

Regulation No. 86/2007

Regulation to provide for the establishment of Arsi Forest Enterprise.

WHEREAS, a Forest Enterprise is required to attain effective management and sustainable utilization of state forest resources found in its concession area;

WHEREAS, undertaking of extensive forest management would have a significant contribution towards satisfying the needs of the community and enhancement of the economic development of the region;

WHEREAS, the Forest Enterprise is required to promote the participation of local communities living around the forest in forest protection and development activities, and in sharing the benefits derived from forest products;

WHEREAS, the Forest Enterprise is required to attract and retain skilled and competent employees in the forestry sector;

NOW, THEREFORE, this regulation is issued pursuant to Article 49(1) of Proclamation No 87/2005, and Proclamation No. 16/1997.

1. Short Title

This Regulation may be cited as the “**Arsi Forest Enterprise Establishment Regulation No. 86/2007**”.

2. Definitions

In this regulation, unless the context requires otherwise:

- 1) “**State Forest**” means any protection or production, demarcated or non-demarcated forest, which is owned by the regional government of Oromia.
- 2) “**Forest Management Plan**” means a series of guidelines or minimum standards prepared for proper application of forestry operations to a forestland, designed mainly to hit a balance between the conservation and enhancement of forest functions, and sustainable utilization for economic development.
- 3) “**Concession Area**” means a forestland entrusted to the Forest Enterprise by this regulation with the right to manage on a sustainable basis.
- 4) “**Agency**” means the Oromia Regional Forest Enterprises Supervising Agency issued pursuant to Article 3(1) of Regulation No. 84/1999.

- 5) “**Board of Management**” means the board set up to oversee the overall operation of the Forest Enterprise.
- 6) "**Forest Fund**" means the money collected by the enterprises and transferred to the Agency, and the amount of this contribution is to be set by the regional government.

3. Establishment

- 1) The **Arsi** Forest Enterprise, hereinafter referred to as the "**Enterprise**", is hereby established as an autonomous public enterprise.
- 2) The enterprise shall be accountable to the Agency.

4. Head Office

The Enterprise shall have its head office in **Arsi Negelle** and may have branch offices elsewhere in the region as may be necessary.

5. Objective

The Enterprise shall have the following main objectives:

- 1) To realize development, protection and sustainable utilization of the forest resources found in its concession area.
- 2) To ensure sustainable management of biodiversity conservation.
- 3) To contribute to improvement of the socio-economic conditions of local people living around the forest areas.

6. Power and Duties of the Enterprise

The Enterprise shall have power and duties as follows:

- 1) Protect and develop the forest resources in its concession in accordance with the pertinent laws and regulations.
- 2) Ensure sustainable supply of different forest products (logs, lumber, transmission poles, construction materials, fuel wood, etc) to contribute to fulfilment of growing demands for such products.

- 3) Develop a sound forest management plan with support from the Agency and implement it upon approval by the Agency.
- 4) Provide technical support to farmers around the forest in their effort to develop their private forests.
- 5) Contribute to improvement of local community's livelihoods through creation of job opportunities and rational utilization of non-timber forest products such as eco-tourism, apiculture, forest coffee, medicinal herbs, etc.
- 6) Develop wildlife resources occurring within its concession area on a sustainable basis.
- 7) Generate revenue from wise utilization of wildlife through controlled hunting practices.
- 8) Maximize the revenue that can be obtained from forest products by engaging in processing of value added products such as furniture, pulp, particle board, chip wood, and the like.
- 9) Devote share of the revenue obtained from sales of forest products in social and economic development of local communities.
- 10) Engage in other relevant activities necessary for the attainment of its objectives.

7. Organization of the Enterprise

The Enterprise shall have the following organization:

- 1) A Board of Management
- 2) A Manager
- 3) The necessary staff.

8. Members of the Board

- 1) Number of members of the board shall be at least 5 (five) but not more than 7 (seven).
- 2) The chairperson and other members of the board shall be designated by the chairperson of Board of the Agency.
- 3) Not more than one third ($\frac{1}{3}$) of members of the board shall be elected by the general assembly of the workers.

9. Power and Duties of the Board

The Board shall have the following power and duties:

- 1) To follow-up and ensure the implementation of objectives as well as the powers and duties of the enterprise provided in Article 6 of this regulation.
- 2) Decide the appointment, dismissal, salary and allowance of the manager of the Enterprise.
- 3) Initiate the study of organizational structure of the enterprise when it deems necessary.
- 4) On the basis of the directives issued by the Agency, decides salary scale of the workers of the enterprise other than the manager.
- 5) Approves the employment assignment and dismissal of those officers accountable to the manager of the enterprise.
- 6) In consultation with the Agency prepare and approve long-term investment plan as well as budget of the enterprise, and upon approval, checks, follows up, supervises, and gives necessary supports and take measures when the need arises.
- 7) Approves the internal regulations designed on the basis of labour proclamation, short-term plan of the enterprise as well as regular budget proposed by the enterprise, and checks, follows up, supervises, gives necessary supports for its implementation and take measures when the need arises.
- 8) Propose long-term loans and credit of the enterprise to be approved by the Agency.
- 9) Ensure that proper books of account are kept for the enterprise.
- 10) Submit periodic reports on state of activities of the enterprise and financial reports to the Agency.
- 11) Propose to the Supervising Agency the increase or decrease of the capital of the Enterprise.

10. Power and Duties of the Manager

The Manager shall have the following power and duties:

- 1) The Manager shall be the chief executive officer of the Enterprise and shall, without prejudice to the provisions of article 9 of this Regulation and subject to the general

- directives of the Agency, direct and administer the activities of the Enterprise.
- 2) Without prejudice to the general power and duties provided under sub-article 1 of this Article, the Manager shall have the following power and duties:
- (a) Organize, direct, administer and control the enterprise.
 - (b) Represent the enterprise in all dealings with the third parties.
 - (c) Subject to the approval of the board, employ, assign, and dismiss the officers of the enterprise accountable to him and define their functions.
 - (d) Employ, assign, and dismiss other employees of the enterprise in accordance with the internal regulations of the enterprise and the appropriate laws, and determine their salaries and allowances.
 - (e) Ensure keeping of proper book of accounts of the enterprise, and open and operate bank accounts of the enterprise based on finance regulations.
 - (f) Enter into short-term loan contracts for the purpose of providing the working capital of the enterprise with the approval of the board.
 - (g) Prepare and submit to the board the internal regulations as well as the work and budget plans of the enterprise, and implement it upon approval.
 - (h) Implement and cause the implementation of the decisions of the board.
 - (i) Submit work and budget report to the board in such a manner as it shall describe.
 - (j) Delegate his powers to the officers and other employees of the enterprise to the extent necessary for efficient performance of the activities of the Enterprise.
 - (k) Establish and preside over the meetings of a Management Committee that shall discuss and make decisions on the operations of the enterprise.
 - (l) Perform other duties assigned to him by the board.

11. Forest (Concession) Area

- 1) The total concession area is estimated to be **234,652** hectares, of which:
- (a) 15,162 hectares classified as plantation forests,
 - (b) 186,690 hectares classified as natural forests, and

- (c) 32,800 hectares classified as others.
 - (d) The concession area encompasses the state forests known by name as: Harena-Kokosa, Adaba-Dodola, Arba-Gugu, Chilalo-Galama and Shashemene.
- 2) The precise boundaries of the concession area stated in sub-article 1 of this Article shall be defined on ground and map with participation of local communities, and shall be approved by the Regional Government of Oromia.

12. Capital

The authorized capital of the Enterprise is Birr **576,815,491 (five hundred seventy six million, eight hundred fifteen thousand and four hundred ninety one)**, which has been fully paid up in cash and in kind.

13. Sources of Budget

The budget of the Enterprise shall be drawn from the following sources:

- 1) Sales proceeds of forest products.
- 2) Service fees to be collected from different sources.
- 3) Donations from different sources.
- 4) The regional government shall allocate working capital required to commence its operation.

14. Book of Accounts

- 1) The Enterprise shall keep complete and accurate books of accounts.
- 2) The books of accounts and financial documents of the Enterprise shall be audited annually by the Oromia Audit Bureau or by an auditor designated by him.

15. Liability

The Enterprise shall not be liable beyond its total assets.

16. Duration

The enterprise shall stay in operation for an indefinite time.

17. Repealed Regulation

Regulation No. 6/1998, provided for the establishment of Shashemene Forest Industry Enterprise, is repealed by this Regulation.

18. Effective Date

This Regulation shall enter into force as of the 29th day of June 2007.

Abadula Gemed
President of the Government of National
Regional State of Oromia