



## Policy Brief

# Development of case studies to enhance the employment situation in Kenya's forestry and wood sector

## Intro

Unique as part of a project named 'Wood for Work', funded by BMEL (Bundesministerium für Ernährung und Landwirtschaft) and together with the Thünen Institute and the Strathmore University, undertook a study of the employment in Kenya's forest and wood industry sector. The aim was to identify key areas for further investigation - as country case studies - and with a special focus on employment in the sector.

The standout issues are the harvesting (logging) ban in public and community forests and the increasing roundwood supply deficit with very little new planting taking place. Furthermore, in the wood processing sector, low efficiency and outdated production technology affect the vast majority of small and medium-sized industries.

This Policy Brief highlights these critical issues and recommends the way forward for the country to take full benefit of the sector.

## Setting the scene

Kenya's economy has grown steadily over the last decade but over two-thirds of the population still live below the poverty line (<USD 3.20 per day).<sup>1</sup> Fuelwood and charcoal provide 71 % of household energy needs, with many dependent for their livelihoods on the business opportunities provided by the sector.<sup>2</sup>

## May 2022

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## Acknowledgment

This information brief is a product of the project WoodforWork (WfW). The project is funded by the German Federal Ministry of Food and Agriculture through the German Federal Office of Food and Agriculture (BLE) due to a decision of the Deutscher Bundestag, and co-ordinated by Thünen Institute of and unique land use GmbH, in cooperation with FAO and Kenyan Strathmore University. The project aims to generate reliable information on the employment situation along the forest-related value chain in various economies of the world.

Gefördert durch:



Bundesministerium  
für Ernährung  
und Landwirtschaft



Projektträger Bundesanstalt  
für Landwirtschaft und Ernährung

aufgrund eines Beschlusses  
des Deutschen Bundestages

Partners:



Kenya's strong growth is partly rooted in the new constitution enforced in 2010. This brought about the renewal of the political governance system and economic and social changes. It also brought about changes in the state's obligations towards the environment. These include maintaining tree cover of at least ten percent of the country's land area, encouraging public participation in environmental management, and a framework for agreements between the state and private investors for the sustainable exploitation or concession of the country's natural resources.

## Harvesting ban

The history of logging bans goes back a long way: in 1986, logging of indigenous hardwoods was banned, then in 1998 there was another ban on the harvesting of plantation trees. It was partially lifted only for those enterprises which have sufficient resources and a forest management plan to maintain them. In 2018, another ban was introduced for harvesting from public and community forests.

The harvesting ban was intended to prevent uncontrollable harvesting in plantations. However, a recent study<sup>5</sup> has highlighted the many negative socio-economic impacts the ban is having on the sector, including:

In this context, the forestry sector has developed over the last ten years, contributing 3.6 % to the national economy.<sup>3</sup> The forest and wood sector employs around 164 k people, which does not include 700 k in the charcoal trade. The furniture sub-sector is also a major employer, though as many as 115 k artisans (known as Jua Kali) are informal and most have poor working conditions.<sup>4</sup>

- a lack of investment in more cost-effective processing equipment, with consequently low productivity, low recovery and poor quality;
- sawmills operating well below capacity;
- loss of jobs, leading to increased poverty;
- increased price of timber;
- Kenya becoming net importer of sawnwood.

Three large companies dominate wood processing in Kenya – Rai Ply, Timsales and Comply – with many smaller players also engaged. The ban has impacted the latter group much more seriously, since the 'big 3' have been permitted to harvest during the ban.

## Increasing timber supply: demand gap

This environment has clearly not been conducive to investment in new tree planting, with Kenya's predicted wood supply-demand gap ever widening. The concerns over the harvesting ban and the lack of support for the private sector, have combined to restrict new planting, both on public and private lands. Most of the wood harvested comes from trees planted long ago<sup>6</sup> and there is no incentive or clear state programs to promote the replanting of deforested or degraded areas.

A study in 2014 estimated an annual sustainable wood supply deficit in Kenya of 12 million m<sup>3</sup> in 2014, rising to 34 million m<sup>3</sup> by 2030.<sup>7</sup> The low tree planting rate has very serious implications for the future wood supply and will have negative effects on both the environment (more pressure on the remaining natural forests) and on peoples' livelihoods (e.g. increased fuelwood and charcoal prices).

## Case studies

From the summaries presented above, we have selected two key areas for more detailed study – namely, plantation forestry and primary wood processing with a focus on small-scale operators. In the definition of the questionnaire, particular emphasis will be placed on calculating employment indicators in both segments of the value chain. Identifying the characteristics of the job profiles, such as age, gender,

education, etc. The focus will also be on the impact on employment, in terms of quantity and quality (employment profiles) if the current scenario changes. Some of the possible scenario changes that will be analyzed are detailed in the following two sections. Workshops and results discussion are expected to be conducted.

### **Step 1: In-depth analysis of the subject.**

Compilation of information on plantation forestry and primary wood processing.

### **Step 2: Definition of the questionnaire and survey to the selected companies**

about the industry's employment situation and growth prospects.

### **Step 3: Workshops and results.**

Discussion and recommendations for companies and the public sector.

Figure 1: Case studies steps

## **Plantation forestry**

The worrying lack of new planting must be addressed as a matter of urgency. The current environment is clearly not conducive to long-term investment in commercial forestry. However, some policy changes could quickly change this situation. First and foremost of these should be a lifting of the harvesting ban in state forests but this must be backed up with better enforcement of the conditions of the logging contracts, particularly with regard to the volumes being harvested, the standards of the work and the replanting expectations.

One policy that could attract major investment into new planting would be to offer long-term concessions/leases in some of Kenya's state Forest Reserves. Kenya has legislation in place for this to happen but has been

reluctant to launch such a scheme. If the concessions' conditions were right, the private sector would quickly take on the main role of investing in commercial timber plantations in Kenya.

Valuable lessons can be learned from Uganda where a variety of incentives have led to over 85,000 ha of new timber plantations since 2004. Its success is due to a combination of concessions on public land (Central Forest Reserves) and financial and technical support from Sawlog Production Grant Scheme (SPGS), a semi-autonomous government agency. The independent Uganda Timber Growers' Association (UTGA) is increasingly taking on the role of supporting private growers.<sup>8</sup>

## **Primary wood processing**

The current situation of the small and medium enterprises in the primary wood processing industry can also be improved through changes in current policies. It is necessary to update the technology implemented in the sector and modernize industrial processes. One possible way is to implement credit programs with low rates to invest in machinery, equipment, employee training, with state monitoring. The benefit of this will be an increase in the efficiency and productivity of the industries. They will also bring more safety to employees, who today work with

rudimentary and potentially dangerous technologies given the manual nature of the work.<sup>9</sup>

It is necessary to develop at similar rate the primary sector and the wood processing sector. For example, if there are policies to increase primary production, but the industry does not have the capacity to absorb it, such timber would be exported at a lower value than if processed timber were exported. It is always necessary to develop the entire value chain as harmoniously as possible.

## References

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