

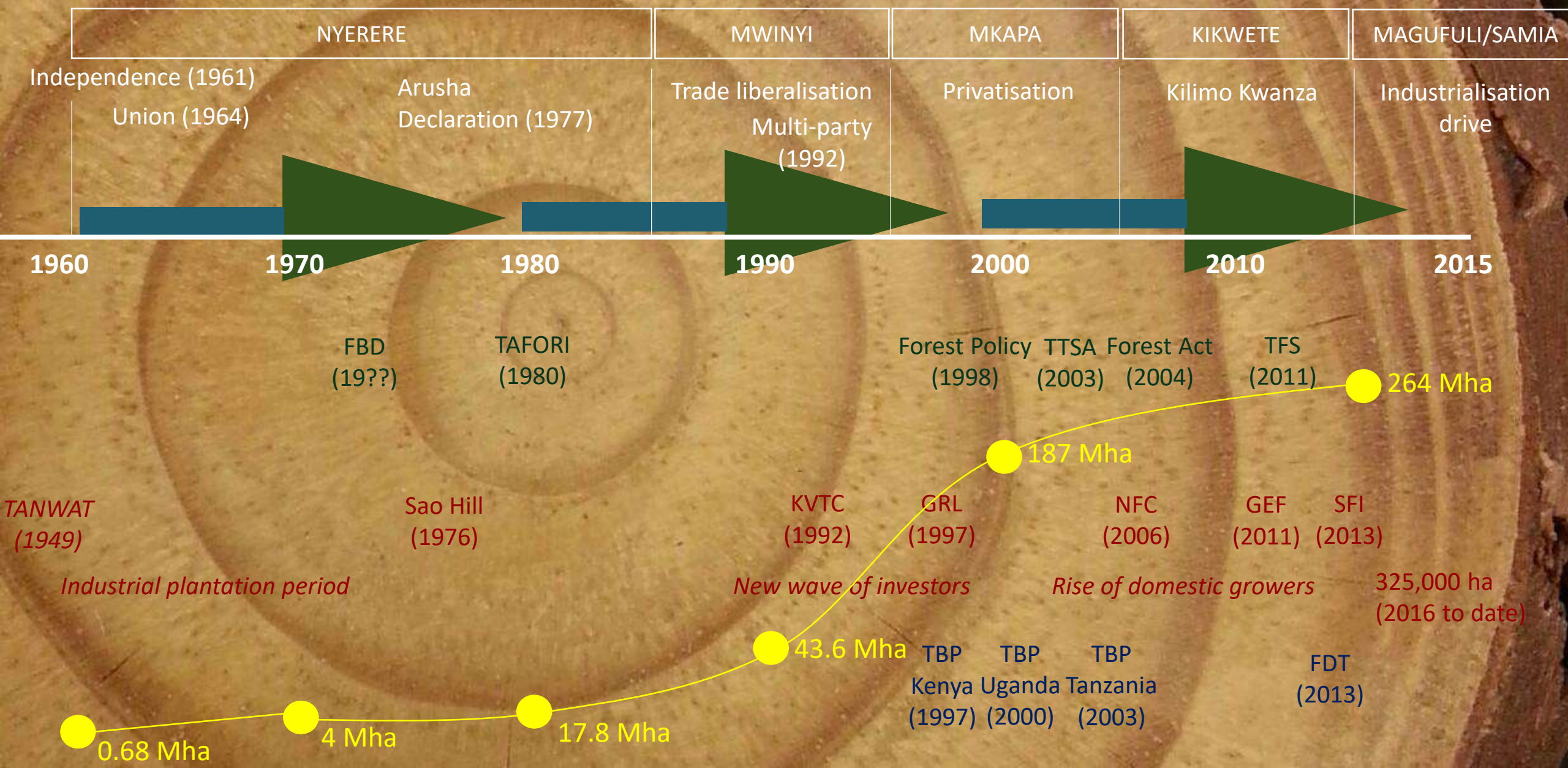


Lessons from Tanzanian Experience with Implementation of PPP/Concession Models

Forestry Development Trust



Commercial Forestry Development in Tanzania: a Historical Perspective



Tanzania Industrialisation Agenda 2025



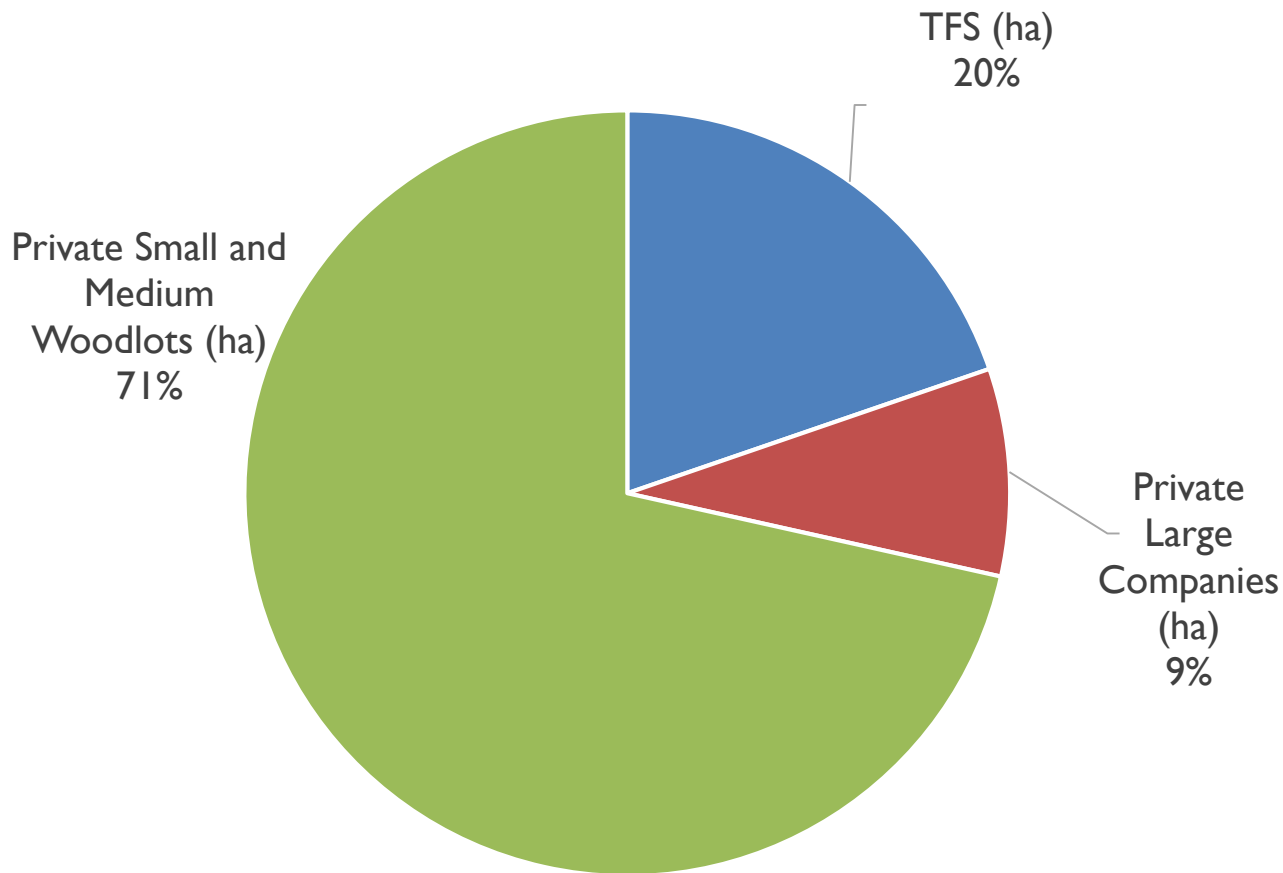
Courtesy by Sao Hill Industries, Tanzania

- Tanzania aims to become a semi-industrialized country by 2025.
- The contribution of manufacturing to the national economy is expected to reach a minimum of 40% of the country GDP.
- The forestry sector is one of the key economic drivers of the Tanzania National Industrialization Agenda.
- Currently, the forestry sector contributes an estimated 3.5% to the GDP.

Why Forestry?



Land and Forest Ownership by 2021

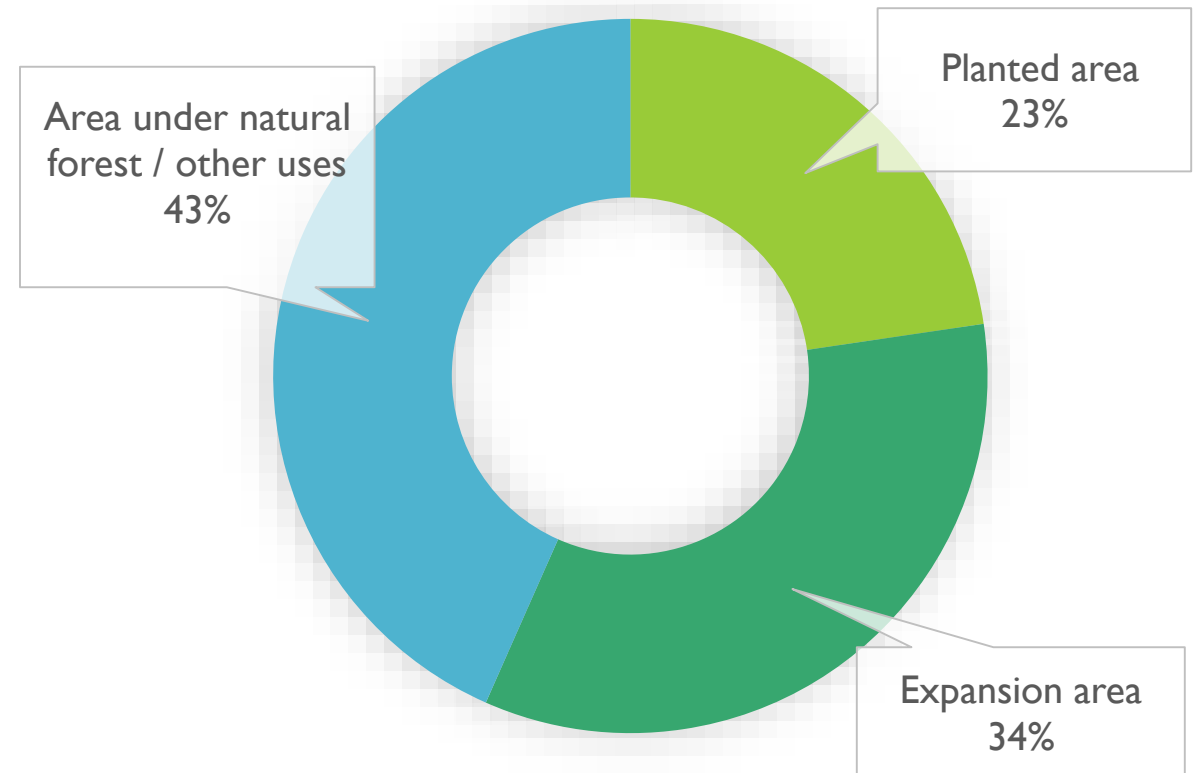


- Small and medium tree growers constitute majority of the share of the area planted but supply less due to suboptimal establishment and management practices.
- Both medium and large corporates are willing to expand their investment in plantations, but suitable land is the most limiting factor.
- TFS owns a larger area but lacks resources to expand area planted.

TFS Land Ownership by 2021

- TFS is the single largest land holding institution in the country.
- It owns 23 plantations with a total area of 505,277.56 ha countrywide.
- The total area planted to date is 114,532.56 ha and available for expansion is 171,613 ha.
- The planting rate for TFS is estimated at 10,000 ha per annum which includes replanting of the harvested area.

TFS Land Plantation Current Use



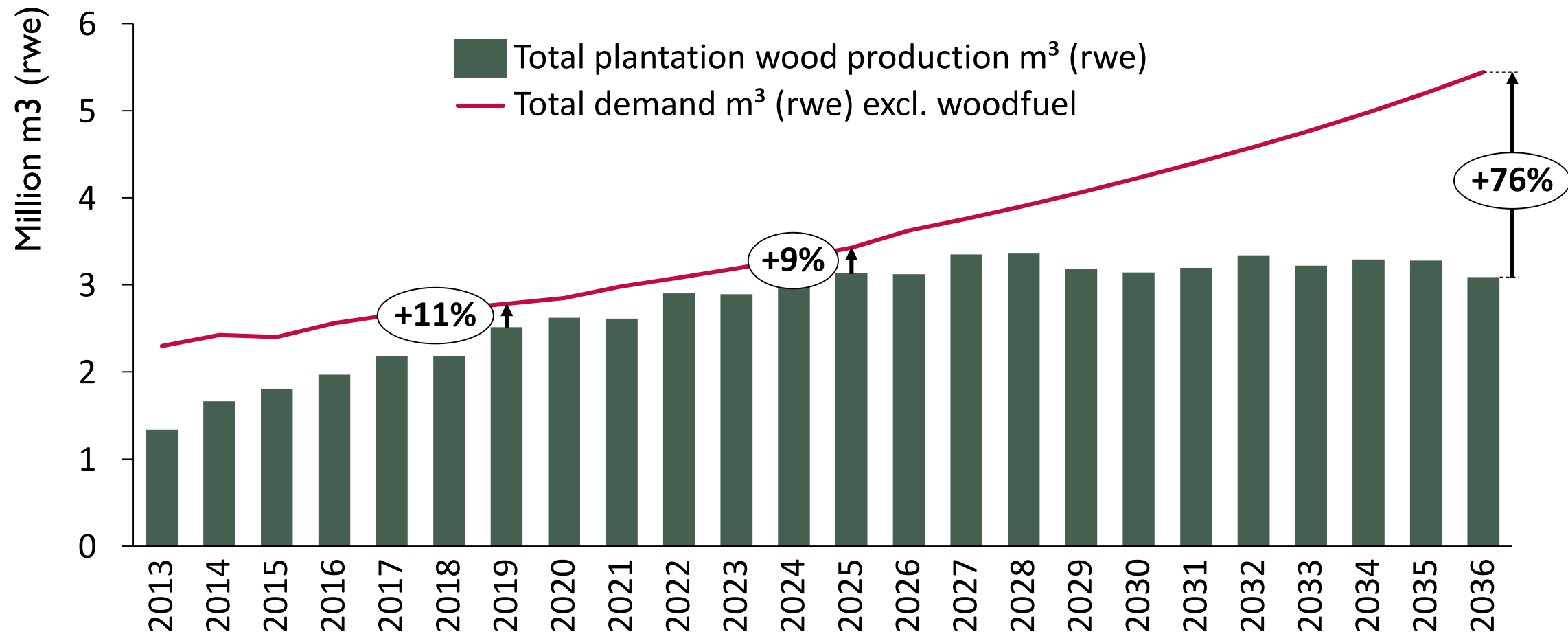
Rationale for Public Private Partnerships in CF

Key Sector Opportunities

- Arable land for forestry.
- Good climatic condition.
- Increased local and foreign investment in EWP processing factories from 6 to 33 within the last four years.
- Increased local wood consumption driven by construction, rural electrification and furniture.
- Public institutions require private investment/financing to expand plantations.
- Export opportunities to regional and global markets.

Growing Supply Deficit and Attractive Global Markets

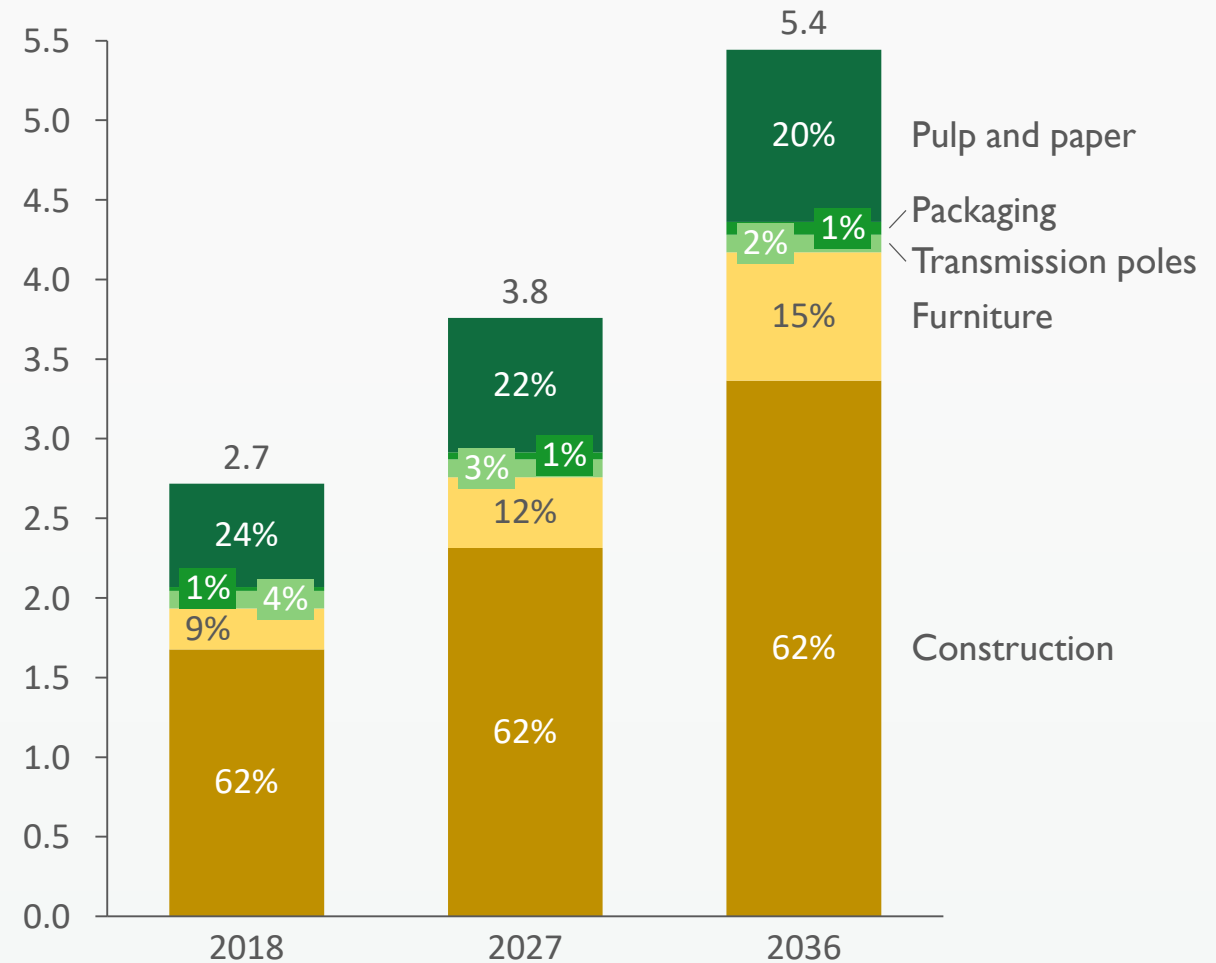
Tanzania Wood Supply-Demand Forecast
Million m³ (rwe)



Plantation Forestry is a Growth Sector Driven by Domestic Market Needs and Export Opportunities



- Domestic demand for wood products to continue to grow, doubling between 2013 and 2035
- Driven largely by construction, furniture and paper sectors



Forecast of wood products consumption in Tanzania 2035

Sources: Unique (2017), Tanzania GDP report for 2017 (Jan-Dec) (NBS, 2018)



THE JOURNEY

Types of PPP in the Tanzanian Forest Policy 1998

Concession - is a long-term agreement between the government and a forest industry enterprise entrusting the latter to manage a forest reserve, industrial plantation or part thereof mainly for timber production.

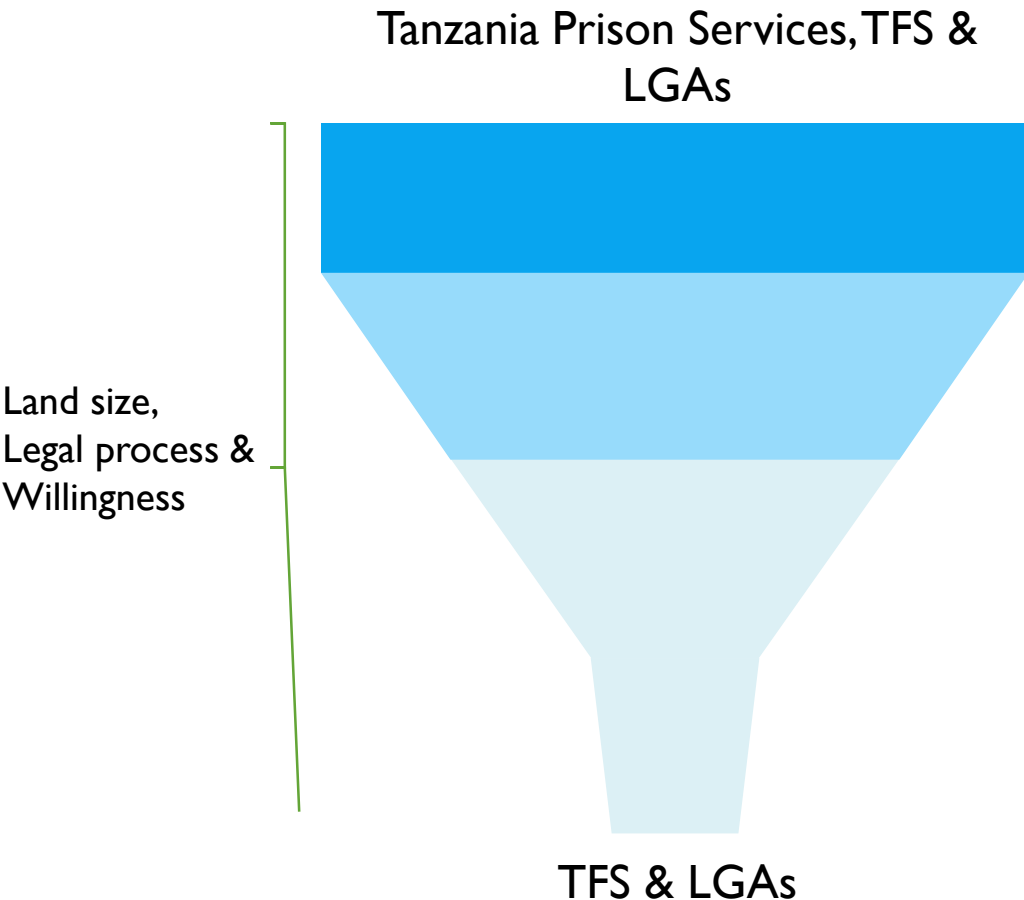
Forest land lease - means that forest land or land suitable for afforestation is leased to the private sector. The terms of the lease defines the management principles and obligations.

Joint forest management - means involvement of local communities or non-governmental organizations in the management and conservation of forests and forest land with appropriate user rights as incentives.

Challenges in the Forestry Legal Framework

- Lack of comprehensive policy, legal and institutional frameworks that provide clear guidelines and procedures for development and implementation of PPPs
- Lack of realistic and comprehensive technical, socio-economic, and commercial feasibility analysis which leads to poor project design.
- Inadequate enabling environment which includes lack of long-term financing instruments and appropriate risk sharing mechanisms; and
- Insufficient capacity negotiations, procurement, implementation, and management of PPPs.

Mapping of Opportunities



Local Government

- Experience in PPP in health, market centers, and education services - capacity built by the world bank.
- The villages have land but lack financial and skilled human resources.
- Engaging in PPP at LGA level provides opportunities to drive rural industrialisation.

Tanzania Forest (Agency) Services

- Owns huge unplanted land size.
- Interested in expanding plantations to feed the growing processing industries.
- Wants to increased revenue from forestry.

MNRT/TFS PPP Engagement Roadmap

APRIL
2020

APRIL
2023

1

2

3

4

5

6

Review of
existing laws &
identify gaps

Propose
amendments and
justification

Facilitate review
and approval of
the proposed
amendments

Facilitate
development of
economic
feasibility and
business case

Stakeholders
engagement –
MNRT & TFS to
agree modalities
for Pilot

PPP investment
promotion and
facilitation

Madaba Pilot Roadmap



Lessons learned

Key area	Lesson(s)	Follow-up action
PPP concept development & resource management	<ul style="list-style-type: none"> Recruitment of credible consultant to lead engagement with key government functionaries helps build trust, credibility and influence. Resources planning must be flexible for easy adaptation of intervention activities. 	<ul style="list-style-type: none"> Maintaining pool of credible process and identifying other consultants who could add value.
Capacity & skills of Actors	<ul style="list-style-type: none"> Exposing key actors to training on PPP/Concession really helped to demystify their perception and encouraged ownership of the process. 	<ul style="list-style-type: none"> Expand training on PPP/Concession and ways of working for other tiers of govt leaders in Madaba & TFS. Develop possible toolkits/SOP on PPP/Concession as part of engagement.
Framework development	<ul style="list-style-type: none"> New framework and guidelines can't exist in isolation of extant laws and policies. It is important to align and improve on what is on ground to reduce effort duplication. 	<ul style="list-style-type: none"> At regional ensure that frameworks align with existing laws and procedures governing community land use. Continue to work with MNRT to improve the existing laws – Forest Act, regulations and development of its guidelines
Facilitating land acquisition for pilot & scale up	<ul style="list-style-type: none"> Piloting and scaling appears to be less cumbersome with LGA land because of less bureaucracy in processes and procedures. 	<ul style="list-style-type: none"> Facilitate development of appropriate legal framework for investment in Madaba which we believe would guide future engagement with other potential LGAs. Develop plan, strategy and mapping to engage potential LGAs for scale-up while pursuing the pilot with MNRT & TFS.
Political economy	<ul style="list-style-type: none"> Transparency and inclusive of all stakeholders from community level to national to understand their concerns, interests and clarifying grey areas is key to building trust and successful engagements. Leaving a stakeholder behind could jeopardize approval and implementation. 	<ul style="list-style-type: none"> Continuous engagement and clarification of expectations as part of implementation. Update the stakeholder analysis matrix in the concept note to include emerging stakeholders.
Economic feasibility & business case	<ul style="list-style-type: none"> Communicating to actors with a clear economic feasibility and business case help to facilitate decision making and buy-in of key stakeholders. 	<ul style="list-style-type: none"> Facilitate economic feasibility and business case development by credible consultants/institutions to back up the approval of the proposed amendments by decision makers.

ASANTENI

