

MIOMBO FORESTRY PRODUCTS

Parliamentary Public Engagement on Tackling Climate Change – Forestry as a key sector

The Entrepreneurs Perspective

Date: Tuesday, 2nd November 2021,

Good morning,

Honourable Speaker,

Honourable Members of the National Assembly,

Invited Guests,

My dear family & friends,

As previously introduced by Hans Siedel Foundation, my name is Leroy Diocotlhe and I am the founder and CEO of Miombo Forestry Products.

I named the company after the Miombo Woodlands, a shared transnational forest ecosystem covering 2.7 million square kilometres across 8 SADC countries, namely north-eastern Namibia, Tanzania, DRC, Angola, Zambia, Zimbabwe, Malawi and Mozambique.

It has widely been reported that this transnational eco-region is one of the biggest and most important ecosystems in the world because it sustains the livelihoods of more than 100 million rural Africans and 50 million urban Africans; as such we at Miombo Forestry Products identify ourselves as a

business serving the needs of our stakeholders and community at a regional level.

I would like to thank the Hanns Siedel Foundation for inviting me to Parliament to speak about some of my experiences and aspirations.

As a young Namibian entrepreneur, I am honoured to be delivering this speech today as COP26 unfolds in Glasgow Scotland.

Before I start, I would like to make a few opening remarks,

- Globally, Timber harvesting (the cutting down of trees for commercial purposes) is not the cause of deforestation.
- Ohangwena and the Kavango Regions were the 2 top regions responsible for 64% of all tree cover loss.
- Trees are a renewable resource much like fish in the sea are a renewable resource,
- When we harvest a tree for its timber value, we do not uproot or kill the tree. Its root systems are left intact to allow it to regrow.
- The real underlying cause of deforestation is POVERTY,
- Please visit our website at <https://miombo.africa/>

After the timber moratorium was introduced in Namibia, I had to completely restart our operations. Today, we employ 20 people. 10 unskilled, 5 semi – skilled and 5 skilled. By the end of 2022, we project to employ between 80 to 100 people.

What you see on our site is the first phase of the business, we have three phases in total. I tried raising capital to start all three phases at once, but being a start-up business, I found that banks are unwilling to lend you

capital.

When I started, I knew very little about environmental laws, sustainable forest management frameworks, climate change and community development. But today, we are the first company in Namibia to have received an Environmental Clearance Certificate to process timber according to the Environmental Management Act 7 of 2007.

This makes Miombo a timber processing company, and in the timber industry we are referred to as a sawmill or as sawmillers.

Our role in the supply and value chain can be compared to that of a commercial farmer. We are expected to manage and conserve forests, to harvest and process trees according to international standards and lastly to either package our products for the direct consumption of our customers or in a manner that will allow them to process our products into other value-added wooden items.

Our position is: instead of exporting raw timber in those big sizes, we specialise in value addition, which in economic and development terms is: beneficiation and manufacturing.

I initially started the business in 2017, when timber harvesting became a topic of national concern in Namibia. I would like to make it clear that when we began, we started with processing in mind and immediately looked at investments into value addition.

It was always our intention to formalise the industry and to industrialise it, unlike the reports we saw in the media at the time.

The company would not have been able to restart itself if it were not for the SDG grant from The Environmental Investment Fund and the involvement of our clients.

I would also like to thank The Development Bank of Namibia for their support.

It however did not come easy, taking close to 4 years to secure a single approval. We faced over 6 rejections because at the time, the timber industry was perceived to be an un-bankable endeavour. What worsened the situation, is the illegal harvesting of our timber resources which received an overwhelming amount of publicity from the media. This period was one of my most challenging times, but I am proud to say that we have emerged as pioneers in the industry.

If you intend on paying us a visit, you will find us at the border town of Katwitwi in the Kavango West Region. I am personally extending my invitation to all Honourable members of this August House.

Honourable Members;

At present, we only work with already harvested logs and source most of our timber from neighbouring countries.

To date, no one is permitted to cut down hardwoods for commercial purposes because of the moratorium. It is however our hope that the Ministry of Environment, Forestry and Tourism will recognise our efforts and in the near future conduct the necessary environmental impact studies, so that sustainable utilisation can be determined and enforced. Without these studies to form the bedrock of the industry; no development

will take place - exploitation and illegal trade will continue uncontrolled and our natural resources will disappear with no benefit to either the community or the economy of Namibia.

When Government decided to take corrective action on timber harvesting in 2018, it suspended all timber related activities and applied a blank moratorium on everyone involved with timber.

The decision in view was taken without consulting the parties that would be affected by the decision and it became completely inconsiderate to companies and individuals who were already processing and who were well on their way to value addition.

For example, the popular informal timber furniture market next to Arebbusch in Olympia as you drive to Kleine Kuppe were not able to receive planks to make their furniture and they have been in existence for over 15 years.

We at Miombo, received the letter to stop, virtually overnight, and without notice, placing us in a predicament. It left us in dire straits, having to pay our all-running expenses and salaries due that month. As an SME, it completely stripped us of all our income and credit and brought us to our knees.

I have learnt that the timber industry will always remain a topic of multi-stakeholder and international interest because of its potential to negatively impact the environment and how it relates to climate change.

Honourable Members;

When looking at the statistics, Namibia is a transit country for many products including African hardwood timbers. In a space of a year, over 2,000 trucks entered Namibia via the Oshikango, Katwitwi or Katima Mulilo borders with raw timber to be exported from the Port of Walvis Bay. It is clearly evident that our port is internationally competitive. Namibia is well on its way to becoming a logistics hub and I would like to take advantage of that.

Our location thus places us as a gateway to receive timbers from the Southern African Development Community. I made the decision to locate ourselves where we are now, so that we could become a processing centre for Southern Africa.

However, to achieve this goal, we will need your unconditional support and the support of all other member states of the Southern Africa Development Community. The SADC Regional Indicative Strategic Development Plan (RISDP) calls for regional integration and collective development. I have found several guiding principles that we can use to protect the industry from raw exports and to transform it into processed exports.

With the introduction of the Africa Free Continental Trade Area to remove trade barriers which became effective early 2021, our hope to industrialise timber in the region has become even more realistic.

Honourable Members;

Our proposal to change the status quo from the export of trees and blocks to value addition is as follows:

Hardwoods are very slow growing trees and if it is your intention to conserve them, you must place them under special management programmes that equates to the growth rate of the trees.

Let me use the Namibian wildlife sector as an example, for which we have received international acclaim. Wildlife in Namibia is mainly managed through conservancy and concession programmes that were developed by the Namibian Association of Community Based Natural Resource Management (CBNRM) Support Organisations (NACSO).

These concession and conservancy programmes have accountability and management structures built into them in which the management and conservation of wildlife is placed under the custodianship of a joint governance structure that comprises of community members and a tourism operator.

The tourism operator, also known as the management company, is a private organisation with specific skills and a proven track record that is able to develop a sustainable business around the wildlife resource. Under this agreement, all parties benefit but not at the expense of the wildlife resource. It was reported recently that the elephant population increased, and these are some of the visible benefits when communities collaborate with professional and qualified operators.

The tourism operators play the most important role in this arrangement because it supports the community with wildlife and conflict management while at the same time gives them dividends.

This model has worked, and it is the reason why tourism is/was the 2nd largest contributor to our GDP.

Having given you that context, in the Forestry sector, specifically in the timber trade, on the other hand, is quite the opposite. **(emphasis)** Community members are given rights over the forests without any professional support and the involvement of an expert operating or management company is non-existent.

The community members can appoint, without following a selection process whomever they want to harvest, transport, and buy the trees.

They ended up working with foreign interests that did not have any professional knowledge on wood, much less forest management. Their motivation was to cut as many trees as fast as possible to make a quick buck while the window of opportunity was open for exploitation.

With climate change and the high levels of deforestation being experienced in the country, we cannot afford to cut as many trees as possible over short periods of time with no sustainable management plan for the renewal of the resource.

What made matters worse, is that the forest rights were given to subsistence farmers who were focusing on agriculture. These farmers are not Forestry inclined. Since legislation does not allow them to use their leased land as collateral to secure loans from commercial banks, they were allowed to harvest trees to raise funds for their agricultural activities. The idea was noble but created a situation for over-exploitation to occur.

On top of that, the farmers were offered next to nothing for the trees, they were bribed, harassed, and underpaid while some never received a cent.

This is a serious loophole in regulation, and it is the reason we have a

problematic situation with the exploitation of timber in Namibia. It became so problematic that it started to threaten the gains we made in our wildlife sector and started to mess with our ratings to attract green global funds.

Namibia has embarked on a journey to become one of the biggest exporters of green energy. We should therefore keep with this ethos and not let history repeat itself.

The gains made in the wildlife sector can be the same for the forestry. Let's use the blueprint from our CBNRM programmes to create a sustainable timber and forestry industry.

The guidelines of the Community Based Natural Resource Management frameworks that have been developed by Namibians must be used. I have seen that Angola, Mozambique and Zambia are all following these principles. Their forestry departments may lack in other areas, but their forestry tenure systems are much better developed.

The incorporation of the Department of Forestry into the Environmental Ministry was a step in the right direction to get the ball rolling, opening the way for forestry officials to now have constructive dialogue with their colleagues from wildlife and parks.

Honourable Members;

The Miombo Woodlands covers less than 10 % of our national land mass. The 90 % is in other SADC countries. Therefore, the only way for the timber trade to be successful for Namibia is when it aspires to meet the goals and objectives set at a cross border regional level. The SADC forestry strategy specifically asks us to rise to the occasion, we must

integrate and work cross border in order to form value chains that can provide the sustainable solutions.

On its own, Namibian cannot offer a sustainable timber value chain. The industries of at least 3 countries need to work together to create a fully sustainable end-to-end supply and value chain.

Our business therefore cannot only target Namibian forest assets, we need to have various forests under management in different countries to create a resource base that is large enough to lower our carbon footprint - that can at the same time provide adaptation and mitigation outcomes for our stakeholders.

Honourable Members;

The current trends show that, hardwood species are leaving our continent at an alarming rate without any beneficiation.

Please note, that the global demand for wooden products has been on an increase. As mentioned by Mr. Nagel from WoodMizer, if we fail to promote the establishment of local sawmills - our efforts to curb the rate of extraction on the African continent will be unsuccessful. Please note: the demand for hardwoods will always be high and we do not want that demand to be met through the export of our raw material.

Furthermore, the first priority of the African Sustainable Forest Management Framework developed by the African Union is to increase the value of standing trees while encouraging and increasing the production and marketing of processed goods.

Honourable Members;

Our company vision is to become a timber processing centre for the Southern African community and our current mission is to save 500 trees for every tree that we process. How do we plan to do this?

One of the biggest aims of climate change action is to reach net zero emissions by the turn of the century - that is carbon neutrality - a situation whereby greenhouse gases are removed by carbon sinks.

We believe in and promote Carbon Zero and Carbon Offsetting because it ties well into our planned community upliftment and development projects.

When we harvest or process a tree, its carbon is converted and released, more regrettably, the carbon sink itself is degraded. It is not lost. On the other hand, if you increase the value of the tree before it is harvested and make sure to add sufficient value during the processing stage, you are able to generate funds to be able to invest into community projects that will lower the rate of deforestation to net zero levels.

Today, over 90 % of our rural households rely on wood - for their cooking, lighting, construction, and heating needs.

This use alone constitutes Africa's contribution to climate change, in other words our contribution stems from the state of Our under development.

To clarify, deforestation in Namibia happens because our people in rural areas do not have access to water and electricity.

They are forced to cut down trees for firewood to cook their food on a daily basis. Imagine over 1 million people needing firewood every single day to feed themselves.

That is a genocide of trees.

Secondly, because of poor agricultural practises our people continuously clear and move to new pieces land for cultivation, leaving old plots unrehabilitated; and the added pressure our high fertility rate, is adding fuel to the fire. We are exerting extreme pressure on our limited resources.

Although, for the large part, developed nations are responsible for climate change and have contributed most to global emissions, it is the people of Africa who will suffer the most and pay the price of climate change.

Moreover, the impact of climate change on human security and poverty could be very significant, as so many African livelihoods are dependent on rain-fed agriculture.

Climate change is intensifying water scarcity in Africa. As demand for water hits the limits of finite supply, it brews potential conflicts across the continent.

What I am stating today is supported by a report published by the Centre of International Forestry Research (CIFOR), woodland loss is largely driven by two major processes: land clearing for agriculture, and wood extraction for energy.

In Namibia, we live in a situation where, the majority of the Namibian population between 60 to 70 percent live in 25 percent of the country, on

northern communal lands.

This large concentration of people in a rather small portion of the country has put huge pressure on our trees. This is why there are no trees in Wambo Land, and this is what will happen in the Kavango and Zambezi Regions if we do not do anything about it now.

This is why we have chosen carbon offsetting and net zero to arrest and reverse the situation. Miombo will need to make significant investments into projects that provide rural people with alternatives to reach net zero status.

Our carbon zero philosophy - is to provide communities with water and food security.

Food security directly depends on water security. Since the focus for Namibia is climate adaption, bringing portable water closer to vulnerable and exposed communities will allow them to move away from rainfed agriculture and better adapt to climate change impacts.

Namibia losses more than 90 % of its water through evaporation because of our climatic conditions and geographical location.

Making water available to rural people will not only allow them to earn a decent living through the sale of their surplus harvests, but it will also give them disposable income to tackle climate change head on. Especially in a drought situation as was prevalent over the last couple of years.

At the time of exploitation, there was a duplication of institutional mandates between the Ministry of Agriculture, Water and Forestry and the

Ministry of Environment and Tourism. We had The Forest Act 12 administered by one Ministry and the Environmental Management Act 7 of 2007, administered by another Ministry.

Upon close inspection, Namibian forest regulations were not written to support and encourage the commercialisation of timber products into the formal economy. Our timber was exported via the informal economy undetected by the formal economy.

Our Forest Act does not speak to international sustainable forest frameworks, (SFM) which dictate that forest resources are to be managed on a large scale and on a long-term basis. I am happy to see that the Forest Act is currently being reviewed and it is my hope that the recommendations I am giving today will be incorporated into the new Act.

Honourable Members;

I work with international clients and partners have experience with Forest Enterprise Development and international timber trade. My insights come from lessons learnt in Mozambique, Zambia, Angola and the United States of America.

There are two major ways in which trees can be harvested:

Firstly, by clear felling, which is the removal of everything, and secondly by selective harvesting.

Our practise is strictly selective harvesting, we do not clear the field.

What we do is choose the mature adult trees based on a pre-approved forest management plan backed by studies and inventories.

Juvenile trees are left to mature and will only be considered for harvesting when they reach a certain age and size according to the approved management plan.

One of my South African clients has been sustainably harvesting the same area in Mozambique for over 40, and as a result received a number of awards for their work.

Namibia must immediately change the Forest Act to allow for multi-year forest management contracts so that sustainable forest enterprises can be developed.

As a company, we currently cannot rely on Namibia as a supply base until the law is amended because before we can fell a tree, we need management rights over it in order to plan rotational harvesting and conservation cycles.

I am pleading with you today to amend the law as recommended to allow my company to set an example and to grow into a sustainable forest enterprise.

There are two types of commercial forests, naturally occurring and self-regenerating forests that produce the slow growing hardwood species, and plantation forests that produce fast growing softwood species.

Today, I am talking about natural forests that are used to make exclusive and long-lasting hardwood items such as bespoke furniture, hardwood floors and decks.

Plantation forests are mainly used to make items such as paper, cardboard, plywood, toothpicks, and broom sticks to name a few.

There are two main enterprises in a simplified forest value chain.

The first is a sawmill who is the initiator of the chain. Sawmillers unlock both the downstream and upstream activities of the chain. Without a sawmill it becomes costly for Government to undertake sustainable forest management as resource rents may be too low and the transaction costs of control and management interventions may be too high to justify management efforts.

The second are the carpenters and joiners who are not necessarily concerned with sawmilling. They buy in planks at the right moisture content in various sizes from a sawmiller to make the furniture, tables, chairs, and cabinets.

The other enterprises in the value chain are merchants and retailers. Merchants buy a combination of planks and value-added timber products in bulk from sawmillers and repackage or prepare them for retailers and carpenters and joiners.

Honourable Members;

In conclusion,

The ultimate objective is to see the industry encouraged to develop a sustainable forestry and timber industry with a robust legislative and regulatory framework, to receive infancy protection and protection from exploitation and export of our natural resources in raw unprocessed form.

Hardwood exports out of the Southern African Region is currently dominated by the export of blocks and trees. To change this scene, we need to introduce minimum export sizes at our ports of exit at a regional level. For example, Namibia introduced a minimum export size of 5 cm thick, but I feel the size must be reviewed and changed to 8 cm. A minimum size is one the strongest conditions that can be applied at a regional level to make real material changes.

My recommendation includes the free movement of blocks and trees within the SADC region so that they can be processed in any African states but to control and limit what is exported out of Africa.

I look forward to being part of a thriving Namibian timber industry that creates sustainable employment, long term benefits for communities and are custodians of a sustainable natural resource that encourages long term benefits for Namibia and is a building block that can be depended upon in the development of the forestry and timber industry in Africa.

Thank you for your attention.

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