



UTGA
Uganda Timber Growers Association

Uganda Timber Growers Association
ANNUAL REPORT
2019

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COVER PAGE: Scenic conservation area adjacent to tree plantations in Rubirizi district



VISION

To be the leading commercial forestry actor in Uganda.

MISSION

To support efficient, high quality and profitable commercial forestry investments that represents members' interests through collective effort.

CORE VALUES

- 1. Honesty:** We are open and truthful in whatever we do and we condemn all forms of dishonesty
- 2. Accountability:** We hold our selves accountable to the highest level of ethical behaviour and responsibility for our actions, while maintaining integrity in our performance.
- 3. Mutual Respect:** We respect each other's views and contributions cognizant of the fact that each individual is endowed with different and unique capabilities which are useful to the attainment of the Associations' objectives.
- 4. Gender Equality and Diversity:** In fulfilling our mission we treat men and women equally with fairness and acknowledge, respect and celebrate the diversity within our membership.
- 5. Participation:** We appreciate each other's participation and encourage all the members to actively participate in the affairs of the Association.
- 6. Value for quality:** We stand for the best standards and practices in commercial forestry.



CHAIRPERSON'S REPORT

I would like to welcome you all here to the 13th Annual General Meeting (AGM) of our Uganda Timber Growers Association (UTGA).

Special words of welcome to you all our invited guests. I wish to congratulate you all for having concluded 2019 successfully and thanks to Almighty God for this far HE has brought us.

We have had another successful full year working together with a huge amount of background activities. We remain active on many fronts and for a community of Timber growers, with a relatively not very big membership I feel we punch well above our weight.

Operating Environment

Our Association has maintained an upward trajectory amidst the many financial challenges and the uncertainty caused by the looming proposal by REA to utilize the concrete poles for Electricity instead of the Timber poles. We continue to operate being guided by our 2020 - 2024 Strategic plan.

Membership

I wish to welcome 62 members who joined us in 2019 and salute the 201 paid up members. We wish to appreciate you all who heeded to our call to join the Association. I wish to encourage you all to be our ambassadors in recruiting more members into our UTGA family. We wish to encourage your all in joining and participating in regional cluster meetings. A time schedule for the meetings is available at the secretariat.

I firmly believe that we need to continue to widen the mix of our membership to reach all areas of our timber growers community that may not currently be represented. To be healthy and robust we need a constant flow of new members. UTGA exists for its members so I would encourage all of you to express yourselves – you might like to comment on the way the UTGA is run, the content of our activities and program, things you would like us to do in the future, lines of communication or indeed anything material to the Association. Please let us know your ideas and/ or comments.



Strategic Plan

UTGA has a 5year Strategic Plan (2020 – 2024) that is guiding us in our operations. The plan is hinged on five thematic areas, which focus on building a strong and sustainable financial and institutional base to assure sustainability of the Association. We are confident we are on the right path for the Association to deliver on its mandate. We are currently focusing mainly on internal resource generation more importantly enhancing the profitability of our model nursery and service provision. Anyone interested in a copy of the SP, it can be got from the secretariat.

Governance

The board has been able to meet regularly as required. The Board together with its sub-committees have continued to guide the secretariat. I sincerely thank everyone involved for the cordial working relationships that exist. The commitment of the board members who travel from far and near to attend the meetings I salute you.

Challenges

Some of the challenges UTGA are likely to face include but not limited to the following:

- a) REA Overhead power distributions Proposals Rural Electrification Agency (REA) construction proposals and designs for overhead power distribution networks are pointing to the use in future of concrete poles other than the Environmentally friendly wood poles. This once in place will throw our growers more than 20years back. As we all know this has been our main hope of economic empowerment for many. We shall endeavor to continue lobbying the relevant bodies for consideration.

- b) **Timber Export**

This topic has been on the Ministry of Water and

Environment tables for a while. This has led to our timber crossing through our Porous borders illegally and dangerously. We pray that now that UTGA has been invited to be on the Steering Committee for “Investing in Forests and Protected Areas for climate Smart Development Project”, this issue will be tabled again and a permanent solution be concluded.

Currently there are no clear government regulations on timber exports; our strategy therefore, will focus on having clear engagement with relevant departments to have friendly regulations on exports.

c) **NFA Land.**

As some of you might have experienced, one of the challenges with NFA land is the inaccessibility to the land purchased for the new planting. Some of those that were given land by NFA cannot use it to date as it is encroached. NFA has asked for more time to deal with that problem.

d) **Timber prices**

Timber growers have been experiencing fluctuations of timber prices. This mainly is due to uncertainties caused by the informal Sector. Our effort will gear towards lobbying government to regularize the sectors. Staff/Employees

The Association has a total of 5 full time employees. Any organization’s employees essentially represent the quality of that organization. To maintain the quality workforce, the Board has earmarked some funds to invest in staff recruitment, developing and enhancing their skills to match the set growth demands of the Association and its members. The Board embraces performance competencies to reward and retain the best talents.

Conclusion.

In conclusion we are always looking for help. I would ask everyone to get involved, by contributing to any of the sub-committees or simply volunteering your time both at cluster

or national level. Every member has skills and talents that can be brought to the Association to improve and develop the activities of the UTGA.

I would like to thank especially all those who have helped us throughout the year by volunteering their time free and/ or who have supported and sponsored our various activities.

Appreciation

I wish to sincerely appreciate your support and patronage. Indeed, we would not be where we are today without the consistent, unequalled loyalty and confidence you have for us. We look forward to serving you better.

The Board, management, staff and the entire UTGA fraternity says a big THANK YOU for the support of our over 650 registered members. We commit ourselves to growing member value and providing member focused products, services and unprecedented member experience.

We will strive to be worthy of the trust you have bestowed on us. In fact, you are the reason for our UTGA.

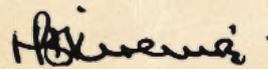
We also remain appreciative of our business partners, stakeholders and the regulators who have tirelessly continued to provide invaluable support.

To our employees, I wish to express our sincere gratitude for making year 2019 a fruitful one by diligently playing your part. Lastly, I thank you fellow Board members for your contribution, dedication, support as we together propel this great organization to higher heights.

Finally I would like to remember all of those recently deceased in our parish (UTGA) in 2019 especially we remember our members who are bereaved during the year. May the Good Lord comfort you all.

I wish you all a prosperous year 2020.

May God bless you.



**Kiremire Noreda Bashabe
CHAIRPERSON**



Message from the UTG-SACCO

The members of the Uganda Timber Growers Association (UTGA), set up a Uganda Timber Growers Cooperative and Savings Society (UTG-SACCO) in 2010 as a means to mobilize internal funding among themselves, and to be used as the financial investment arm of UTGA. The mission of the UTG-SACCO is

“To provide innovative and efficient financial services to our customers and create value for our credit union members”.

Performance of the SACCO in 2019

Membership

Six new members joined the SACCO and thus increased SACCO membership from 77 to 83. We encourage more UTGA members to join the SACCO and benefit from the good financial services that the SACCO offers to its members.

Financial performance

The SACCO annual total loan turnover increased from UGX 320,600,000 in 2018 to UGX 416,500,000 in 2019, giving us an increment of UGX 95,900,000. The Share capital increased from UGX 334,080,000 to UGX 444,860,000. The direct members' deposits for 2019 were UGX 26,371,450. The dividends distributed to members. were UGX 25,909,715, which was the net profit acquired in the year 2018. Members purchased shares worth UGX 50,210,000 in 2019 (the highest in the history of the SACCO).

The total assets grew from UGX 382,848,166 in 2018 to UGX 530,225,711 in 2019 (again the highest increase in the history of the SACCO). Advances to members increased from UGX 256,775,321 in 2018 to UGX 306,728,031 in 2019, while our total loan turnover was UGX 416,500,000. The SACCO's gross operating income increased from UGX 64,034,497 to UGX 150,127,911

Feasibility study for a value addition initiative

In the 9th Annual General Meeting of the SACCO, members gave the Executive Committee mandate to mobilize funds to carry out a feasibility study to ascertain the viability of setting up a value addition initiative, as one of the investment vehicles for the SACCO. The value addition initiative will help members get a good financial return on their investment. The Forest Stewardship Council (FSC) and World Wide Fund for Nature (WWF), Uganda Country Office, have provided grants for the feasibility Study. We would like to pass on our sincere appreciation to WWF, Uganda Country Office, that contributed a grant of US \$ 15,000 and FSC. that contributed a grant of US \$ 10,000 for the feasibility study



Challenges in 2019

The growth of membership of the SACCO has been very slow because most members of UTGA members have not yet joined the SACCO. One of the key targets in the SACCO Strategic Plan is to grow to 300 members enhance economies of scale.

Way forward

We will continue working on developing the value addition initiative as an investment vehicle for members of the SACCO. We shall collaborate with UTGA to recruit new members to the SACCO. We are encouraging members of UTGA to join the SACCO to benefit from the value addition initiative.

Edward Mupada

UTG-SACCO Chairman

Message from FAO/SPGS

Spgs Phase III Project Advancing Commercial Forestry In Uganda

The 3rd phase of the Sawlog Production Grant Scheme (SPGS) Project continues to make progress in advancing commercial forestry in Uganda by supporting Government, private sector and communities to benefit from commercial tree planting. This phase of the project started in 2016, to build on progress and achievements of the previous phases, through which over 40,000ha of plantations were established. Below are some updates from the Project:

Plantation development and downstream processing

The FAO/SPGS III Project targets supporting establishment of 23 000ha of forest plantations by private tree farmers. So far, the Project has supported planting of about 18 000ha (78%). With the no-cost extension, grantees have received an extra planting season within their Grant Support Agreement (GSAs) with FAO. Furthermore, FAO through SPGS Phase III, has earmarked funds to support private commercial tree growers/wood processors (on a cost-sharing basis), in four regions below, to acquire improved mobile saw mills to aid efficient wood processing: Western region (Ankole and Kigezi), Mubende and Toro sub-regions, Northern region (Lango, Acholi and West Nile) and Eastern region (Busoga, Bugisu, Bukedi and Teso). Support to downstream processing will help tree farmers to add value to their trees, which are due for harvesting and processing into timber and other wood products.

Training and capacity building

SPGS III is helping to empower students of forestry as well as private individuals involved in commercial forestry, with skills and knowledge to address key aspects in the sector. The Project has conducted about 30 training courses and over 700 tree farmers (18% women) trained in various fields of plantation development, including: Forest Engineering, Forest Inventory, Timber Grading, Chainsaw Operations and Development of Bankable Projects. SPGS III is also supporting Nyabyeya Forestry College, a technical institution offering vocational training in forestry, to strengthen its technical capacity to offer hands-on forestry training. The College received support to review and update training content and establishment of demonstration sites (plantation and nursery). FAO will support the college to acquire basic forestry tools and equipment to facilitate practical training.

Research and development

Through the National Forestry Resources Research Institute (NaFORRI), the Project initiated research on potential timber species for dryland areas. Multi-locational trials have been established in Nabuin ZARDI, Kiruhura, Kasagala and Kyahi Central Reserve Forests, to research on six tree species which include dryland trees: *Gmelina arborea*, *Melia volkensii*, *Melia azedarach*, *Grevillea robusta*, *Eucalyptus clones G X C 550*

and G X C 796. NaFORRI is also updating the Pests and Diseases Management Guideline to help tree farmers to recognize and control pests and diseases of commercial plantation trees.

Development of national standards

FAO, through SPGS III, has supported the Forestry Sector Support Department (FSSD) in the Ministry of Water and Environment, to develop a number of national standards against which quality performance in commercial forestry can be benchmarked. FSSD, UTGA and SPGS are working closely with Uganda National Bureau of Standards (UNBS) to develop the Standards and so far, the development of Timber Grading Standards is in advanced stages of being nationalized. Timber standards will greatly facilitate legal timber trade in Uganda.

Certification of service providers

The project has progressively noted a steady increase in the number of service providers expressing interest for certification. It has recorded an increase of 8% in the number of certified nurseries from 95 in 2018/2019 to 103 nurseries in 2019/2020. In response to growers' increased interest in commercial growing of bamboo, and also to diversify species for plantation forestry, Bamboo has been included on the list of species supported under the project mainly for bioenergy.

Exploring options for commercial forestry financing in Uganda

FAO, through SPGS III is facilitating discussions between forestry investors and financial institutions to improve knowledge and information sharing in regard to forestry financing. The Project organized a workshop to enhance financial institutions' awareness and capacity to finance forestry value chains and access. The workshop was attended by representatives from commercial and development banks. The workshop built on earlier engagement between banking institutions and credit facilities and tree growers, organized on behalf of FAO by the Uganda Timber Growers Association (UTGA) in 2018. Consequently, the SPGS III Project organized a targeted capacity building workshop for tree farmers and Small and Medium Enterprises (SMEs). The workshop aimed at helping participants to strengthen their skills and knowledge in developing bankable business plans that comply with potential investors' or creditors' criteria, covering scoping, feasibility and risk assessments of the planned investments.



Leo Hitimana
COORDINATOR

General Manager's Report

The United Nations projects that 68% of global population will live in cities by 2050, which includes those in Uganda. This means that there is an urgent need to work on making our cities and urbanizing areas green and put in place systems that reduce environmental impacts, increase social amenities, economic viability and therefore enhance the quality of life of inhabitants. Global warming is with us and trees are the most cost effective and naturally available means of extracting and storing excess carbon from the atmosphere. Uganda's estimated emissions in 2030 will be 77.3 Million tons of carbon dioxide equivalent per year (MtCO₂eq/year). The Uganda Vision 2040 whose main aim is to transform the country from a peasant to a modern, upper-middle income economy also recognizes the need to promote climate resilient low-carbon development and a green economy. The amount of CO₂ a tree sequesters varies based on the growth rate, age, and species of the particular tree but on average, a hectare of forest plantation is estimated to sequester around 900 tCO₂eq/yr. Young, quickly growing trees uptake significantly more carbon than mature trees with a slower growth rate. Warm and wet climates with long growing seasons as we have in Uganda, also contribute to rapid plant growth and indirectly promote higher rates of carbon sequestration. The age of the forest plays a role as well. Studies show that new forests grown on land considered to be degraded, are capable of storing up to 11 times more carbon than old-growth rainforests, where tree growth has largely plateaued.

Forestry in Uganda

It's widely accepted that steady economic growth and human welfare are dependent on benefits obtained from the environment. In Uganda, it's estimated that forestry contributes 7.8% to National Gross Income with a value in excess of USD 1.3billion a year. The 2030

Agenda for Sustainable Development Goals, also referred to as the Sustainable Development Goals is a universal commitment to ending poverty, protecting the planet and ensuring human well-being. At the core of this agenda



are 17 Goals with 169 targets, that cover the three pillars of sustainable development that include economic, social and environmental with a strong focus on quality of life, justice, and equality, as well as the sustainable consumption, production and use of natural resources.

The SDGs are major drivers in efforts to halt deforestation and forest degradation worldwide, and to strengthen the positive contributions that forests play in the future of sustainable development. The work of UTGA and its members is aligned to accomplishing of SDGs especially

Goal 1 - No poverty through the provision of forest jobs for income, wages and sharing in forest benefits,

Goal 2 - Zero hunger is addressed through protecting biodiversity and mitigating the effects of climate change. Forests complement sustainable food production systems and can promote resilient agriculture practices, Well-managed forests support

Goal 3-Healthy lives and well-being by supporting efforts to reduce pollution and ensuring healthy and safety practices our members contribute to improvements in the health & quality of life of the people.

Goal 4 - Quality Education through supporting the establishment and running of schools and the increase of educational opportunities for especially children in plantation adjacent areas. Forestry also has positive impacts on social wellbeing of communities.

**Goal 5 - Gender Equality,
Goal 6 - Clean water and sanitation,
Goal 7 - Affordable and clean energy,
Goal 8 - Decent work and economic growth,
Goal 9 - Responsible consumption and production, Goal 10 - Climate Action and
Goal 11 - Partnership for the Goals that supports**

commercially viable forest management practices, legal timber trade, domestic resource mobilization, increasing exports and promoting smallholder group certification.

UTGA made a contribution to discussions aimed at preparing Uganda's mitigation and resilience against the effects of climate change.

Membership

UTGA facilitated multi stakeholder platforms for networking, forming and strengthening partnerships at country and regional levels.

UTGA registered 62 new members in 2019 while 201 members were fully paid up. UGX 6.2M was collected as registration fees and UGX 55.79M as subscription fees. Total receipts collected from members was UGX 61.9M, inclusive of UGX 13.6M received as arrears. A distribution of the same is juxtaposed with collections of previous years as shown below.

Details	2019	2018	2017	2016	2015	2014	2013	2012
New Members	62	57	72	54	50	72	46	71
Paid up Members	201	221	208	194	144	144	172	176
Registration fees(M)	6.2	5.7	7.2	5.4	4.8	6.5	4.6	7.0
Subscription fees (M)	55.79	63.78	57.25	45.59	38.04	38.87	48.08	46.07
Total Collections (M)	61.99	69.48	64.45	53.74	42.89	45.46	52.68	53.07



UTGA Management

After elections during the Annual General Meeting on 28th March 2019, there was a handover meeting to the incoming Board on 16th April 2019. Subsequently, the UTGA Board met on 18th July, 3rd October and 12th December 2019. The Board was supported by dedicated staff to focus on sustaining this long-term relationship with members. The spread of the board from different clusters and backgrounds provides a balance that deepens independent thinking and deliberations. Some members were also named to committees, bringing expertise and working experience to deliberate for UTGA.

Staff met every Monday for report, review and planning. The secretariat continued to invest in capacity building for staff and members through own initiatives and with the support of partners like FAO/SPGS. Some of the areas for capacity building included; FSC certification (Forest Management and Chain of Custody), Timber Grading, ISO Certifications, development of bankable commercial forestry business projects.

Strategic plan (2020-2024)

Consultations on the UTGA five-year strategic plan (2020-2024) that were wide and exhaustive were concluded. A consultant was used to collect, analyze and compile ideas from Members, Board, staff and other stakeholders in forestry. The new UTGA Strategic Plan encompasses the thinking, aspirations and interests of many in the sector. The SP is being designed and will be shared online for members to access.

2019 UTGA Annual General Meeting and Forest Fair:

This was held on 22nd March, 2019 at the UMA Conference Hall in Lugogo. The Forest Fair run side by side with the meeting and participants included suppliers of forestry inputs, goods and service providers including suppliers of tools, equipment and machinery.

Collective procurement and technical extension

One of the benefits of UTGA members is to receive member discounts on improved seed and seedlings, tools &



Growers at a UTGA field meeting in the Albertine cluster

equipment, hydrogels, herbicides and other forestry inputs. UTGA imported 56kg of F2 PCH from Australia 10kgs from Brazil and 2kgs of clean Eucalyptus Grandis seed. UTGA is also encouraging its members to grow indigenous trees too as these are going to be key for the future of forestry. Fair Ventures international which is a German company but with a local office in Uganda is promoting reforestation using indigenous tree species. Technical support services continued to members and stakeholders continued to grow. 2019 saw a bigger number of growers (especially the new members) seeking technical advice on the management of their plantations. The secretariat continued to strengthen its technical capacity and outreach in the country, region and beyond. UTGA received visitors from Kenya, Tanzania, Denmark, Germany, South Africa, United Kingdom, India, Taiwan, South Korea and China. UTGA also participated in many national, regional and international engagements. Local partnerships with WWF, ACODE, ENR CSO Network,

MWE, NFA, UNBS, NAFORRI, Uganda Petroleum Authority, UMEME & World Bank were strengthened. UTGA participated in regional and international engagements with WWF & Traffic at the East African Timber Trade Forum (EATTF), FSC and the Sustainable Wood for a Sustainable World (SW4SW) organized by FAO.

The UTGA Nursery

The UTGA nursery continues to expand and grow its services to members and other commercial tree growers. In 2019, it produced a total of 482,000 seedlings for sale which is an improvement from 390,000 seedlings in 2018. There was an expansion of the clonal mother garden, a new dormitory for workers and a new greenhouse erected to accommodate more and fragile seedlings for a little bit longer.

Pests & Diseases

There were isolated cases of tree deaths at a few



Forestry fire sensitization of UTGA tree farmers in the Northern Uganda cluster



plantations. UTGA engaged NAFORRI and after a study were informed that these were site specific and a result of adverse weather and/or poor silviculture e.g. insufficient or no thinning. A very strong current on two occasions swept, broke and destroyed sections of trees at members' plantations especially in the Mubende cluster. The scale of destruction was gross!

Forest Products And Trade

As the plantations mature, UTGA's support to sales of wood from members' plantations will continue.

Trees coming to maturity will obviously attract opportunistic timber theft and this will require increased vigilance along the supply chain and at centers of processing.

UTGA will strengthen its outreach in anti-timber theft initiatives and discourage trade with nonconforming suppliers. This is intended to safeguard and secure long-term resource investments of patient tree farmers.

UTGA engaged the Ministry of Water and Environment (MWE) in a bid to formalize timber/wood exports. This was premised on the fact that the trees planted earliest were coming to maturity hence the need to harvest them.

Efforts were also made to lobby for licenses to export timber across borders especially to Kenya where a ready market is present. It became quickly clear that Government of Uganda did not have a strategy to handle and promote this initiative. It was easier for traders in Kenya to come to Uganda, to buy wood and export it themselves than it was for the growers in Uganda to export the wood they'd grown to Kenya and South Sudan.

UTGA continued to carry put monitoring of plantations where resin tapping is taking place, even if there were some challenges like tree breakages due to wind storms and on marginal sites with poor soils and in plantations where there was non conformity to modern silvicultural behavior. The initiative continued to be beneficial to more growers with total acreage now exceeding 4000 hectares.



Log classification is part of harvesting best practices

Certification

UTGA's group scheme for small and medium scale growers attained FSC certification in May 2019. It started with e tree farmers and was also the first in Africa to be audited using the country's own National Forestry Stewardship Standard (NFSS). The three member plantations that included Buyigi plantation, Isabella plantation and the Kirangwa plantation who attained the mark of responsible forestry management after a main assessment conducted by the Soil Association, are all in the Mubende cluster. The initiative saw 1323 hectares FSC certified. The ultimate goal is to expand the scheme and accomodate as many members and hectares as possible in order to fulfill our belief in responsible forestry management.

Partnerships

UTGA continued to embrace and strengthen new and existing partnerships respectively. Memoranda of

Understanding were signed with School of Forestry, Makerere University and Nyabyeya Forestry College which will see UTGA collaborating with the institutions in the fields of research, technical support, internship placements. UTGA established working relations with The Danish Forest Extension (DFE) who are now going to partner with UTGA on a restoration project.

FAO/SPGS

In 2019 UTGA carried out a number of activities for tree growers as had been planned with FAO/SPGS and as indicated in the signed Letter of Agreement (LOA). UTGA organized 3 cluster meetings for the West Nile cluster in Arua, Albertine cluster in Hoima and Northern Uganda cluster in Gulu and Bobi. UTGA also was able to carry out lobbying and advocacy and dialogue sessions with financial institutions.



Peter Mulondo, UTGA's Programme Officer carrying out a field - based training of tree growers in Rubirizi district



SPGS under FAO supported training of selected tree growers aimed at building their capacity to develop bankable commercial forestry business projects. A second Letter of Agreement was also signed to support growers to come up with projects that would be presented to potential investors or funders. Using this support, investment promotional activities will be held and support will be provided towards the establishment of a National Wood Processors and Traders' Association. This is an important block in the building and formalization of the wood industry in Uganda.

UTGA South African trip

UTGA organized a Forestry study tour to the Eastern Cape in South Africa, in August to expose members to processing technology and utilization of wood products. The theme of the meeting was “Harvesting, Transport and

Downstream Processing.” The team visited Humansdorp Dairy to get knowledge on Biomass supply arrangements and logistics, Woodland sawmills to see large scale wood sawing and alignment of technology to log sizes, Kubusi plantations & sawmills – Rance Timbers in Stutterheim to understand thinning processes, clear fell harvesting & integrated sawlog processing. The growers visited Chip Board Mill to understand planning and understanding scale of operations, processes and products, Mabandla Community- Forestry Community arrangements – Plantations and sawmill, Weatherboard Sawmill for industrial saw log processing and pallet manufacture, Pallet link - Industrial saw log processing and pallet manufacture, UCL Cooperative in Darlton for institutional arrangements of growers to process their timber and sugar cane and NCT Forestry Cooperative in Pietermaritzburg on institutional arrangements of growers & company



Learning and information sharing during UTGA-organized forestry tour in the Eastern Cape in South Africa

structure. The tour was very informative to the participants as they were exposed to a varied product range that can come out of what is currently termed as residues i.e. chips & sawdust used for biomass and utilization of the pine bark for composite among others.

Rance Timbers' Team is willing to become Technical Partners with UTGA for advice on Operations, Machinery, Techniques and sharing Management experience. All the plantations and plants visited are engaged in other ventures to support the financing of their forestry operations like cattle farming, ranches for hunting, goat rearing, supply of forestry inputs like herbicides, fertilizers, gardening supplies to supplement their incomes.

World Wide Fund for Nature (WWF)

UTGA renewed its MOU with WWF in and signed a contract in 2019 to work together and provide extension services to tree growers in the Albertine Grabben. As a result of this

collaboration, bodies for tree growers and traders were formed in the districts of Kasese, Rubirizi, Mitooma and Rukungiri. UTGA followed that up with assessments of gaps existing in practices and what was on ground. UTGA also designed strategies to intervene and carry out field training with growers in the four districts.

UTGA entered a Memorandum of Association with WWF which supported some forestry interventions in the Albertine graben especially in the districts of Kasese, Rubirizi, Mitooma and Rukungiri. UTGA supported the establishment of tree growers and timber traders' associations in these districts which was later followed up with interventions like trainings in best commercial forestry practices and increased access to good quality planting materials through establishment of clonal nurseries. Other interventions under thus partnership included consultations and deliberations on the direction of forestry taxation in commercial forestry in Uganda development of



Motorable roads are increasingly going to be a crucial component of below the line forestry value chain



digital linkages between suppliers/growers and buyers, participating and furthering the development of the National Timber Standard for Uganda, lobbying and promoting legal timber trade and timber exports.

CHALLENGES

- When we make outreach visits to members plantation, UTGA findings indicate that some investors are taking a long time without physical visits to their tree farms. They have left overall responsibility to managers and supervisors and are monitoring using telephones. What is on the ground and the information given to the grower is usually different.
- There is evidence that some growers are still adamant to pruning and thinning. They need to realize that any delays in these modern silvicultural practices lessen the value of the wood and limit their product range.
- It has also been noted that there is need for growers to appreciate true valuation of their investments.

Whereas there are some who undervalue the results of their tree farm work, others are over expectant. Both are detrimental and work against the tenets of modern business management.

- Whereas the growing and management of plantations by many has been at individual level, the subsequent requirements along the value chain e.g. roads, harvesting, processing and marketing need collective effort. There is need for members to embrace group dynamics which is the very essence of UTGA, its growth and interactions between its members. The strength of associations lies in its membership and the amalgamation of the different areas of expertise is what will propel UTGA to the next level.
- Some growers have not prioritized paying their annual fees to UTGA yet the mandate of the association and the provision of services to the sector is a rolling, growing and long term one.



UTGA Members at the FAO /SPGS Training on Bankable Project Proposals in Jinja

- Recording and keeping of information about the tree farming business is a very important management tool that helps to meet financial commitment and provide a basis for future decision making. Record management is vital for legal, regulatory or tax requirements and helps keep track of what is happening at the plantation. UTGA growers need to embrace this very important aspect of their tree farming life.

This coming year will be important for UTGA in many ways. More growers will start to harvest and the market should respond positively to this new direction of the industry. This however calls for growers to strengthen their collective cohesion. Since wood is an industrial product, it is important for tree growers to know their tree growing neighbor. This then helps UTGA members to gel into a formidable cluster of tree growers who are sharing information, networking, negotiations and leveraging group response to emergent issues.

OUTLOOK FOR 2020

I'd like to salute the Board members and officers at the Secretariat for the work done in 2019 and the success of UTGA so far.



Dennis David Kavuma
General Manager - UTGA



A tree planting partnership project with support from Umeme Ltd.



ACCOUNTS

Uganda Timber Growers Association Limited (limited by guarantee)

Annual report and financial statements

For the year ended 31 December 2019

REPORT OF THE BOARD MEMBERS

The board members submit their report and the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of the association.

PRINCIPAL ACTIVITIES

The principal activity of the association is to promote and ensure a sustainable, profitable, social economic and environmentally sound commercial forestry industry in Uganda.

RESULTS

	2019 Shs '000	2018 Shs '000
(Loss)/profit	<u>(58,285)</u>	<u>140,183</u>
(Loss)/profit for the year	<u>(58,285)</u>	<u>140,183</u>

BOARD MEMBERS

The board members who held office during the year and to the date of this report are shown on page 1.

INDEPENDENT AUDITOR

The Association's auditor, PKF Uganda, has indicated willingness to continue in office in accordance with the Ugandan Companies Act, 2012.

BY ORDER OF THE BOARD


 CHAIRPERSON
 KAMPALA

17th March 2020

ACCOUNTS

Uganda Timber Growers Association Limited (limited by guarantee)
Annual report and financial statements
For the year ended 31 December 2019

STATEMENT OF PROFIT OR LOSS AND RETAINED EARNINGS

	Notes	2019 Shs'000	2018 Shs'000
Revenue	3	395,072	473,897
Cost of sales		<u>(296,416)</u>	<u>(321,204)</u>
Gross profit		98,656	152,693
Other operating income	4	404,400	458,018
Administrative expenses		(265,178)	(237,472)
Other operating expenses		<u>(296,163)</u>	<u>(233,056)</u>
Operating (loss)/profit	5	(58,285)	140,183
(Loss)/profit for the year		<u>(58,285)</u>	<u>140,183</u>
Retained earnings at the start of the year		693,221	504,827
Prior year adjustment	12	-	48,211
(Loss)/profit for the year		<u>(58,285)</u>	<u>140,183</u>
Retained earnings at the end of the year		<u><u>634,936</u></u>	<u><u>693,221</u></u>

ACCOUNTS

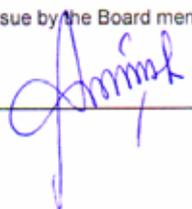
Uganda Timber Growers Association Limited (limited by guarantee)
Annual report and financial statements
For the year ended 31 December 2019

STATEMENT OF FINANCIAL POSITION

	Notes	2019 Shs'000	2018 Shs'000
CAPITAL EMPLOYED			
Retained earnings		<u>634,936</u>	<u>693,221</u>
Equity attributable to owners of the Company		<u>634,936</u>	<u>693,221</u>
REPRESENTED BY			
Non-current assets			
Property and equipment	7	<u>159,595</u>	<u>156,905</u>
Current assets			
Inventories	8	73,714	59,185
Trade and other receivables	9	271,601	237,131
Cash and cash equivalents	10	<u>154,861</u>	<u>249,427</u>
		<u>500,176</u>	<u>545,743</u>
Current liabilities			
Trade and other payables	11	<u>24,835</u>	<u>9,427</u>
Net current assets		<u>475,341</u>	<u>536,316</u>
		<u>634,936</u>	<u>693,221</u>

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board members on 17th March 2020 and were signed on its behalf by:

 CHAIRPERSON

 SECRETARY

ACCOUNTS

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STATEMENT OF CASH FLOWS

	Notes	2019 Shs'000	2018 Shs'000
Cash flows from operating activities			
(Loss)/profit before tax		(58,285)	140,183
Adjustments for:			
Depreciation on property and equipment	7	4,083	4,382
Prior year adjustment	12	-	48,211
Changes in working capital:			
- inventories		(14,529)	19,234
- trade and other receivables		(34,470)	(85,596)
- trade and other payables		15,408	1,186
Net cash (used in)/from operating activities		<u>(87,793)</u>	<u>127,600</u>
Cash flows from investing activities			
Cash paid for purchase of property and equipment	7	<u>(6,773)</u>	<u>(6,100)</u>
Net cash (used in)/from investing activities		<u>(6,773)</u>	<u>(6,100)</u>
(Decrease)/increase in cash and cash equivalents		<u>(94,566)</u>	<u>121,500</u>
Movement in cash and cash equivalents			
At start of year		249,427	127,927
(Decrease)/increase		<u>(94,566)</u>	<u>121,500</u>
At end of year	10	<u>154,861</u>	<u>249,427</u>



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