

Institutional and Governance Arrangements Shaping Kenya-Uganda Cross-Border Trade in Charcoal

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Sustainable Woodfuel Value Chains in Africa: Governance, Social, Economic and Ecological Dimensions

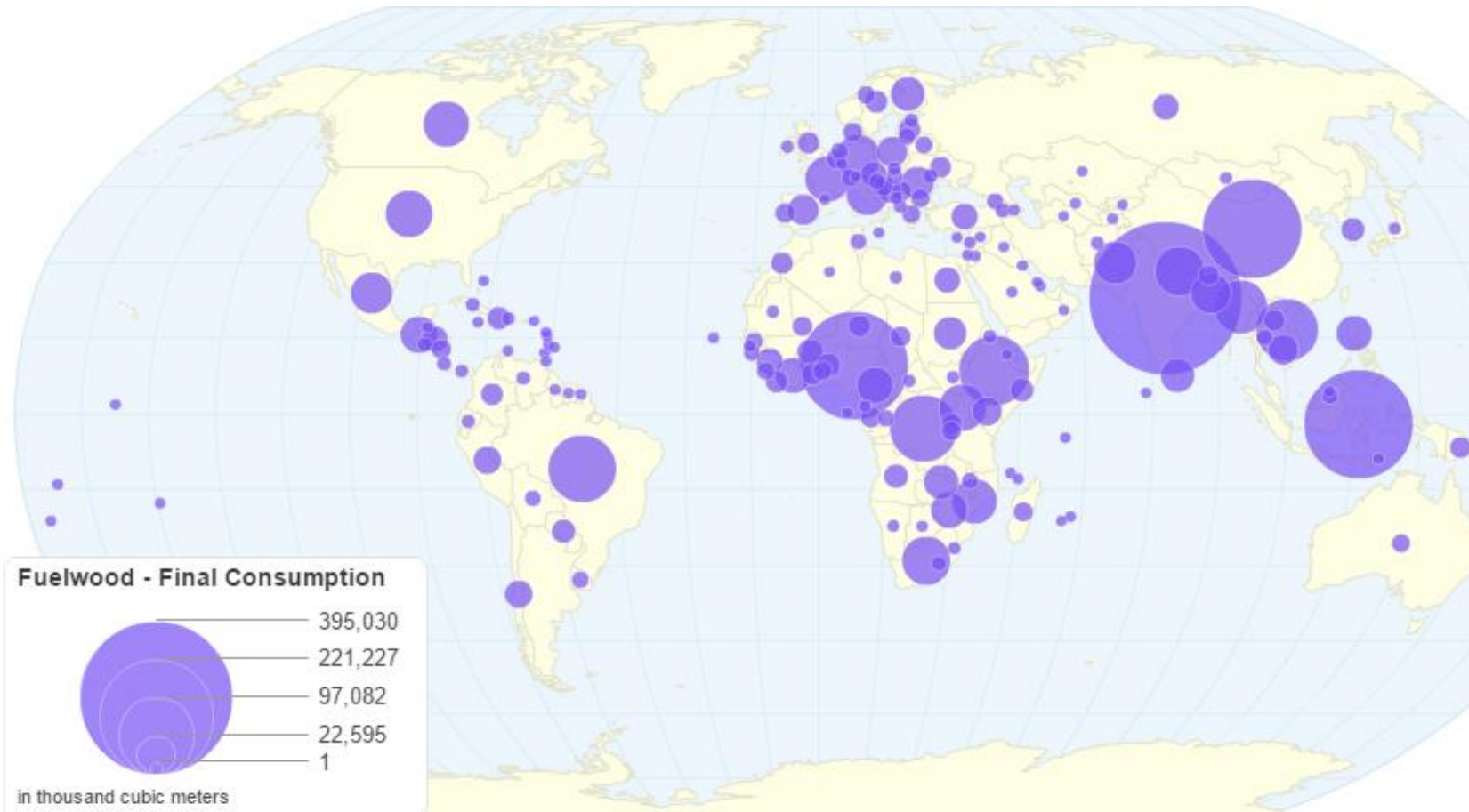
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Kwame Nkrumah University of Science & Technology, Kumasi and Online



OVERVIEW OF CHARCOAL TRADE AND GOVERNANCE

- Woodfuel (charcoal and firewood) main energy source for cooking and heating 60>% Africans
- 17 per cent of wood extracted from forests worldwide is converted to charcoal
- From 1993 to 2017 Africa accounted for an average of 57% of the global production

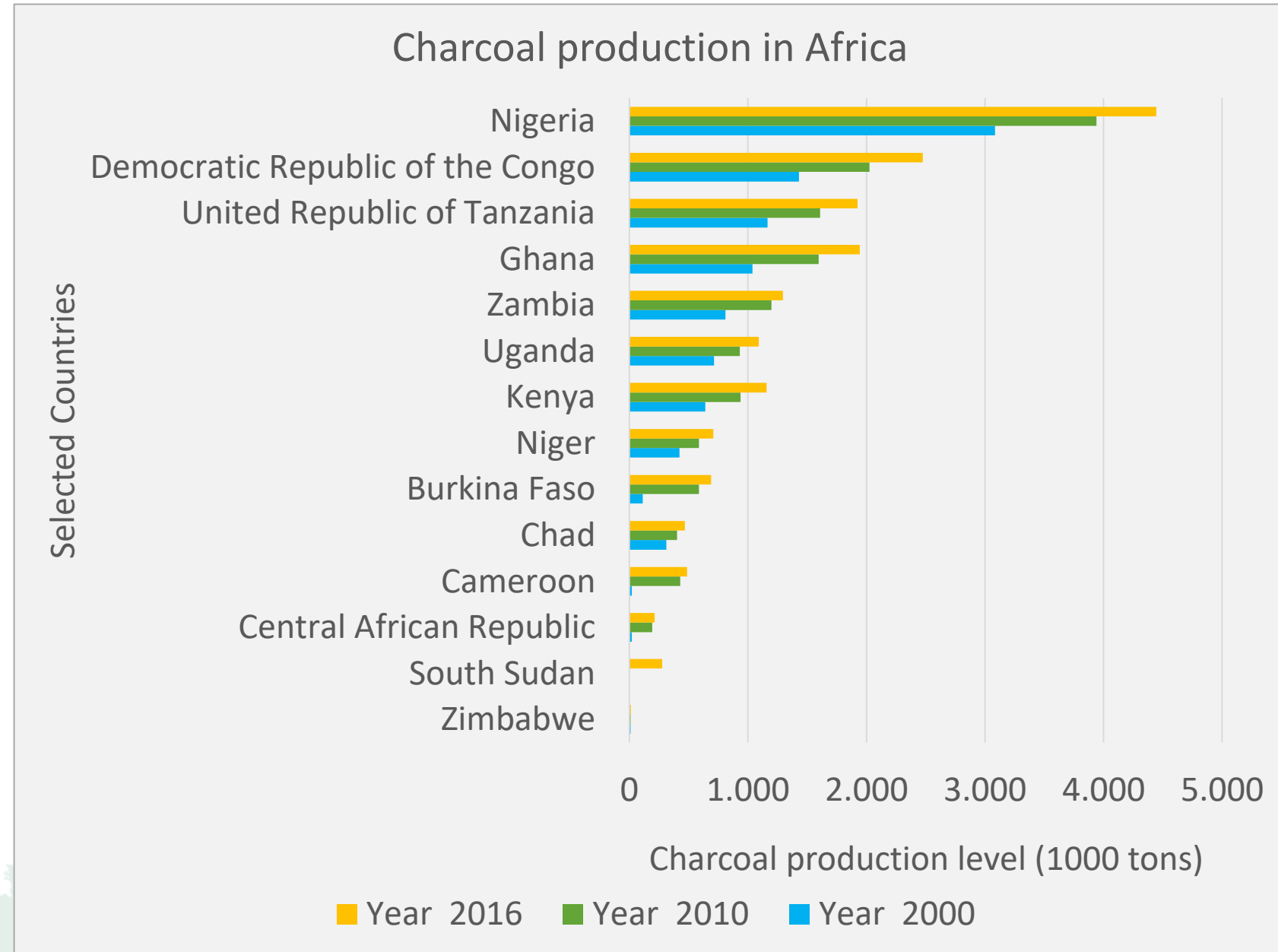


- Most governments outlawed commercial production of charcoal
 - but it remains a preferred energy source
 - markets are insatiable and remain legitimate.
- Sustainability of charcoal production and trade, within broader forest-agricultural landscapes, remains urgent issue

Africa trends

- Incremental increase in charcoal producing nations from 2010-2016 mainly from **Nigeria, Democratic Republic of the Congo, Ghana, Tanzania**

Source: IndexBox, 2020; FAOSTAT, 2020



Cross-Border Trade

- Charcoal cross border trade in Africa has remained mostly informal, illegal, unknown, underestimated
- Kenya is a net importer of charcoal
- Institute of Economic Affairs (IEA) projects a deficit of 63% (33 M tons/year) in 2020
- Governance of charcoal value chains remains challenging attributed to informality
- Mandates are spread across agencies & ministries
- Legal pluralism - poorly coordinated agencies - leading to unintended consequences
- Important to understand the institutional mechanisms shaping these value chains as they potentially pose a threat to the long-term sustainability of natural forests and woodlands

Study objective:

Investigate Institutional and Governance arrangements shaping cross border charcoal trade flows Busia, Kenya-Uganda Border



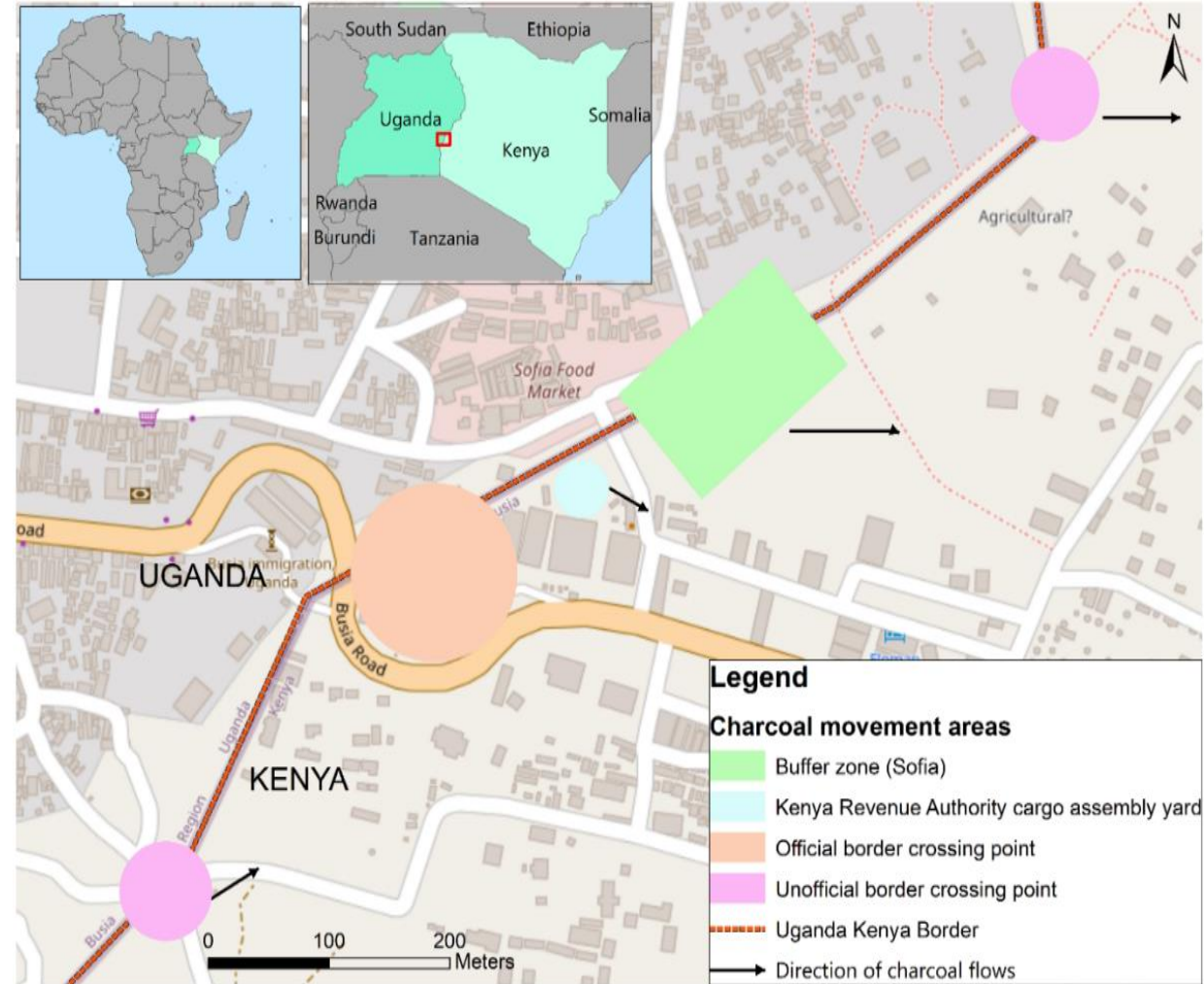
METHODOLOGY-STUDY AREA & METHODS

Busia border post

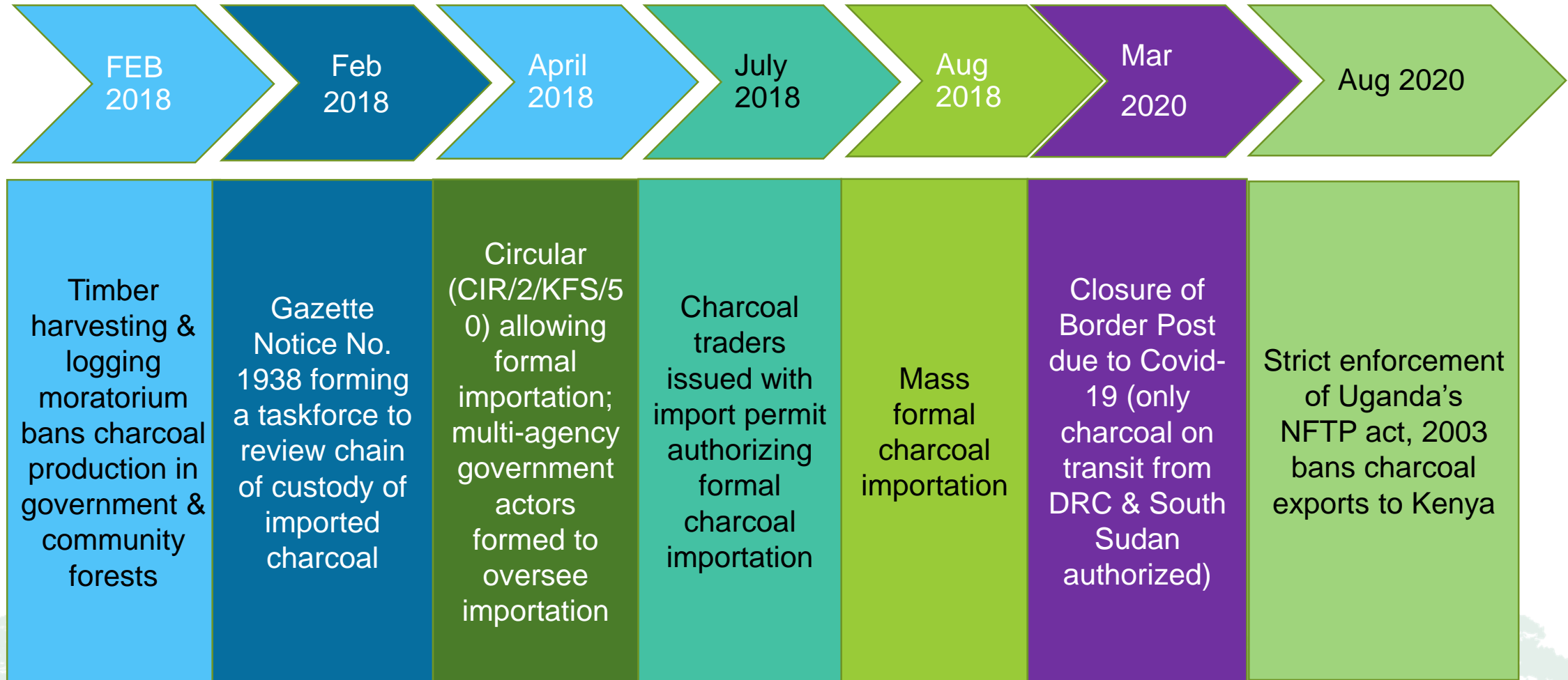
- Gateway for regional trade between Kenya & East & Central Africa partner states
- 2018-upgraded to one stop border post (OSBP) to ease trade & eliminate trade barriers
- Cross-border trade in charcoal thrives

Data collection methods

- In-depth semi-structured interviews
- Survey & monitoring of informal cross-border charcoal trade flows
- Content Analysis of policy/regulatory/import documents
- Analysis of secondary data on formal trade flows
- Measurements and weighing of charcoal in estimating tonnage

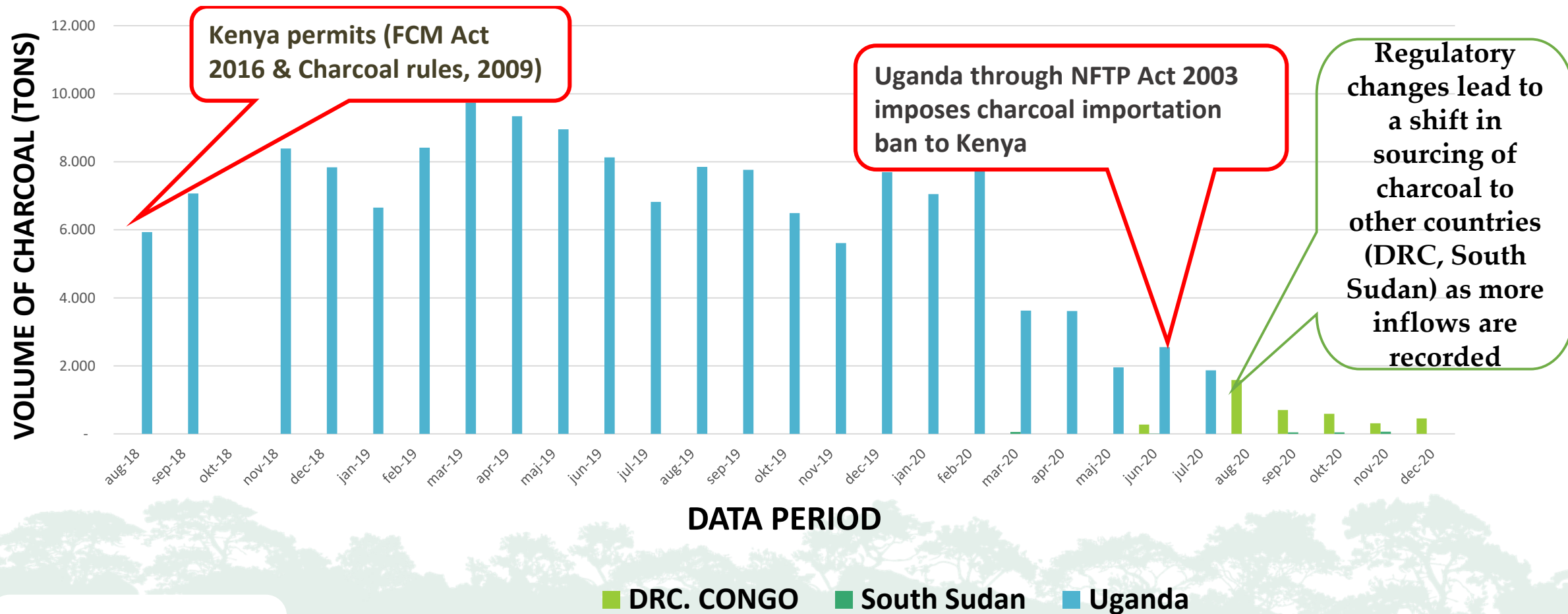


Formal Institutional Mechanisms shaping cross-border trade in charcoal



RESULTS: Formal institutions shaping trade flows

Total imports=2,073,530 bags (Approx. 155,500 tons)-
97.3% (UG); 2.5% DRC & 0.2% S. Sudan



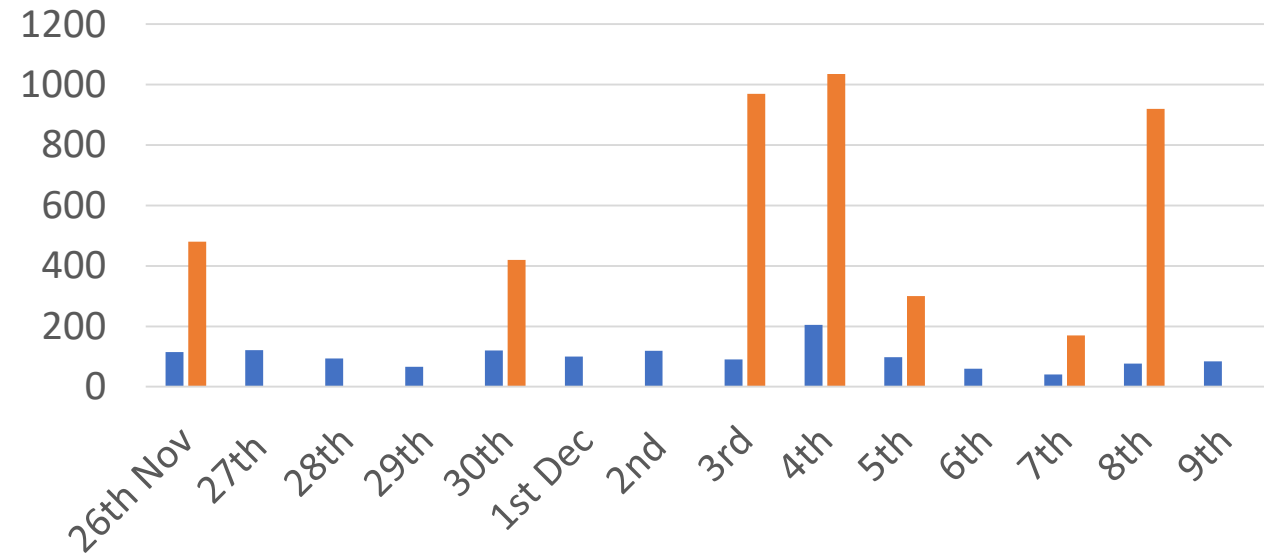
Informal institutions & charcoal flows

- Trading norms and practices
- Bicycles 55% and motorcycles 37% were the major mode of transportation
- During 2 week study period 1387 bags of charcoal were imported into Kenya through three informal crossings while 4,295 were recorded across the formal border post,
- accounting for **24%** and 76% respectively
- So almost a quarter and more charcoal trade flows are unknown, unrecorded, underestimated, informal, illegal



Number of bags of charcoal

Comparison of bags of charcoal transported through informal (unauthorized) border posts and formal border posts

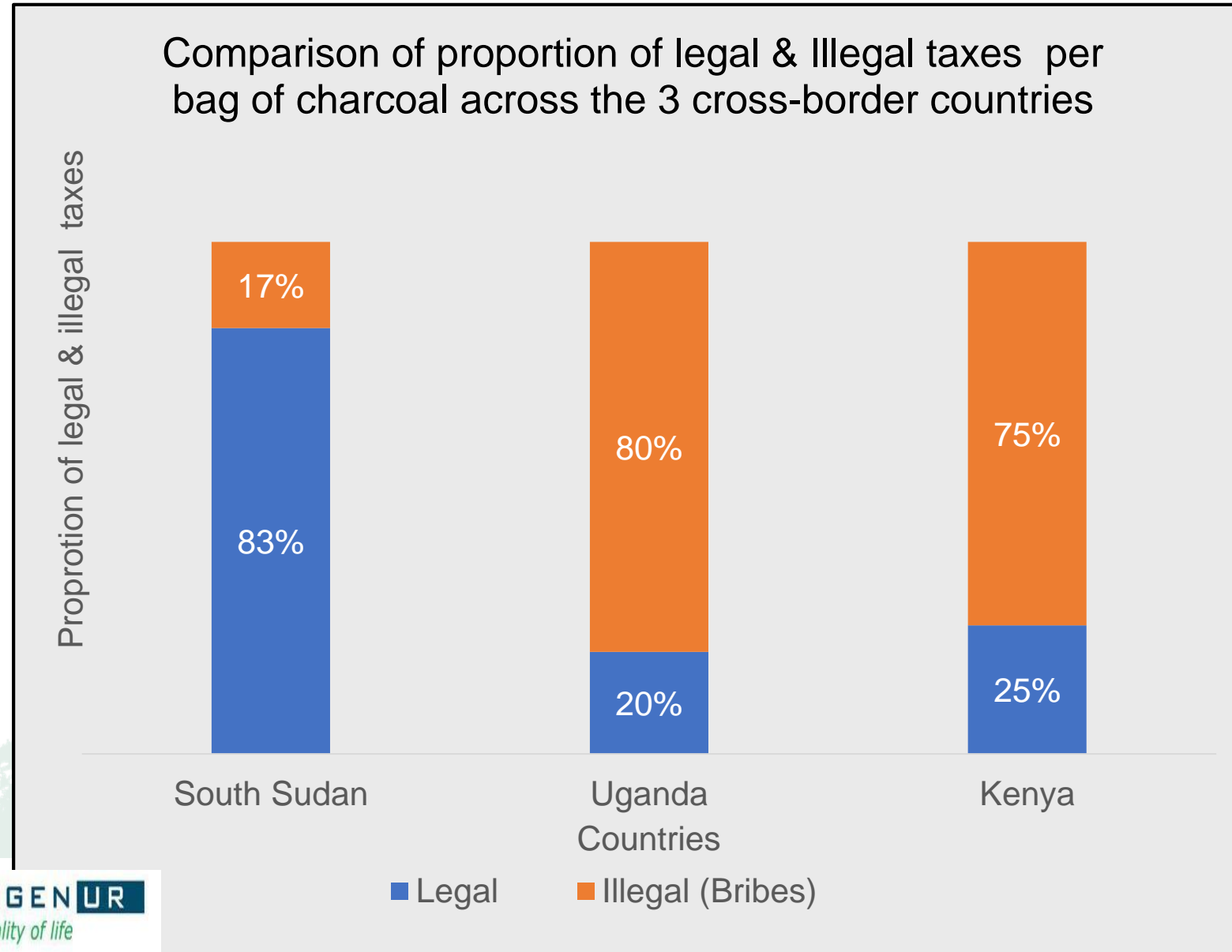


Survey Period-November-Dec 2020

- Bags of charcoal transported across the informal borders
- Number of bags crossing the formal border (Formal data from KFS)

Corrupt practices in the cross-border charcoal value chains

- Bribes to customs officials to facilitate verification & approval of charcoal imports
- Bribes to law enforcement officers
- Bribes at roadblocks to law enforcement officers
- Fake approval papers at Busia Border Post
- Lost cess tax by local governments (counties)-**73%**



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For quality of life

Corrupt practices in the cross-border charcoal value chains

On average:

Charcoal importers spend more on illegal taxes (bribes) **(approx. 57%)** than on legal taxes **(Approx. 43%)**

On average corruption represents Approx. 20% (\$4.5 per bag) of total final selling cost

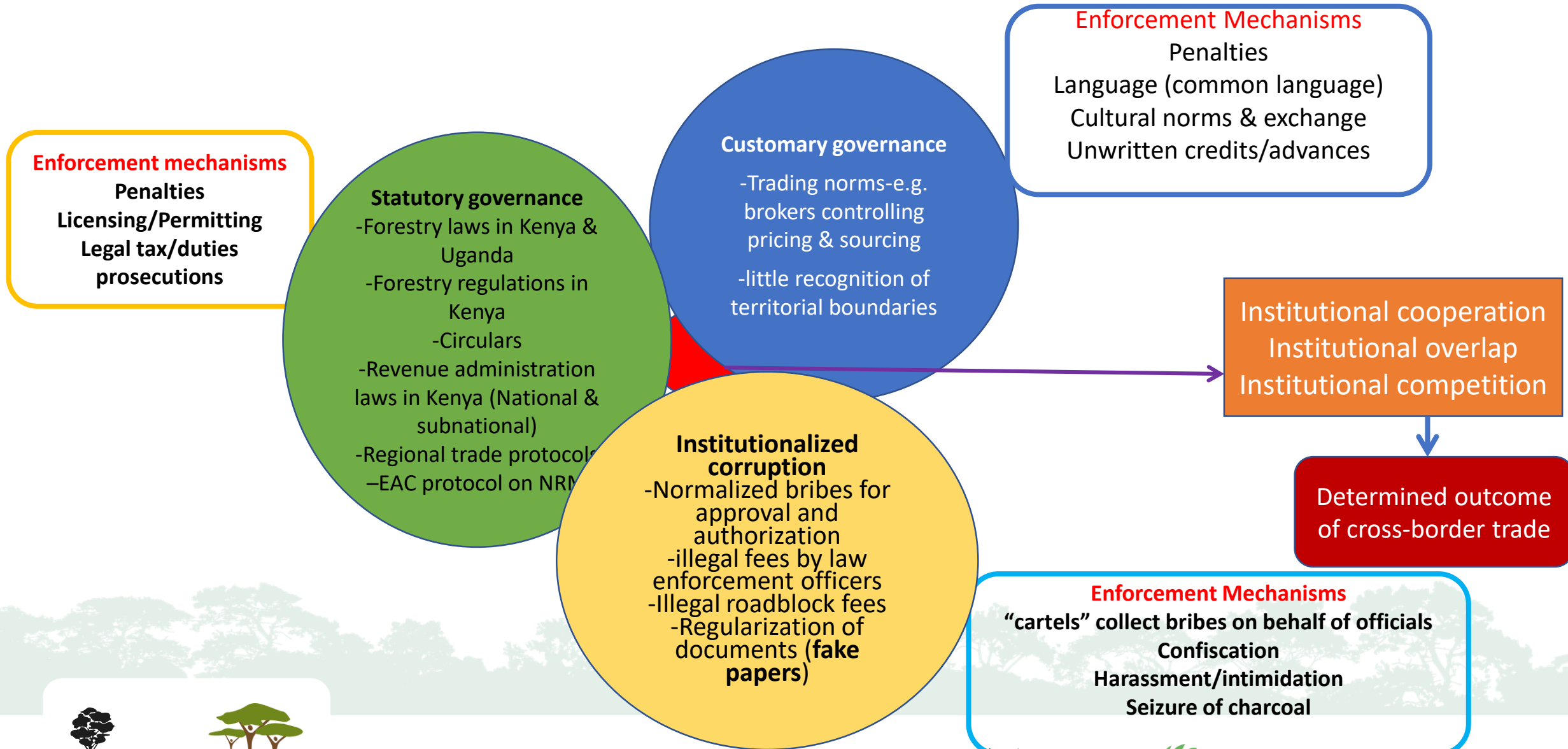
Implication:

Corruption leads to increase in prices of charcoal along the value chain as traders seek to cover the costs of corruption

Explains why a bag of charcoal purchased in South Sudan at \$2.72 is sold in Nairobi at \$22.68



In conclusion.....3 governance arrangements shape charcoal trade flows



Key messages: implications for sustainability

1. Charcoal business is booming with continued demand in Kenya and regional supply
2. Some of supply areas threatened by deforestation or degraded
3. Woodfuel bans don't effectively regulate or manage the value chain, they shift production elsewhere and drive informal and corrupt trade= more detrimental to the environment as *what is not known cannot be managed*
4. Significant amount of woodfuel trade flows are through informal, illegal, unknown, unregulated, channels. A threat to sustainable value chains? Socio-ecological impacts?
5. Charcoal imports/exports are largely guided by in-country laws & regulations - role of regional protocols unclear
6. Thus a call for improved enforcement of national and regional strategies guiding, supporting and regulating woodfuel value chains in Africa
7. Need greater engagement with stakeholders at regional and continental level to implement policy into practice



Thank you

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