

Review and Appraisal Mission Report Support to the Establishment of the National Forest Authority and Sustained Development of Uganda National Forestry Authority with Enhanced Focus on Northern Uganda

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Tron Eide and Ben Kamugusha

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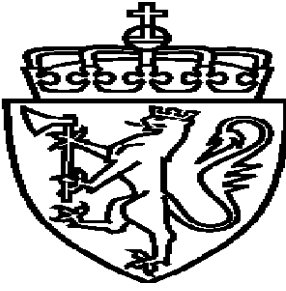
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Review and Appraisal Mission Report

Support to the Establishment of the



and

**Sustained Development of
Uganda National Forestry Authority with
Enhanced Focus on Northern Uganda**

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List of Acronyms

ADB	African Development bank
CBO	Community Based Organization
CFM	Collaborative Forest management
CFRs	Central Forest Reserves
DD	Deforestation and forest Degradation
DFS	District Forest Service
EU	European Union
FD	Forest Department
FSSD	Forestry Services Support Department
GoN	Government of Norway
GoU	Government of Uganda
IDP	Internally Displaced People
LGDP	Local Government Development Programme
LFR	Local Forest Reserves
MoES	Ministry of Education and Sports
MWE	Ministry of Water and Environment
NAADS	National Agricultural Advisory Services
NARO	National Research Organization
NFA	National Forestry Authority
NFP	National Forestry Plan
NGO	Non-Government Organization
NORAD	Norwegian Agency for International Development
NURP	Northern Uganda Rehabilitation Programme
NUSAF	Northern Uganda Social Action Fund
PEAP	Poverty Eradication Action Plan
PES	Payment for Environment Services
REDD	Reducing Emissions from Deforestation and forest Degradation
TOR	Terms of Reference
UWA	Uganda Wildlife Authority

Executive Summary

National Forestry Authority (NFA) was established under the National Forestry and Tree Planting Act, 2003 as a Government parastatal responsible for the management of Central Forest Reserves (CFRs) and development of private forestry. Norway has contributed NOK 40 Million towards the NFA Start-up Fund since 2004 (Phase 1: UGA 3003 UGA02/312). The key objective for this support was to provide financial help to establish the NFA.

Since its establishment, NFA has faced multiple challenges including high staff turn over at senior level, managing political pressures to issue licenses for degazetting some of the forest reserves, lack of serious financing commitment from GoU, delayed establishment of District Forest Service, among others. In effect the performance of NFA has had difficulties to meet all its targets as envisaged in the 2004-2009 Business Plan.

The Government of Uganda (GoU) has now approached Government of Norway (GoN) seeking financial support to NFA over the coming years. GoN has commissioned a mission to undertake a review of ending GoN support to NFA (Phase I) and appraise the proposed programme for Phase II. The GoN has developed a Terms of Reference for the mission and commissioned a team of consultants. Evaluations done by the Team in this report were based on consultations with relevant stakeholders, literature reviews and field visits.

The purpose of the review of Phase I has been to: a) assess to what extent the Phase I of the programme has reached its objectives; b) analyze and document experiences gained during implementation and draw lessons; c) assess policy environment for Phase I and Phase II. The scope of the appraisal of Phase II covered, among others issues: a) to verify whether experiences and lessons from Phase I have been sufficiently applied to inform the Phase II design; b) to assess adequacy and quality of the information contained in the draft proposal; c) to identify gaps in information (if any) for articulating the proposed programme.

In general on the evaluation of the Phase I support (2004-todate) the Team concludes that NFA has made important and relevant achievements. Implementation, however, has had varied results. The aspect of improving management of Central Forest Reserves performed satisfactorily. Regarding the over-all mandate of NFA, the Team concludes that NFA progress towards fulfilling its mandate was undermined by the governance turbulences it faced during its first years. There is also a general view that NFA tended to focus on CFR at the expense of other segments of its mandate, especially, regulatory and advisory service and monitoring. On the over-all assessment, NFA performance was seriously undermined by political pressures that led to frequent staff changes at senior levels. The performance was further affected by delays to establish and operationalize the District Forest Offices and unprecedented forest crimes in form of encroachment for agriculture and settlement, illegal trade in forest products, and generally, unwarranted negative attitudes towards NFA.

The first four years of NFA establishment provides useful experiences and lessons as far as institutional building is concerned. For instance, it is important to learn that this phase of development is vulnerable to external forces (political involvement, public expectation and

participation) as well as to internal factors (team building of staff and board members, building internal systems and procedures, confidence building among stakeholders). These four years also provided useful lessons informing the design and subsequent implementation of Phase II. The key lessons include the need for adaptive management, staff orientation to new ways of working, shifts in institutional policy and culture, building effective partnerships with constituency, strong M&E systems and sustained funding. All these issues are critical to success of any newly established institution.

With respect to the proposed Phase II programme, the Team concludes that the proposed interventions are relevant to priorities of both governments and a wide range of stakeholders. It is worth noting that the affirmative action to focus on northern Uganda and align the programme to priorities in northern Uganda is a commendable effort.

The Team observes that the success of implementation of Phase II will depend on a number of factors which have been pointed out in the report. Most important among them are the extent to which NFA will avoid repeating practices and experiences of the negative lessons from Phase I, but even more importantly how it will effectively incorporate the positive lessons into the strategies/interventions and operational modalities for implementing Phase II. A good number of these positive lessons and practices are identified by stakeholders themselves and included in this report. The Team, however, has made the following more specific observations regarding experiences from Phase I that should be considered in the Phase II programme proposal and implementation;

- In Phase I NFA tended to be involved in too many activities and ended up “spreading too thin”. This affected its capacity to effectively monitor activities. In Phase II the organization should consider sharpening its focus by concentrating on fewer activities where it can do best. NFA mandate seems to be somewhat amorphous and it may be desirable as a first step in the proposed Phase II for NFA to carry out a comprehensive functional analysis.

- In Phase II NFA should try to identify areas in which it has comparative advantages and put more focus on those and leave areas where others have comparative advantage. For example initial lessons from Phase I seem to indicate that private sector has comparative advantage when it comes to tree planting.

- The relationship of NFA and districts generally continues to be conflictual and strained. This conflictual relationship presents a unique and difficult situation because ultimately the strength and sustainability at the centre has to be anchored in the districts. NFA has to focus on how to resolve these conflicts in Phase II. Apart from political interference which fuels conflicts, there is also a general lack of appreciation on part of the districts regarding the change from Forest Department to NFA. Prolific creations of new districts and confusion over issues of revenue sharing have also contributed to mistrust. It was reported by stakeholders that the new approach adopted by NFA in Phase I towards sharing of benefits with communities, which focuses on direct dealing with communities rather than through Local Government, has not been popular with Local Governments. This is despite the fact that practical experience indicates that resources channelled through Local Governments quite often don't trickle down to communities as intended.

- While the proposed interventions in northern Uganda in Phase II is commendable, its success will depend on sound appreciation of the unique social, economic, political and psychological dynamics of the situation of northern Uganda i.e. interventions should be flexible and allow for emerging situations in a society in transition from conflict to peace. The Team notes that the success of the proposed interventions in northern Uganda will to a large extent depend on how well they will be integrated into and harmonized with the other programmes and activities in the region. Prominent among these are: i) The Northern Uganda Social Action Fund (NUSAF) funded by the World Bank, and ii) The Northern Uganda Rehabilitation Programme (NURP) funded by the EU. The Team also notes that despite the focus in north in the Phase II proposal, the Draft NFA Business Plan for the period 2008/09 – 2012/13 does not seem to reflect this. The final Business Plan should therefore be more specific on the activities planned for northern Uganda.

- Phase I demonstrated a useful approach to Collaborative Forest Management (CFM). There are however still only a few agreements which have been made (26 signed). Experiences from Phase I indicates that initially NFA approached communities to ask them to participate in CFM. This prescriptive approach has however with time been changing to a demand driven approach in which communities approach NFA to assist them in formation of groups to participate. This implies that as communities learn more about CFM, the demand for it will grow. The CFM approach is potentially effective, but needs to be enhanced, consolidated and spread more in Phase II. The Team wants to highlight the following issues related to CFM in Phase II;

- 1) Currently only one staff at headquarters is responsible for CFM. A unit with more staff is required to meet CFM demands with respect an expected increased number of agreements as well as increased requirements to competence and proficiency that follows from increased focus on northern Uganda in Phase II.
- 2) According to stakeholders CFM has promoted sense of ownership of forest resources by the adjacent communities, and this has enhanced management. This will also be an effective entry point in northern Uganda. To enhance the benefits of CFM the following should be looked into; 1) remedies to rectify the situation should be provided, 2) review the whole regime of incentives with particular focus on methods and modalities for benefit sharing where incentives that are likely to have impact on the community are accurately formulated, 3) transparency issues in distribution of benefits on e.g. gender issues and flexibility should be emphasized.
- 3) It is important to popularize this approach more. NFA has to look into incentives that will get districts more involved. Interventions like agro forestry which bring out and rationalize the relationship between agriculture and forestry could be a good entry point and hence an effective incentive.

- The Biomass and Mapping unit of NFA has over a relatively long period been dealing with data collection, data analyses and results provision that make them unique in East-Africa when it comes to competence and information on forest resources and forest resource assessments, as well as more general information on environment, geography (terrain, rivers, lakes) and infrastructure. The Biomass and Mapping unit has good prospects of advancement and NFA should make it one of its focus areas in Phase II to demonstrate the

important role the unit may play in the development process of NFA itself and to the Ugandan society as a provider of crucial information on natural resources and conditions. The proposed Environmental Information Centre in Phase II is therefore a step in the right direction and deserves adequate budget allocation.

- NFA as an institution, and the Biomass and Mapping unit in particular, have the potential of being the major information provider in Uganda when it comes to forest resources and changes in a REDD context. Strengthening of the Biomass and Mapping unit in order to position NFA as the lead player in promoting the understanding of REDD in Uganda should therefore be emphasized. It is in general important to note that the potential for NFA to develop REDD activities in Phase II is high given the global focus on this issue, and the fact that the World Bank now has included Uganda on the list of countries that should benefit under its REDD Programme.

- The Team concludes that the partnership between NFA and Statskog on technical assistance should continue in Phase II. The partnership has been beneficial to both institutions. However, the priority areas of focus for this partnership require further consultations and refinement to the satisfaction of both institutions. The Team wants to emphasize that the activities related to technical assistance should be demand driven. This means that NFA themselves should define their needs in relevant areas. Defining needs and priorities related to technical assistance should be included in the annual work plans in order to achieve a real demand driven approach.

- Previous NFA approaches to sourcing for funding has had a narrow focus. The organization should adopt a more aggressive strategy in this area in order to take advantage of the existing commitment and potential opportunities among organizations. NFA should therefore in Phase II address strategies for increasing the capacity of the institution to solicit for funding from other agencies and development partners.

- Despite challenges and concerns the Team found that the Board of NFA has within its present competence tried to address some of the problems the institution has faced. This should be encouraged to be continued in Phase II. A few examples of commendable efforts made by the board regarding this matter include streamlining staff recruitment and placement, enhancing the learning and feedback culture in the institution and developing measures to secure the nation-wide NFA mandate by taking actions to invest in developing forestry resources in northern Uganda.

NFA has since it was established been involved in activities, and has gained experiences and provided results that are of crucial importance to the Ugandan society. As such the institution should be developed further in order cover such roles also in the future. In conclusion, the Team commends the efforts done by NFA and other stakeholders to implement Phase I, and the interest by both governments to continue to provide support to forestry sector development in Uganda through NFA in Phase II. The Team has also observed that the proposed interventions for Phase II seem relevant and feasible. The challenges and difficulties identified in this report should be addressed properly, however.

1 INTRODUCTION

Norway has funded various programmes in forestry sector in Uganda for several decades. The most important recent inputs have been support to education and training in forestry through Makerere University, forestry Sector programme comprising a number of sub-components and support to policy development and institutional building leading to formation on National Forestry Authority (NFA).

Norway contributed NOK 40 Million towards the NFA Start-up Fund since 2004 (Phase 1: UGA 3003 UGA02/312). The key objective for this support was to provide capital expenditure and start-up operational costs to help establish the NFA. NFA was established under the National Forestry and Tree Planting Act, 2003 as a Government parastatal responsible for the management of Central Forest Reserves (CFRs) and promotion and development of private forestry. NFA falls under the Ministry of Water and Environment (MWE) and is headed by an Executive Director appointed by the Minister on recommendation from the Board of Directors.

The Mission of NFA is to *“manage the Central Forest Reserves on a sustainable basis and to supply high quality forestry-related products and services to Government, local communities and the private sector”*. Various sources of funding contributed towards “NFA start-up fund”. To-date, this “fund” has provided significant support towards the management of 506 central forest reserves covering 1,265,742 ha.

1.1 Background and justification to the Review and Appraisal Mission

Since its establishment, NFA has faced multiple challenges including high staff turn over at senior level, managing political pressures to issue licenses for degazetting some of the forest reserves, lack of serious financing commitment from GoU, delayed establishment of District Forest Service. In effect the performance of NFA has not met its targets as envisaged in the 2004-2009 Business Plan due these and other factors.

The Government of Uganda (GoU) has approached Government of Norway (GoN) seeking financial and technical support to NFA over the next coming years. This request responds to the fact that NFA still needs financial and technical capacity and support to be able to build its own capacity for self financing as well as build necessary forestry resources and be able to live to its mandate.

GoN has commissioned a Mission to undertake review of ending GoN support to NFA (UGA 3003 UGA 02/312 National Forestry Authority Phase I) and Appraise the proposed request from GoU, hence this undertaking. The outcome of this exercise will contribute towards decision making on the part of GoN regarding the request from GoU.

The GoN and GoU recognize the need for continued support to NFA to strengthen its capacity to deliver its mandate. In spite of the challenges facing the NFA, its institutional set up has remained fairly intact. The District Forest Service has remained working normally. The key functions of the NFA in the field of financial management systems, M&E systems,

mapping expertise, plantation development and community forestry remain in force. However, these functions and operations are constrained by NFA's institutional capacity; technical competence and financial capability. More so, the financial support and means to generate own revenues are not sufficient to meet the running costs for the organization and for investment in building the forestry resources in Uganda.

The request for assistance submitted by GoU to GoN identifies crucial issues that require attention to address the prevailing challenges faced by NFA in the short and medium term. The request identifies the following main areas; a) corporate governance and institutional sustainability; b) forest plantation development; c) restoration of forests in northern Uganda and; d) strengthening cooperation between NFA and Statskog. A total of NOK 69 million (equivalent to US\$ 22.8 billion) is being requested.

The GoN through the Embassy in Kampala has initiated dialogue with GoU regarding development of NFA and based on the over-all achievements of NFA to-date, both governments have in principle agreed that the GoN continues to support NFA. This is in line with priorities of GoN regarding support to the forestry sector in Uganda.

According to procedures for processing support to GoU, the GoN has commissioned a Review of the concluding Phase I in order to inform the decision regarding the proposed support. This review will be implemented jointly with the appraisal of the proposal for Phase II so as to derive informed recommendations for this support.

1.2 Methodology and Approach

The GoN has developed Terms of Reference (TOR) for the Mission (Annex 1). These TORs have guided the end of Phase I review of the Norwegian support to the NFA in Uganda and the appraisal of a final draft proposal to support the new phase of the programme (UG 30003 UG 07/044 National Forestry Authority Phase II).

The GoN has commissioned a Team of Consultants (section 1.2.1) to carry out this assignment in October/November 2008. The Review and Appraisal assignment was undertaken in form an external Mission with the view to provide an independent and objective opinion. The approach involved consultations between GoU and GoN on the terms of reference and scope of the undertaking. The Team has consulted relevant parties in Norway and Uganda (Annex 2) and relevant documentation (Annex 3). The approach emphasized technical quality, objectivity and participation by NFA and other actors.

1.2.1 Team composition and methods used

The Consultant Team comprised of Tron Eid and Ben Kamugasha Nganwa. The Team represents expertise in the field of forestry management; institutional and organizational development, corporate governance and economic and financial analysis.

The following methods were applied:

1. Consultations:

The Team consulted the following categories of institutions and persons:

- a) Government of Uganda (relevant ministries, agencies and districts)
- b) Government of Norway (Norwegian embassy in Kampala)
- c) NFA staff at headquarters and in the field, NFA board
- d) Donors active in forestry resources development and management
- e) NGOs and Private Sector
- f) Other programmes and projects in the field of forestry and or sustainable development

A full list of institutions/persons consulted is presented in Annex 3.

2. Literature Review

The following documents were reviewed or sources of information consulted:

- a) TORs for the Review and Appraisal
- b) Norway-Government of Uganda Cooperation Agreement
- c) Phase I documentation (proposal and reports)
- d) Phase II documentation (draft proposal and associated communications)
- e) NFA documentation (Annual reports, Business Plans, Operational manuals)
- f) Northern Uganda Peace and Reconstruction Programme Documents and associated information;
- g) Forestry Act, Forestry Policy, National Forestry Plan and associated information

A full list of documents consulted is presented in Annex 4.

3. Field Visits

The Team visited Mabira Forest Reserve, Bugamba Mubende, Kyenjojo and Rakai.

1.2.2 Review of Phase I

The purpose of the review has been to: a) Assess to what extent the Phase I of the programme has reached its objectives; b) Analyze and document experiences gained during implementation and draw lessons; c) assess policy environment for Phase I and Phase II.

The scope of review also covered: a) verifying whether the experiences and lesson from Phase I have been sufficiently applied to inform the Phase II design; b) assessing adequacy and quality of the information contained in the draft proposal; c) identifying gaps in information (if any) for articulating the proposed programme.

Overall the review has focussed on i) achievements of Phase I against the targeted outputs; ii) performance and sustainability aspects of NFA from both financial and management points of view; iii) general performance of NFA according to its mandate;

1.2.3 Appraisal of Phase II draft Proposal

The purpose of the Appraisal has been to: *Assess the sustainability of funding modality and institutional set up of NFA* among others focusing on: i) over-all capacity of NFA; ii) feasibility and requirement for programme implementation in northern Uganda; iii) relevance to other programmes in northern Uganda; iv) the integration of lesson learnt from Phase I and or similar programmes; v) the quality of the Phase II design; vi) Political supervision, support and/or interference; vii) Roles and responsibilities of key players i.e. Donors, Government, NFA, Civil Society and other actors.

1.3 Experiences and lessons of the Evaluation and Appraisal

The Team wishes to note that the exercise was undertaken in good environment where host institutions and other stakeholders cooperated well. The Team was able to access relevant information. However, it is worth noting that the time allocated to the over-all exercise by the Employer was too tight and could have limited some of the consultations.

2 REVIEW FINDINGS PHASE I

2.1 Overview

Among others the evaluation has been done against principles of the Forest Policy and the National Forestry Plan. The Forest Policy emphasizes: i) Conservation and sustainable development; ii) Improvement of livelihoods; iii) Safeguarding the nation's biodiversity and environmental services; iv) Development of partnerships in governance; v) Reforming the role of central government to withdraw from activities that can be carried out more effectively by the private sector; vi) Enhancing the role of local government vii) Encouraging more active participation of local communities and farmers in the management of the forests; viii) Enhancing the role of NGO/CBO; ix) Enabling the active participation and affirmative action; x) Supporting the implementation of current and future international commitments that affect the forestry sector; xi) Ensuring that environmental and social values are used in assessing strategies to implement the Forest Policy.

On the other hand the National Forestry Plan (NFP) sets out the long term investment goals as follows:

- a) Divestment of the Forest Department and creation of a National Forestry Authority (NFA), for more efficient and effective management of Central Forest Reserves in partnership with local governments, forestry business and local communities.

- b) Strengthening the capacity of MWE to co-ordinate, guide and supervise the delivery of forestry goods and services to improve the development of sector policies, standards and legislation, and to co-ordinate the implementation of the NFP.
- c) Decentralization so that forestry development outside the Central Forest Reserves is a Local Government responsibility. The districts will be encouraged to mobilize, co-ordinate and supervise forestry development, including drawing up of bylaws, collection of revenues, monitoring of the quality of forest advisory services and promotion of forestry within the district.
- d) Reform of forestry advisory services is to be delivered under the National Agricultural Advisory Service (NAADS).
- e) Strengthening of forestry research and education through the National Agricultural Research Organization (NARO) and the Ministry of Education and Sports (MoES).

2.2 Assessment of achievements against planned outputs/targets

The Norwegian support to the NFA focused on the following targets.

- a) Improve management of the Central Forest Reserves – resulting in the sustainable yield of forest products and income through agreed forest management plans, new investments initiatives and professional forestry management.
- b) Expand partnership arrangements – so as to substantially increase the size of the Central Forest Reserve area being managed under arrangements with local governments, communities and private investors.
- c) Supply good quality products and services – e.g. technical advice, seeds and forestry-related services to both public and private consumers on a contractual basis.
- d) Attain financial sustainability – NFA was expected to become financially self-sustaining by the fourth year of operations (June 2008).

The assessment reveals that NFA has registered improvements on several fronts. Table 1 below summarizes the assessment results.

Table 1. Assessments of results from Phase I.

Target Area	Performance	Observation/ Comments
Sustainable Management of the Central Forest Reserves	Satisfactory	Outstanding challenges include: harnessing political will, raise more financial resources, end encroachment, fighting forest crime, managing timber trade, infrastructure development and maintenance.
Expansion of Partnership Arrangements	Average	Outstanding Challenges: District Forest Reserves (DFS) not yet operating to expected standards, the capacity of CSO/NGOs to participate effectively needs to be strengthened
Supply of Other Services	Weak	Outstanding challenges: low demand for services on commercial terms.
Financial Sustainability	Weak	Outstanding challenges: low revenue earnings; poor revenue collection including government defaulting on payments to NFA, low level of government subvention.

2.3 Performance and sustainability aspects of NFA

The requirement of NFA to be self sustaining by the fourth year of its existence has turned out to be unrealistic. In fact some schools of thought are of the view that the requirement could tempt the organization to flout some of its objectives in the quest to raise revenues, e.g. licenses which are income generating could be issued recklessly and against good management practices.

NFA advanced a number of reasons why the four year time frame for financial self-sustainability could not be attained. Among them are:

- a) Some donors on whose support for the 4 year time frame was promised backed out before the 4 years expired.
- b) It was envisaged that the District Forest Services (DFS) would carry out their anticipated work, but in practice this was not so.
- c) It was expected that the private sector would carry out its anticipated planned roles e.g. tree planting, but this fell far short of expectations and NFA had to come in and fill the gaps at considerable cost.
- d) Continued non adherence to regulation by some stakeholders meant that NFA had to spend more resources than originally anticipated on law enforcement.
- e) It was envisaged that National Agricultural Advisory Services (NAADS) would carry out the extension services, but this was not the case – NFA had to, at unanticipated cost, carry this burden in the districts.
- f) The income which NFA expected to receive from providing services and data was not forthcoming as government departments and agencies defaulted on payments.

It is the opinion of this Team that the expectation that NFA would be self sustaining in short and medium terms is unrealistic. NFA provides a service to the nation that would ordinarily not be delivered on commercial basis to generate profits. As such, the targeted self sustainability of the institution should be reviewed.

2.4 Performance on NFA mandate

The mandate of NFA is to “*manage the Central Forest Reserves on a sustainable basis and to supply high quality forestry-related products and services to Government, local communities and the private sector*”. The earlier planning did not define measurable indicators to assess the performance of NFA. However, based on available records and responses from interviews, it is safe to conclude NFA progress towards fulfilling its mandate was undermined by the governance turbulences it faced. There is also a perception that the NFA has tended to focus on CFR at the expense of other segments of its mandate, especially, regulatory and advisory service and research and monitoring.

2.5 Performance/Obligations to the Agreements between NFA and GoN

2.5.1 General

The NFA was obligated to deliver on specific outputs. The following abstract summaries the performance (Source: NORAD funding final performance report 2003-2008);

"National Forestry Authority (NFA) Start-up Fund" whose objective was to provide capital expenditure and start-up operational costs to help establish the NFA, has provided significant support towards the management of 506 central forest reserves covering 1,265,742 ha.

With the support from this fund, National Forestry Authority registered improvement in forest plantation with a total forest area of 36,464 ha from 13,000 ha being added between 2004/05 and 2006/07. In addition, 148,500 ha of CFR were recovered from encroachment.

Despite, the presidential ban on evictions of exiting encroachers in May 2005 and February 2006, NFA has maintained vigilance throughout the period to ensure no fresh encroachment on forest reserves. The major forms of encroachment are livestock grazing, cultivation and settlements. A survey carried out in 90% of the CFRs in 2005 by NFA showed that about 56,000 hectares of CFR land had been converted into cropland, 70 Government schools and 11 Government Health centres were constructed in the CFRs. More than 180,000 people had encroached on various CFR's and grazing about 134,000 livestock. The number of encroachers has since been increasing so that today it is estimated that more than 270,000 people are living, cultivating and grazing in CFRs illegally. On private lands, nearly 1.3 million hectares have been lost over the last 15 years while 91,000 has been lost in CFRs, showing that forests on private lands are fast disappearing.

The main investment by NFA is the establishment and maintenance of plantations. 23,464 ha of forest plantations were established over the period 2003/04 to 2007/08. 2,043.8 km of forest roads were opened and maintained in natural forests and plantations to facilitate plantation establishment and harvesting operations. 7,456 km of forest boundary were opened and maintained over the period with clear boundary marks established.

NFA has maintained a good sustainable yield over the period through control of harvesting to ensure that off-take does not exceed planting especially in plantation area.

Collaborative Forest Management (CFM) arrangements took place throughout the period and 21 CFM agreements signed. Through CFM, NFA demonstrated to forest dependants communities the relevance of forests to their livelihood.

Partnerships were developed with the private sector throughout the period to provide incentives for tree growing. Eco-tourism infrastructure was improved over the period for example modern tourist cabins at Kaniyo-Pabidi site were constructed while Mabira and Mpanga eco-tourism sites were refurbished. Participation of the private sector in plantation establishment was promoted under a favorable licensing system.

NFA has supplied high quality products over the period. These include seeds/seedlings, timber, biomass reports and maps. During the last four years through NFA's own planting and private tree farming the total area of forest cover in plantations in the country increased to 36,464 ha from 13,000 ha which was inherited from the former Forest Department. A total of 15,673.81 kgs seed and 6,859.092 seedlings were sold over the four years. NFA managed to achieve 64.5% sustainability of its total budget by June 2008. Revenue from NFA's own product and services registered Ugshs. 9.6bn in the FY 2007/08 compared with 5.3 bn in the FY2004/05.

However, NFA continues to face a number of challenges such as the increasing conversion of forestland into agricultural land, resistance from Local Governments in its involvement in curbing illegal activities around CFRs, illegal timber transactions. The main challenge to the physical and legal integrity lies in eliminating forest crime (especially encroachment) and effective protection of the currently intact forest cover. Recent information collected by the NFA over the last 15 years shows that Uganda's forest cover has dropped from 4.9 million hectares in 1990 to 3.6 million in 2005. This represents a 1.9% deforestation rate, which is quite high compared to other countries in the region whose rate is below 1%. Other challenges include political interferences especially during boundary re-opening as many communities claim NFA is grabbing land for Government.

The Team wishes to conclude as follows:

NFA performance was undermined by political pressures that led to frequent staff changes at senior levels and low staff morale. This was further affected by delays to establish and operationalize the DFS, and to unprecedented forest crimes due to encroachment for agriculture and settlement, illegal trade of forest products, and generally, animosity to the NFA staff.

2.5.2 Specific

a) Relevance

In the Context of this report, relevance is defined as *“the extent to which objectives of the programme were consistent with beneficiaries’ requirements, country needs and partners’ and Norway’ policies”*.

The Team concludes that Phase I objectives and targeted outputs were highly relevant to the Mission and mandate of NFA and to forestry sector in Uganda. The support was particularly important during the formation stage of NFA.

i) Relevance to Norwegian Development priorities

The Phase I goal and objectives were relevant to the Norwegian Development priorities for Uganda which, includes among others, forestry and biodiversity conservation and poverty reduction.

ii) Relevance to national development priorities and policies

Phase I was relevant to Uganda’s development priorities as stipulated in the PEAP (2004/5-2007/8) (Pillar on enhancing production and competitiveness and incomes) and other Macro-economic planning and development frameworks such as PMA.

iii) Relevance to Forestry Act/Policy, NFA and DFS mandate

Phase I assisted to address priorities in the Forestry and Tree Planting Act, National Forestry Policy, National Forestry Plan, DFS and other ongoing programmes related to Forestry resources management in the country e.g., under UWA, Private Sector, etc

iv) Relevance to beneficiary institutions

Phase I objective and, targeted outputs, implementation arrangements/modalities, etc. were relevant to beneficiary institutions. However, in practice the activities tended to favour NFA core mandate and did not adequately address priorities of other beneficiary institutions.

b) Effectiveness

In the context of this report, effectiveness is defined as *“the extent to which the Phase 1 objectives were achieved, taking into account their relative importance”*.

The Team used the achievements against planned outputs and budget to measure effectiveness. In general terms, the achievements against targets were low. The reasons for this low performance have been highlighted in section 2.5.1. The Team also wishes to note that some of the targets or outputs e.g. self financing by fourth year were unrealistic and could not be achieved in this period.

c) Efficiency

Efficiency is hereby defined “as a measure of how economically resources/inputs (funds, expertise, time) were converted into results”.

It has not been possible for this Team to establish value for money, neither, did the Team come across evidence of abuse of Phase 1 resources. However, it is noted that start up costs for the Board went overboard and were brought down with time.

d) Budget and Programme grant utilization

According to the records, NFA received a total of 12.304bn from Norway in the period 2003/04 to 2007/08 which was put to use as shown in the Table 2 below.

Table 2. Revenue received and expenditure - Phase I of the NORAD funding to NFA

Revenue	2003/04 Shs'000'	2004/05 Shs'000'	2005/06 Shs'000'	2006/07 Shs'000'	2007/08 Shs'000'	Total Shs'000'
Actual Revenue	1,007,851	3,328,768	2,984,595	3,873,420	1,109,409	12,304,497
Other Grants	0	0	0	0	0	0
	1,007,851	3,328,768	2,984,595	3,873,420	1,109,409	12,304,497
Expenditure						
Payroll Related costs	184,643	318,226	1,266,639	938,772	294,310	3,002,590
Other personal costs	68,282	0	130,508	271,139	158,899	628,828
Forest based costs	55,701	223,066	125,730	472,355	271,524	1,148,376
Admin & operational cost	247,071	861,823	1,027,696	1,020,532	311,562	3,495,684
Total Cost	582,696	1,403,115	2,550,573	2,702,799	1,036,296	8,275,478
Surplus/(deficit)	425,155	1,925,653	434,022	1,1770,621	73,567	4,029,019
Capital	425,155	1,925,653	434,022	1,1770,621	73,567	4,029,019
Total Expenditure	1,007,851	3,328,768	2,984,595	3,873,420	1,109,409	12,304,497

Source: NORAD FUNDING FINAL PERFORMANCE REPORT 2003-2008

The information in the above reveals that over-all, the budget performed well.

e) Supervision and governance processes and structures

As noted in other sections of the report, the first four years of NFA have in varying degrees been characterised by adverse political interference. The climax were i) Presidential executive order which stopped eviction of encroachers by NFA; and ii) the “Mabira saga” which culminated in resignation of NFA senior staff including the expatriate executive director. To some extent civil society pressure has assisted in reducing political pressure but admittedly there is a lot yet to be done to improve governance processes and issues in the context of NFA.

f) Sustainability

Sustainability is defined “as the continuation of benefits from the programme after development assistance has been completed or the likelihood of self replication/scaling up of the benefits”.

The Team has observed that NFA and Phase I supported activities are not yet at levels whereby they can continue without continued support. Important goals, e.g. self financing by fourth year, that would propel NFA into sustainability were not achieved, hence this conclusion.

3 EVALUATION CONCLUSIONS AND RECOMMENDATIONS

3.1 General

3.1.1 Assessments and findings

The Team takes consideration of the NFA self assessment exercise. The findings are presented in subsequent sections.

Problems and risks

Whereas NFA has registered a number of achievements in the period 2003/04 to 2007/08, it was also faced with a number of problems and risks which are needed to be resolved. The following problem areas and risk factors were expressed by NFA;

- a) Limited capital investment in CFRs: NFA needs more funds to invest in opening boundaries and construction of Access roads.
- b) Unpredicted weather: Weather especially the dry seasons tended to be unpredictable, resulting into unexpected fires, yet NFA has limited field equipment and materials to respond to fire outbreaks. NFA needs additional funds to invest in fire towers, fire fighting equipments and underground water tanks.
- c) Encroachers and increasing court cases: New and existing encroachers are posing a big risk to NFA due to increasing number of court cases over eviction. The situation is complicated by the presidential directive to suspend eviction of encroachers from CFRs.
- d) Machine breakdowns: NFA is faced with a problem of old machines breaking down from time to time. During 2006/2007 the mill in Oruha had its crankshaft broken and the shaft damaged the engine.
- e) Handling timber exports: Timber dealers wanting to access timber markets outside Uganda, especially the markets in Southern Sudan and Kenya were restricted by timber ban imposed in 1987 and East Africa Customs regulations. This tends to fuel illegal timber transactions.

Constraints and challenges

Whereas the NFA has had commendable progress in the past four and half years; NAF has expressed the following constraints and challenges:

- a) Conversion of forestland into agricultural land. Natural forests outside protected areas continued to be harvested and/or converted into agricultural land at a high rate. Preliminary reports from the national biomass study section of NFA showed that in central Uganda, forest cover had been reduced by as much as 43% over a period of 15 years (1990 – 2005). The Forest Sector Support Department (FSSD) of Ministry of Water and Environment and the District Forest Services (DFS) did not have sufficient resources to deal with the situation.
- b) Resistance from Local Governments. Local Governments continued to resist NFA involvement in curbing illegal activities around CFRs, insisting that this is theirs and not NFA's mandate.
- c) Increasing court cases. This was partly due to the Presidential directive to suspend eviction of encroachers from CFRs. Boundary opening also stalled. The situation was complicated by the limited capacity of NFA to prosecute suspects due to low staffing in the Legal Unit.

- d) Limited capital investment in CFRs. This is particularly with regard to access road construction, opening boundaries and plot demarcation, which caused delays in allocating land to farmers.
- e) Unpredictable weather. Weather, especially the dry season tended to be unpredictable, resulting into d unexpected fires, yet NFA had limited field equipment and materials to respond e.g. fire towers, underground water tanks and other fire fighting equipment.
- f) Political interferences, especially during boundary re-opening as many communities claim NFA is grabbing land for Government.
- g) Unstable timber market due to illegal timbers from private land and low inflows out of the sale of round wood as a result of market dynamics and slow response from the private sector sawmilling has put further strain on projected revenue making hard to stabilize working capital requirements and hence slow settlement of trade creditors.
- h) Disregard of the law. Encroachments on CFRs preventing private tree planting and proper management in Natural forests. Furthermore, inadequate awareness among the various Stakeholders resulting in contravention of the law. This may also be responsible for hostility towards the NFA Staff on duty.

Lessons learnt conclusions and recommendations.

NFA expressed that the following are lessons learnt from Phase I;

- a) De-concentration of decision-making to the lower levels breeds innovation.
- b) Institutional autonomy is key to sustainable management of natural sources.
- c) Proper utilization of funding from development partners foster progress
- d) Demonstration areas stimulate learning, especially if strategically positioned
- e) Incentives promote investments in the forest sector
- f) Public advocacy is crucial in sustainable management of natural resources

The Team wishes to observe that whilst it agrees with this assessment in broad terms, the following observation remains:

- Improving management of CFR is at the centre of NFA's Mission and any shortcomings in achieving this goal seriously undermines NFA mandate and credibility.
- There are unexploited or weakly exploited opportunities to revenue generation. NFA has developed a good level of capacity to generate revenue from directly tradable forest products. However, with about 85% of the forestland being managed for ecological purposes, a lot remains to be done in the area of tapping revenue from schemes such as Payment Ecosystem Services (PES).
- There are challenges in providing services and continued failure to realize revenue from services provided e.g. from the Biomass and Mapping unit.

3.1.2 Summary of lessons and experiences from Phase 1

The Team wishes to draw the following key lessons:

- a) **Collaborative Forest Management (CFM):** Phase I proved a useful approach to CFM. There are however still only a few agreements which have been made (26 signed). To popularize this approach more, NFA has to look into incentives that will get districts more involved in this approach. Interventions like agro forestry which bring out and rationalize the relationship between agriculture and forestry could be a good entry point and hence an effective incentive.
- b) **Private Sector;** Apart from CFM approach described in (a) above, in Phase I NFA made efforts to engage communities and the private sector in activities aimed at

improving management of forest resources. Some degree of success has been registered although some challenges still persist. They can be attributed to some of the following factors;

- Despite the national policy which emphasises involvement of communities in development programmes, the legal framework to support the policy is still generally weak. While the activities of public sector institutions are supported by clear legal expression in statutes, the public sector involvement depends on broad policies not backed by well defined laws. Freedom of action which is required for business expediency is still limited because of some statutory powers and controls imposed by the public sector which are not necessarily exercised in a business like manner. NFA should look into this with a view to make recommendations to review the regulations. NFA has not given support to the extent required to private sector associations – (e.g. The Uganda Timber Association) This is despite the fact that there are certain agendas (which benefit NFA) that can be more effectively pursued and pushed by private sector rather than NFA which has to observe and respect public sector antiquate – e.g. resistance to political pressure.
 - In Phase II NFA should enhance its support to initiatives whose objectives are to enhance the role of private sector e.g. the Sawlog Production Grant Scheme (SPGS).
- c) **Political involvement:** Events in Phase I tested the viability of NFA as an institution. The Mabira Forest Reserve saga, the halting of eviction of encroachers by Presidential executive orders and general political interference in the operations of NFA which shook the foundations of NFA, but never brought the institution down, provide a credible basis to conclude that NFA is growing into a stronger institution. Whereas this can be contributed to the commitment of NFA senior staff (who opted to resign on principal rather than see the mandate of the institution violated) and the strong and committed support and lobby of Civil Society, it remains true that the inherently structure and mandate of NFA is strong and seems able to resist such pressures.
- d) **Working together:** Coordination envisaged under Phase I suffered a serious setback when the MoU, whose objective was to ensure a coordinated approach, was terminated at the end of 2006 and replaced by a new agreement with NORAD only.
- e) **Benefits of coordination: Benefits of coordination:** There seems to have been little appreciation in NFA on the benefits of coordination that could accrue from active participation of NFA in the “Energy Sector Working Group” which brings donors, e.g. World Bank, ADB, EU, Government etc., together particularly at the policy level. In Phase II NFA should endeavour to play a more active role in this forum.
- f) **Low government funding:** This created a tendency of over reliance on donor support in Phase I. This can prove unreliable/unpredictable as exemplified by the impacts of political pressure which characterized the Mabira saga.

- g) **Use of legal and policy framework:** Phase I was characterized by legal challenges. Admittedly some of these were far beyond the authority of NFA to handle e.g. Presidential Executive order stopping evictions. There are however other situations which were allowed to escalate because NFA did not adequately appreciate the importance of initiating action to invoke subsidiary legislation through statutory instruments (SI), which can be effective tools in legal regulation and enforcement. It has however to be added that subsidiary legislation is not altogether free from political pressure and interference as it is a prerogative of the minister - a politician.

The Team noted that there are outstanding challenges including;

- a) **Strengthening human resources capacity:** staff performance has been seriously affected by high staff turn over and equally staff morale. These aspects require considerable investment to be re-established.
- b) **Strengthening partnerships:** The relationship of NFA and districts generally continues to be conflictual. Apart from political interference which fuels most conflicts, there is still general lack of appreciation on part of the districts regarding the change from Forest Department to NFA. Prolific creations of new districts and confusion over issues of revenue sharing have also contributed to mistrust. It was reported by stakeholders that the new approach adopted by NFA in Phase I towards sharing of benefits with communities, which focuses on direct dealing with communities rather than through Local government, has not been popular with Local governments. This is despite the fact that practical experience indicates that resources channelled through Local governments don't trickle down to communities as intended.
- c) **Meeting Targets:** In spite of the unrealistic time frame of 4 years for NFA to reach self sustainability, no concrete evidence was found that has the potential of leading NFA into compromising its basic objectives in the quest to raise revenue.
- d) **Capacity to achieve self-financing status:** Although the principle and objectives of managing forestry as a commercial venture is well recognized and appreciated in Phase I, its implementation continued to be difficult as eluded to throughout this report. Focus on this aspect in Phase II has to be sharpened by working out clearer modalities and strategies for achieving this important objective. Among the first initial steps towards this objective is for NFA to achieve acceptability among the public and private sector stakeholders as a viable stable and credible institution. One way to achieve this is to improve its relationship with the districts stakeholders. It is believed that this will ultimately strengthen the organization at the centre.
- e) **Incentives and benefits:** Discussions with the communities during field trips revealed that it is important to motivate and seek compliance of private sector, civil society, and lower cadre employees of NFA. The whole question and regime of appropriate incentives seems not have received the attention it deserves in Phase I. It is important to demonstrate the benefits individual households get through compliance and participation. The tendency has been to target forest adjacent communities

through group projects, an approach that has not clearly demonstrated what benefits accrue to individuals – which is what households look to. In this aspect lessons can be drawn from UWA and other interventions which have achieved an acceptable balance between individual households and groups in distribution of benefits.

- f) **Strengthening partnerships:** Stakeholders are of the view that there is need to streamline partnerships in research initiatives in the forestry sector. Collaborative research approaches which should involve communities should be enhanced. Unfortunately this has been undermined by the lack of interest of districts in research as indicated by minimal (if at all) budgets that are allocated to this purpose.

3.2 Relevance of Lessons Learnt from Phase 1 to the Proposed Phase II Programme

3.2.1 Areas for improvement

The following areas for potential improvements are identified;

- a) **Political supervisions/involvement:** Towards the end of Phase I there was considerable political pressure on NFA which affected implementation. This culminated in resignations of senior staff and the Board. Replacement staff has been appointed and a new Board put in place. So far the new Board seems to be comparatively operating under less political pressure.
- b) **Government directives and policy announcements:** have tended to legalise illegal activities or rather created some sort of unwarranted credibility to encroachers. This disrupted the smooth functioning of NFA.
- c) **Corrupt practices** and political patronage occasioned by some of high level Central and Local government officials and security personnel on e.g. illegal access to forestry resources involving logging have violated sound management practices. This behaviour has not excluded some of NFA staff as well.
- d) **Demoralizing attitude towards NFA:** Disheartening and unjustified judgement on NFA performance (based on sheer ignorance of NFA institutional mandate) and actions attributed to NFA on matters outside NFA mandate. Examples include: status of Local Forest Reserves (LFR) which are under jurisdiction of Districts, Forest resources on private land, illegal activities within National parks e.g. logging in Mt. Elgon National Park etc.). These messages have tended to demoralise NFA and create a wrong impression of the organisation in the eyes of the public.
- e) **Unmet Targets:** There were a number of unrealistic and ambitious targets and expectations that NFA could not achieve. A good example is the time frame within which NFA was expected to achieve financial self sustainability (although with time this is admittedly a good goal which should be kept in sight).

- f) **Institutional capacity levels** necessary to achieve NFA mandate: there has been underestimation of the capacities required to carry out some activities e.g., enforcement.
- g) **Institutional procedures:** procurement procedures that are slow and have caused undue delays which have affected implementation e.g. activities which need to be done in rainy seasons have been pushed to dry seasons and vice versa. This has resulted in unwarranted losses.

3.2.2 Areas for consolidation

Despite the above challenges and concerns the Team found that the Board has within its present competence tried to address some of the problems. This should be encouraged to be continued in Phase II. A few examples of commendable efforts made by the board regarding this matter include;

- a) **Streamlining staff recruitment and placement:** as a measure to promote self sustainability, the Board reviewed budget performance in Phase I and put in place measures for strengthening staff performance, such as performance based rewards and promotions or confirmations of positions.
- b) **Financial management and accountability procedures:** measures that aimed at reducing financial risks as well secure financial accountability and integrity in transactions.
- c) **Learning and feedback:** measures and requirements that force headquarters staff to visit field projects and provide on site advice and learn from the field experiences.
- d) **Securing nation-wide NFA mandate:** the Board has decided to take affirmative action to invest in developing forestry resources in Northern Uganda. This is reflected in priorities for Phase II of NORAD support as well as budget allocation.

3.2.3 Proposed strategies for adopting lessons from Phase 1 and other interventions into the new program

a) General strategies

- i. **Documenting and disseminating lesson learnt:** The NFA produces reports and information largely to reflect compliance and performance of the NFA. This is a statutory requirement. However, there are good experiences and lessons that should be synthesized, documented and disseminated to an internal and to a wider audience. To achieve this, there is need for systematic data/information collection and analysis so that the best stories (success and failures) are distilled and documented for dissemination.

- ii. **Strengthening institutional M&E systems:** The NFA operates at national scale and therefore requires strong M&E systems that provide the required information to inform decision making within the NFA, and also to promote a learning culture. The current M&E system should be strengthened to serve the learning bit of the monitoring. The outputs of this system will enable NFA to account for its impacts at national level better than presently done.
- iii. **Instilling leaning Culture:** The institution should invest in retooling its staff to appreciate the leaning culture associated with current management principles. Being conscious about this approach to management is not common among the staff and hence this recommendation.

Stakeholders expressed concern that some of the valuable experiences, and practices and lessons from the Forest Department were not adequately and properly taken into account in the design of Phase I. Phase II has also ignored them. It was pointed out that concerns of the low level staff were better catered for under the FD. It is claimed that under NFA more attention has been given to higher level staff. It was contended by some stakeholders that due to budget limitations, NFA may be seeking to manipulate rules and established practices to avoid obligations that come with longer contracts which take into account the welfare of low level staff. If this is the case then it ranks as a serious governance issue. Before definitive conclusions are made however it should also be noted that generally NFA in Phase I changed employment modalities and engages labour through service contracts for e.g. weeding boundary, clearing etc., an approach which is beneficial to the communities and local governments. Whatever the case, there is clearly a need for a systematic study of the lessons and impacts of the transition from Forest Department to NFA. It is not too late for some of the lessons to be incorporated in Phase II.

- iv. **Paradigm Shift:** Even in the absence of a systematic and comprehensive study, stakeholders were quick to point out that policy changes brought about by the change from FD to NFA have caused confusion (whether well founded or not) in the minds of the people. This can lead to wrong attitudes, and even worse; still unwarranted confusion can breed conflicts which can seriously affect implementation of Phase II. There is therefore need for sensitization to justify and account for changes in the manner the Forest Department run its business and NFA is carrying out its mandate. It has to be clearly understood that running forestry as a productive business as one of the main objectives of NFA is a positive approach that will lead to financial self sustainability.

b) Strategies for CFM

The CFM approach is potentially effective, but needs to be enhanced, consolidated and spread more in Phase II. According to stakeholders CFM has promoted sense of ownership of forest resources by the adjacent communities, and this has enhanced management. It will also be an effective entry point in northern Uganda. To enhance the benefits of CFM the following should be looked into:

- i. CFM is based on agreements with communities. The capacity of communities to effectively negotiate the agreements should be enhanced through training.
- ii. Revising current guidelines on the basis of practical experience and lessons learnt so far.
- iii. The role of local government in CFM should be further refined in a number of respects i.e. – streamlining registration requirements under the local government Act, strengthening linkages with local government grassroots structures with a view of easing operations and reducing conflicts, enhancing transparency in benefit sharing.
- iv. Critically assess the reasons why despite the success so far, registered CFM agreements seems to be very few (so far 61 applications and 26 signed agreements) while in reality they should be many more. Remedies to rectify the situation should be provided.
- v. Review the whole regime of incentives with particular focus on methods and modalities for benefit sharing accurately formulating incentives that are more likely to have impact on the community. Transparency issues in distribution of benefits i.e. gender issues, flexibility etc., should be emphasized.
- vi. Review methods of conflict resolution and propose methods to improve them.
- vii. Assess how transparency and governance issues are address in the constitutions of community groups participating in CFM.
- viii. Stakeholders pointed out that currently professional resource managers and resource users see incentive schemes in different ways and their attitudes need to be harmonized to achieve sustainability in CFM. Against this background it may be necessary to review training of forestry professionals with a view to exposing them to skills and knowledge of interacting with Local Communities.

4 PHASE II APPRAISAL

4.1 Programme rationale and purpose

The Forestry Programme is designed in such a manner that it will provide support to the forest sector reform, with a focus on specific activities that are crucial for the institutional integrity of NFA, financial sustainability in the sector and linkages to other institutions, selected districts in the north and surrounding forest dependent communities. The programme is a direct follow up to the ongoing forest programme that provided initial capital and technical support for the establishment of NFA.

The purpose for Phase II is “Secure the long-term sustainability of management for the Central Forest Reserves and assure improved livelihoods for forest adjacent communities, with a focus on Northern Uganda”. The immediate objectives related to the forestry sector in regards to the programme are to:

- a) improve Corporate Governance and Institutional Sustainability;
- b) ensure Sustainable Development of Forest Plantations
- c) restore Degraded Forest Reserves in northern Uganda;

The main thrust of Phase II is a continuation of support to NFA and relevant partners through funding of key development activities and the continued collaboration with Statskog and related Norwegian institutions. The Focus, Goal, Objectives and Outputs are articulated in the Final draft document of June 2008.

4.2 Assessments of Northern Uganda activities

4.2.1 The Northern Uganda in Context

Phase II seeks to strengthen NFA performance in northern Uganda. It was previously estimated that 1.5 million people were living in camps for Internally Disabled People (IDP) in Northern Uganda after more than two decades of civil unrest. Several of the IDP camps are located adjacent to Forest Reserves. The forests have been vital to sustaining the livelihood for the poor forest dwellers in the north and provide food, shelter, energy, fodder, building materials, fibre, medicine, as well as cash income. Pressure from the population living in IDP camps has degraded the reserves that are adjacent to the camps.

The Team wants to emphasize that the situation in northern Uganda now greatly has improved. This improvement permits NFA to play an active engagement in the region. The Phase II proposal could serve as a springboard to step into northern Uganda with a robust programme. The focus in north seems to be appropriately considered in the Phase II proposal. The Team notes, however, that despite this, the Draft NFA Business Plan for the period 2008/09 – 2012/13 does not seem to reflect the focus in north. The final Business Plan should therefore be more specific on the activities planned for northern Uganda.

4.2.2 Lessons for Phase II from other Projects in Northern Uganda.

The Team notes that the success of the proposed interventions in northern Uganda will to a large extent depend on how well they will be integrated into and harmonized with the other programmes and activities in the region. Prominent among these are: i) The Northern Uganda Social Action Fund (NUSAF) funded by the World Bank to the tune of US\$100 million; and ii) The Northern Uganda Rehabilitation Programme (NURP) funded by the EU. Harmonization should not create any problems since the underlying objectives of the above programmes are broadly similar to those of the Phase II programme described in the project document. Indeed the programme designs, experiences and lessons learnt can beneficiary inform and guide Phase II.

Experiences and lessons from NUSAF Project.

Started in early 2003 and is expected to run until 2009. The project was established as a transitory tool and funding mechanism to assist the North to catch up with rest of the country in matters of development. Its goal is to eradicate poverty in 18 districts in the North and Eastern region – Northern Uganda and its objective is to empower communities in 18 districts in Northern Uganda by enhancing their capacity to systematically identify, priorities and plan for their needs within their own value system, and implement sustainable development initiatives that improve socio-economic services and opportunities; thereby contributing to improved livelihoods by placing money in the hands of communities.

The NUSAF implementation arrangement offer important lessons for Phase II e.g. the approach used in implementation of NUSAF Project has been the Community Demand Driven: an approach which allowed communities to take centre stage in identification, prioritization and planning for their needs as well as implementing and managing the subprojects generated. In essence the approach allowed the communities to determine their destiny. The project has been implemented through the decentralized structures of Local Governments as it was expected to contribute to deepening of the decentralization process.

The implementation methods of NUSAF aimed at allowing community to manage their own processes of implementation. The critical assumptions made about the NUSAF project are illustrative e.g. participation of communities in implementation; Phase II should not have any problems with this if it can endeavor to adopt its CFM involved in Phase I which is regarded as successful. Perhaps the tricky assumptions are whether: i) Local governments, CSOs, NGOs and CBOs will be willing to cooperate, support and implement funded Phase II forestry sector activities; ii) There will be transparency, accountability and technical quality in CFM approach.

Some of the challenges NUSAF has encountered which are of particular relevance to Phase II interviews in Northern Uganda include; i) Insecurity; ii) Inadequate Technical support to communities (given limited numbers of forestry staff); iii) Leadership and governance issues i.e. (Transparency and accountability); iv) High demand of support from communities emerging from conflicts; v) Slow community accountabilities. A checklist of some of the lessons learnt from NUSAF which should be considered in Phase II interventions is given in Annex 4.

While the proposed interventions in northern Uganda in Phase II is commendable, its success will depend on sound appreciation of the unique social, economic, political and psychological factors and dynamics of the situation of northern Uganda, e.g.;

- i) Interventions should be flexible to allow for emerging situations in a society in transition from conflict to peace.
- ii) The fluid and unpredictable situation cannot easily provide a dependable blue print on which long-term interventions can be reliably based.
- iii) A good number of the interventions in the north have so far been through NGOs. Government has not tended to regard this approach kindly because (whether rightly or wrongly) it has received it as an affront to its constitutionally established authority to take overall leadership in directing the development process in the region and indeed the entire country. To avoid uncalled for confrontation this situation has to be approached carefully, diplomatically and gradually.
- iv) Given the unique situation in northern Uganda it will be prudent for interventions in to come up with innovative incentives e.g. exemptions on payment for licenses especially on rank and file civil society groups that may desire to participate in forestry activities.
- v) In the case of Northern Uganda the guidelines and principles for collaborative Forestry Management CFM in areas emerging from conflict in northern Uganda may have to be reviewed and changed.

4.3 Assessments of the Biomass and Mapping unit of NFA

The Biomass and Mapping unit of NFA (i.e. forest inventory, mapping, biomass assessments, GIS-applications) has over a relatively long period been doing data collection, data analyses and results provision that make them unique in East-Africa when it comes to competence and information on forest resources and forest resource assessments, as well as more general information on environment, geography (terrain, rivers, lakes) and infrastructure. The unit has also been able to synthesize all this information by means of appropriate GIS- tools and applications.

The Biomass and Mapping unit has good prospects of advancement and NFA should make it one of its focus areas in Phase II to demonstrate the important role the unit may play in the development process. The proposed effort in developing the unit into an Environmental Information Centre in Phase II is therefore commendable. Stakeholders pointed out that this should not be difficult to achieve as indicated in a few examples given below of practical uses of information that can be generated by the unit;

- Road Construction - Planning sizes and location of bridges or culverts in relation to run-off for selected points along the road.
- Planning for Valley Dams - How big is the catchment that will supply water for a given site. Terrain and land cover in the catchment.
- Mineral Exploration - Tracing alluvial minerals along a river system using 3D Produce maps for seismic surveys.
- Agricultural - Inventory of Quality and distribution of pasture in the cattle corridor districts of Uganda.
- Uganda Wildlife Authority - Designing Tourist maps for 7 National parks.
- AIDS Information Centre - Supply of GIS digital Data.
- Politics - Constituency maps Demography.
- UPDF - Various maps for various purposes

A summary of activities and work of the Biomass and Mapping unit is indicated in Annex 5.

Despite the highly beneficial results and efficiency it has been demonstrated that the staff of Biomass and Mapping unit is lean, and no spirited efforts are being made to address this problem which may in future undermine the competence of the unit. It has to be recognised that the unit requires specialised skills which may not be readily available in the country.

Phase II should also address some of the constraints the Biomass and Mapping unit is experiencing in recovering payments for its services on the one hand, and lack of demand for the services it provides on the other. The former can be attributed to negative attitudes of public sector towards payment for services especially if they are conceived to be provided by an institution funded by government. The later can be attributed to lack of awareness.

4.4 Assessments of NFA in a REDD context

In negotiating the Kyoto protocol on Climate Change adaptations, it is now recognized that CO₂ gas emissions contributing to the Global warming include gases released from forest deforestation and degradation, hence the new term Reduced Emission from Deforestation and forest Degradation (REDD).

The proposed intervention in Phase II should therefore be seen as a way to contribute towards REDD in Uganda. At national level, the capacity effort to strengthen NFA should include aspects that position NFA as lead player in promoting the understanding of REDD as a tool for addressing climate change. NFA as an institution and the Biomass and Mapping unit in particular in future have the potential of being the main information provider in Uganda when it comes to forest resources and changes in a REDD context. The proposed Environmental Information Centre in Phase II is therefore also in this respect a step in the right direction and deserves adequate budget allocation. Further, the NFA capacity to address degradation and deforestation should be seen as practical contributions towards REDD where a proper management of the CFRs is important in order to develop NFA into a seller of carbon credits in future. NFA has to start thinking about how best the above mentioned activities should be harmonized.

It is also important to note that the potential for REDD activities in Phase II is high given that the World Bank now has included Uganda on the list of Sub Saharan countries that should benefit under its REDD Programme.

A more detailed description of the REDD concept and NFA's potential roles in this is given in Annex 6.

4.5 Assessment of the role of Statskog in Phase II

In the draft proposal NFA has considered 3 main issues when it comes to the role of Statskog in Phase II;

1) Institutional Co-operation and Capacity Building:

The establishment of NFA was based on a close collaboration with the Norwegian State Forest Corporation (Statskog). The latter provided technical support to the NFA through seconded staff residing in NFA and general training and skills enhancement. The advantage of an institutional cooperation instead of a regular consultancy contract is to get people with real hands on experiences as well as it provides better continuity than with regular consultancy firms. In a period with turbulence in the management structure, as experienced in NFA lately, it is without doubt a stabilizing factor to have an institutional partner supporting.

Since NFA also in future is likely to face challenges related to political pressure and governance as well as challenges related to professional forestry issues, the Team agrees on these considerations and does in general support the suggested prolongation of the collaboration with Statskog.

2) Coordination, backstopping and reporting:

It is proposed that Statskog should appoint a Coordinator with responsibility to ensure proper coordination of the different short-term consultancies, as well as participate in development of the annual work plan and budget. The coordinator is also in charge of backstopping activities for the individual consultants as well as ensuring a smooth cooperation with NFA. All consultancies and training inputs shall be subject to specific TORs and appointment of counterparts from NFA. The coordinator shall also prepare semi-annual and annual reports of accomplishments, challenges and risks to NFA and the Embassy, and participate in the Annual meetings.

The Team recognizes the importance of an active coordinator with a good overview of the activities related to the collaboration.

3) Technical Assistance on Specific Activities:

The programme work plan and budget indicates a total of 136 weeks of TA from Statskog spread over the 4 year programme period. The support is distributed on specific activities which requires technical assistance for different assessments, advisory and development of guidelines, but should be subject to further considerations through the development of the annual work plans. It is anticipated that the majority of the TA will be of 2-3 weeks duration trips to Uganda. The same persons are expected to cater for several activities, limiting the number consultants to approximately 5-6 a year.

The Team does not want to be very specific in advising on the content of the technical support from Statskog. The Team, however, wants to emphasize the following issues;

- The activities related to technical support should be demand driven. This means that NFA themselves should define their needs in relevant areas.
- The activities related to defining the needs should be included in the annual work plans in order to achieve a real demand driven approach and process where the stakeholders within NFA in a conscious way do their priorities.

In consultations NFA expressed that collaborations mainly should focus on the activities related to GIS and mapping, and on Monitoring and Evaluation. On the latter they expressed that an assessment from an outsider like Statskog is particularly important. NFA also expressed that Statskog should still have a role in matters related to operational planning, logging, sawmilling, financial procedures and to the approach NFA is implementing when it comes to business and corporate thinking. Statskog, on their side, did in addition to the issues expressed by NFA, also mention IT and revenue collection as fields of importance that Statskog could assist in.

Regarding to the previously discussed potential roles of NFA in a REDD context, the Team want to point at a general need for expertise and support in order to strengthen the competence and capacity of the institution in this field.

4.6 Other issues subjected to assessments

4.6.1 Planning process

The Planning process that led to the development of the Phase II proposal tended to be driven by NFA and involved NFA Staff and did not sufficiently involve Stakeholders. The team recommends that the development of the logical framework should involve the parties concerned so as to derive its legitimacy and ownership from different stakeholders. The activities proposed in Phase II involve stakeholders in implementation (Districts, NGOs, Private Sector) and other programmes e.g. Northern Uganda Peace and Recovery Programme. In addition, the proposed activities relate to other sub sectors in the Environment and Natural Resources Sector Working Group. It is also further noted that the linkage between the logical framework and the situation analysis is weak. These issues need to be addressed by:

- Subjecting the Log frame and proposed activities to further consultation with institutions/actors mentioned above. This requires a facilitated process with required skills to engage in participatory planning/log frame development.
- Strengthening the Monitoring and evaluation framework for the proposed intervention to capture outputs, impacts and outcomes, in addition to compliance/performance of the project.
- Defining the linkage between the proposed activities with the Northern Uganda programmes.
- Integrating cross cutting issues such as gender, HIV/Aids, equity, governance, land tenure.

4.6.2 Programme design

In Phase II emphasis should among others focus on the districts. It is however noted that NFA has had somewhat strained working relationships with the districts and the challenge will be how to resolve these conflicts which in some notable instances are fueled by politicians. The key issues related to the conflicts revolve around control and access to forestry resources with CFR; provision of technical support to the DFS and the over-all Forestry Policy coordination and enforcement. This conflictual relationship presents a unique and difficult situation because ultimately districts perceive that NFA has consolidated strength and resources at the centre and devolved forestry management responsibilities to districts without commensurate financial and technical resources. NFA should therefore continue to endeavour to improve its relationship with the districts by among others fulfilling its obligations as provided for under the Forest and Tree Planting act

(2004) and good public relations and communications to district leaders and key actors. Some resources in Phase II should be earmarked for this purpose.

The Team notes that some of the problems with districts (e.g. allocation of funds from the centre to the districts) have a lot to do with the overall implementation of decentralization policy in the country and not NFA per se. In this respect therefore solutions may be beyond NFA as an institution.

4.6.3 Sustainability and risks

The autonomous status of NFA meant to enhance its efficiency has ironically in some subtle ways been an obstacle, e.g. in access to National budgets. Unlike government departments, which have more direct access to the mainstream national budget, NFA is at the mercy of the parent ministry which might not accord it the priority it deserves. This is clearly demonstrated by minimal budget allocations. NFA has actually received only small percentages of budgets allocated to it. Therefore, the proposed government counterpart funding should be secured.

4.6.4 NFA Financing modalities and set up

The proposed modalities for financing and grant management and administration, accountability measures, due diligence, reporting and coordination mechanisms, are reflected in the proposal according to the government structures. This ensures government ownership. However, mechanism for disbursing funds to districts needs to be further looked into to ensure a smooth implementation and accountability. Additionally, the lesson learning and feedback mechanisms, and M&E needs strengthening.

4.6.5 Capacity to absorb grants

The assessment looked into the financial management, M&E systems, and expertise in mapping, plantation management, community forestry, DFS and decentralized Forestry resources management. The Team is of the opinion that financial management systems are sufficient. There is need to provide for these capacities in the budget for training and capacity enhancement.

4.6.6 Donor coordination and financing arrangements

The Team looked into the appropriateness of proposed Donor coordination and financing arrangements, appropriateness of fund disbursement, reporting and approval processes, consistence with GoU procedures and NFA procedures and relationships with ongoing/planned programmes in NFA. The Team is satisfied that the proposed measures are adequate.

4.6.7 Budget

The Budget distribution reasonably reflects core business of NFA in relation to the priorities stipulated in the Phase II document. However, in light of the fact that the Team recommends a revision of the Logical framework in general, and that the Team also has

pointed at the CFM and the development of an Environmental Information Centre as two areas of importance to strengthen the Phase II programme, a solution could be that the GoN at present stage commit itself to a ceiling for the level of support, and then request for a revision of the proposal taking into account this ceiling and possible changes in priorities between activities.

The Budget in the Phase II proposal provides additional resources to NFA to implement proposed activities. The proposed revision of the proposal should also include the aspect of “integrating” a possible GoN support into over-all institutional budget framework of NFA. The Medium Term Expenditure Framework (MTEF) ceiling for the NFA over the 2008/9-2010/11 period will be affected unless negotiated with GoU (Ministry of Finance). A possibility is to consider a part of the proposed budget as “a conditional grant” to northern Uganda districts for Forestry resources development. In this way, ceilings set by MTEF will not be subject to cuts because of GoN support. This matter could be discussed between GoN (NORAD) and GoU (Ministry of Finance).

5 SUMMARY OF FINDINGS AND RECOMMENDATIONS

In general on the evaluation of the Phase I of support (2004-todate) the Team conclude that NFA has made important and relevant achievements. Implementation, however, has had varied results. In the following lessons learnt in Phase I and recommendations for the Phase II programme is summarized.

Findings	Recommendations
Areas for Improvements	
Political supervisions/involvement	➤ Strengthen Capacity of the Board to provide quality policy and management oversight role
Government directives and policy announcements	➤ Strengthen NFA capacity to manage such directives whilst sustaining NFA mandate as provided for under Law
Corrupt practices and political patronage occasioned by some of high level Central and local government officials and security personnel	➤ Strengthen NFA internal management and supervisory/monitoring capacity to avoid, detect, prevent and manage corruption tendencies
Demoralizing attitude towards NFA	➤ Develop and apply measures for providing incentives and sustaining staff morale
Unmet Targets	➤ Strengthen M&E system to be able to detect and address performance bottlenecks and shortcomings
Institutional capacity levels necessary to achieve NFA mandate	➤ Undertake capacity needs assessment and equip personnel with required skills and facilities
Institutional procedures on procurement	➤ Equip NFA personnel with knowledge on application of procurement procedures ➤ Institute measures for compliance to procurement procedures
Areas for Consolidation	
Streamlining staff recruitment and placement	➤ Institute personnel management system that are based on a reward system for promotions
Financial management and accountability procedures	➤ Institute measures for reducing financial risks as well secure financial accountability and integrity in transactions

Learning and feedback	➤ Enforce measures and requirements that compel headquarters staff to visit field projects and provide on site advice and learn from the field experiences.
Securing nation-wide NFA mandate	➤ Sustain affirmative action to invest in developing forestry resources in Northern Uganda
Adopting lessons from Phase 1 and other interventions into the new program	
Documenting and disseminating lesson learnt	➤ Carry out systematic data/information collection and analysis so that the best stories (success and failures) are distilled and documented for dissemination.
Strengthening institutional M& E Systems	➤ Integrate learning processes within the M&E System
Instilling leaning Culture	➤ Retool staff to appreciate the leaning culture associated with current management principles
Paradigm Shift	➤ Sensitize Staff on need to justify and account for changes in the manner the Forest Department run its business and NFA is carrying out its mandate
Collaborative Forest Management (CFM)	
CFM is based on agreements with communities	➤ Build capacity of communities to effectively negotiate the agreements
CFM Guidelines	➤ Revising current guidelines on the basis of practical experience and lessons so far learnt.
Strengthening role of local government in CFM	➤ Streamline registration requirements under the local government Act strengthening linkages with local government grassroots structures with a view of easing operations and reducing conflicts, enhancing transparency in benefit sharing.
Scaling up CFM	➤ Critically assessing the reasons why despite the success so far registered the CFM approach groups continue to be few (so far about 26 when in reality they should be many more) and propose remedies to rectify the situation ➤ Demonstrate to communities the economic benefits they can derive from participation in CFM ➤ Boost capacity in CFM Unit
Provide Incentives for CFM	➤ Review the whole regime of incentives with particular focus on methods and modalities for benefit sharing accurately formulating incentives that are more likely to have impact on the community, transparency issues in distribution of benefits i.e. gender issues, flexibility etc
Managing conflicts	➤ Review methods of conflict resolution and propose methods to improve them
Strengthen governance under CFM	➤ Assess how transparency and governance issues are address in the constitutions of community groups participating in CFM
Staff skills and competence to implement CFM	➤ Review training of forestry professionals with a view to exposing them to skills and knowledge of interacting with Local Communities such as those involved in CFM initiatives

With respect to the Phase II programme, the Team concludes that the proposed interventions are relevant to priorities of both governments and a wide range of stakeholders. In the following some of the findings and recommendations are summarized;

Findings	Recommendations
Relevance, effectiveness and efficiency with focus on northern Uganda	<ul style="list-style-type: none"> ➤ Interventions should be flexible to allow for emerging situations in a society in transition from conflict to peace. ➤ The fluid and unpredictable situation cannot easily provide a dependable blue print on which long-term interventions can be reliably based. ➤ A good number of the interventions in the north have so far been through NGOs. Government has not tended to regard this approach kindly because (whether rightly or wrongly) it has received it as an affront to its constitutionally established authority to take overall leadership in directing the development in the region and indeed the entire country. To avoid uncalled for confrontation this situation has to be approached carefully, diplomatically and gradually. ➤ Given its unique situation. It will be prudent for interventions in northern Uganda to come up with innovative incentives e.g. exemptions on payment for licenses especially on rank and file civil society groups that may desire to participate in forestry activities. In the case of Northern Uganda the guidelines and principles for collaborative Forestry Management CFM in areas emerging from conflict in northern Uganda may have to be reviewed and changed.
NFA, Biomass and Mapping unit and REDD	<ul style="list-style-type: none"> ➤ Link ongoing and planned interventions to issues of climate change and REDD in a National agenda. ➤ Systematically articulate the relationship between the Biomass study i.e. importance of gathering quality information and mechanisms for distributing it. ➤ Justified in economic terms – i.e. the benefits that accrue from REDD
Planning processes for Phase II design	<ul style="list-style-type: none"> ➤ Develop Phase II log frame with involvement of stakeholders so as to derive its legitimacy and ownership by stakeholders. ➤ Strengthen the linkage between the logical framework and the Situation analysis is weak.
Cross-cutting issues	<ul style="list-style-type: none"> ➤ Integrate cross-cutting issues of gender, HIV/Aids and equity ➤ Strengthen ownership and integration of the proposed activities in the northern Uganda social-economic and political landscapes

Securing District ownership and good working relationship between NFA and Districts	<ul style="list-style-type: none"> ➤ Endeavour to improve its relationship with the districts by among others sensitizing the district councils, land boards, local councils etc. on the important contribution the forestry sector to land husbandry
Sustainability of the proposed interventions under Phase II	<ul style="list-style-type: none"> ➤ The proposed government counterpart funding should be secured. ➤ Implementation approach should be revised to reflect the sustainability aspects of this programme, including building into the design elements of phased funding reflecting increased funding from government and districts over time.
Financing modalities and institutional set up	<ul style="list-style-type: none"> ➤ Review mechanisms for disbursing funds to district so as to ensure smooth implementation and accountability. ➤ Strengthen capacity for lesson learning and feedback mechanisms ➤ Develop and apply a strong M&E System
Increasing capacity to absorb the grant/deliver the Phase II interventions	<ul style="list-style-type: none"> ➤ Budget for training and capacity enhancement. ➤ Sharpen NFA focus by concentrating on few activities where it has comparative advantage and can do best and carry out a comprehensive and articulate functional analysis ➤ Adopt a more aggressive fund rising strategy to take full advantage of the existing commitment and potential opportunities among organizations. ➤ Develop and apply strategies for increasing the capacity of NFA to solicit for funding from other agencies and development partners.
Institutional Co-operation and Capacity Building	<ul style="list-style-type: none"> ➤ Extend contract with Statskog on institutional collaboration ➤ Apply a demand driven approach to technical assistance.
Coordination, backstopping and reporting	<ul style="list-style-type: none"> ➤ Appoint a Technical Coordinator with responsibility to ensure proper coordination of the different short-term consultancies, as well as participate in development of the annual work plan and budget ➤ All consultancies and training inputs should be subject to specific TORs and appointment of counterparts from NFA ➤ Identify areas in which NFA has comparative advantage and put more focus on those and leave areas where others have comparative advantage

6 FINAL CONCLUSIONS

NFA has since it was established been involved in activities, and has gained experiences and provided results that are of crucial importance to the Ugandan society. As such the institution should be developed further in order cover such roles also in the future. In conclusion, the Team commends the efforts done by NFA and other stakeholders to implement Phase I, and the interest by both governments to continue to provide support to forestry sector development in Uganda through NFA in Phase II.

The Team has also observed that the proposed interventions for Phase II seem relevant and feasible. The challenges and difficulties identified in this report should be addressed properly, however.

Annex 1 Terms of Reference

Support to the Establishment of the National Forestry Authority and “Sustained development of Uganda National Forestry Authority with enhanced focus on Northern Uganda

UGA 3003 UGA 02/312 National Forest Authority Phase I

UGA 3003 UGA 07/044 National Forest Authority Phase II

This Terms of reference will guide an end review of Phase I of the Norwegian support to the National Forest Authority in Uganda. It will be combined with an appraisal of a final draft proposal to support a new Phase of the programme.

Background

Norway has funded various programmes in the forestry sector in Uganda for several decades. The most important inputs have been support to education and training in forestry through Makerere University; the forest sector programme comprising a number of sub-programmes; and support to the policy development and institutional building programme leading up to the formation of the National Forestry Authority (NFA). The Embassy has given support in the amount of NOK 40 million to the establishment of the NFA. The last disbursement for the first phase was made on 31 March 2008

During the first phase the NFA faced multiple challenges as a result of a high turnover in senior management, delays in appointing a new Executive Director who came in place on 1 June 2007, political pressure in issuing licences for de-gazettement, lack of commitment from the GoU in financing the NFA and a politically appointed board that tended to micro manage NFA's internal affairs (resulting in high costs and disturbance in the NFA's daily work). The experience from the initial establishment of the NFA has shown that although considerable progress has been made, NFA has been facing multiple challenges as a result of political interference from December 2006 throughout the first half of 2007. This caused a high turnover in senior management and delays in appointing a new Executive Director who came in place on 1 June.

The institutional set up of the NFA are however intact, and the districts are working fairly normally. The financial management system, the M&E system, mapping expertise, plantation development and community involvement experience are still intact.. Challenges related to capacity, competence and financing still remain as key issues that the authority is facing. For some years NFA still needs financial support as NFAs own sources of revenue is not sufficient to cover the cost of running the authority and build up necessary forestry resources to secure a future sustainable management of the organisation. During the exercise that have led to the formulation of a new four year phase a number of critical issues have been identified and the programme document aspire to answer these challenges. The programme document (PD) is focusing on three main areas (i) corporate governance and institutional sustainability, (ii) forest plantation development and (iii) restoration of forests in Northern Uganda. A fourth component is the insitutional collaboration with Statskog. The total budget anticipated to be allocated as a part of Norwegian Aid to Uganda is NOK 69 million or Ug. Shillings 22.8 billion.

The Embassy has been in close dialogue with the GoU regarding the development of the NFA and, based on the overall achievements of the NFA, in principle agreed with GoU that the Norwegian government should continue its support to the institution. This is in line with the priorities of the Norwegian Government regarding support to the forestry sector in Uganda.

The Embassy has now received a request from MoFPED requesting continued support to the National Forestry Authority over a four year period and with a budgetary framework of about 68 mill. NOK. The support from Norway will constitute approximately % of the total budget of NFA

Purpose

The dual purpose of this exercise is to assess to what extent the first phase of the programme has reached its objectives, as well as document the experience gained and learning elements. This will be combined with an appraisal is to assess the Draft Proposal: *"Sustained development of the Uganda National Forestry Authority with enhanced focus on Northern Uganda "* The appraisal will verify and advise whether the submitted programme document is sufficient and reliable, identify whether additional information is needed and advice on potential improvements that could enhance the quality and realism of the programme.

Specific purpose for the end review

The main purpose is to assess the achievements under phase I of the programme and how the lessons learned are reflected in the design of the phase II. To the extent possible the impact of the programme to date should be assessed in line with the scope of work. Issues related to the overall policy environment should be addressed.

Specific purpose for the appraisal

Given the situation described above it is a need to assess the sustainable financing modalities and review the institutional set up of the NFA. More specifically the consultant should assess the overall capacity of NFA, including financial management system, the M&E system, mapping expertise, plantation development and community involvement experience. The consultant will also have to assess the institutional capacity at decentralised level. In light of the fact that the programme will have a specific emphasis on restoration of forests in Northern Uganda, the consultant should focus on the Northern part of the country. Furthermore the consultant should assess how this support fits into the overall Norwegian support to the Northern part of the country and identify potential sources of conflict.

Scope of work for the end review

The key issues to be assessed should include the following but not necessarily be limited to the following;

- Assessment of the achievements of the project against the planned outputs
- Performance and sustainability aspects of NFA from both financial and management point of view
- General performance of NFA according to its mandate
- Assess and comments whether all the obligations under the agreement have been fulfilled
- Assess the following key issues and how these relates to the implementation of phase I of NFA
 - Efficiency
 - Effectiveness
 - Impact
 - Relevance
 - Sustainability
 - Risk management
 - Particular concerns to be investigated
 - Audit
- Asses the anti corruption measures

Scope of work for the appraisal

Assessment of the Partners' planning process

- The quality of the underlying analysis and planning process of the programme, including participation of relevant stakeholders in the process
- The relevance of the programme with regards to the problems that the programme should solve and the interests of the involved stakeholders
- The use of lessons learned from earlier experience with similar programmes and/or the best available knowledge
- Other planned or on-going programmes that may influence the implementation or the effects of the planned programme

Assessment of the programme design

- The quality of the design elements, (goal, purpose, outputs, inputs), e.g. consistency and realism
- The quality of the Indicators and Means of Verification (data sets) identified at all levels of the design elements. Are the indicators sufficient to give valid and reliable information on outcome and impact
- The quality, simplicity and user friendliness of the recipient's monitoring system for the programme
- Are relevant and reliable baseline data available?
- Are relevant risk factors identified, analysed and are mitigating actions integrated in the programme design

Assessment of sustainability and risks

- Policy and framework conditions (incl. corruption)
- Socio-cultural and gender aspects (incl. HIV/AIDS)
- Economic and financial aspects
- Institutional and organisational aspects
- Environmental aspects
- Technical/technological aspects
- Political interference
- Any other significant risks that may prevent achievements of results

Assessment of donor coordination in co-financing programmes

- Roles and responsibilities: donors and Partner
- Alignment with Partner's systems and procedures
- Efficiency of framework for cooperation

Implementation of the appraisal

This combined end review and appraisal will be undertaken by a review team comprising of two to three members (one of whom will be designated as Team Leader) with the following specialization and expertise:

- a) Forestry management, with a strong background on forest protected area management and plantation forestry
- b) Institutional and organizational development, including corporate governance
- c) Economic and financial programme and project analysis

Information needed by the review team should be gained through analysis of relevant documents and through interviews with the staff of the Norwegian Embassy, the NFA, the EU commission, the World

Bank, programme personnel, implementing institutions, partner organizations and selected stakeholders.

The review team will:

- a) Review documents including programme document for both phases, work plans and reports to date.
- b) Consult with the programme personnel and other stakeholders in Kampala and in selected districts (focus on North).
- c) Consult with other relevant stakeholders
- d) Debrief the Norwegian Embassy

The Team Leader is responsible for the supervision of the appraisal, ensuring the overall accomplishment of the appraisal and for production of the appraisal report.

Relevant documents that should be consulted include the following:

- Programme documents for phase I and II
- Semi-Annual and Annual narrative and financial Reports;
- Agreements
- Letters of exchange
- Other sources of relevant documents.

Duration and tentative dates

The team should commence their work in late August/early September 2008 based on the following tentative framework (team leader).

- 3 days preparation
- 10 days of field work in Uganda
- 4 days to finalise the draft report
- 3 days to for the final report

Reporting

The team shall present their main findings and recommendations before departing from Uganda. A draft report not exceeding 30 pages shall be submitted to the Royal Norwegian Embassy in Kampala maximum 15 days after the completion of the field work. Written comments to the draft report from NFA, the Royal Norwegian Embassy and NORAD should be availed to the team within 10 working days after receiving the report. The team should present a final report writing 10 working days after the submission of comments

The report shall have an introductory summary with main conclusions and recommendations of the team. The report shall be written in English and the final report shall be submitted in 5 hard copies to NORAD/Oslo and electronically to both NORAD and the Embassy.

Written by: Solveig Verheyleweghen

Approved by: Ambassador Bjørge Leite

Annex 2 List of People Consulted

1. Gjermund Sæther	-	Deputy Head, Norwegian Embassy Kampala
2. Solverig Verheyleweghen	-	Second Secretary, Norwegian Embassy Kampala
3. Patrick Seruyange	-	European Union Kampala
4. Baguma Isoke	-	Board Chairman - NFA
5. Damiano Akankwasa	-	Executive Director NFA
6. Ernest Kaddu	-	Director Finance and Administration NFA
7. Paul Buyerah	-	Director Corporate Affairs NFA
8. Paul Drichi	-	Director Plantations NFA
9. Hudson Andrua	-	Director of Natural Forests, NFA
10. Martin Fodor	-	World Bank
11. Leo Twinomuhangi	-	Sector Manager NFA Mabira Forest Reserve
12. Geofrey Ojambo	-	Coordinator MFICO
13. Ibrahim Senfuma	-	Tour Guide MFICO
14. Peter Nsubuga	-	Eco specialist guide MFICO
15. Robert Kangukye	-	Secretary Board MFICO
16. Rajab Kiyangi	-	Projects Coordinator MFICO
17. Judith Ahebwa	-	Mabira Eco-Tourism Centre
18. John Diisi	-	Coordinator GIS, NFA
19. Edward Ssenyonjo	-	Remote Sensing Specialist, NFA
20. Acobo Jimton Ttitia	-	Field Inventory Supervisor, NFA
21. Fridah Basemera	-	GIS/Database Management Specialist; NFA
22. Xavier Nyindo Mugumya	-	Team leader Carbon portfolio, NFA
23. Mutyaba Joseph	-	Boundary Supervisor
24. Svein Larsen	-	Statskog, Norway

Annex 3 Selection of Documents Reviewed

TORs for the Review and Appraisal

Norway-Government of Uganda Cooperation Agreement

Phase I documentation (proposal and reports)

Phase II documentation (draft proposal and associated communications)

NFA documentation (Annual reports, Business Plans, Operational manuals and guidelines)

Northern Uganda Peace and Reconstruction Programme Documents and associated information

Forestry Act, Forestry Policy, National Forestry Plan and associated information

Annex 4 – Checklist of Lessons Learnt from NUSAF

- Poor communities can participate in planning, management and implementation of investments suited to their needs, once they are supported adequately.
- Committed leadership ensures successful implementation and maximization of benefits to communities.
- Collaboration and networking with development partners in implementation and monitoring of sub-projects is a very useful strategy of ensuring effectiveness and efficiency in resource allocation and utilization.
- Communities require constant capacity building through out the subproject cycle.
- Group size is an important factor in subproject performance.
- A well executed extended PRA process is an effective means of reaching the real poor.
- Groups with higher proportions of women tend to perform better.
- CSOs/CBOs perform better in community planning, capacity enhancement, monitoring and evaluation than I direct implementation of community subprojects.

Annex 5 Activities of Economic importance done by Biomass and Mapping unit

Digital Datasets covering the whole country are available. These data sets, singly or in combination, are used to produce various customized products.

Dataset
Administrative boundaries down to parish level
Rivers - Big rivers to seasonal rivers streams
Land cover/use 1990 and 2005
Infrastructure down to motor able tracks
Contours mostly 50 feet vertical interval
Protected areas- Central and Local Forest Reserves, National Parks, Wildlife reserves
Towns- down to trading Centers
Biomass Stock Density distribution
Digital Elevation Model - most detailed for Uganda in the whole world (33 feet resolution)
Basins- catchments for rivers

Facilities: GIS Server, Computers, Large format (A0) plotters, Scanner, Map cabinets
GIS Software - ArcGIS, ArcView, ERDAS, GeoVIS, Idrisi

Item	Tasks	Products
Core activities	Producing GIS Information for NFA Land cover mapping and Biomass monitoring for Uganda as public good	- Maps, tables for use in management of Central forest Reserves - Land cover and Biomass data for Uganda
Land cover Mapping	Periodically map the land cover of Uganda using Landsat Satellite images. Carryout image interpretation, ground truthing and map production	- Land cover statistics of the country: this is Information used by UBOS, NEMA, Wetlands Division, Background to the budget, conservation purposes, etc - Distribution of different land cover types in the country - Land cover change detection eg deforestation, afforestation, increase/decrease in agriculture, urbanization
Woody Biomass monitoring	Periodically measure trees and land cover in sample plots distributed at 5 by 10km grid	- Woody Biomass stocking throughout the country - How much charcoal can sustainably be produced in particular areas e.g. Nakasongola, Luwero etc. - Areas in woody biomass deficit or surplus - Candidate areas for afforestation
Climate Change	Carbon	- Monitoring afforestation, deforestation and forest degradation for REDD and CDM
Water management	Planning for Valley Dams	How big is the catchment that will supply water for a given site? Terrain and land cover in the catchment. Which areas will be inundated?
Infrastructure	Road Construction	Planning sizes and location of bridges or culverts in relation to run-off for selected points along the road
Infrastructure	Telecommunication	Ideal sites for erecting telecommunication masts for maximum signal coverage, line site modeling, determining areas in signal shadow, terrain profile
Works	Mineral exploration	Tracing alluvial minerals along a river system using 3D, produce maps for seismic surveys

Forestry	Forest Management	Site species matching maps Boundary plan maps for field verification Sector and range maps Private tree farmers' locations in CFR Silvicultural progress maps for different reserves Status of Forests in Uganda
General Mapping	Base maps	General reference map of Uganda District maps, Customized maps A4 to A0
	CHOGM	Planned and produced maps for tree planting at Clock Tower. Location of each tree by coordinates and species. Each country can locate the tree they planted on the map
	Education	Producing maps for students for their dissertations Classroom maps Aiding Domestic and Foreign Masters and PhD students in research
	Politics	Constituency and Demography maps
	Health	Mapping habitats for tsetse flies in eastern Uganda Maps for Research on Malaria in Kabale District
	NGOs	Distribution and intensity of project activities in Project Areas Impact of refugees on land cover
Collaboration with other institutions	NEMA	Member of the Environmental Information Network Producing an Environmental Atlas for Uganda Producing an Environmental Sensitivity Atlas for the Albertine region in preparation for oil production Training District Environment officers and District Planners of selected districts in GIS (ArcView)
	Wetlands Inspection Division	Producing maps of wetland types and distribution in the whole country
	Government of Southern Sudan, Juba and Norwegian Forestry Group	Training Land Resource Inventory Centre staff in GIS to start inventory of forests in Southern Sudan
	Ministry of Agriculture Animal Industry and Fisheries	Inventory of Quality and distribution of pasture in the cattle corridor districts of Uganda Mapping Landing Sites – Beach Management Units
	Uganda Wild Life Authority	Designing Tourist maps for 7 National parks
	Private Sector Foundation Uganda	Mapping distribution and penetration of installed solar panels in the country. Maps show installation for each of their 3 phases.
	Aids Information Centre	Supply of GIS digital Data
	Uganda Police	Map for deployment in north-eastern Uganda
	UPDF	Various maps for various purposes
	Geology	Supply of all the digital layers covering Uganda to GTK, a firm contracted by Geology
	Uganda Breweries	Mapping locations of beer depots in central and western Uganda
	Coca Cola	Determining road distances to over 1000 distributors in various parts of the country
	EMA Consult	Determining how much forest would be destroyed by passing a new power line in Mabira
	UNHCR	Assessment of Biomass around refugee camps in Madi-Okolo
	GTZ	Biomass assessment in Masindi District
	Uganda Leaf Tobacco Company	Road Distances in Mityana, Kyenjojo, Kibaale, Kamweng & Mubende districts

	Uganda Tea Corporation	Mapping estates
Possible works	Application of 3D in Landscaping	Plan for a site in 3D to know how the place will look like before development is done
	Application of 3D in Military	Planning for troop movement, concealment, location and utilization or avoiding topographic obstacles, Navigation maps
	Mapping infra-structure	Mapping new roads, hotels, fuel stations

Annex 6. Potential roles of NFA in a REDD context

1. The REDD concept

At the core of the discussion on Reduced Emissions from Deforestation and forest Degradation (REDD) is to create an incentive mechanism (payment) to those responsible for reducing **deforestation** and **degradation** (DD). REDD therefore represents a new way of thinking compared with previous carbon financing schemes related to forestry where the basic idea was to get carbon credits for planting in new areas, or with traditional forest conservation schemes for biodiversity purposes as well as traditional development aid. The key is to establish performance based systems, where payment is made to those that produce 'certified emission reductions' from reduced DD. Carbon credits can then become a new cash crop for e.g. Uganda and its population, produced locally and sold globally.

Establishing a REDD mechanism along these lines is a major challenge. It requires detailed **information** about changes in the carbon stock of forests, appropriate **incentives** given to decision makers to undertake activities that reduce DD, and that the flow of information and incentives are embedded within a set of effective **institutions** to ensure good governance. We will in the following focus on information and just shortly discuss incentives and institutions.

1.1. Information

To provide reliable information on forests is crucial to make a REDD mechanism work. Historical rates of DD must be established to produce baselines, and changes in DD must be produced on an annual basis. Forest information will become much more important and valuable than in the past, as it will form the basis for potentially very large financial flows. This should encourage heavy investments in providing better information, but also increase the temptation of producing biased information. Transparency in the whole process, public access to all information and to develop appropriate auditing or certification schemes is therefore essential.

The information collection on forest within a national REDD mechanism system should be performed in different ways.

- A baseline for DD must be established from historical records that cover all main vegetation types (ecological zones) and tenures.
- Changes in DD must then be established from a system of data collection that secures representative estimations on preferably annual basis (the cost of data collection per area will of course be reduced, the longer period considered). This kind of data collection system requires the establishment of what we may call a National Forest Inventory (NFI). Such a system may provide sufficiently accurate change estimates at an aggregated level, e.g. for main vegetation types and tenure systems.
- The level of disaggregation is a crucial question for monitoring forest changes in a REDD concept because carbon credits is supposed to be sold by those who actually undertake activities that reduce DD. If information is required on a detailed level (e.g. a municipality, a forest reserve, or even a village forest), however, the number of sample plots required for sufficiently accurate change estimates in DD will rise beyond any realistic framework for an NFI. This means that a NFI framework have to be combined with monitoring systems at more locale levels.
- One such system that have been discussed (and tested in e.g. Tanzania) is to perform participatory forest inventories (PFI) connected to e.g. Collaborative Forest Management (CFM) agreements. In this scheme local people are trained in forest inventory activities to enable them to perform appropriate inventories that can be used in REDD concept. PFI in this framework do of

course need some kind of system for independent accounting to secure that the information provided is not biased.

- It is for many reasons a challenge to harmonize the information from NFI and PFI. The NFI data may only provide appropriate information down to a certain aggregated level, while the time to establish CFM including PFI obviously will take time. One way to overcome some of the difficulties is to implement forest inventory techniques like photo interpretation and/or airborne LiDAR. The latter technique has been suggested in Tanzania as a means to cover selected hotspots or smaller geographical units in collecting forest information in a REDD context.

1.2 Incentives

REDD is an attempt to pay the forest owners/managers/users for keeping their forest. Thus a system will only be functioning to the extent REDD provides incentives to those that make the decisions about forest use. There are several issues that need to be addressed to make this system effective that will not be addressed here. The basic condition, however, is that there must be real transfer of financial resources to forest owners/users/managers.

1.3 Institutions

Setting up a national REDD system requires a rethinking of the institutional structure. This will not be addressed in any detail here. However, one of the basic principles in that work should be to separate the roles of the different stakeholders. Such roles include:

- Sellers: forest owners/users/managers providing the service (REDD).
- Buyers: international payment channelled to the national institutions and to sellers.
- Market facilitators: linking buyers and sellers.
- Information providers: providing information about the service being produced.
- Auditing: verification or certification of the services
- General policy formulation: setting the framework for how the market should operate.

2. Potential roles of NFA

NFA as an institution, and the Biomass and Mapping unit in particular, may in future serve several roles in a national REDD scheme in Uganda. These roles, including opportunities and challenges, will be shortly discussed in the following. One may imagine that NFA could have a role as a market facilitator as well as in auditing. These aspects will not be elaborated further here, however. It is reason to believe that the future roles of NFA in a REDD context mainly should be connected to the institution as a seller of carbon credits and to the institution as an information provider, where the latter is the most important.

2.1. NFA as information provider

A general consequence of imposing the REDD concept in Uganda is that forest information will become much more important and valuable than in the past, as it will form the basis for potentially very large financial flows.

The information required in a REDD concept may be divided into two main categories, i.e. deforestation and forest degradation. It is important to distinguish between these two categories because the quantification of them requires different approaches and techniques. Deforestation is connected to the forest area and described by means of area changes for e.g. different forest types, while forest degradation is associated with the actual content of such areas and is described by means biomass changes for a particular area.

NFA has over a relatively long period been doing data collection, data analyses and results provision that make them unique at least in East-Africa when it comes to competence and

information on forest resources and forest resource assessments. This is related to deforestation as well as to forest degradation. In particular the permanent sample plots distributed systematically over the country are valuable from forest resource assessment and REDD perspectives, and will increase considerably in value, if they are maintained in future. Also the biomass equations developed by NFA are valuable in a REDD context.

At present the Team see the following as potential roles of NFA as information provider in a future REDD scheme in Uganda;

1. Baseline for DD at the national level

The National Biomass Study done by NFA is based on satellite images and field work to settle forest cover changes, and photo interpretation and permanent sample plots in field to settle biomass changes. This means that the institution is able to provide baseline information on deforestation as well as forest degradation at a national level, possibly also for certain lower geographical levels. There is, of course, questions related the accuracy of these estimates in a REDD context. The accuracy, however, can quite easily be quantified from the inventory design performed. Since the biomass study was finalized in 2003, the estimates should also be updated based on newer satellite images and the permanent sample plots.

2. Change in DD at the national level.

The basic inventory methods and techniques applied in the biomass study confirm with the requirements for assessing changes in DD at the national level. However, the data collection has to be intensified considerably to meet the accuracy requirements for REDD scheme. The extent of this intensification depends on several factors; i.e. the general accuracy to be required, the geographical unit where information is needed (the smaller unit, the more intensified data collection), and the period within which changes is required to be assessed (the shorter period, the more intensified data collection).

As a consequence of the requirement of information on forest changes in a possible future national REDD scheme in Uganda, the Biomass and Mapping unit in NFA could be developed into a National Forest Inventory.

3. Baseline for DD for Central Forest Reserves (CFR) and Local Forest Reserves (LFR)

As a part of the biomass study NFA has provided data that probably can be used more or less directly as baseline for DD in the forest reserves. The condition for this is that the data are sufficiently accurate and that they are updated from 2003 to date. All together these areas constitute more than 1.2 mill. ha. forest land.

4. Change in DD for CFR and LFR

By applying the previously developed methods, but possibly with intensified data collection schemes with respect to number of sample plots as well as frequency of measurements, NFA will be able to provide for information on DD that form the basis for selling carbon credits from the forest reserves. The condition for selling credits based on their own measurements is of course that some kind of system for independent accounting or auditing is in place to secure that the information provided is not biased.

5. Baselines and changes in DD for other forest areas

Since NFA has relevant competence in forest resource assessments they obviously also has a potential of developing inventory methods and using new techniques that can be applied for different types of forests with respect to geographical units, vegetation types and tenure systems. In this way it might be possible to provide information to public or private stakeholders that need information to sell their carbon credits.

6. Participatory forest inventories as a part of CFM agreements

NFA could, as a part of their CFM agreements that obviously will be very important in the new programme, develop a concept where Participatory Forest Inventories (PFI) is integrated. In such a concept local people are trained in forest inventory activities and paid for the work they do on this later. The payments to the local people for the inventory work should be done irrespective of whether there are reductions or not in DD. In addition, agreements between NFA and the local communities have to be developed in order to share the revenues from selling carbon credits if there are DD reductions. Also for this concept a system for independent accounting or auditing must be in place to secure that the information provided on DD is not biased.

2.2. NFA as seller of carbon credits

As owners and managers of CFR, NFA can sell carbon credits if they can document reductions in DD. With 1.2 mill. ha. of forest land and good management in all respects (i.e. from governance to appropriate silvicultural treatments in field), NFA potentially has prospects of significant direct revenues from selling carbon credits under a REDD scheme in future.

