mostly to India. Records indicate the teak as imports to Kenya although the bulk is in transit via Mombasa.

Kenya imports a substantial volume of hardwoods from DRC, Tanzania and other neighbouring countries. The "Forestry Monitor" (2007) indicated that trade in hard woods obtained from DRC increased tenfold in the period between 2001 and 2006 (Table 6).

Table 6 Sawn-timber Imports from DRC

Year	Value (US\$) of sawn Timber Imports from DRC to:				
	Kenya	Uganda	Rwanda	Burundi	Total
2001	54,639	3,639	-	-	58,278
2002	93,554	-	-	-	93,554
2003	200,971	-	-	-	200,971
2004	472,030	4,800	5,679	-	482,509
2005	531,645	7,003	945	-	539,593
2006	543,391	15,442	7,455	2,601	553,447

Source: Forests Monitor, 2007

Attempts to verify the volume of hardwoods imported into the country with the Kenya Revenue Authority (KRA) (Customs Department) were not successful. Visits were made to companies known for dealing in hardwoods such as Wood Products (K) Ltd, Timsales Ltd, Shah Timber, Wood Makers Ltd, Timber Corner Ltd, Nairobi Timber and others. None of the companies admitted importing timber, insisting that they buy small quantities of hardwoods delivered to their mills by vendors and that they do not enquire as to the origin of the timber.

The volumes of imports into Kenya reported are estimates. There are unreported volumes of sawn timber and other forest products which come into the country through un-official border crossing points and such volumes do not get recorded in official statistics. At the border crossing points, traders under-declare cargo in order to avoid payment of taxes and this distorts statistics of the volume of products coming into the country. Information gathering at these points is not efficient and Customs officials are unwilling to provide official statistics of wood products imported into Kenya. This is for fear of self-incrimination. In order to capture accurate data on volumes of wood products imported into Kenya, KFS in 2011 started a system of collecting data at all border crossing points. Officers have been posted to all border points and will record volumes of all products imported on a monthly basis.

According to KFS (personal communication), on average 70 FPMPs are issued annually and for the period July 2011 – June 2012, FPMPs were issued for about 27,000m³ and 5000m³ respectively of softwood and hardwood (mainly Mahogany from DRC) of imports. Two “no objection letters” issued in 2012 from DRC and Cameroon indicated that in both cases they were in the French language and were signed by “Ministers”. In the case of Cameroon, one Philippe Ngotte Ngese issued the letter, valid for one year and covering, 72,000 m³ of iroko, mahogany and sipo timber to be secured from “*all over Cameroon*”. A FPMP was also issued for 1000 m³ of cypress timber from thinnings on Mt. Elgon in Uganda. It is estimated that about 20% of all imported hardwood timber is illegal while the corresponding figure for softwood is 5%. Apparently, there is no effort by the GoK to carry out due diligence on the authenticity of the “no objection letters” from countries of origin, glaring loopholes and contradictions in some of the letters notwithstanding.

9.3 Exports

According to KFS (personal communication) no direct export of timber originating from Kenya forests has occurred for more than 10 years as domestic demand is very high and the country is a net importer. Despite the foregoing, however, some wood products exports have been recorded and these are largely manufactured products such as plywood, block-boards, hard-boards, chip-boards, carvings, paper tissues and hardwood furniture components (see table 7 and figures 8 and 9). The latter is imported mainly from Tanzania (probably including some from Mozambique and Malawi), DRC and South Sudan, processed and exported.

Table 7 Export of Wood Products and Values (tonnes and KSH, in millions)

Product	2007 ²	2008	2009	2010	2011
Wood manufactures	1447 (310)	971 (212)	866 (160)	812 (167)	712 (193)
Paper and paper board	20611 (1039)	21990 (1354)	7929 (642)	7666 (544)	9572(651)

Source: Statistical Abstract - Central Bureau of Statistics, Ministry of Planning and National Development, 2012

Given the logging prohibition, Kenya exports such small quantities of wood-based products deriving from wood from trees which grew in woodland or tree plantations in Kenya that the resources needed to negotiate a “Voluntary Partnership Agreement” (VPA) with EU might outweigh any benefit which would accrue from the VPA. However, if the process of negotiating a VPA were able to strengthen FLEGT in Kenya, then a VPA might prove worthwhile – but it would not necessarily be the best way of achieving the same outcome. Figures 8 and 9 show Kenya’s exports (study countries include Uganda, Tanzania, Mozambique, Zambia, Rwanda, Burundi, Madagascar and South Africa).

² Only data from 2007 onwards were available. The experts approached the Kenya Revenue Authority in Nairobi but they could not obtain any additional info.

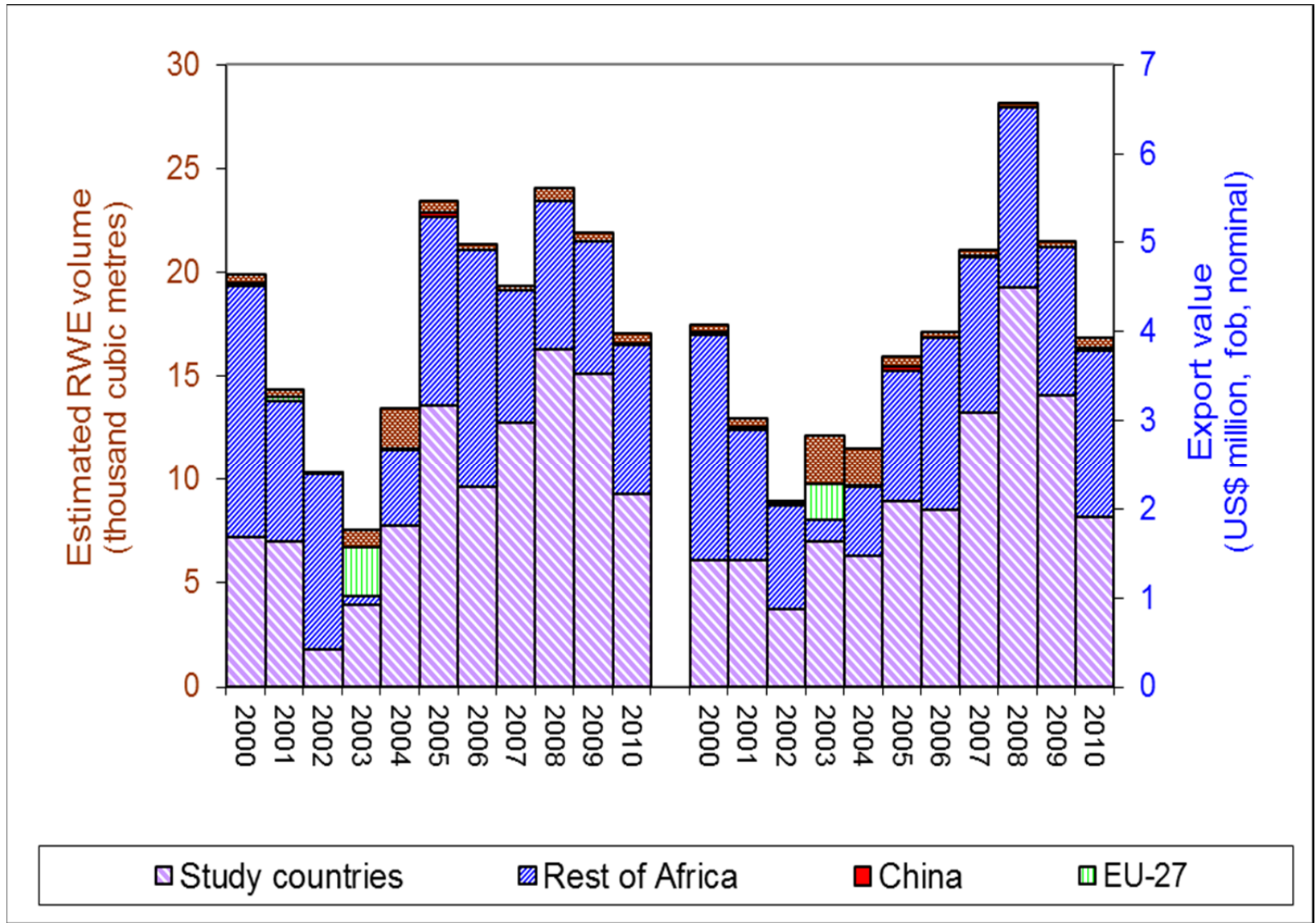


Figure 9 Kenya's Exports of VPA Core Products (by destination country)

Source: UN Comtrade, 2012

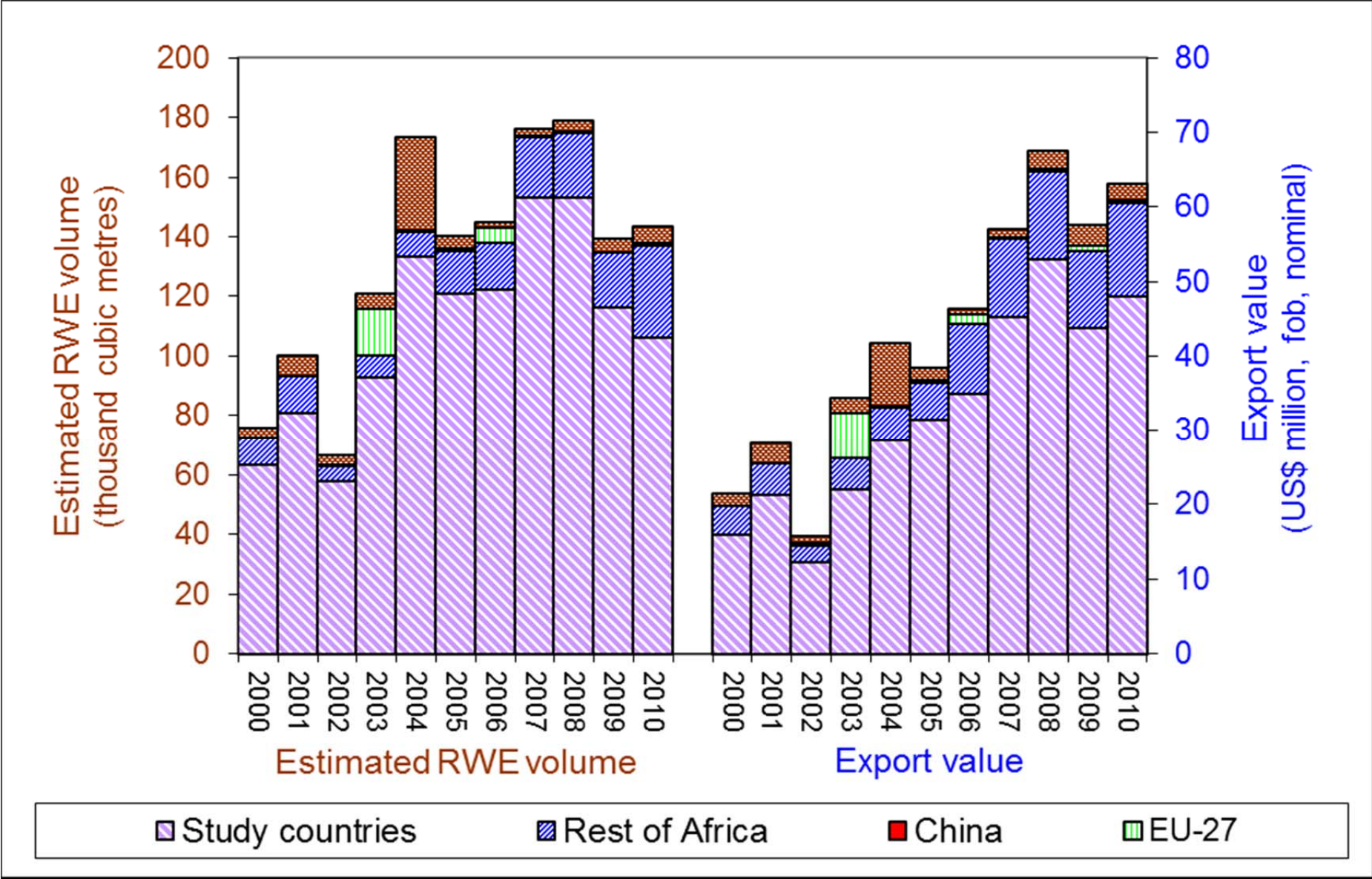


Figure 10 Kenya's Exports of Paper Products (by destination country)

Source: UN Comtrade, 2012

9.4 Customs Procedures

The Customs services in the EAC have been modernised and harmonised as part of a EAC-wide trade facilitation programme which includes collaboration between Customs services, data exchange and one-stop border posts. This process includes also improvement of Customs infrastructure, adoption of computerised systems (such as Asycuda), adoption of the 2009 Customs Management Act and the Common External Tariff and adoption of standard internationally used codes (HS codes) for commodities traded. The foregoing has greatly improved the quality of information being collected by Customs authorities across the EAC countries. In general, however, timber is handled like any other commodity that crosses the Kenya borders. Customs officials are not in any way trained on the uniqueness of this commodity nor are they exposed to technical terms for measurements, necessary and authenticity of documentation, species recognition and valuation etc. At the border, therefore, timber is just declared and valued according to what has been declared, then verified, dues are paid and the timber is released.

10. Trends and Key Issues

It will suffice to note that reforms of the forestry sector are still ongoing, with new policy and legal amendments awaiting stakeholder's consultations before being tabled in the Parliament. Previous institutional reforms have led to positive effects in mitigating internal weaknesses, raising the profile of the sector and retraining staff to fulfil their respective functions. There is need for consolidation as new reforms are carried out. It is obvious that timber trading in Kenya to a great extent is still informal with inadequate information across the value chain. Both KFS and KRA tend to deal with segments that are relevant to their functions. There is a need to establish formal channels of communication and dialogue platforms among key stakeholders to streamline operations and harness synergies.

There is no centralized or formalized depository of forestry information and paucity of systematic data on key aspects of forestry in Kenya to enable discerning of trends, including those on FLEGT is a key issue. Whereas both state and private forests are sources of forest products, it is difficult to segregate quantities coming from either due to inadequate controls and poor records. Imports of timber appear to be the preserve of KRA which only maintains records for taxation purposes and hence traceability is hard. The plan by KFS to monitor timber imports at all border points will produce valuable information regarding origin and volumes of timber coming into the country.

11. Anecdotal Information and Stakeholder Perceptions on Illegal Logging and Trade

11.1 Timber Tracking

As mentioned earlier, forest crime is tracked, reported and followed by ENCOM, although the process is skewed towards physical protection of forests. There is neither a system for verification of the legality of timber beyond paperwork nor a systematic corresponding database. While there is generally cooperation among the relevant law enforcement authorities in the country, the parameters for the cooperation are not well defined.

11.2 Illegal Trade in Timber from DRC

Hardwood timber from DRC finds its way into Kenyan lucrative market mainly through Uganda. The timber is brought by a syndicate of vendors with connections in Customs. These connections are useful tools in tax avoidance through under-declaration of volumes. Once the timber enters Kenya, the vendors sell it to companies engaged in furniture production, panelling or manufacture of components for export. According to the Sawlog Production Grant Scheme of Uganda (2010), about 40,000 m³ of round wood are imported into Uganda from the DRC of which 20,000 m³ are in transit to Kenya and other countries. The DRC government has acknowledged its lack of control over the rate of extraction, the collection of taxes on logging activities and the customs fees at the exit points (IUFRO-FONESSA, June 2012, Nairobi). Reliable sources estimate exports from Eastern DRC at 48,000 m³ of timber per year. It is expected that trade in illegal timber from the DRC will decrease as Non-Governmental Organizations heighten the awareness campaign about the environmental problems posed to the continent by deforestation of the Congo Basin. However, this will require commitment and political good will from the governments in the region although that looks unlikely for the foreseeable future. There are not the slightest indications that governments are about to take any action in this regard.

11.3 Smuggling across Borders

A report by EAWLS in partnership with Tanzania Natural Resources Forum in June 2012³ indicates that illegal trade takes place especially through unofficial routes between Kenya and Tanzania. Table 8 shows the information captured in a period of 6 months (May- October 2011) on illegal cross border trade.

³ Trade In Forest Products Between Kenya And Tanzania; A report by EAWLS in partnership with Tanzania Natural Resources Forum

Table 8 Estimated Volume of Forest Products Crossing Border Points

Forest Product	Volume (m ³) - Kenya to Tanzania			Volume (m ³) - Tanzania to Kenya		
	Taveta/Holili	Horohoro /Lunga Lunga	Namanga	Namanga	Holili/Taveta	Horohoro/Lunga Lunga
Timber	-	6	-	4278	4823	15862.87
Furniture	160	17.5	80	51	110	21
Poles	-	-	-	-	1657	1436
Seedlings	-	-	12	-	-	-

Source: The Trade in Forest Products Between Kenya and Tanzania, 2012

Smuggling wood products across borders denies the country foreign exchange and at the same time undermines conservation efforts across the borders. Control of forest diseases and the spread of harmful insects and pathogens are compromised. Some of the forest ecosystems such as the Mt. Elgon and Mt. Kilimanjaro are shared by Kenya and Uganda, and Kenya and Tanzania respectively. Management of these ecosystems need to be harmonized for the good of the residents of those countries. EAC plans to enact a protocol on the management of cross border ecosystems in order to harmonize management and ensure sustainable use of the forests.

12. Conclusions and Recommendations

12.1 Conclusions

Kenya is a key market and destination of forest products in the region due to its large economy and well developed communication networks including the Mombasa Port for exports. It is, therefore, central to any forestry developments in the region. The current *laissez faire* practice of not caring whether imported timber is from legal or illegal sources provided dues are paid at entry is counter-productive, even in the short term. When the forests in countries of origin are destroyed, it is the Kenyan economy that is likely to suffer most as the market for forest products in the country is substantial and more differentiated and structured.

12.2 Recommendations

National

The review of the Forest Policy and the Forest Act has important implications on management of forests in Kenya. Whether forest management will be devolved or will remain under GoK has implications on conservation of biodiversity and water catchment areas as well as management of forest plantations. Stakeholders should ensure that the review is done in a manner that will consolidate achievements made in the sector so far and safeguard the future of forests in Kenya.

It is recommended that certification of forests under a suitable process such as the Forest Stewardship Council (FSC) is promoted in the country for both private and public forests. This will have a positive impact on the quality of management of those forests. As industries are refurbished and renewed after the lifting of the logging ban, there is need to establish CoC for the material originating from certified forests. This will help track movement of logs from GoK forests to sawmills. KFS should invest in the establishment of a traceability system for logs and timber from different sources, including imports. This will reduce incidents of illegal activities and make the law enforcement much easier.

Reliable information on the trade in forest products is generally lacking and when available, is housed by different government departments and interpreted to suit the needs of the user. KFS should make it one of its key responsibilities to collect information on forest products trade. A central computerised depository of the information should be housed at KFS and be made available to all users.

Charcoal trade has increased in value over the years but still operates in a very informal manner. Charcoal production is responsible for massive destruction and degradation of marginal ecosystems every year. In order to have the necessary control over charcoal production nation-wide, KFS should endeavour to implement the “Charcoal Rules” (subsidiary law) to their fullest extent and push for more formalization of this sub-sector.

Regional

Kenya should recognise its strategic interest in sustainable management of forests in countries exporting to it and work together with these countries to establish control systems for legal trade in forest products to ensure sustained and steady supplies to her markets and economy.

International

Given the logging prohibition, Kenya exports such small quantities of wood-based products deriving from wood from trees which grew in woodland or tree plantations in Kenya that the resources needed to negotiate a VPA might outweigh any benefit which would accrue from the VPA. However, if the process of negotiating a VPA were able to strengthen governance and civil society in order to protect against socially and environmentally unsustainable projects in respect of commercial agriculture and/or REDD+ (particularly if these involve “poor governance”), then a VPA might prove worthwhile – but it would not necessarily be the best way of achieving the same outcome.

Annexes

Annex 1 -References

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Annex 2 - List of Persons Contacted

Name	Organization	Designation
Mr. David Mbugua	Kenya Forest Service	Director
Mr. Emilio Mugo	Kenya Forest Service	Senior Deputy Director
Col. (rtd) Kimani	Kenya Forest Service	Deputy Director - ENCOM
Mr. P. Kariuki	Kenya Forest Service	Deputy Director - Extension
Mr. Mbiri	KAMFOR Consultants	Partner
Mr. Gatungu	Central Bureau of Statistics, Kenya	Snr. Statistian
Mr. Mwangi	Kenya Revenue Authority	Customs Officer
Dr. Frida Mugo	Nairobi University	Lecturer/charcoal consultant
Mr. Korir	Kenya Forest Service	Asst. Director Marketing
Mr. Jivraj	Wood Makers Limited	Production Manager
Mr. Parakach	Timsales Limited	Sales Manager
Mr. Shah	Shah Timber Merchants	Factory Manager
Mr. C. Shah	Timber Corner	Sales Manager
Mr. James Oiko	Kenya Revenue Authority	Marketing Officer
Mr. R. Makhanu	East African Wildlife Society	Coordinator - KFWG
Mr. J. Bambo	"	Project Officer - KFWG
Mr. C. Ngoriareng	Kenya Forest Service	Officer
Mr. K. A. Kurgat	Kenya Forest Service	Zonal Manager - Namanga