



Transport of cypress logs from a plantation to a plant (Timsales). (Photo: KFS)

Not yet out of the woods

Bulk tree product buyers have not embraced farm forestry as a reliable alternative to public forests

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The Kenyan forestry sector is characterised by a shortage of wood and a rising demand for timber and other wood products in the construction and other sectors. Forest cover in Kenya, estimated at 2.5 per cent of the total landmass, is relatively small compared to international standards. This scenario is made worse by the rapid degradation of public forests.

The proposed Forest Policy 2007 outlines activities to be undertaken by the government in collaboration with various stakeholders in promoting the development of farm forestry. Recent studies have shown that farmers are responding positively to these changes and many are taking trees as an important land use activity.

The large round wood consumers in western Kenya have recently initiated a number of partnerships with tree growers in the region. This article documents existing partnerships and their experiences. The article was split into three. Part I - carried in *Miti 5* - introduced the concept. Part II, in *Miti 6*, gave some examples of partnerships, while the last part, in this issue, deals with more examples and the lessons learnt.

FAN's experiences with private partnership initiatives

Forest Action Network (FAN) is a leading NGO working in natural resources management and the environment with a focus on forests. The Forest Policy and the Forests Act No. 7 of 2005 envisage and provide for partnerships in the

management of forests and in the growing of trees on private farms. In an effort to put to test the applicability of the provisions of the Policy and Act, FAN in 2006 initiated a tree-partner arrangement between the private sector, tree farmers and the civil society. The aims were to promote trees as an agricultural crop, providing material for forest based industries and creating jobs and incomes for rural communities. The farms were also to be used as pilot demonstration sites for individuals and communities interested in tree growing.

FAN facilitated capacity-building and mobilisation of tree-growing farmers in six districts in western Kenya to form the Western Kenya Tree Planters Association WEPTA (see article in *Miti 6*) with the objective of entering into partnerships with Pan African Paper Mills (PPM) and other private companies to supply them with pulpwood and firewood. In 2006, FAN embarked on a pilot tree farmer out-grower scheme in six districts in the North Rift and western Kenya with the aim of linking tree growers to large consumers such as Kenya Tea Development Agency (KTDA) affiliated tea factories and PPM. The pilot aimed at setting up 10 hectares of demonstration sites but that rose to 20 hectares by May 2006.

Other initiatives that FAN started were facilitation of black wattle tree growers in North Rift and western Kenya (Lugari, Nandi South, Trans Nzoia and Uasin Gishu districts) to enter into partnership with the Kenya Vegext (EPZ) Ltd for supply of black wattle bark at better prices. Kenya Vegext (EPZ) Ltd was established in 2002 to manufacture vegetable tanning extract in powder

form and was experiencing a shortage of the raw material, wattle bark. The partnerships resulted in the supply of 60 tonnes of bark and an income of Ksh 180,000 to farmers in western Kenya.

Criteria for selecting farmers

FAN has drawn a list of criteria for selecting tree growers that include the following:

- proximity to a potential market (PPM or KTDA factory);
- willingness to place at least 0.2 hectares under trees;
- willingness to sign a partnership with FAN or the private sector;
- suitability of land for growing a selected tree species;
- availability of other land to grow food crops; and
- willingness to use the *shamba* system for the initial years of establishment.

FAN - farmer contracts

FAN has drawn an elaborate contract format that contains information on the tree species and whether it is in line with market demand. Farmers on the partnership must also allow other farmers and visitors to access the land planted with trees on notice; they must support land preparation and seedlings and use the *shamba* system to establish the trees. The farmer must let the trees remain in the farm until maturity and erect a partnership signpost on the farm, among other requirements.

The contract documents contain details of district, division, location, size and elevation of land

above sea level, as well as the geographical GPS coordinates.

Lessons learnt

- It is possible to grow commercial trees on individual farms.
- It is expensive to grow trees on-farm due to high establishment costs.
- Promoters of tree growing should be prepared for new lessons in this area.
- There is need for a long-term funding mechanism for donors and the private sector to support farmers to grow trees.

Experiences on partnerships

The sampled out-grower schemes and partnerships between farmers and the industry were still at an infancy stage. However, some lessons are already emerging. Among them:

- Most partnerships lack evidence of binding agreements and principles of engagement.
- Various problems frustrate supplies from scattered small-scale growers, including high transport and assembling costs for roundwood, cumbersome harvesting and movement permit requirements.
- The high costs of seedlings, establishment and extension services make most industries reluctant to enter into partnerships.
- Low quality seeds that result in low germination and poor quality seedlings.
- Standard measurements for industrial wood at farm level are lacking, hindering convergence in the bargaining process.
- The use of stacking is possible at farm level and at tea factories, but not for supplies to PPM, which uses tonnage. Most farmers are not conversant with the two methods and thus prefer sale by standing tree.
- High expectations from farmers and extension staff have proved expensive to meet.

- Some farmers supplied with subsidised seedlings were reported to sell them instead of planting, thus defeating the purpose for the partnerships. No remedy exists for such actions.
- There is a general feeling among wood-based enterprises that the farmers' roundwood is of poor quality due to poor adherence to conventional silvicultural practices, and hence likely to attract low prices.
- Roundwood supplies from farmers are irregular because most of the harvesting is done only during post-crop harvest season to avoid crop damage, and hence cannot provide continuous supplies to industry.

The above-cited lessons have led bulk tree product buyers not to embrace farm forestry as a reliable alternative to public forests for the supply of tree products. Thus, there is need to provide solutions to the problems that hinder the stakeholders from entering into equitable and viable partnerships in farm forestry development. These partnerships are necessary for the farm forestry sector to access lucrative markets, competitive financial and technical services for high productivity and hence remunerative incomes from farm forestry enterprises.

Other partnerships and collaborative activities

Farmers have other partnerships with various stakeholders in western Kenya to support tree growing and tree products marketing. The core partnership approaches between tree growers, industry and other stakeholders consisted of seedling subsidies, technical services, marketing facilitation, transport subsidies and market guarantees for tree products. At the lower end were leasing of land, joint woodlot development, licensing by public authorities and formation of tree growers associations.

Conclusions and recommendations

The findings showed that there were scattered tree out-grower schemes in western Kenya, mostly at trial phases but which have shown potential to serve both tree growers and the industry. However, experiences point to high initial costs to the few institutions that support such initiatives. Though the provisional Forest Policy 2005 and Forest Act 2005 favour out-grower schemes, the two have not been operationalised and are grounded at the farm level.

Experiences from other countries indicate that tree out-grower schemes have motivated a large number of farmers to plant commercial trees with varying problems and successes, mostly related to prevailing policies and legislation and local tree product demand and supply conditions. In India, companies experienced insecurity of supply because contracted growers sold to other buyers. There were also high loan default rates that made some companies alter their strategy to focus on supply of high quality seedlings.

In South Africa, out-grower schemes that received credit, fertiliser and extension services were the most successful. This is because the farmers' main concerns were access to credit, market guarantees, good prices, stable incomes, choice on the species to plant, their rights to determine when the trees are harvested and to whom they are sold, and the price paid for the trees. In India, laws that obliged companies to source roundwood from smallholder growers and restriction on access to public land are two critical factors that have encouraged partnership schemes and made farm forestry a viable land use in some states.

From the cross-country experiences and findings from western Kenya, the government should enact farmer friendly policies and legislation in the production to consumption market value chain, so that smallholder growers can realise their enormous potential.

These policies/regulations could include compelling large wood consuming industries to source a certain proportion of their roundwood from private sources, restricting land concessions to large forest based industries and encouraging partnership concessions where local farmers have a controlling stake. These conditions would encourage companies to enter into partnership arrangements with farmers and at the same time offer guaranteed markets and good prices to tree growers.

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The log yard of Pan African Paper Mills in Webuye. Since this wood is for pulping for different types of paper, the quality of the logs (knots, straightness, etc) is not important. Note the scarred logs on the foreground, salvaged from a forest fire. (Photo: KFS)