



FORESTRY AND VALUE CHAINS DEVELOPMENT PROGRAMME

PROGRAMME DOCUMENT

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List of Acronyms

AAC	Allowable Annual Cut
ALAT	Association of Local Authorities of Tanzania
BTC	Belgian Technical Cooperation
BTI	Beekeeping Training Institute
CAG	Controller and Auditor General
CBFM	Community-Based Forest Management
CBO	Community-Based Organization
CTA	Chief Technical Adviser
DED	District Executive Director
EU	European Union
FBD	Forests and Beekeeping Division
FITI	Forest Industries Training Institute
FTI	Forestry Training Institute
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
GoF	Government of Finland
GoT	Government of Tanzania
HRBA	Human Rights Based Approach
JFM	Joint Forest Management
JFMA	Joint Forest Management Agreement
KVTC	Kilombero Valley Teak Company
LAMP	Land Administration and Management Programme
LGA	Local Government Agency
LIMAS	Lindi and Mtwara Agribusiness Support
LUP	Land use plan
MCDI	Mpingo Conservation Development Initiative
MFA	Ministry for Foreign Affairs, Finland
MJUMITA	Mtandao wa Jamii wa Usimamizi wa Misitu Tanzania (Community Forest Conservation Network of Tanzania)
MKUKUTA II	Mkakati wa Kukuza Uchumi na Kuondoa Umasikini Tanzania awamu ya pili (Second National Strategy for Growth and Reduction of Poverty (NSGRP II))
MNRT	Ministry of Natural Resources and Tourism
MSA	Market System Analysis report, 2018
NAFOPEDA	National Forestry and Beekeeping Database
NAFORMA	National Forest Resources Monitoring and Assessment
NAPA	National Adaption Plan of Action
NEP	National Environmental Policy
NFBKP II	National Forestry and Beekeeping Programme Phase II
NFP	National Forest Programme
NGO	Non-Governmental Organization
NPC	National Programme Coordinator
NWFP	Non-Wood Forest Product
PAF	Performance Agreement Framework
PD	Programme Document
PFP	Private Forestry Programme – <i>Panda Miti Kibiashara</i>
PIM	Programme Implementation Manual
PO-RALG	President's Office Regional Administration and Local Government
PMT	Programme Management Team

PPP	Public Private Partnership
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SB	Supervisory Board
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation
SFM	Sustainable Forest Management
SHIVIMITA	Shirikisho la Viwanda vya Misitu Tanzania (Tanzania Forest Industries Federation)
SME	Small and Medium Enterprises
SUA	Sokoine University of Agriculture
SULEDO	Sunya, Lengatei and Dongo Community Forest Reserve under Securing Sustainability of LAMP Initiatives-project
TEITI	Tanzania Extractive Industries Transparency Initiative
TFA	Tanzania Forest Authority
TFCG	Tanzania Forest Conservation Group
TFS	Tanzania Forest Services Agency
TRA	Tanzania Revenue Authority
TSh	Tanzanian shilling
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
VFMA	Village Forest Management Area
VICOBA	Village Community Bank
VLFR	Village Land Forest Reserve
VLUP	Village Land Use Plan
VNRC	Village Natural Resource Committee
WB	World Bank
WWF	World Wildlife Fund for Nature

1. PROGRAMME FACT SHEET

Programme title:	Forestry and Value Chains Development (FORVAC)
Sub-sectors:	Forestry Development; Private Sector Development
Geographical coverage:	Tanzania - Institutional development component nationwide Field activities in 9 districts in 3 regions (Tanga cluster: Handeni, Kilindi; Lindi cluster; Liwale, Ruangwa, Nachingwea, Ruvuma cluster: Namtumbo, Mbinga, Songea and Nyasa districts)
Duration:	Four years (7/2018–7/2022)
Programme financing:	Government of Finland € 9.95 million Government of Tanzania in kind contribution (salaries, operating expenses and office space) € 200,000 Programme Total Budget € 10,150,000 Additional potential funding: max € 10 million (to be agreed)
Competent authorities:	Ministry for Foreign Affairs, Finland Ministry of Natural Resources and Tourism, Tanzania
Impact:	Increased economic, social and environmental benefits from forests and woodlands
Results of the Programme	Expected outcome: Improved forest sector market / value chains contributing to sustainable forestry and forest-based livelihoods Output 1: Improved value chains and increased private sector involvement in the forest sector Output 2: Stakeholder capacity to implement and promote forestry value chain development enhanced Output 3: Functional extension, communication, monitoring systems and Management Information System in place Output 4: Supportive legal and policy frameworks to forest value chain and sustainable forest management developed

Table of contents

1. PROGRAMME FACT SHEET	4
2. SUMMARY	6
3. BACKGROUND	9
1.1. COUNTRY CONTEXT	9
1.2. POLICY FRAMEWORK.....	15
1.3. LESSONS LEARNED	17
<i>Market demand and prices of hardwood tree species.....</i>	<i>21</i>
<i>Supply, harvesting, and processing of forest products with or without certification.....</i>	<i>21</i>
2. REASONS FOR LAUNCHING THE PROGRAMME	25
3. PROGRAMME DESCRIPTION	29
3.1. OVERVIEW OF THE PROGRAMME	29
3.2. RESULTS AND KEY ACTIVITIES	31
<i>Improved forest sector market / value chains contributing to sustainable forestry and forest-based livelihoods</i>	<i>31</i>
3.3. ASSUMPTIONS	46
3.4. BENEFICIARIES AND STAKEHOLDERS.....	47
4. IMPLEMENTATION	51
4.1. INCEPTION PERIOD	51
4.2. PLANNING, MONITORING AND REPORTING	52
5. PROGRAMME MANAGEMENT.....	55
6. FINANCIAL MANAGEMENT.....	59
7. EVALUATIONS AND AUDITS.....	60
8. MEANS AND BUDGET	61
8.1. HUMAN RESOURCES	61
8.2. BUDGET AND FINANCIAL RESOURCES	61
9. SUSTAINABILITY	63
10. RISKS AND MITIGATION MEASURES.....	64
ANNEXES.....	67
ANNEX 1. RESULTS FRAMEWORK	
ANNEX 2.1 ORIGINAL PROGRAMME BUDGET	
ANNEX 2.2 REVISED PROGRAMME BUDGET	
ANNEX 3 PROGRAMME OVERALL WORK PLAN 2018 – 2020	
ANNEX 4 TERMS of REFERENCE of FORVAC MANAGEMENT	
ANNEX 5 REVIEW OF RELEVANT POLICIES AND LEGAL FRAMEWORK	
ANNEX 6 HUMAN RIGHTS AND GENDER ASSESSMENT	
ANNEX 7 ENVIRONMENTAL IMPACT AND CLIMATE CHANGE ASSESSMENT	
ANNEX 8 KEY ACHIEVEMENTS OF NFBKP II DURING 2013-2015	
ANNEX 9 MAIN INTERVENTIONS FOR EXPERIENCE SHARING	
ANNEX 10 STUDIES AND LESSONS LEARNED	
LIST OF REFERENCES	132

2. SUMMARY

"Forestry and Value Chains Development" (FORVAC), aims to contribute in increasing economic, social and environmental benefits from forests and woodlands. The expected outcome of the programme is "Improved forest sector value chains contributing to sustainable forestry and forest-based livelihoods".

The FORVAC builds on the activities, experiences and lessons learned from three bilateral programs in Tanzania financed by Finland: National Forest and Beekeeping Programme (NFBKP II, 2013–2016), Lindi and Mtwara Agribusiness Support (LIMAS, 2010–2016), and Private Forestry Programme (PFP, 2014–2018, Phase 2 under planning). NFBKP II and LIMAS have worked under the Community-based Forest Management regime to advance sustainable forest management and generate income and employment to communities from declared Village Land Forest Reserves. The Private Forestry Programme is working solely in plantation forests but, has created valuable experiences to share in value chain development, mobilization of rural communities for economic activities, and developing training and extension services for small-scale forest enterprises.

The Programme outcome will be achieved through the accomplishment of the following outputs:

Output 1: Improved value chains and increased private sector involvement in the forest sector

Output 1 will be produced through two interventions, by establishment and mobilization of Village Land Forest Reserves (VLFR); and via Support to value chains development.

Establishment and mobilization of Village Land Forest Reserves (VLFR) is a starting point for Community Based Forest Management (CBFM) and related value chains development in the context of FORVAC. VLFR establishment also covers land use planning to secure ownership over forest products, such as timber, NWFP/NTFP and charcoal, for local communities and it sets up basis for CBFM.

Local communities need assistance for the development of forest value chains deriving from the VLFRs that fall under the Community Based Forest Management (CBFM) regime. FORVAC support is addressed to producer groups within target villages as well as responsible private sector involvement in any parts of these value chains. During Inception phase FORVAC conducts a Market System Analysis (MSA) in order to have clear view on the forest products related market system and value chains. On the basis of MSA, value chains will be identified within FORVAC working areas. FORVAC will support development of value chains deriving from forests under CBFM.

Output 2: Stakeholder capacity to implement and promote forestry value chain development enhanced

Output 2 will be produced through three interventions. FORVAC will improve institutional and management capacities of Village Councils and VNRC to implement CBFM and develop forest value chains. All target villages require capacity development, including further support to manage the VLFRs and value chain development within these communities, also involving producers groups.

FORVAC will also improve capacities to support and monitor CBFM/forest and related value chains and incorporating HRBA aspects. This intervention focuses on strengthening capacities at all levels to plan, support, manage and monitor CBFM and forest value chains development. All relevant stakeholders engaged in the programme will be capacitated to strengthen their understanding and capacities regarding the concept of the value chain and its implications for sustainable forest management, inclusive socio-economic and environmental aspects and how communities and other value chain actors can benefit in terms of income and employment.

Third intervention under this output is via incorporating forest products value chains/market system and business development skills in curricula of relevant training institutes, such as Sokoine University of Agriculture, Forestry Training Institute (FTI), Forest Industry Training Institute (FITI), Wood Industries Training Centre (FWITC) and Tabora Beekeeping Institute (TBI).

Output 3: Functional extension, communication, monitoring systems and Management Information System in place

Output 3 will be produced through the following two interventions: Enhanced extension and communication services; and Monitoring and Management Information System (MIS) established.

The enhanced extension and communication services, and supporting the establishment of improved monitoring systems is part of capacity development work to be implemented by FORVAC. The Programme will enhance information management and public awareness on forest policy implementation. A communication and extension plan will be developed for the dissemination of relevant information on forest policy measures regarding CBFM and forest value chains and results of the programme.

FORVAC will support the establishment of Management Information Systems (MIS) and relevant databases on legal, forest resource, raw material, market information and pricing of products. In addition, capacity development for the use and maintenance of the MIS will be provided. In addition to the setting up, a MIS at the national level, access to market information will be supported for instance by utilizing mobile technologies. It is expected that these platforms will be developed in partnership with relevant private sector actors and other projects programmes will be consulted to identify effective and efficient methods.

Output 4: Supportive legal and policy frameworks to forest value chain and sustainable forest management developed

Output 4 will be produced through the following two interventions; Improved policy and regulatory framework for forest value chain development; and Support to development of forest law enforcement, forest governance and trade of legally sourced timber.

The intervention of improved policy and regulatory framework for forest value chain development will focus on improvement of legal and policy frameworks to guide and improve sustainable forest management and trade procedures. The programme will support capacity building of the Forest and Beekeeping Division. The Programme will also support the legislation review and harmonization, and ensure that formulation and revisions of relevant bylaws at field level conform to the national policies and legislation. Timber measurement systems will also be harmonized as regards the use of conversion tables for calculating tree and wood volumes. This will also involve provision of clarity of timber harvesting and pricing between government owned forests resources and VLFRs.

FORVAC will focus on forest value chain development based on production of timber, charcoal and NWFP/NTFP in the project districts and areas allocated there to local communities (CBFM within Village Land Forest Reserves). The Programme will support the development of forest law enforcement, as it is only relevant to the development of CBFM and improvements of conditions for the trade of legally sourced timber, charcoal and other forest products originating from the project area. Legal and policy frameworks will be improved and harmonized to guide and improve sustainable forest management and trade procedure. Due to rampant illegal trades, there is a need to introduce new procedures to improve governance and support such systems, which curb illegalities and promote sustainable forest management.

The implementing agency of the programme is the Forest and Beekeeping Division (FBD) of the Ministry of Natural Resources and Tourism (MNRT), which will work in close cooperation with Tanzania Forest Service and the President's Office Regional Administration and Local Government (PO-RALG).

The role of private sector will be prominent in developing financially feasible value chains. Private sector organizations, particularly entrepreneurs engaged in forest and non-forest products harvesting, processing, transport and marketing will have a key role in the implementation of this intervention. The Programme

will support commercialization and improvement of the value chains together with the private sector and NGOs under Community Based Forest Management regime in three clusters: **Tanga cluster (Handeni and Kilindi districts), Lindi cluster (Liwale, Ruangwa and Nachingwea districts), and Ruvuma cluster (Namtumbo, Songea, Mbinga and Nyasa districts)**. In addition, a quick survey will be done to assess the feasibility to include a target area of FORVAC intervention near Dodoma.

The Programme will be managed by a Supervisory Board and a Steering Committee. The programme Management Team (PMT) will manage the day-to-day programme activities. The PMT will be co-managed by the National Programme Coordinator (Government of Tanzania contribution) and Chief Technical Adviser (Government of Finland contribution). At the district and village level, coordination arrangements will remain predominantly as previously established under the NFBKP II programme. In addition, there will be three Clusters comprised of respective districts and three Cluster Coordinators supporting their respective Cluster. International and national Technical Assistance will be recruited to assist the implementation of the Programme.

The total budget of the Programme is EUR 9.95 million (Finnish contribution). The Government of Tanzania contribution (in kind) consists of salaries and all expenses of government staffs at central (including the proposed National Programme Coordinator), regional and district level and of provision of office space to the Technical Assistance experts. Implementation of the activities outlined in this Programme Document will take place over a 48-month period.

In addition, the MFA of Finland reserves a right for an option of additional services from the Consultant to support objectives of the Project. This option will amount up to a maximum of 10,000,000 euros.

The estimated number of final beneficiaries is 330,000, consisting of local communities, household members and individual persons in eight districts, as well as of private companies and local traders, e.g. sawmills, pit sawing teams, charcoal traders, honey processing and marketing companies and NGOs. The Forest and Beekeeping Division of the MNRT, Tanzania Forest Services Agency and their personnel at local level as well as PO-RALG together with District Councils, Village Councils and VNRCs will benefit from the programme. The Programme stakeholders include other sector ministries, civil society organizations, Community-based Organizations, research institutes and development partners.

3. BACKGROUND

1.1. Country Context

Tanzanian economy is one of Africa's fastest growing economies. During 2016-2018, Tanzania's average annual GDP growth rate was 7% and in 2018 7,5 %. The per capita gross domestic product (GDP) is USD 900 in 2017. The most recent data indicate that 43.5% of the population is living on less than USD 1.25 per day. In the early 2000s, 84.2% of Tanzanians lived under that poverty threshold.

Population is the greatest driver of change in Tanzania. According to the World Bank Data (2018) the population of Tanzania was 59 million. At the current growth rate (3.1%), Tanzania's population is projected to reach 72 million by 2025. With regards to this program, the demand of timber, charcoal and firewood is increasing with the population rise hence the need to prioritize sustainable production and efficient utilization of forest resources.

Tanzania remains in the "low human development" group in terms of its Human Development Index (ranking 154 out of 188 countries in 2018, but its Vision 2025 is to be a "middle income country" with a high level of human development. A new dimension of growth is now anticipated, as major new revenues from offshore gas fields come on stream over the coming decade. However, poor governance and natural resource degradation (in a context of climate change) are major development challenges.

Agriculture is the main economic activity. However, it is characterized with low productivity, lack of value addition, weak market linkages and unavailability of financial credits. As a result, per capita income in the rural areas and other regions are less than half of that of Dar es Salaam region, the wealthiest area. Poverty is deeply rooted in the imbalance between what women and men do, and what they have in terms of both assets and rights. Therefore, gender equality is also a poverty issue.

On the economic front, Tanzania began macroeconomic reforms in the 1980s and still continues the transition from socialism towards a free-market system. The business climate, however, remains challenging. To achieve its middle-income goal by 2025, Tanzania must fast track the implementation of policy and regulatory reforms that promote private investments in key productive sectors; curb corruption; produce skilled labour; and improve infrastructure, particularly in roads and energy.

Human rights

Since the institution of multi-party democracy in 1992, Tanzania has demonstrated progress in democratization and respect for human rights. Tanzania has ratified most of the international human rights instruments and established institutional frameworks to support democratic governance and the implementation of human rights. After the UN's Universal Periodic Review from 2011, the Tanzanian government accepted several of the recommendations made by the review. This can be seen as a sign of the Tanzanian government's commitment to improve the human rights situation. However, despite the positive general framework, there remains considerable scope for very significant improvements in the actual human rights situation for the population in general.

The constitution provides for basic civil and political rights, including freedom of assembly and freedom of speech. Civil society and media outlets have played a greater role in domestic politics in recent years, and this has led to increased surveillance of media by the government. However, freedom of expression, access to information and media freedom are regulated by outdated legislation. The judiciary remains largely

independent, but there has been concern over incidences of Tanzania not having lived up to international standards of fair trial, while corruption continues to be a major challenge. Lack of capacity and resource constraints, including legal, are a further obstacle for the majority of citizens gaining effective access to the rule of law, based on timely and just treatment of their cases.

While efforts have been made to promote the practical implementation of economic, social and cultural rights, the full realization of these rights continues to be a major challenge. Unemployment is high, and international labour standards are not effectively implemented or enforced. Gender inequalities are deeply rooted in socio-cultural traditions, and violence against women and children, including domestic violence, female genital mutilation, and child labour continue to be widespread. There is also widespread continuing concern over lack of secure sexual and reproductive rights, the result of which are continued high rates of preventable infant, under-five and maternal mortality. There are also very high rates of teenage pregnancies, and women lack access to information and assistance in family planning and other reproductive health care services.

Land Tenure

The right to own land is one of the biggest hindrances in developing the rural areas of Tanzania. Formal laws provide equal rights to access to land for women; however, the customary law and traditional practice may prevent women from owning land. Please see analysis of land ownership laws and policies in annex 5.

Gender equality

While Tanzania has made progress in creating policies and strategies to advance women's empowerment and gender equality, it still has a long way to go towards operationalizing them. Currently, the 1977 Constitution of Tanzania prohibits gender-based discrimination, but the country's legislation has yet to be adjusted to support this principle. In 2014, Tanzania was ranked in 125th place in the Gender Inequality Index out of 188 countries¹ and in 130th place in 2018.

Climate change

Climate change has already led to increase in temperatures, a change in rainfall patterns, an increase in extreme weather events, and sea level rise. Without significant global reductions in greenhouse gas emissions, these changes are projected to continue in Tanzania, with varied impacts on human health, agriculture, livestock, water, and ecosystems (especially coastal and marine, woodland and grassland).

Climate variability and climate change are key risk and vulnerability factors for forest-dependent communities, because of the heavy reliance of the communities on exploitation of trees and other forest products. The growing population pressure, which strains the environment, aggravates the situation, leading to the loss of biodiversity, rapid deterioration in land cover, and a significant decrease in the available water due to the destruction of catchments areas.

¹ Proportion of parliamentary seats occupied by females and proportion of adult females and males aged 25 years and older with at least some secondary education; and economic status, expressed as labour market participation and measured by labour force participation rate of female and male populations aged 15 years and older.

² The GII is an inequality index. It measures gender inequalities in three important aspects of human development—reproductive health, measured by maternal mortality ratio and adolescent birth rates; empowerment, measured by

Climate change issues and environmental sustainability need to be proactively addressed, building community resilience by raising awareness on implementing PFM in a holistic sense and emphasizing adequate and inclusive land use planning. This includes agroforestry and agriculture issues related to deforestation, and forest and land degradation. It is evident that households become less vulnerable when people's economic situation improves, thus enhancing resilience to climate change induced natural hazards (MSA).

The role of the Forest Sector in Economic Development

It is estimated that the forestry sector contributes 3 – 4 % to Tanzania's GDP (Ministry of Finance 2013; Tanzania Revenue Authority 2012, cited in the Tanzania Extractive Industries Transparency Initiative scoping study³). Forests provide a range of products and ecosystem services, some of which are reflected in monetary terms (such as timber and derivative products like paper) but others are non-monetary (such as the ability of forest soils to purify water, regulate run-off, sequester carbon, etc.). However, due to methodological differences, the real contribution of forest resources to the national and local economies may be underestimated. It is also notable that the national statistics on the contribution of the forestry sector to GDP do not reflect the illegal proportion of the forest product trade. Abdallah (2014)⁴ estimated the contribution at 4% on the basis of forest services like royalties directly paid to the government upon harvesting forests products, and production and exports (but excluding hunting and illegally harvested and traded forest products).

Illegal activities take the form of logging without documentation, logging in unauthorized areas, under declaration of volumes leading to undervaluation and the use of invalid export documentation. Asia and Middle East are currently the main importers of unprocessed and semi-processed timber products from Tanzania, with China the fastest growing importer of indigenous hardwoods. Unfortunately, there is no efficient system in place to ensure that the products are coming from legal/formal sources. Together with gradual transport infrastructure improvements, timber trade dynamics have changed in terms of increased volumes, changes in targeted species, greater private sector investment, and a higher proportion of illegal activities (MSA).

The area under forests and woodlands in the Tanzania mainland is 48.1 million ha of which 20.9 million ha (43.3% of the total areas) are productive forests (NAFORMA 2015⁵). The remaining forest area of 27.2 million ha (57%) consists of 18.0 million ha which are wildlife reserves and 9.2 million ha which are protection forests that are legally in-accessible for wood extraction. The total wood volume from all the forest categories is 3.3 billion m³, out of which 97% is from natural forests and 3% from planted trees. The average volume of wood is 37.9 m³/ha. According to Naforma data, 21.6 million ha or 46% of forests and woodlands is under village government.

The annual demand (consumption of wood) is estimated to be around 62.3 million m³. However, Allowable Annual Cut (AAC) from the productive forests is around 42.8 million m³ hence creating an annual wood

3 Green Advocates International, Inc. 2014 Scoping Study of the Forestry Sector for the purpose of including the industry in Revenue Disclosure through the Tanzania Extractive Industries Transparency Initiative, December 2014

4 Abdallah, J.M. (2014). Contribution of The Forest Sector to the National Economy Ministry of Natural Resources and Tourism National Forest Programme, Special Study to National Forest Programme Formulation funded by FAO.

5 MNRT / TFS 2015 National Forest Resources and Monitoring. Main Results. May 2015. Results published on 24th of June 2015.

deficit of 19.5 million m³ which is obtained from illegal harvesting in reserved forests or over harvesting leading to forest degradation and deforestation. The average annual wood consumption in Tanzania per capita is around 1.39 m³ while the annual allowable cut (sustainable supply) is around 0.95 m³ per year per capita.

According to the report commissioned by Tanzania Extractive Industries Transparency Initiative (TEITI), Tanzania's natural forest hardwoods are relatively valuable, worth an estimated USD 42 million annually. The total harvesting of hardwoods from natural forests for timber was estimated at 170,000 m³. The softwood industry is dominated by Sao Hill Plantation, where production declined by 43% over the last five years. The Government-owned Sao Hill Forest produced one million cubic meters of timber in 2011, 80% of all plantation harvesting. The largest share, some 650,000 m³, goes to small and medium size saw millers. The main industries based on plantations are sawmilling, paper, telephone, and building poles. Revenues of USD130 million annually were generated from the softwood timber trade. A reduced supply of softwood timber has resulted in an increased unit price for this product in Tanzania.

The value of forestry activities in Tanzania is greater than the value of all export crops combined (USD 751 million for forestry as compared to USD 730 million for all export crops). In addition to the relative size of the forestry sector, prices in forestry have been more stable than export crops.

A survey conducted by MNRT in 2009 found that of 236 sawmills, that were proposed for registration throughout the country, provided employment to 3,296 persons. The National Forest Programme (NFP) estimates that the sector employs about 3% of paid labour. This accounts about 10,000 persons at that time, excluding even bigger proportion of people in informal forestry related sector activities.

Based on TFS data, exports remained stagnant 2012-2016, although the value of forest exports increased. The number of permits issued, the volume of products exported and the export fees collected have remained stable over the four years period for which data was obtained. TRA data indicates that India, Kenya and China are the most important export markets. The TRA data set shows the dominant position that exports to India represent, accounting for almost half of the value. Kenya, at 22% of value, is the second most important export market for Tanzanian timber. Shipping data shows an increase in volume over the last four years, but this contrasts with TFS and TRA data. Shipping data indicates a steady increase in containers carrying sawn timber for export for the period 2010 - 2014. If all of the shipped containers are full of sawn timber, the amount of timber shipped would be in excess of the 24,000m³/year that were issued permits by TFS.

Government forestry revenue comes from natural forests, plantations, exports and services⁶. Most TFS revenue is collected from royalties, revenues from fines and confiscations generate a low 2%. The largest revenues are collected from royalty payments for harvesting. Tanzania Forest Fund charges generated an additional 19% of revenues. Logging and Miscellaneous Development Administration (LMDA), collected from plantations, contributed to 5% of revenue. Fines and penalties levied contributed only 2%. Considering the high-perceived levels of illegality, it is surprising that compounding fees contributed so little.

A considerable shortfall in revenue collection is as a result of the substantial illegal/semi-legal timber and wood trade. Rural communities, traders and the government have lost massive potential revenues to

⁶ The TEITI report also lists and analyses the types of Payments to Government (e.g. fees, royalties, taxes payable at different levels both local and central government and legal provisions for collecting revenues).

wasteful harvesting and processing, non-collection of royalties and under-valuation of forest products. According to studies such as (TRAFFIC, 2007) and Timber Trade Flows (HTSPE, 2014), revenue lost by central and district governments due to the under-collection of royalties reached up to 96% of the total amount of potential revenue due. At a central government level, it was tentatively estimated that nationwide losses of revenue to the Forestry and Beekeeping Division amounted nationally up to USD 60 million annually due to the under-collection of natural forest product royalties in the districts. Some District Council budgets would have increased several times over if all potential timber revenues were actually collected. Substantial revenue losses were also apparent prior to and during shipment. For example, the trade statistics show that China imported ten times more timber products from Tanzania than appear on Tanzania's own export records. This suggests that Tanzania collected only 10% of the revenue due from these exports (TRAFFIC, 2007).

The consumption of charcoal is expected to increase in near future. Charcoal is a growing forestry industry due to increasing population, electricity tariffs, urbanization and unavailability of affordable alternative energy (TEITI 2014). It is traded through a well-developed but informal value chain worth USD 600 million annually. According to NAFORMA (2015), wood-based energy (fuel wood and charcoal) accounts for 94.6% of Tanzania's cooking energy. Charcoal is the main energy source for the urban population in Tanzania. In 2009, about one million ton of charcoal was consumed per every year (World Bank 2009). The energy source is perceived as reliable, inexpensive and accessible compared to alternative energy sources. Given the lack of affordability of alternative fuel sources and the convenience of using charcoal, domestic consumers are increasingly switching to charcoal, especially in urban areas. For example, records showed that the demand of households using charcoal in Dar es Salaam increased from 71% in 2007 to 91% in 2012. According to Forestry and Beekeeping Division (FBD, 2018) about 70% of the households in Dar es Salaam use charcoal as the first choice cooking fuel (MSA). The number of households using kerosene for cooking declined from 12% in 2007 to 1% in year 2012 (VPO 2014).

The charcoal business is characterized by low capital costs, little knowledge, experience requirements to enter business, and by relatively high financial returns compared to other rural economic activities. The charcoal market works efficiently, and the value of the entire Tanzania charcoal sector is valued at USD 650 million. Consequently, the charcoal sector contributes significantly to rural employment and income generation⁷ and charcoal production is one of the key livelihood activities in woodlands of Tanzania. These financial gains are largely based on illegal harvesting on general lands, mostly in unreserved village lands and even governmental forest reserve without any sustainability.

Charcoal production is one of the key livelihood activities in woodlands of Tanzania. The production of charcoal dominated by the "informal sector" in which small-scale producers use traditional technologies to produce charcoal. In Tanzania, mainly traditional earth kilns are used to produce charcoal from wood. The wood itself is extracted from natural forests, rather than from plantations, and the wood is very often illegally harvested. This implies that both central and local governments do not earn the expected revenues from the charcoal produced.

The typical characteristics of charcoal production are that the villages where charcoal is produced do not have land use plans and, production is done without harvesting plans. However, the forest harvesting and trade guidelines published in 2007 require that harvesting should be based on a District Harvesting Plan

⁷ Gmünder S, Zah R, Rainhard J & Charron-Doucet F 2014 Transforming Tanzania's Charcoal Sector. Life Cycle Assessment Component Prepared for: SDC, Prepared by: Quantis, February 10, 2014

and take place only after being vetted by a District Harvesting Committee. While charcoal consumption is very high in urban areas, fuelwood is used in villages. There are significant number of charcoal producers in almost all villages in Tanzania located nearby cities, municipalities and townships. In some villages all tree species are used i.e. there is no selection of species, and sometimes both big and small trees are cut for charcoal production. The main technology used in charcoal production is the traditional earth kiln and the wood is not properly seasoned before carbonization starts. Therefore, charcoal kiln efficiency is low and has not been improved on over years. Charcoal making is regarded as a part time job, but some individuals produce charcoal all year around.

80% of wood harvested is used to make charcoal, 90% of royalties are realized from timber, illustrates the “skewed” royalty setting system: Charcoal royalties in the Southern Zone generate 10% of revenues but the volume of charcoal that generated these revenues represents 80% of trees harvested. This illustrates a failure in the royalty system. TFS has responded to the mismatch between supply and demand by increasing the royalty rates (MSA).

The value chains in hardwood utilization and trade are poorly known. Little official data has been published concerning total harvesting volumes, demand, utilization and prices of different hardwood tree species available from natural woodlands. Harvesting of hardwood species for sawmilling and further processing of timber for carpentry, construction, furniture making is mostly based on illegal logging because trees are felled on general lands (mostly unreserved village lands) without proper harvesting licensing. Even in such cases where licensing is provided volumes are not based on Annual Allowable Cuts drawn based on principles of sustainable forestry. The existing market studies are either outdated or partial; the best-known species are in good demand in Dar es Salaam and in other key urban markets (such as Morogoro, Mwanza) but closer to the forest resources also lesser known species are used. Prices of best species are much higher in domestic markets than if exported. Illegal trade from neighbouring countries is also thriving. TFS and TRA’s recording systems are not compatible so the exported volumes are not well known. Altogether, large part of hardwood harvesting and utilization is illegal and takes place through “uncontrolled” routes.

Participatory Forest Management

Participatory Forest Management (PFM) is part of the National Forest Programme in Tanzania. It aims at transferring local forest tenure to communities or sharing the costs and benefits between the government and communities in state-owned forests. Participatory Forest Management models in Tanzania consist of Community-Based Forest Management (CBFM) and Joint Forest Management (JFM). PFM allows local communities to declare – and ultimately gazette – Village Land, Group or Private Forest Reserves (commonly referred to as Community-based Forest Management, CBFM), and local communities to sign joint forest management agreements with government and other forest owners (commonly referred to as Joint Forest Management, JFM). FORVAC will work on CBFM.

In 2012, it was estimated that 7.7 million hectares of forestland was supposed to be covered by PFM arrangements. Approximately 2.4 million hectares were reported to be covered by CBFM activities and 5.3 million by JFM activities. At the end of 2012, a total 1,233 villages were engaged with Village Land Forest

⁸ MNRT 2012 Participatory Forest Management in Tanzania, Facts and Figures, December 2012

Reserves (VLFR) management or in the process of establishing a VLFR. However, the current unconfirmed estimate suggests that the number of declared VLFRs is about 500 to 663. The legal process of establishing a VLFR is both labour and capital intensive and takes a considerable amount of time. Roughly, in average, it cost nearly seven million TSh (approximately 3,600 EUR) to establish a single VLFR in a period of not less than six months. However, the subjected to the size of the forest, topography and whether the area is free from resource dispute.

The Village Councils have well-developed roles and powers which can be put to good use in the Participatory Forest Management. Village members in rural communities in Tanzania have the authority to elect their own village government (the village council) to manage their affairs. They also have the right to make Village Bylaws, which enable local rules to be given the full weight of formal law. By law, the Village Councils are accountable to the village members, acting upon their behalf. Villagers tend to be more accountable to their own communities than to outsiders.

The current legal and policy framework (Forest Policy, Forest Act, Local Government Act, and National Forest Programme), clearly stipulates that Community-based Forest Management should be the management modality for village lands. An updated information base to take the policy dialogue, legislative reforms and forest management activities in Village Land Forest Reserves forward exists; the national forest resource assessment results (NAFORMA) were officially published in June 2015.

Villagers are engaged in both forms of Participatory Forest Management (CBFM and JFM). CBFM takes place on village lands and the trees are owned or managed by either a Village Council (through a Village Natural Resource Committee, VNRC), a registered group or an individual. Most of the costs and benefits related to the management are carried by the owner. The CBFM approach empowers the community to become both managers and forest owners. The communities elect village institutions (Village Natural Resource Committee) to take the role of forest management (production and protection). The district authority (in practice District Forestry Officer) supports and assists the owner to manage the forests sustainably. Village Land Forest Reserves are managed by VNRCs and the role of central government is minimal. The districts have a role in supporting and monitoring VLFRs to ensure their conservation and sustainable management. Districts also play a role in providing an enabling environment for economic development. It is beyond the district council's mandate to get involved in marketing, sales and logistics required in timber selling and harvesting from VLFRs.

1.2. Policy framework

Compatibility with Forest related Policies, Programmes and Legislation in Tanzania

The Programme is compatible with the policies, acts and legislation that influence forest management, conservation and private sector development in Tanzania. Review of policy documents (see annex 5) showed that 4 national strategies, 14 sector policies, and 18 legal acts would have some implications in the process of implementing the Programme.

The key policies as strategies which guide the forest sector development and on which the proposed programme is built on are MKUKUTA II, which is a Tanzanian Poverty Reduction paper and a framework for donor assistance, and Five Years Development Plan. Cluster 1 of MKUKUTA requires pursuing policies that attract public and private investments in agriculture and natural resources, promote diversification to non-farm activities. On the other hand, the five years development plan (2016/17 -2020/21) identify sustainable

forest management, private forestry, tree planting, forest value chain development and capacity building in forest and beekeeping institutions as intervention areas to strengthen contribution of forestry sector in the national economy.

The National Forest Policy of 1998, the Forest Act of 2002, as well as the National Forest and Beekeeping Programmes of 2001, are the key policy and legal frameworks, which guide the forest sector in Tanzania. Tanzania updated the Forestry Policy in 2014 and the Second National Forest Programme (NFP II) formulation was completed in January 2015 but the final draft has not been launched yet in March 2019.

National Forest Policy

The National Forest Policy of 1998 has been under review for the last eleven years. The latest draft has emerged through a consultative process that involved both sectoral and cross-sectoral stakeholders. The draft is presently in the final round of comments. The cabinet endorsement is expected in 2018/2019 financial year. To align with the new policy the revision of the Forest Act (2002) will be also necessary.

National Forest Programme II 2015 – 2024

The main strategic instrument to put the New Forestry Policy into action is the National Forest Programme II (NFP II 2015-2024). The NFP II was developed in order to address the ever-increasing environmental degradation and loss of forest resources and to increase the forest sector's contribution to the national economy, and more so, to poverty reduction. NFP II preparations have been finalized and the implantation is awaiting endorsement of the National Forest Policy. The implementation of NFP II is coordinated by the Forests and Beekeeping Division (FBD). Consequently, NFP II has to be incorporated in the FBD management planning, implementation and monitoring systems.

NFP II expresses that there is a need to work more closely with communities and the private sector on how to secure longer-term land tenure. There is also a need to promote private and community forestry in terms of different forest policy instruments, such as financial and tax incentives, partnerships, market accessibility and provision of adequate training, extension and research services.

The Programme will provide the support to NFP II institutionalisation and assist FBD in developing monitoring system. The Programme will also carry out relevant studies and establish feedback mechanism to provide evidence-base and inputs to the further design of policy measures promoting various elements of CBFM including royalty assessments (based on proper pricing of timber, charcoal and non-wood forest products), and value-added processing of timber products, charcoal and no-wood forest products (NWFPs).

Compatibility with the Finnish Development Policy

The programme is well aligned with the 2016 Finnish development policy and its priority areas: enhancing the rights and status of women and girls; improving the economies of developing countries to ensure more jobs, livelihood opportunities and well-being; democratic and better-functioning societies; increased food security and better access to water and energy; and the sustainability of natural resources. This FORVAC programme aims explicitly at increasing livelihood and employment, and it is built around the principles of the sustainability of natural resources. The programme also aims at increasing women participation in forestry-based livelihood.

The programme is also part of the MFA's Country Strategy for Development Cooperation with Tanzania 2016–2019. The Strategy aims to contribute to the Tanzanian development results, of good governance, and promotion of inclusive, sustainable and employment enhancing growth.

1.3. Lessons learned

Two bilateral programmes in Tanzania, namely the **National Forest and Beekeeping Programme** (NFBKP II, 2013–2016) and **Lindi and Mtwara Agribusiness Support** (LIMAS, 2010–2016), have done valuable preparatory work in developing and addressing the so-called 2nd generation in CBFM. The 2nd generation CBFM entails that, villagers are able to generate income and economic incentives from sustainably managed forests. It allows commercial utilization and harvest of Village Land Forest Reserves. Both programmes have developed relevant tools and methods e.g. by identifying feasible methods for forest management and harvesting plans. Similarly, both have hands-on experiences from developing and strengthening forest governance at district and local level. The market-driven approach of LIMAS and NFBKP II in value chain development will be particularly relevant to FORVAC Programme. Value chain development is considered an important part.

In addition, the on-going **Private Forestry Programme** (2013–2018) supported by the Government of Finland offers lessons and methods in value chain developments. It also aids individual capacities development or group of villagers in forest management and governance that may be feasible to adopt in the FORVAC Programme. This will be mainly in sharing experiences in marketing of forest products. Furthermore, experiences from sustainable charcoal production in Kilosa (SDC/ Tanzania Forest Conservation Group TFCG) and timber harvesting in SULEDO (Sida/ Land Administration and Management Programme), and Kilwa (Mpingo Conservation Development Initiative, MCDI) have become widely known and they inspire communities. Through these pilot activities, examples of successful forest-product based value chains are evolving.

Experiences from some other non-wood forest product -based value chains exist in Tanzania. Successful market-driven value chains in modern beekeeping and honey production exist (e.g. in Tabora region). Based on experiences of MCDI, market for lesser-known timber species exists outside Tanzania and FSC certified timber is sought after by international ethical buyers. However, there is a significant gap in comprehending the process and implementation of FSC certification and the return on investment (as a whole) is unclear (MSA). The FSC process is long, expensive and, in this context, requires a return on investment from the market. According to MSCl, group FSC certification costs USD 50,000 to set up and USD 10,000 per year to maintain.

The transparency of the process is fairly low among the villagers and that FSC costs go beyond direct costs (e.g. requires patrolling and protection costs) to the extent that it is impossible to know actual costs versus and profit.

There are good examples of natural resource-based value chains (e.g. LIMAS) and an example of a sustainably produced charcoal value chain (SDC / TFCG). A number of development partners are interested in working in sustainable forest management (SFM) (e.g. Belgian Technical Cooperation (BTC), Swiss Development Cooperation (SDC), Government of Finland and EC) and a group of likeminded donors exist.

Due to governance and management challenges at the local level, timber production and selling from some VLFRs is not effective. Though the starting points and opportunities for timber production and sales are

good, many obstacles occur which hinder unlocking the business potential of VLFRs. The NFBKP II and LIMAS projects and other initiatives such as MCDI, SULEDO, and the Kilosa Sustainable Charcoal project have reported the following challenges and lessons learned:

- 90% of the hardwood timber sold on the markets is illegal and originates from (a) timber licensing by Tanzania Forest Service (TFS) from general lands (mostly unreserved village lands) because it is not based on sustainable harvesting plans – mostly based on Village Councils’ approval and (b) timber is illegally imported from Zambia, DRC and Mozambique and exported to Kenya.
- Traders can buy hardwoods much cheaper from general lands because the current measurement/conversion tables are not applied in a correct way in timber deals from general lands. As a result, timber sold from VLFRs becomes even 50-60% more expensive (NFBKP II, 2016 and LIMAS, 2015)
- To avoid fragmentation and hence loss of negotiation power of small tree farmers, the first option for FORVAC VLFRs would be to start negotiations with Tanzanian Tree Growers Association Union (TTGAU) to serve as an apex body for VLFRs as well.
- Administratively set royalty rates are very high to timber traders that seem to encourage many actors in the value chain to illegal and non-transparent practices to gain profits.
- Based on the Forest Act (2002) villages are not obliged to use governmental royalty rates but in practice, this has become a norm. Villages can go for auctioning of their timber but currently there are not enough buyers.
- Villages that have VLFRs are not organized, though Community Forest Conservation Network of Tanzania (MJUMITA) does important networking for the villages. For more credible business intentions, villages with VLFRs would need to be organized. They should set up an organization, a co-operative or a company that would be capable to acquire capital through loans and to tackle long-term risks. Responsible private sector actors are not many. Government has key role and mandate over timber supply systems. This creates a situation, which encourages non-transparent practices in hardwoods chain. This means that most of the timber selling and logging is happening through uncontrolled routes.
- Comprehensive data on hardwoods does not exist, including present and future market demand by tree species in domestic and export markets, and lesser-known species (LKS); also capacity, machinery, recovery rates and production volumes of sawmilling are poorly known.
- Importance of financial feasibility and profitability is not understood as a basis of investment decisions or when carrying out forest management operations; currently not much of effort is put in in channelling money and resources back to plantation forests and natural woodlands to sustain the future revenue flow.

The MSA report presents the following information on the types of payments to Government:

Box 1: Types of Payments to Government (e.g. fees, royalties, taxes payable at different levels both local and central government and legal provisions for collecting revenues)

(Extract from: Green Advocates International, Inc (2014) “Scoping Study of the Forestry Sector for the purpose of including the industry in Revenue Disclosure through the Tanzania Extractive Industries Transparency Initiative (TEITI))

Government forestry revenue comes from natural forest, plantations, exports and services: Most TFS revenue is collected from royalties, revenues from fines and confiscations generate a low 2%: The largest revenues are collected from royalty payments for harvesting. Tanzania Forest Fund (TaFF) charges generated an additional 19% of revenues. Logging and Miscellaneous Account (LMDA), collected from plantations, contributed to 5% of revenue. Fines and penalties levied contributed only 2%. Considering the

high perceived levels of illegality it is surprising that compounding fees contributed so little.

In contrast to the royalties and fees listed above, which are provided for under the Forest Act 2002, direct taxes are governed by the Income Tax Act 2004 and are administered by the Tanzania Revenue Authority.

Royalty rates are determined administratively, not based on forest markets: Though royalty rates have been updated, a concise model for their determination has never been developed. Stakeholders claim there is an urgent need for royalty rates based on “economic surplus” models, which enable efficient markets and maximize revenue. Royalty rates have been determined arbitrarily.

80% of wood harvested is used to make charcoal, 90% of royalties are realized from timber, illustrates the “skewed” royalty setting system: Charcoal royalties in the Southern Zone generate 10% of revenues but the volume of charcoal that generated these revenues represents 80% of trees harvested. This illustrates a failure in the royalty system. TFS has responded to the mismatch between supply and demand by increasing the royalty rates.

Payment Flows (including payments and transfers to/from local and district levels of government) Royalties from forests is TZS 70 billion/year. At the same time, revenues from taxes levied on salaries, profits and VAT has remained at levels not exceeding TZS 3.6 billion/year. Forest trade and revenue reflects an industry focused on raw materials but offers little processing, value added or employment creation.

A number of studies have highlighted problems of revenue collection in the forestry sector. In comparing performance to goals the following issues arise:

- The licensing system for natural forests is not effectively controlling use of forest resources, the resource base is becoming degraded;
- The unsustainable use referred to above is largely illegal and is exacerbated by corruption;
- Controlling natural forests will always be challenging; natural forests tend to be large, remote, dispersed, and poorly served by public infrastructure;
- Market and institutional arrangements in forestry are characterized by multiple players (central government, local government, a poorly developed commercial sector, and communities), the crowded playing field complicates resource management.

There are instances where TFS revenue targets are not met from its own degraded production forest reserves and fast-growing plantations, which have production gaps (see Indufor 2011). New models are, therefore, needed to bring in additional capital and technical expertise. It is estimated that 40-45% of the TFS current revenues originate from natural woodlands, it is however, very modest collection of the revenue compared with the available potential. Thus, it is also clear that more transparent and efficient revenue collection from natural forests is needed.

Box 2 Opportunities and Challenges

According to NFBKP II and LIMAS projects and the stakeholders, the basic opportunities for financially viable as well as socially and environmentally sustainable community-based forest management are well in place in Tanzania:

- By 2012 about 1,200 villages had established VLFRs covering over 2 million hectares.
- By 2015 a total of 1,663 VLFR had been established
- Market demand for some commercially valuable hardwood species is high.
- Forest resources in the Southern and Western Tanzania are still in many places abundant.
- Villages can legally strengthen and secure rights over forests by establishing VLFRs, as legally defined in the Forest Act of 2002.
- Villages can establish private or group forest reserves as stipulated by the Forest Act of 2002.
- VLFRs are under the authority of village councils (VC), managed by village natural resources committees (VNRC), and both are accountable to village assemblies (VA).
- The Forest Act of 2002 gives VLFRs wide powers to capture the economic value of these locally controlled forests:
 - o Villages can keep 100% of revenue and are tax-exempt;
 - o Villages may set their own prices for forest products and are not obliged to follow government royalty rates set administratively; and
 - o Villages may harvest trees based on their management plan and are exempt from restrictions on certain “reserved” species listed in Government regulations.

Concurrently, communities face many obstacles which hinder unlocking the business potential available from VLFRs:

- Financial feasibility/profitability of timber sold from VLFRs is poor because demand is low due to large quantities of illegal timber available.
- Even the best existing models for CBFM (such as Sunya, Lengatei and Dongo Community Forest Reserve under Securing Sustainability of Land Administration and Management Programme, SULEDO and Mpingo Conservation Development Initiative; MCDI) are still subsidized by grants and are going to be self-financing only when external investments and business skills are attracted and their businesses really get going.
- VLFRs are semi-governmental bodies under the jurisdiction of village councils/VNRC/VA and not bankable, unless a legal entity will be established, such as a cooperative, limited company or an association, and required institutional structures are in place.

- VLFRs' networks (fairly independent from the local/central governments) at communal, district and national levels are still very weak to provide sufficient lobbying, service provision (e.g. provide marketing services, improved access to markets and negotiation of better prices) to their members.
- Local communities lack adequate market/value chain knowledge and business strategies for increasing local capture of forest value.
- Very little value addition is created at village level, mostly through pit-sawing with wasteful resource use and very meagre profits.
- By existing laws villages are not allowed to harvest forest products from non-reserved lands, hence the need for establishing VLFRs to give villages harvesting power. However, villages are struggling to compete with the government-licensed timber logging on non-reserved village lands for quantities that are not based on estimates of annually allowable cut based on sustainable forest management.
- Incentives for facilitation of CBFM by district authorities are few because though they have a mandate they have very limited resources.
- Villagers' technical and business knowledge and skills along the forest-based value chain are poor.
- Variations of communities' forest assets range widely from very high stocking to bare lands and thus in some cases prospects for short-term cash-flows are very meagre or non-existent: economic and financial feasibility of *miombo* natural woodlands is inherently low, particularly when the standing volume is on an average at 38m³ /ha⁹ .
- Infrastructure in remote areas is poorly developed and makes transportation expensive.

Market demand and prices of hardwood tree species

Currently, the market demand for the most desired timber species is very high. There is a shortage in the markets, which has pushed prices up. The market demand for specially Grade I and II timber species is thriving and actually very high, but demand for Grade III timber/species remains low due to consumers' ignorance of their properties and suitability to different end uses. However, a considerable share of the timber, particularly in local markets, originates from illegal sources and distorts the prices. See illegal timber trade explained below.

Due to many factors which have been summarized by different market studies (see e.g. Market Study by Indufor, 2011) demand for timber in Tanzania will rapidly grow and there is a need to widen basis for new timber species to be launched in the markets. Therefore, it would be advisable to join forces with TFS to promote lesser-known species with some financial and human resources.

Supply, harvesting, and processing of forest products with or without certification

Currently, there is no sustainable forest management, which could determine the criteria and indicators for sustainable management of natural woodlands in Tanzania, apart from FSC-based forest certification by Mpingo Development and Conservation Initiative (MCDI) and their adjacent communities in Kilwa and Tunduru, and New Forests Company plantations in Kilolo district, Iringa. A chain-of-custody certificate needs to be in place to prove the sustainability of transportation of forest produce from the end source to the end user, which is often overseas. An establishment of the forest certification system with chain-of-

⁹ Ministry of Natural Resources and Tourism of Tanzania, 2015. Main results of the National Forest Resources Monitoring and Assessment of Tanzania mainland (NAFORMA). Main results.

custody is an expensive undertaking not only to establish but to keep up, though at least some premium is paid by buyers for the sourced timber. The national FSC standard has been finalized and submitted to FSC International. Publishing is expected in 2018.

Tanzania with support, primarily from WWF, has developed the FSC standard for the country¹⁰. The Tanzania national forest stewardship standard has been approved by FSC and is now included within the Tanzania Bureau of Standards (TBS). Mpingo Conservation Development Initiative (MCDI) with Fauna & Flora International and WWF partnership facilitated a group certification of forests in Lindi villages through Forest Stewardship Council (FSC). This rigorous certification scheme requires third party auditing and is based on ten principles covering social, economic, ecological and cultural issues; and includes managerial aspects as well as environmental and social requirements (MSA).

There is a however large amount of illegal timber entering timber markets, which means that timber from certified village forest reserve cannot compete in the market. Although, Nanjirinji village one of the FSC certified VLFRs appear to be dependent upon WWF and MCDI to 'bring them a buyer' so this lack of market knowledge and relationships could also be a factor.

The market for FSC timber is currently small in Tanzania and customers are scarce. There is a good market for FSC timber from countries such as USA, Europe and Japan, but these countries also require a very high quality that is not currently available from the VLFRs (except through Sound and Fair which currently has fairly low capacity, about 5 m³ sawn wood/day although they have plans to scale up into furniture manufacturing). Construction companies have tried to source FSC timber through VLFRs but they ultimately rejected most of the delivery as the quality was deemed to be inferior. The companies seem to be more concerned about the quality of the timber than the FSC certified raw materials, even if they like the FSC concept.

There is also a need to assess the suitability of the Forest Law Enforcement, Governance and Trade (FLEGT) - system to be used by Tanzanian timber trading. The European Union adopted the Action Plan for FLEGT in 2003. The aim of the Action Plan is to improve governance and reduce illegal logging by strengthening legal forest management, improving governance and encouraging trade in legally sourced timber. The ultimate aim of the FLEGT is to support efforts by timber-producing countries to combat illegal logging by preventing illegal timber from entering the EU market through bilateral trade agreements called Voluntary Partnership Agreements.

The first steps have been taken by Tanzanian forestry authorities to be familiarized with the FLEGT system to fight illegalities and poor governance in timber trade. A delegation from Tanzania visited Ghana in March 2016 to engage with Ghana on its forest management systems and its Legality Assurance System. The aim was to exchange experiences and consider the appropriateness of similar measures in Tanzania. The delegation learned from Ghana that the system has contributed to better forest governance; strengthening of institutional capacity; improved transparency; stronger controls, improved law enforcement and enhanced legal compliance by both the administration and operators. The key building blocks of such a system as a part of the FLEGT are detailed under the Programme Description.

¹⁰ The FSC Principles and Criteria (P&C) set out the global requirements for achieving FSC forest management certification. This international standard is then adapted at the national (or regional) level to reflect the diverse legal, social and geographical conditions of forests in different parts of the world. The Tanzania Standard: <https://ic.fsc.org/en/newsupdates/id/2142>

Financial feasibility of key Value Chains (timber, charcoal)

To investigate pricing of saw logs and sawn timber, the LIMAS project conducted in 2013 a study on “Timber trade and harvesting in VLFRs in Angai”. The different methods of timber selling analyzed were:

- Villages sell wood on stumpage, traders using pitsaws for processing into sawn timber.
- Villages sell wood on stumpage, a buyer is a saw miller.
- Villages sell logs at landing in Liwale.
- Villages sell sawn timber, processing by pitsaws.
- Villages sell sawn timber, processing by sawmill in Liwale.

The comparative calculations of different timber selling methods indicated that the villagers could increase their economic return if they entered into processing and selling sawn timber. In other words, they could increase their share of the value addition along the value chain. However, managing timber trade and getting involved in processing would require managerial and business skills and investment capital if modern sawmilling machinery and other equipment would be acquired.

According to MSA report the timber value chain is comparatively short compared to those for other forest products. Timber is sourced from inside Tanzania as well as imported from neighbouring countries including Mozambique, Zambia, Malawi, Zambia, Uganda and Congo DRC (Chenga & Mgaza, 2016).

Internally sourced hardwood timber is predominantly from community based forest reserves and non-reserved forests. The main geographic sources of supply are Lindi, Tabora, Katavi, Morogoro, Tanga and Ruvuma (Chenga & Mgaza, 2016). The forests in the community based forest management and non-reserved forests are secondary, often seriously degraded, and the majority of class I and II timber species¹¹ have already been harvested. Non-reserved forests constitute un-reserved forests in village lands and general land.

According to data by the National Forestry Resources Monitoring and Assessment of Tanzania (NAFORMA), Tanzania mainland has an estimated allowable cut of about 42.8 million m³ annually consisting of timber for construction, utility poles, fuelwood (charcoal and firewood), furniture and joinery, pulp and paper. However, the overall national wood consumption on mainland Tanzania is estimated at 62.3 million m³ based on a per capita consumption estimate, in which case 19.5 million m³ more than the annual allowable cut, which could come from illegal and unreported wood harvesting as well as cross border timber movements and imports.

The key components of the **charcoal value chain** include: forest management for sustainable supply of raw materials, charcoal production technologies, charcoal transportation to market and consumption centres; bulky and retail selling of charcoal and re-use of charcoal wastes. The charcoal value chain comprises a range of actors and players including producers, processors, transporters, vendors and end users. For sustainable charcoal production, concerted efforts are, therefore, required to ensure integrated planning and efficiency in all components of the charcoal value chain. Within the charcoal value chain, villagers get a very small portion of the market value. Average farm gate price of charcoal per kg is 80 TSh while market

¹¹ These are classification of tree species from non-plantations forests. Species in Class I and II have high royalties compared to other classes. Also see the classification in Annex 4 for further information.

price of charcoal is 600 TSh per kg in Dar es Salaam. Intermediaries are gaining within the charcoal value chain.

Charcoal is the single largest source of energy for cooking in urban areas of Tanzania, and its demand is growing due to an expanding population and lack of affordable alternatives. Charcoal is preferred in urban areas because it is cheap (local resource) and easy to transport, distribute and store. It is almost smokeless and has a higher caloric value (30 MJ/kg) than firewood (15MJ/kg). Currently, the largest share of charcoal comes from natural forests, while plantations, woodlots, or trees outside the forest plays only a small role for charcoal production. By the end of 2012, the population consuming charcoal in Tanzania mainland was 11.12 million people who consumed 2,333,743 tons of charcoal. Efforts to enhance sustainable supply of charcoal are, therefore, important for the inclusive growth of Tanzania.

Transporters of charcoal operate through unsustainable informal system. There is a hostile relationship between forest officials and traders of charcoal and other forest products in terms of revenue collection. Revenue collection by forestry officials is normally conducted through road patrols instead of collecting revenue in the field where production takes place. In some cases, assistance of armed police and game scouts are used in forest revenue collection. Transparency and involvement of all actors in the charcoal value chain will eliminate existing revenue collection challenges between forest officials and the local community.

2. REASONS FOR LAUNCHING THE PROGRAMME

The national forest resources monitoring and assessment (NAFORMA) results provided updated information on the state of the forests in Tanzania. According to information from the National Carbon Monitoring Centre high deforestation rate was estimated at about 469,420 ha per annum. According NAFORMA (2016), the different types of forest covers about 54% (around 48 million hectares) of the total land area in Tanzania. The main forest and woodland types includes the miombo woodland, woodland mosaics, mangrove and the closed canopy forest (tropical/rain forest), the miombo woodland being the dominating forest type. The report “Tanzania’s Forest Reference Emission Level Submission to the UNFCC” estimated the deforestation to be 582,427 ha/yr during 2002 – 2013 (Forest change statistics (2002 – 2013) for the Tanzania Mainland). In addition, there is widespread degradation of the existing forests due to overharvesting in legally accessible forests and illegal logging in protected forests. In addition, non-reserved village lands are subject to unsustainable logging without proper forest resource assessments and harvesting plans. The negative impacts are extremely serious in terms of loss of water retention capacity of forests, reduction of year round surface water, reduced rural livelihoods, reduced food security, and loss of biodiversity to mention a few.

The main drivers of forest degradation are the **growing energy needs of an expanding population coupled with subsistence agricultural expansion**. Demand for wood energy is rapidly increasing due to rapid population increase and continuing dependency of forest biomass as the national energy source (at almost 90%). Particularly unsustainable charcoal burning has turned many government forest reserves deforested or badly degraded. Therefore, alternative management models for charcoal production are needed, such as the experimental Kilosa model. In parallel to supply side instruments there is a need to introduce measures to reduce wood consumption, e.g. use of improved stoves, improved efficiency in processing and use of waste material, as well as shift in energy patterns will need to be pursued with the relevant authorities and private and non-governmental actors. Furthermore, the dominant vegetation types have low productivity and approximately half of the forest resources are found in protected areas and are not available for harvesting.

Poor agricultural productivity and dependency on forest resources: Subsistence, including shifting agriculture, puts pressure on forest resources as long as there is no extra land available and alternative sources for household income are non-existent. From a poor person’s point of view, there is no incentive to protect forests as long as no extra lands are available for subsistence agriculture. There is a need to integrate forestry with agricultural development through proper village land-use planning. Lessons learned from conservation agriculture (e.g. under LIMAS project) are also valuable.

Lack of village boundary surveys and village land use plans: There are only about 1,000 villages of total of 10,500-11,000 villages having their village land area surveyed and a village land use plan in place, respectively. The number of the villages adjacent to forests or natural woodlands is not known but might be in the range of 6,000-8,000. Even if the villagers know the traditional village boundaries but if they have no legal documents, they have no statutory power to chase away for instance pastoralists invading village lands with large flocks of cattle for grazing. In addition, the villages with a land use plan (LUP) have no resources to put their existing plans into action. It is essential to have proper village land use plans in place and steps taken for putting them into action.

Non-harmonized legal and policy framework: logging on non-reserved villages’ lands will continue without proper forest resources assessment and harvesting plans because Land Act and Village Land Act are not

harmonized. This is unsustainable and leads to further deforestation and degradation. Controversies and inconsistencies between the Land Act No. 5 and Village Land Act No. 4 are also cited to be among the challenges causing forest degradation and therefore require harmonization. According to the Village Land Act, 'general land' includes all land that is not reserved land or village land, whilst the Land Act says 'general land' means all public land which is not reserved land or village land and includes unoccupied or unused village land.

Organizational arrangements (GoT): In Tanzania, the forest sector operates administratively under two Government ministries: the Ministry of Natural Resources and Tourism (MNRT) under which is the Tanzania Forest Services Agency that manages the state forests; and the President's Office Regional Authorities and Local Governments (PO-RALG) under which is the management of district forests and privately owned forests. About one third of forest resources are managed by the Central Government through the TFS (a semiautonomous body) and wildlife authority. The remaining two thirds is under the management of President's Office Regional Administration and Local Governance (PO-RALG), and the private sector which owns less than 10%. Vast areas of the unreserved forest and woodlands locate in village lands where their management is mostly unsustainable. This is primarily due to the weak capacity at Local Government Agencies (LGA) as compared to the Central Government's financial and human resources.

Some of the key challenges in administering forest resources in accordance with SFM are:

- Weak institutional linkages and unclear mandates between the central and local levels, NGOs, local communities and the private sector on conservation and management of forest ecosystems
- No effective extension services are available for decentralized forest management for the local governments, communities and the private sector

Communities' share of financial benefits from Participatory Forest Management (PFM) value chains is low: The Government of Tanzania is fighting the disappearance of forests by promoting PFM. So far, financial benefits from Joint Forest Management (JFM) have been minimal and success in JFM have been few. As a result, communities are not necessarily eager to participate unless they get their fair share of the value addition from forests to market. On the other hand, there are few Community-Based Forest Management (CBFM) arrangements that have successfully managed to generate financial benefits to communities. However, majority of them have not yet been able to deliver. This is due to poor commercialization of forest products available in their forest. Currently communities do not have access to information about fair prices of products as traders and middlemen control the market (only prices of honey are well known). The royalties and taxes are determined based on administrative decisions and on incomplete or outdated information about market prices. In addition, many VLFRs are small and degraded, which means that financial flows will mature only in the far future.

Lack of investments in VLFRs and private sector involvement: VLFRs are under jurisdiction of the Village Councils and managed by Village Natural Resource Committees, which are semi-governmental entities and owned by all villagers. Partly due to this setup, investment in VLFRs, which are locally controlled, has been slow if not non-existent in Tanzania. Investors prefer to cooperate with organizations, which are true business entities, and can get loans. On the other hand, the forests under the village jurisdiction need to be ring-fenced from unnecessary risks, which is not the case in VLFR setup. However, there are such producer organizations already existing in charcoal and honey productions. In addition, many NGOs have an important role to play in advancing sustainable forest management, particularly in Village Land Forest Reserves.

The concept “Investing in locally controlled forests” (ILCF) may offer a new way of addressing some of the constraints identified in conjunction of CBFM (see IIED, 2012). Investing in locally controlled forests offers a framework for balancing acceptable returns from financial investments with social justice and environmental sustainability. ILCF distinguishes between two types of investment, namely “enabling investments” and “asset investments”. Enabling investments are typically donor-grants, which build sustainable and investable projects and businesses while asset investments require a return on capital. Now there is need to facilitate a process for establishing such business models or institutional arrangements, which can act as go-betweens with the VC/VNRC and investors to make forest-abundant VLFRs or degraded Government Forest Reserves attractive investment targets.

Inadequate monitoring systems, poor data availability and use: There is limited data available on forest resources, markets, product prices, trade and industry, apart from the forest resource assessment NAFORMA. There is as well no systematic data collection, storage and processing as regards PFM, apart from recording such things as how the establishment of each VLFR or JFM agreement is progressing, who gets timber cutting licenses on village lands, what are sawmilling capacities and their log intakes etc. These records are kept by TFS. In the longer term, a decision is needed whether TFS is the right entity to have all the communal forest resources data inclusive of forest management and harvesting plans (currently though these are not centrally stored/held anywhere). Namely, there is a conflict of interest here because TFS competes in timber markets with wood coming from VLFRs.

Limited capacities at all levels: Capacity development and skills training are needed at all levels, nationally, regionally and locally, and for all the activities inside the different value chains (timber, charcoal and honey, etc.). However, so that timber production will be prioritized capacity development and skills training is required not only for professionals and community members but also for systematically developing the institutional capacities of such bodies as, FBD, TFS (to some extent), District PFM teams and extension services, Village Natural Resource Committees, service provider organizations etc. In the field level, training and skills development is needed from forests to markets and further processing, particularly for timber but also for charcoal and honey value chains. In case of timber, such skills as forest management, wood selling and pricing, measurements, forest harvesting, logistics, processing (saw milling, carpentry), marketing and selling of products are required.

Governance and illegal logging: Governance in forestry sector is challenging; illegal and corrupt utilization practices, such as unauthorized logging and charcoal production, are common. Contributing factors include weak law enforcement, high political interference and poor overall resource governance at all levels. Similarly, the collection and management of forest revenue are still inefficient: it is estimated that only 5 to 10% of the revenue due from the forest reserves and general lands is actually collected. Fines and penalties provided in the forest act have turned out ineffective and controlling the issuance and monitoring of logging licenses at district level as well as adherence to existing forest harvesting guidelines are somewhat problematic.

The increasing illegal trade contributes to deforestation and loss of biodiversity. Because of illegal timber trade, revenues worth millions of dollars are lost every year. In September 2015, Tanzania, Kenya, Mozambique, Uganda and Madagascar signed an agreement in the XIV World Forestry Congress in Durban to fight illegal timber trade in Eastern and Southern Africa. As the next step, countries will prepare and implement action plans. WWF, TRAFFIC and SADC have supported for years the countries in establishing

regional collaboration. Finland is supporting WWF, TFS and Tanzanian Natural Resources Forum in their works to promote sustainable forestry and actions against illegal timber trade.

To unlock the commercial potential of the VLFRs and produce income and employment, very concerted efforts are needed by all actors to make hardwood value chains transparent and reduce the large number of clear disincentives, which keep the illegal business and trade going. Here, responsible private sector actors have a key role to play as providing capital and know how on a win-win basis and concurrently promoting sustainable forest management and transparency, which are not presently in place.

3. PROGRAMME DESCRIPTION

3.1. Overview of the programme

FORVAC will shift emphasis from community-based forest management to sustainable utilisation and forestry value chain. The programme will concentrate more on strengthening institutional framework and creating enabling environment for the private sector stakeholders to manage and utilise natural forest sustainably. **Adoption of business and market-driven value chain approach is at the core of the Programme as is linking up with business development providers and private sector.** This will be based in an approach to work with clusters of districts, building on the critical mass of successful value chains based in VLFRs and thus generating positive economic and social impacts in the surrounding communities and districts.

The programme will increase income and employment in the communities and among private sector entrepreneurs who are involved from harvesting to the sales of forest based products in the markets. **The core of the programme will emphasise development of enabling environment for the private sector and communities, to invest more on the forest resource and to make better use of forests in a sustainable manner.**

The Programme will support improvement of policy and regulatory frameworks for CBFM (and JFM) and facilitate revision of Forest Act and regulations. The Programme will also support the development of institutional framework and forest governance capacity of various stakeholders involved in CBFM, most importantly FBD.

The Programme aims at promoting good forest governance and transparency of decision-making and financial management. The Programme will enhance the capacity and transparency of FBD and TFS in collection of revenue. Information management will be strengthened through improved monitoring systems using internet-based systems, and human resources developed for increased transparency and accountability of professional conduct. These will also contribute to the fighting illegal timber trade.

The Programme aims at identifying and developing income and employment generating activities that are based on forest resources (timber, charcoal and non-timber forest products). It focuses on the 2nd generation Community-based Forest Management development (emphasis on sustainable harvesting and legal trade of forest products) and development of sustainable management and harvesting in the existing VLFRs with high volume of productive forests. As a result, there will be increased income and revenues from CBFM to communities.

The Programme also intends to facilitate the development of equitable and transparent ways to share the generated cash benefits between the villagers who are the managers and users of VLFRs, and especially to consider the need to strengthen women participation in the forest management, value chain and benefit sharing.

The lessons learned in previous interventions, including the Reducing Emissions from Deforestation and Forest Degradation (REDD+) pilot projects implemented with the Norwegian funding, will be applied. The Programme integrates climate change adaptation and climate change mitigation in its activities.

In the degraded national forest reserves the programme will look possibilities to pilot private public partnership (PPP) in collaboration with TFS. There are vast areas of land in forest reserves that are not

under forest cover and could be used for plantation establishment. However, special attention will be paid on environmental and social safeguards in using these areas.

The Programme intends to identify and implement innovative new methodologies and technologies to improve the efficiency and effectiveness at different stages of the value chain and CBFM process. It will build its operations on proven and tested pilots that will be up-scaled and adopted in a limited number of districts and villages.

The improvement of institutional framework and enabling environments will raise confidence of the management capacity of the institutions and facilitate other investors to finance sustainable management of the natural forests. Special emphasis is put on engaging more women and to shared benefits between men and women.

The Programme will take into account the following:

- Financially feasible businesses need to be generated from the declared Village Land Forest Reserves (VLFR) and strengthening market-driven value chains together with the private sector actors, NGOs and district teams;
- Relevant stakeholders and institutions need to be capacitated to plan, support, manage and monitor Community-based Forest Management and related value chains; and
- Illegal trades of timber and wood products need to be halted through improving good governance.

The Programme is well in line with the Tanzanian poverty reduction strategy and forest sector policies and with the government of Finland Development Policy Guidelines, including those for the Forest Sector (2012). It will contribute directly to the empowerment of women and girls through developing value chains that promote women and the poorest to benefit both economically and socially from sustainable forest management. Involvement and strengthening of private sector actors will also be prominently addressed in the Programme. The emphasis on responsible management and good governance will contribute to stable and well-functioning societies. Capacity to manage renewable sources of energy (charcoal and firewood) and preserving the catchment forests will be also addressed.

Geographical Coverage of the Programme

Based on the initial MNRT Concept Note (May 2015), the Programme working area is divided into clusters (some of them supported by NFBKP II during 2013-2016). The selection of clusters and districts is further guided by the forest area and stock of already declared VLFRs (i.e. realistic potential for forest-based income / value chains) and likelihood of achieving tangible results during the Programme lifetime.

Preference has also been given to districts that have been supported by NFBKP II. The results expected to be achieved in the target districts and villages should be easily replicable to other forested districts. The programme will therefore, work in three regions in eight districts as follow:

- Tanga cluster: Handeni and Kilindi districts
- Lindi cluster: Liwale, Ruangwa and Nachingwea districts
- Ruvuma cluster: Namtumbo, Nyasa, Songea and Mbinga districts (including the areas where the Private Forestry Programme is currently working)

3.2 Results and key activities

Programme Impact:

Increased economic, social and environmental benefits from forests and woodlands

Programme Outcome

Improved forest sector value chains contributing to sustainable forestry and forest-based livelihoods

Outputs

The outcome will be achieved through four interlinked outputs. They are:

Output 1:

Improved Value Chains and increased private sector involvement in the forestry sector

Output 2:

Stakeholder capacity to implement and promote forestry value chain development enhanced

Output 3:

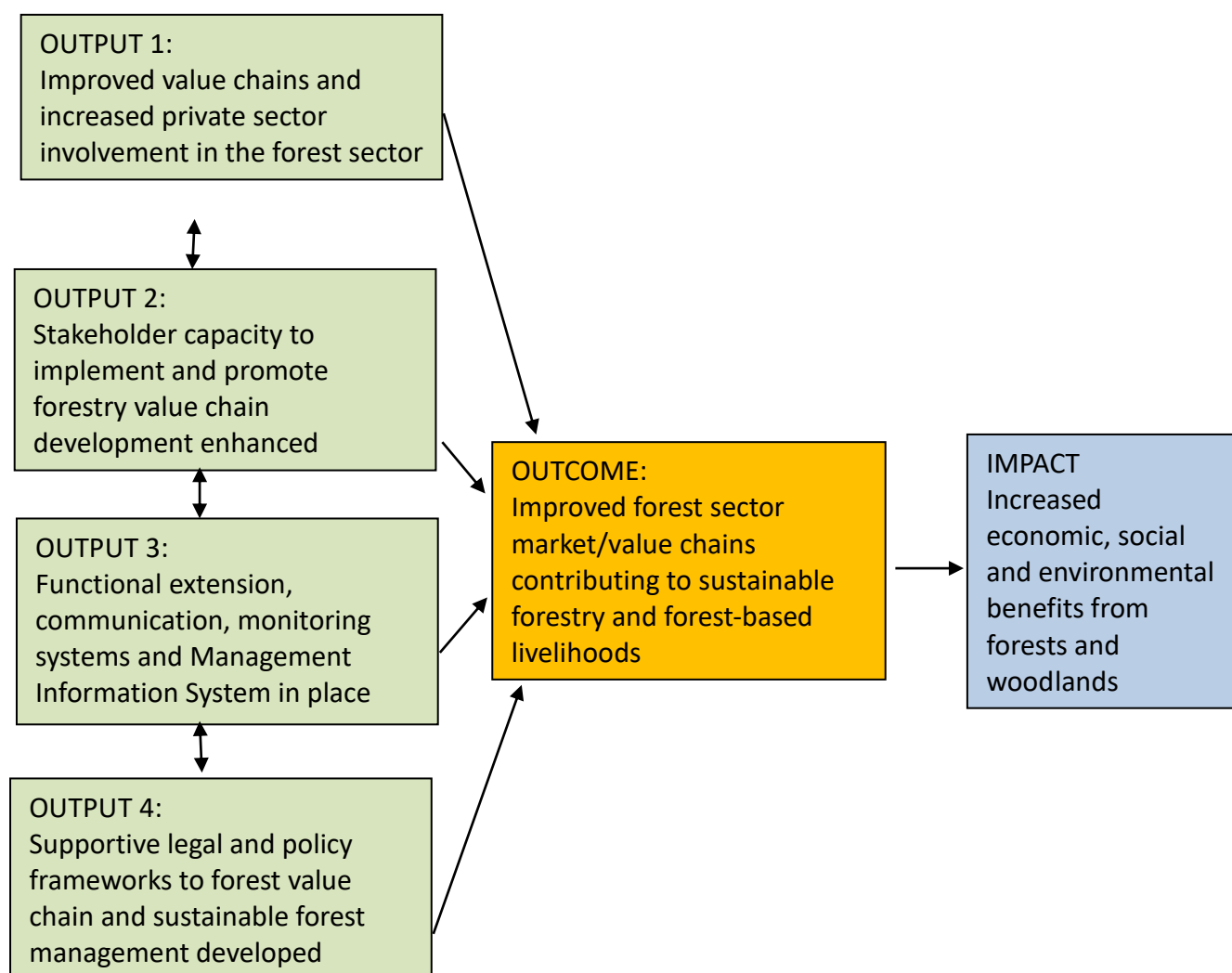
Functional extension, communication, monitoring systems and Management Information System in place

Output 4:

Supportive legal and policy frameworks to forest value chain and sustainable forest management developed

A results chain is presented in Figure 1.

Figure 1 Results Chain



The planned outputs, strategic approaches, and proposed main activities are highlighted below. A detailed work plan has been developed during the Inception phase. The program will follow Tanzanian budget year in the planning and reporting.

The FORVAC Results Framework given in Annex 1 describes indicators, related baselines and targets, and means of verification for outputs. Relevant activities are further discussed below and presented in detail in the Overall Work plan 2018 – 2022 of the programme (given in Annex 3).

Output 1: Improved Value Chains and increased Private Sector Involvement in the forest sector

Output 1 will be produced through two interventions, namely:

- 1.1 Establishment and Mobilization of Village Land Forest Reserves (VLFR); and
- 1.2 Support to value chains development

1.1 Establishment and Mobilization of Village Land Forest Reserves (VLFR)

Establishment and mobilization of Village Land Forest Reserves (VLFR) is a starting point for CBFM and related value chains development in the context of FORVAC. VLFR establishment also covers land use planning to secure ownership over forest products, such as timber, NWFP/NTFP and charcoal, for local communities and it sets up basis for CBFM. As given in the FORVAC Overall Workplan, this intervention covers the following main activities:

- i. Establishment of Village Natural Resources Committee (VNRCs): awareness raising, forming the VNRC, training the VNRC on the establishment and management of VLFR
- ii. Support to comprehensive Village Land Use (VLUP), taking all land usages into account (e.g agriculture, livestock and forestry also including NTFP/NWFP and charcoal production)
- iii. Demarcation of village forest areas for VLFR, participatory forest assessment also covering NTFP/NWFP and charcoal production, and production of VLFR Management Plans
- iv. Support writing the Bylaws and legal registration of VLFR
- v. Support gazettement of selected VLFR/CFR (1 - 3 VLFRs in each cluster) , (VLFR/CFR can be “gazetted” by MNRT/FBD, but this is optional)
- vi. Promotion of development of Timber Harvesting Plans
- vii. Promotion of equitable benefit sharing of timber sales, charcoal and NTFP/NWFP income
- viii. Support for developing community-based patrolling and introduction of information dashboard for reporting illegal activities involving communities and the private sector as informants in selected districts

The table below (Summary of the VLFRs) describes a current situation of the establishment of VLFR in the FORVAC area.

Table: Summary of the VLFR status

SUMMARY OF THE STATUS OF ESTABLISHMENT AND MOBILIZATION OF VILLAGE LAND FOREST RESERVES (VLFR)								
1	2	3	4	5	6	7	8	9
Cluster	District	No. of existing VLFRs	Total area of existing VLFRs (ha)	No. of new VLFRs to be established (villages)	Total number of villages with VLFRs + VLFRs to be established (No. 3 + 5)	Total area of selected villages for the FORVAC intervention, ha (VLFRs + additional VLFRs to be established)	LUP needed/new VLUPs to be developed	No. of VLFRs with timber harvesting commenced
Tanga	Handeni	2	14,169	3	5	19,462	3	
	Kilindi	2	1,072	3	5	4,410	4	
Lindi	Liwale	24	139,420	3	27	216,995	9	17
	Nachingwea	2	9,789	6	8	33,498	0	6
	Ruangwa	2	9,075	8	10	25,725	8	5
Ruvuma	Namtumbo	6	29,900	1	7	32,900	7	
	Songea	5	14,177	2	7	24,177	5	
	Mbinga	4	7,140	2	6	15,723	6	
	Nyasa	10	23,046	0	10	26,046	10	
Total		57	247,789	28	85	398,938	52	28
Anticipated increase in area of VLFRs during the life time of the programme (ha)						151,149		
Anticipated increase in area of VLFRs during the life time of the programme (%)						61		

Existing VLFRs are at different stages of development, some have already been declared and with mgt. plan, bylaws and even timber harvesting ongoing; some others have completed only part of required steps of establishment, and they, for instance, can be lacking VLUPs and Management Plans.

The table above also gives a tentative plan for further actions to be taken to facilitate establishment and mobilization of VLFR including figures such as: number of villages already involved in the VLFR process; total area of existing VLFR; number of additional villages and their forest area to enter in the process of establishment of VLFR; number of additional VLUP needed and number of VLFR already commenced or ready to commence timber harvest. These numbers are given by districts. Based on this information of VLFR in 9 districts, it is estimated that the Programme supports activities related to the establishment and mobilization of VLFRs in a maximum of 85 VLFR over the duration of four years. The number also includes establishment 52 additional Village Land Use Plans.

The table presents still very preliminary information gathered during short field visits, before the Cluster Coordinators (CCs) started their work in Programme districts. One of the key tasks of the CCs after having started their work, is to further elaborate and update the baseline data, in line with other baseline indicators (see the RF, Annex 1). The design of the Programme MIS Unit is planned to be implemented at the same time, with a strong interaction with CCs.

Updating the baseline is planned to cover the whole process related to VLFR, from establishing and registering the organisation to the processing and commercialisation of products, and, in between, with a long list of formal and practical steps and deliveries. The revision of socio-economic baseline and indicators elaborated in the previous phase (NFBK II) will be included in the process as well.

The update will take place during the bridging period (March-June) and the information will be used as inputs for the planning of the Year 2 (July-19 to June -20).

1.2 Support to value chains development

Communities and the private sector involvement

In addition to the establishment and mobilization of VLFRs (1.1 above), local communities need assistance for development of forest value chains deriving from the VLFRs that fall under the Community Based Forest Management (CBFM) regime. FORVAC support is addressed to producer groups within target villages as well as responsible private sector involvement in any parts of these value chains.

The role of private sector (villagers included) will be prominent in the Programme. In addition to communities, private sector organisations, particularly entrepreneurs engaged in forest product harvesting, processing, transport and marketing will have a key role in the implementation of the programme. Private companies and NGOs will be engaged in the Programme implementation under Service Provision agreements or as actors in the value chain. Private companies and local traders, e.g. sawmills, pit sawing teams, charcoal traders, honey processing and marketing companies will also be among programme beneficiaries through their involvement and role in developing the wood and non-wood based value chains.

Market System Analysis

In order to have a clear picture on the forest products related market system and present characteristics of different value chains, and the status and financial viability of key value chains (primarily timber, but also charcoal and honey), FORVAC will conduct a Market Systems Analysis (MSA) including socio-economic study for existing PFM in FORVAC districts during the inception phase. This study contains the following components:

- Review existing Village Land Forest Reserves (and other CBFM activities where relevant) in the eight FORVAC districts to establish current development status and requirements.
- Review of VLFR timber pricing (Timber Pricing study) in relation to TFS royalty rates and mapping of key market constraints. This should also include the review of the applicable mode of selling either stumpage or selling processed timber.
- Review of demand, supply and prices of forest products in domestic and international markets, including lesser known species.
- Tentatively map / define existing and potential value chains (both timber and NWFP).
- Collection of socio-economic data which contributes to establishing baseline information. The findings will contribute to the design of the programme during the inception phase.

Identification of value chains with potential business opportunities

Based on the Market Systems Analysis, Value chains (timber, charcoal, NWFP/NTFP) with potential for business opportunities will be identified in the FORVAC districts and villages at the early stage of the implementation. In case of bigger financial potential, the followings steps can be applied (selected steps can be used also to “smaller products” having local importance):

- Collection of information on timber, honey and other products, markets and value addition possibilities, identification of value chains with a potential for economically viable development and reviewing related business opportunities
- Carrying out a pre-feasibility studies
- Project formulation and business plan preparation including required human resources, financing, legal set up and time frame
- Selecting an organization/partnership (existing/business ventures, e.g. forming an association, cooperative or company) for implementation of the project or the production idea
- Monitoring and evaluation

The selection of a business approach and strategies will also build on the achievements and activities already on going in 57 villages based on inputs provided by the *NFBKP II and LIMAS programmes*.

Furthermore, a profound study on demand, supply and prices for different forest products (hardwood tree species-based) will be conducted in domestic and export markets. Lesser-known timber species will also be assessed and their use promoted, as seen feasible, to ensure demand for a wider range of species.

Equitable benefit sharing of income from timber sales will be promoted. Different systems have been piloted and established from social funds to cash distributions to households or to village levels only. These also will be further reviewed and applied to the programme villages.

Support to value adding activities

Partly parallel with the VLFR establishment process, starting from the villages already having the registered VLFR and related Village Land Use Plan and the VLFR Management Plan, FORVAC will support development of value chains deriving from forests under CBFM. This includes any feasible value adding activities from production to end-consumer, incl. business potential and feasibility assessment. Proposed activities cover the following tasks:

- Support to market development (e.g. product catalogue and promoting products and services related to CBFM)
- Wood products, NTFP/NWFP, Charcoal: Business plans and business skills development
- Support institutional arrangements/business models with market linkages (e.g. MoUs, joint ventures, PPP & other partnerships, groups/association/cooperative initiatives) in processing and storage facilities
- Assist communities to improve the quality of timber harvested from community forests and link their production with market (demand)
- Support to timber processing entities to improve efficiency of timber processing (e.g. use of efficient sawmills contra pit sawing, saw doctoring, improved recovery and quality of production)
- Support VLFRs in harvesting contracts: mentoring, formulation of contracts, linkages with contractors/harvesting companies/buyers: meetings, trade fairs/FGDs, workshops, advisory services
- Support to piloting bamboo production and processing/manufacturing products from bamboo
- Assessment of Identification of potential pilot forest certification in selected VLFR/CFR, assessment of feasibility
- Assess and pilot innovation models available to attract private sector capital to rehabilitate degraded TFS production forest reserves and improve the status of protected forest reserves. A joint venture and/or PPP with private sector actor(s) will be established to test proposed model to verify their institutional and financial feasibility. Through these partnerships, it is possible to promote establishment of plantations or establish mosaic plantation inside natural woodlands, and then for example outsource natural woodlands to private investors.

Output 2: Stakeholder capacity to implement and promote forestry value chain development enhanced

Output 2 will be produced through the following three interventions:

- 2.1 Improved institutional and management capacities of Village Councils and VNRC to implement CBFM and develop forest value chains;
- 2.2 Improved capacities to support and monitor CBFM/forest and related value chains and incorporating HRBA aspects; and
- 2.3 Forest products value chains system and business development skills incorporated in

curricula of relevant training institutes.

2.1 Improved institutional and management capacities of Village Councils and VNRC to implement CBFM and develop forest value chains

All target villages require capacity development, including further support to manage the VLFRs and value chain development within these communities, also involving producers groups. Villagers and members of Village Natural Resource Committees and Village Councils are expected to be more engaged in the value chain development. This entails developing their capacities. For instance, in terms of timber sales and marketing, VNRCs require training in calling for tenders and negotiating contracts, harvesting operations and their supervisions as well as on marketing of timber products together with improved access to price and other market information.

The package for pre-logging training, trade and logging supervision developed by LIMAS will be applied. A comprehensive training programme will be developed and implemented based on a thorough capacity assessment.

Capacities of communities (villagers and VNRC members) to implement CBFM will be improved through training and engagement. Such training and engagement will be in forest inventory methodologies, forest harvesting plans, forest management based on management objectives, forest harvesting, volume computation and timber grading, silvicultural procedures and guidelines for natural forest (miombo), fire management, overall financial management and record keeping, as well as, law enforcement through patrolling. Capacity building is further addressed to organizing auctions, preparation of tenders, eventual contract negotiations and contract management. Entrepreneurship approach and customer-oriented marketing skills will also be enhanced. Related support may include but is not limited to the following activities:

- Capacity building in CBFM, LUP, laws and regulations related to value chain
- Support negotiations for CBFM benefit sharing
- Train/educate communities on their rights and benefits of sustainable forest management
- Training of VNRCs in financial aspects (feasibility calculations, business planning)
- Capacity building in forest management plan development & implementation
- Training on select practical skills related to forest value chains
- Support fund raising activities for the development of new value adding activities. (grants and loans from existing service providers, such as TaFF, VICOBA/S&L/SACCO)
- Pilot establishment of showrooms (for wood based products like furniture) and collaboration between traders, sawmillers, carpenters and other wood processors/users also at the community level
- Exchange visits to area of successful interventions in CBFM and value chains

2.2 Improved capacities to support and monitor CBFM/forest and related value chains and

incorporating HRBA aspects

This intervention focuses on strengthening capacities at all levels to plan, support, manage and monitor CBFM and forest value chains development. All relevant stakeholders engaged in the programme will be capacitated to strengthen their understanding and capacities regarding the concept of the value chain and its implications for sustainable forest management, inclusive socio-economic and environmental aspects and how communities and other value chain actors can benefit in terms of income and employment.

An institutional capacity assessment/training needs assessment (TNA) will be conducted to identify the existing capacities and the competencies needed. This is to ensure that the capacity development actions address the true needs and capacity gaps in a sustainable manner. Capacity building will be based both on training individuals but equally important in building the institutional capacity which is more than a sum of the capacities of individuals. In accordance with the modern concept of capacity development, the approach entails training of individuals, instructional development, leadership development as well as accountability. A results-based approach will be applied, entailing definition of the skills and competencies needed by the actors and then developing a training programme to respond to those needs.

Based on the TNA, a comprehensive training and capacity development plan will be developed for the Programme. Capacity development will contain various activities such as coaching, training, and peer support and experience exchange. A critical measure for successful capacity development is team building and ownership. A monitoring system will be developed to track the changes and outcomes gained through the capacity development activities.

The capacity development plan will address the capacity development needs of various groups of beneficiaries with diverse capacity building needs. The key beneficiary groups include: Service providers such as NGOs, private companies and local traders, e.g. sawmills, pit-sawing teams, charcoal traders, honey processing and marketing companies. The training will be provided based on a through training needs assessment. The project will support capacity building of the Forest and Beekeeping Division, which will also be supported in provision of development of different methodologies and guidelines to support CBFM. Tanzania Forest Service has already established its own capacity-building plan and is training its staff, so it is recommended to analyse carefully what additional inputs are needed.

District staffs need enhanced capacities to support and monitor CBFM and value chains. They also need to be supported in the change of the emphasis from forest conservation to the sustainable utilization and value addition of forest resources. Good governance e.g. democracy, civil rights, transparency, and the rule of law, accountability, efficient services delivery, conflict mediation, budgetary and financial management, revenue mobilization and public expenditures are integral elements of the new approach to be supported to the district staff. Human Right Based Approach shall be incorporated to the programme implementation and relevant stakeholders train on it.

FORVAC will be responsible for ensuring that the programme proceeds in a participatory manner, and that it maximizes its positive social and environmental impacts. The Programme document is in line with the environmental regulations and policies of GoF and GoT, however, FORVAC needs to comply with relevant international conventions, with particular attention to forest products. The programme team, with the start of the work of CCs, needs to identify and monitor, during the course of the programme, the environmental and social safeguards. Training, technical advice and capacity building on safeguards in the district and village level and for technical service providers will be given.

The producer groups will be facilitated to gain access to additional finance opportunities and advice and capacity development support will be provided for the establishment of saving and loans associations (Village Community Banks, VICOBA) and/or collaboration with existing VICOBA. The financial management and control will be enabled through introduction of effective and adequate oversight mechanisms, including also internal and external audit systems. Appropriate measures to address any potential deficiencies in the control system will be developed. Particularly importance will be on-job-training of the value chain advisor(s) and the cluster coordinators for them to build further the capacities in different VCs and advance value chain approach.

Responsible partners for delivering the trainings include Forestry Training Institute (FTI), Forest Industry Training Institute (FITI), Forestry and Wood Industries Training Centre (FWITC) and Vocational Education Training Authority and UONGOZI Institute, and in selected topics also Sokoine University of Agriculture (SUA). The Private Forestry Programme has commenced development of a VETA-level training programme for Tree Growers' Associations, TGAs, Small, and Medium Enterprises for forestry, forest harvesting and small-scale sawmilling in collaboration with Forestry Training Institute, Forest Industry Training Institute and Vocational Education Training Authority. The training programme, once developed and approved, is expected to be applicable for training of forest users and managers in VLFRs and other reserves as well.

The programme will collaborate with UONGOZI Institute in organising and running national events (such as Forest Forum, National Forest Conference, National Forest industry conference, Public Private Dialogues) especially targeting capacity building based on specific needs.

Support will be continued to capacitate FTI and FITI by enforcing collaboration with and international organization/vocational training institute or university. The support will further enhance the tutors skills and knowledge and update their teaching skills and ability to use modern methods. The roles of Private Forestry Programme and FORVAC towards FTI and FITI should be defined.

FORVAC's intervention to improve capacities to support and monitor CBFM/forestry and related value chains, incorporating HRBA aspects, may include but is not limited to e.g. the following set of activities:

- Conduct a comprehensive Capacity and Training Needs Assessment (TNA) for all relevant stakeholders (e.g. Institutions, NGOs, service providers, districts)
- Capacity building in PFM, LUP/VLUP, and laws and regulations related to CBFM and value chain development
- Capacity building to districts staff on forest value chain (value links) development
- Capacity building on social and environmental safeguards at district and village levels; monitoring
- Support training on business development services to FORVAC districts
- Cooperation with Tanzania Forest Industries Federation (SHIVIMITA)
- Exchange visits in Tanzania to successful interventions in CBFM and forest based value chains
- Exchange visits to selected interventions in Sub-Saharan African countries for experiences exchange and for drawing lessons learned from forest value chain development (specific products, e.g. bamboo etc., success stories)
- Study tour for exchange of experience and for lessons learned to Finnish interventions on

forestry extension services and jointly /community managed forests

- Piloting Enterprise/Innovation Centres: establishment of a regional/district platform for collaboration and interaction between stakeholders (communities, processing, marketing etc.) to address local specific production and market interventions
- Organize biannually stakeholder meetings with key CBFM actors and build an interactive website to serve as a platform for sharing produced materials, lessons learned and technical papers.
- To set up a helpdesk for CBFM at the national level to consult practitioners at different implementation levels, and to coordinate all CBFM activities that are implemented by different stakeholders in Tanzania. This is to ensure that the stakeholders are well informed on the contents and applications of the national strategies.

2.3 Forest products value chains/market system and business development skills incorporated in curricula of relevant training institutes

The programme will support incorporation of training in forest products value chains/market systems and business development skills in curricula of several educational institutes, such as Sokoine University of Agriculture, Forestry Training Institute (FTI), Forest Industry Training Institute (FITI), Wood Industries Training Centre (FWITC) and Tabora Beekeeping Institute (TBI). A set of related activities is given below:

- Support Tutors and Lecturers of training institutes (SUA and FTI/FITI/TBI) to participate in forest value chain/market systems and business development related trainings/short courses
- Support training institutions to develop/mainstream forest products value chains/market system and business development in the undergraduate curricula
- Support studies and thesis/dissertations related to forest products value chains/market system and business development relevant for CBFM
- Support scientific workshops for sharing research results relevant to CBFM and forest value chains development

Output 3. Functional extension, communication, monitoring systems; and Management Information System (MIS) in place

Output 3 will be produced through the following two interventions:

- 3.1 Enhanced extension and communication services; and
- 3.2 Monitoring and Management Information System (MIS) established.

3.1 Enhanced extension and communication services

Capacity development will also include supporting operational forest extension and communication services, and supporting establishment of improved monitoring systems.

Communication and Information Dissemination

The program will enhance information management and public awareness on forest policy implementation. A communication and extension plan will be developed for the dissemination of relevant information on

forest policy measures regarding CBFM and forest value chains and results of the programme. Policy discussion takes place also at a national level, e.g. National Forestry Conferences.

A communication and extension plan will be based on identification of key target audiences, development of tailored messages related to policy and legal issues, including issues related to forestry and climate change, existing opportunities for employment and income generation through forestry activities, sharing experiences on efficient management of forests and efficient utilization of forests and their products. A variety of dissemination means, including mass media channels, will be used and use of innovative approaches for information dissemination is encouraged. For instance, mobile technology could be employed to informing foresters.

In the information dissemination, special attention will be given firstly, mainstreaming gender issues in the information dissemination (e.g. by introducing examples of women participation and avoiding gender-biased messages) and secondly, to ensuring access to information for diverse groups, for instance for illiterate persons.

It is also notable that according to the new Manual for Bilateral Programmes, the programme communication plan shall also include measures for internal information sharing among the various actors and stakeholders involved in the implementation of the programme. This will be included in the plan.

It is proposed that the programme will have biannually stakeholder meetings (workshops, seminars) with key CBFM actors. An interactive website will also be built to serve as a platform for sharing produced materials, lessons learned and technical papers. Efforts should be made to ensure that the stakeholders are well informed on the contents and applications of the national strategies. For this purpose, a helpdesk for CBFM will be set up at the national level to consult practitioners at different implementation levels. This will also coordinate all CBFM activities that are implemented by different stakeholders in Tanzania.

In 2008–2017, Finland in collaboration with other development partners supported Mama Misititu Campaign run by Tanzania Natural Resources Forum (TNRF), a campaign that is addressing good governance in forest sector and ensuring Tanzania community fully benefit from forest resources. Mama Misititu Campaign has been a good platform to work with national NGOs especially in fighting illegal logging and forest trades. To continue the work of these NGOs, the program will support them in specific activities addressing land use plans, illegal logging and timber trade activities. The support will be through using these NGOs as service providers to the project. Results will be disseminated as per the programme communication and extension strategy.

FORVAC's intervention to enhance extension and communication services may include, but is not limited to, the following set of activities:

- Supporting FBD on organizing National forest conference or platform and participating other forest and beekeeping related events
- Assists active journalists committed to forest issues to be further involved in forestry related activities to report and learn new concepts emerging in the forest sector
- Facilitate development of communication strategy
- Develop Extension strategy, taking principles of HRBA and value chain aspect into account
- Support to the development of National PFM/CBFM Apex body

- Support FBD to develop Extension materials and documentary packages
- FORVAC will seek interaction with relevant institutions in charge of the Beekeeping Research Master Plan to agree on joint efforts

3.2 Monitoring and Management Information System (MIS) established

In order to have the monitoring and consequently the information dissemination and communication to become successful, the information needs and the roles and responsibilities of FBD, TFS, PO-RALG and districts in collecting, managing and sharing forest data have to be clarified. In addition, both the hardware and software specifications and the capacity of relevant stakeholders to assume monitoring responsibilities need to be carefully analyzed.

National monitoring systems

Attempts have been made to establish national monitoring systems, but so far they have not been completed or taken into use. As a starting point, the programme will explore the current status of monitoring and analyze the problems encountered as well as needs for the data, and the roles and responsibilities on data collection, processing, and dissemination. The process would also include defining the information needs and responsibilities of various organisations in the development and use of computerized national Management Information System.

Based on this analysis, the Programme will support the establishment of Management Information Systems (MIS) and relevant databases on legal, forest resource, raw material, market information and pricing of products. In addition, capacity development for the use and maintenance of the MIS will be provided. In addition to the setting up, a MIS at the national level, access to market information will be supported for instance by utilizing mobile technologies. It is expected that these platforms will be developed in partnership with relevant private sector actors and other projects programmes will be consulted to identify effective and efficient methods.

The Programme will enhance the capacity, efficiency and transparency of FBD and TFS in the collection of revenue as well as in the information management.

In the development of the MIS, the project team will work in close contact with the MNRT. The respective organizations involved need to nominate a contact person to be in charge of getting the required tasks accomplished. In addition, a person to represent VLFRs will be nominated to provide advice on data collection and use.

FORVAC's intervention to Monitoring and Management Information System (MIS) included for instance the following set of activities:

- Support district & national authorities in monitoring of implementation and results of FORVAC interventions
- Develop and introduce the Management Information System
- Develop a self-sustaining (by end of programme) Market Information System and monitoring systems to fit in with the on-going Management Information System activities
- Update facts and figures of PFM across Tanzania

Additionally, the development of efficiency of Tanzanian timber tracking system to monitor timber flows within the country will be included in the workplan under Output 4.

Output 4. Supportive legal and policy frameworks to forest value chain and sustainable forest management developed

Output 4 will be produced through the following two interventions:

4.1 Improved policy and regulatory framework for forest value chain development; and

4.2 Support to development of forest law enforcement, forest governance and trade of legally sourced timber

The intervention of improved policy and regulatory framework for forest value chain development will focus on improvement of legal and policy frameworks to guide and improve sustainable forest management and trade procedures. The programme will support capacity building of the Forest and Beekeeping Division, which will also be supported in provision of development of different methodologies and guidelines, as well as including the production or update and dissemination of necessary technical guidelines to support CBFM and provision of working equipment including three vehicles.

The Programme will support the legislation review and harmonization as deemed necessary. The Programme will also ensure that formulation and revisions of relevant bylaws at field level conform to the national policies and legislation. The Programme directly contributes to various elements of the NFP II and it will provide support to NFP II institutionalization.

Timber measurement systems will also be harmonized as regards the use of conversion tables for calculating tree and wood volumes. This will also involve provision of clarity of timber harvesting and pricing between government owned forests resources and VLFRs.

Main activities of the Intervention 4.1 include among others:

- Advocate for harmonization the forest sector legislation with the legislation of other related sectors, including the revision of the Forest Act and related regulation.
- Carry out relevant studies and establish feedback mechanism to provide inputs to the further design of policy measures promoting various elements of CBFM
- Support training to increase understanding of policies and laws relevant for CBFM development
- Support dissemination of New Forest Policy
- Support development of Charcoal strategy
- Support drafting of Beekeeping Policy and finalization of Beekeeping Research Master Plan
- Facilitate translation of forest related legislation into Kiswahili/popular version and dissemination in the districts and FORVAC villages
- Support production and dissemination of technical guidelines related to CBFM and value chain development.

4.2 Support to development of forest law enforcement, good forest governance and trade of legally sourced timber

A continuous development of forest law enforcement is included under the duties of MNRT and TFS. The Government of Tanzania also works to set up and implement the national forest policy and other relevant policies e.g. concerning trade. These policies also refer to roles of local communities and involvement of the private sector in Tanzanian forestry, forest industry and trade in Tanzania and out of the country.

The implementation of the EU FLEGT Action Plan is a demanding process requiring a number of measures to be taken by the potential partner country, and comprehensive negotiations for the VPA with EU that take years. Additionally, most of the VPA partner countries have needed extensive donor support (e.g. specific FLEGT support projects) to go through the entire process.

Based on the specific review (FORVAC 2018) of available information and discussions with stakeholders, it seems that, at this point of time Tanzania is not ready to enter into implementation of the EU FLEGT Action Plan and preparations for the VPA – a full FLEGT implementation in Tanzania is not envisaged. In these conditions, taken the timeframe of the FORVAC implementation and the available resources and the core of the programme, development of forest value chains, in to account, FORVAC's general approach to the development of forest law enforcement, forest governance and the trade of legally sourced timber would be:

- FORVAC focuses on forest value chain development based on production of timber, charcoal and NWFP/NTFP in the project districts and areas allocated there to local communities (CBFM within Village Land Forest Reserves).
- The FORVAC programme extends its support to development of forest law enforcement, as it is only relevant to the development of CBFM and improvements of conditions for the trade of legally sourced timber, charcoal and other forest products originating from the project area. This also refers to the development of forest governance and trade functions – FORVAC involves in actions linked with forest value chains.

Legal and policy frameworks will be improved and harmonized to guide and improve sustainable forest management and trade procedure. Due to rampant illegal trades, there is a need to introduce new procedures to improve governance and support such systems, which curb illegalities and promote sustainable forest management.

A set of FORVAC activities to develop forest law enforcement, good forest governance and trade of legally sourced timber, to be implemented under the Intervention 4.2, in given below:

- Support to set-up a national action plan for developing the Tanzanian Timber Legality Assurance System (TLAS)
- Support to the formulation of TLAS
- As a sub-component of TLAS, support development of efficient timber tracking system
- Support measures to establish and install an electronic devices in the checkpoints to monitor movement of timber (electronic wood tracking system)
- Contribute to a process of reducing number of checkpoints in major highways
- Develop a checkpoint on the highway with modern facilities to work as a demonstration/training site for introduction of improved and more efficient checking procedures and technologies, including software.

Short term consultancies

A tentative international and national short-term consultancy inputs are listed in Table 1. Part of the consultancy months remain unspecified for the time being, and will be defined during the course of the project. The current split between the international and national consultancy months should be seen as an indication, and depending on the needs and availability of qualified consultants, the ration could be altered. Good practice is to match the national and international consultancies.

Table 1. Tentative Short-Term Technical Assistance inputs

Short Term Technical Assistance inputs by outputs and required months	International months	National months
Project management		
Review of the Programme Document and preparation of budgeted Work Plans	0,75	
Output 1: Improved Value Chains and increased Private Sector Involvement in the forest sector		
Market Systems Analysis: A Market Diagnosis for FORVAC	3,5	2
Value links training	0,5	1
Assessment of the demand, supply and prices of forest products in local, national and international markets, including lesser known species, bamboo and other relevant species; Timber pricing study considering royalty rates and mapping key market constraints	1,5	1,5
Feasibility study of Public- Private Partnership and Joint Venture options for private sector involvement in TFS production forest reserve management and setting a pilot model	1	1
Output 2 Stakeholder capacity to implement and promote forestry value chain development enhanced		
TNA, developing capacity building strategy and plan	1,5	1,5
Output 3. Functional extension, communication, monitoring systems and Management Information System in place		
Setting up required MIS and monitoring systems	2	
Preparation of a communication plan	0,5	0,25
Developing extension strategy	1,5	1,5
Output 4. Legal and policy frameworks in forestry approved and harmonized		
Timber tracking system and timber legality assurance system	1	1
Total input requirements in months	13 months	10,75 months
Unspecified input (months)	1	4,25
Maximum amount of inputs (months) available	14	15

3.3. Assumptions

Principal assumption is that the FORVAC programme is based on a high level GoT commitment to sustainable development, sustainable forest management and economic growth as the foundations for poverty reduction and reduced forest degradation.

The Results Chain set out in Figure 1 presents the programme logic. This logic as well as related assumptions will be revised during the first months of the programme. The assumptions are set out below and they are included in the Results Framework (Annex 1).

At the outcome level, the key assumptions of the Programme are:

- Political commitment for sustainable forest management and value chain development in CBFM
- Favourable political, legal and policy framework for Public Private Partnerships (PPP) and towards private sector and civil society engagement in business development
- Institutional stability within MNRT
- Good cooperation between MNRT / FBD, TFS and PO-RALG; all having clear roles on how to support communities and private sector
- Domestic market available for sustainably harvested timber, charcoal, honey and other NWFP products
- Increasing international market access for FSC certified timber
- Level of forest encroachment does not increase

The key assumptions applicable for different outputs include:

- Law enforcement is sufficiently efficient to make legally harvested timber viable
- Management plans fulfilled and are implemented according to sustainability criteria
- Strong leadership and equitable participation of villagers in CBFM is maintained
- FBD and PO-RALG take active stance in solving the coordination and monitoring issues
- PO-RALG allocates sufficient resources to districts
- Villages, private sector and civil society are committed to interact with GoT institutions
- Political will to support CBFM exists at District level
- A sufficient number of qualified Service providers available
- Domestic market demand increases for lesser-known timber species; for quality honey and other honey products produced in Tanzania
- Other NWFPs (other than honey products) with commercialization potential are available
- Private sector, villagers and VNRC exist in the districts and are interested to participate in value chain development Government organisations willing to implement capacity development results
- Villages, districts, private sector, civil society actors and other organizations willing and able to implement capacity development and are committed to interact with GoT institutions
- Equitable participation of villagers in CBFM related capacity development
- FBD/TFS and PO-RALG take active stance in promoting capacity building at all levels
- Willingness and ability of relevant educational institutes to include forest value chain development in their curricula

- MNRT and PO-RALG take active stance in extension and communication services along the VC at all levels
- Villages, districts, private sector, civil society actors and other organizations willing to develop extension and communication
- TFS and FBD and other concerned governmental parties including research institutions, as well private sector and NGOs are committed to set up functional monitoring and MIS systems and provide inputs on regular basis
- Districts, villagers and VNRCs cooperate in collecting data for village monitoring system
- Political will exist for updating and endorsing the sector level policy and legal documents
- GoT committed to support Forest Law and Governance enforcement, as well as implementation of Charcoal strategy
- Private sector and civil society are committed to interact with GoT institutions in legal and policy revision processes, and GoT takes due recognition

3.4. Beneficiaries and Stakeholders

The achievement of the results of the Programme will require involvement of a broad range of stakeholders including:

- Individual households & villages: villagers involved in CBFM – including specific targets of Women, Youth (under 25 years) and the disadvantaged (people with disabilities or long-term sickness)
- Tanzanian private sector actors in the value chain, such as processors, small enterprises, traders
- Ministries, Departments and Agencies of the government of Tanzania
- Development partners
- Non-governmental organisations, Non-state actors, training institutes, universities and researchers
- The general public, in Tanzania and in Finland

The estimated number of final beneficiaries is 330,000. Besides local communities in eight districts, the beneficiaries include Forest and Beekeeping Division (FBD) of the MNRT, Tanzania Forest Services (TFS) and their staff at national level. They will benefit from the capacity development, improved policies, Sustainable Forest Management guidelines and tools, revenue collection, control of illegal timber trades and benefit sharing mechanisms as well as new methodologies for harvesting and auctioning serving better the private sector entrepreneurs and local communities.

At district and village level the beneficiaries consist of local communities, household members and individual persons in eight districts in some of the most forested parts of Tanzania where there is good potential for generating forest-based income. NBFKP II developed pro-poor CBFM approach which promotes better women's participation in forest management, which will be applied and further developed. They are expected to benefit from the improved performance of Community Based Forest Management. In addition, a vulnerability analysis will be conducted in the target areas to ensure that the rights and opportunities of the vulnerable people will be addressed by the programme in an equal manner.

The capacity building for District Councils and district staff aims to change the emphasis from forest conservation to the sustainable forest management, utilization, and value addition of various forest products. Private sector, entrepreneurs, trader associations and business community will be partners and beneficiaries in the value chain development (harvesting, processing and marketing) and the business community is expected to contribute to employment generation at village and district level. Forest based products' producers will benefit from increased market demands and improved products. The existing

service providers, such as NGOs, research and training institutions and their consulting companies, will also benefit from increased opportunities to provide expertise on CBFM. The pool of competent service providers is expected to increase because of emerging demand on quality support services for sustainable forest management. The roles and responsibilities, development needs and expected benefits of the stakeholders are presented in the table 2:

Table 2 Stakeholders

Stakeholder Group	Responsibilities	Development needs and expected benefits from the programme	Issues and Implications for the programme
Forestry and Beekeeping Division (FBD) of MNRT Duty Bearer	Policy and regulation in forestry and bee resources; supervision of law enforcement; technical guidance, in charge of NFP, training institutions (FTI, FITI); coordination of the efforts in climate change mitigation.	Revised policies and strategies; technical guidelines, methodologies for harvesting and auctioning developed; capacity development and information management.	Strengthening the role of CBFM and providing technical support; increase involvement of private sector involvement in CBFM
Tanzania Forest Service (TFS) Duty bearer	In charge of central government forest reserves and bee resources in all land categories; collects revenue for FBD; markets forest and bee products. NAFORMA	The TFS will benefit from skill enhancements at all levels (including District technical staff).	Clarification of royalty rate determination principles and mandates between TFS and districts; harmonisation of different acts to prevent illegal logging on general lands; forest governance improvement; support to innovative joint ventures and private public partnerships to increase private sector involvement in forests under TFS's custody.
PO-RALG (President's office, Regional Administration and Local Governments) District Council and District	In charge of forestry and other natural resources management, coordination and monitoring activities. Technical assistance/ extension services to VNRC's; Oversight that district councils are run	Improved extension and monitoring; new skills and approaches; new manuals and lessons learned shared across the Programme districts and among the development partners supporting related interventions. District	Participation of district PFM teams in forestry and bee resources related activities; either through participating in forests resource assessments, village land use planning or monitoring activities in the village levels.

Stakeholder Group	Responsibilities	Development needs and expected benefits from the programme	Issues and Implications for the programme
technical staff/PFM teams Duty bearer	based on democratic principles.	Councils will benefit as the increase in formal business activities will assist the districts in creating revenue to be collected from the forest-product levies and local taxes.	Provision of site-specific knowledge and guidance
Village Councils and Village Natural Resource Committees and producer groups and business entities. Rights Holders (also Duty Bearers)	VLFRs are under the VC jurisdiction and managed by VNRCs. Villagers can establish such institutional arrangements which can make business; e.g. cooperatives and companies	The villages with VLFRs will benefit from improved monitoring and facilitation of CBFM by District Council and District PFM teams and from increased income and employment through value chain development. The VCs and VNRCs capacities will be strengthened to implement and manage CBFM and forest value chains. Institutional capacities of VNRCs and Village Councils will be enhanced to manage village forests responsibly.	Entrepreneurship approach and customer-oriented marketing skills as well as financial management and control will be enhanced. The producer groups will be facilitated to gain access to additional finance opportunities and advice. Capacity development will be provided for the establishment of saving and loans associations (Village Community Banks, VICOBA) and/or collaboration with existing VICOBA.
Entrepreneurs, traders' associations and business community	The private businesses and entrepreneurs will buy wood from the communities and further process them into high quality timber, furniture and other wood products. Charcoal producers will sell their products to the organised traders who will deliver the products to the markets. NTWPs will also be harvested and sold in the local, district and national markets.	They will benefit from information and capacity building, and ultimately from improved potential to run their businesses. The companies will ultimately benefit from improved potential to run business. Input producers will benefit from increased market demand.	The business community contributes to income and employment generation at village and district level. Skills development and gradually market-driven approach makes the VLFRs self-financing. Establishment of different business models will contribute to that end and increase institutional sustainability.
Service providers, such as NGOs, research institutions and	Provide services along the value chain from forests to markets.	Improved skills and opportunities to provide assistance and services to the communities and districts. The Programme	Service providers will be employed through outsourcing principle to provide different services along the value chain

Stakeholder Group	Responsibilities	Development needs and expected benefits from the programme	Issues and Implications for the programme
their consulting companies		orientation to VLFR Governance and management and to wood and non-wood based forest product value chains will assist them to focus their organizational and human resource development activities to developing additional services to cater for the expanding market.	from forests to markets.

In addition, the stakeholders of the Programme include the following:

- Civil society organizations, NGOs and Community-based Organizations (CBOs) engaged in e.g. community development activities, e.g. Association of Local Authorities of Tanzania (ALAT) and MJUMITA
- Private sector, forest industry and other related bodies, e.g. Tanzania Forest Industries Federation SHIVIMITA.
- Forestry, socio-economic research and policy institutes, e.g. Sokoine University of Agriculture, Tanzania Forest Research Institute (TAFORI), and UONGOZI Institute
- Other government institutions (Ministry of Finance and Economic Affairs, Ministry of Industry Trade and Marketing, National Land Use Planning Commission, Regional secretariats, Ministry of Agriculture, Food and Cooperatives, Ministry of Water and Irrigation)
- Forestry and beekeeping colleges (Forest Training Institute, FTI, Forest Industries Training Institute, FITI, Beekeeping Training Institute, BTI) and Sokoine University of Agriculture – it is expected that the expansion of Programme activities will offer employment opportunities for the young graduates of these institutions.
- Development Partners active in participatory forest management, private sector and value chain development and institutional development. The Programme will coordinate and seek synergies with other projects and interventions in the sector (see Annex 9).

4. IMPLEMENTATION

4.1. Inception Period

The inception period will be the first six months of the Programme. The purpose of this inception phase is to establish a sound management system for the programme, to build the team, to introduce the programme to the key stakeholders and to set up an overall work plan with key milestones and deliverables for the Programme. The Programme and its partners will make detailed district or cluster and programme level annual plans, review and start revising NFBKP II approaches, mechanisms and structures. The inception phase also includes background studies and preparation work (e.g. development of a communication plan, market system analysis) and setting up the baselines and target values.

Conditions for a smooth start and implementation of the programme are partly in place because of the NFBKP II (vehicles) that can be maintained and used by FORVAC. Further, most guidelines, manuals, implementation arrangements and procedures will remain in place.

The activities of the inception phase include, among others:

- Finalising results chain, establishing or revising baselines and elaborating indicators
- Preparing an overall work plan with key milestones and deliverables
- Preparing of a Programme Implementation Manual
- Collecting the existing tools (guidebooks, training materials etc.) from previous projects
- Launching necessary baseline studies and surveys
- Developing a communication plan for the programme
- Conducting a market system analysis on the present status and financial viability of key value chains (primarily timber, but also charcoal, honey), including:
 - o sector/value chain characteristics
 - o resource base, licensing and pricing
 - o financial feasibility/profitability at producer level
 - o domestic and export demand for products
 - o effect of illegal activities
 - o processing capacity/structures and profitability at mill gate; status of hardwood sawmilling
 - o certification requirements
 - o service provision arrangements
 - o marketing arrangements and branding
- Identifying site-specific problems that constrain achievement of desired results and impact, taking into account existing best field lessons on sustainable forest management and value chains
- Familiarizing with frameworks, which promote local development and are essential for private sector involvement, economic growth, and entrepreneurship, and analysing policies and acts, which create enabling environment for private sector actors
- Inception phase is also a stage to ensure that human rights principles and crosscutting objectives of Finland's development policy are set as guiding principles of the entire programme operation and management from the beginning.

The Steering Committee and the Supervisory Board meetings will approve the overall work plan (RBM). This will be arranged in the end of the inception phase to define programme's approach and approve the proposed changes to the Programme Document. It will also aid to clarify the roles and responsibilities of the implementing partner(s), to agree on the contributions of each stakeholder for the first year (based on work plans and programme budgets) and to specify the reporting and performance monitoring requirements and responsibilities with the institutions involved. Discussions and decisions made during the meetings shall be recorded in minutes or in other joint documents (e.g. aide-memoires).

4.2. Planning, monitoring and reporting

Planning: The operational planning of the Programme will be based on the overall programme work plan and budget, to be developed in accordance with the Programme Document and the programme's result chain and result framework. The result framework will give a clear and concise picture of the expected outputs and their targets, planned activities and the proposed fund allocations for the period. Annual work plans in turn, will specify annual result targets and milestones (based on the indicators of the results framework). The annual budgets will be prepared as part of the annual work planning process in a table format, with accompanying justifications and explanatory notes.

Actual field activities will be carried out by different service providers, and also district Participatory Forest Management professionals can be engaged in these teams. The work plan will indicate clearly all the activities to be carried out under supervision and guidance of each Cluster Coordinator in districts. All the activities will be planned and implemented together with district PFM teams, which consist of forest officers responsible with promotion of CBFM at the district level, or PO-RALG natural resources adviser who is overlooking the district forest officers. PFM teams will also supervise and monitor different activities together with VNRCs/VCs.

Monitoring: Results indicators are defined in the Results Framework. These indicators will be reviewed during the inception period and baselines as well as target values will be established. To the extent possible, the monitoring systems shall be based on the existing monitoring systems developed during the previous programmes. For instance, the NFBKP II district level monitoring was done based on the separate result-based framework. Furthermore, the village monitoring indicators of the Socio-economic Assessment (SEA) may be used to track progress on pro-poor, inequality-reducing, gender-focussed and right-based implementation.

Concerning capacity development, relevant outcome and output indicators will be selected. In addition, regarding the results of strengthening the TFS as an institution, the monitoring systems should track not only the outputs or benefits by the individuals but also the overall benefits of the institution.

The key mechanisms and processes of the Programme monitoring include:

- Information collection by the programme personnel.
- Data collection and progress reports from districts, based on discussions with PO-RALG and Districts through the District Performance Agreement Framework (PAF) or by establishing a Memorandum of Understanding.
- Progress reports from Service providers through Service Provider PAF, reporting from UONGOZI institute, TFS, FTI, FITI and Sokoine University of Agriculture will be done based on similar PAF framework.
- Field monitoring visits.

In addition to the programme's own monitoring systems, the MFA will contract an external review and evaluation team (ERET) consisting of two members (one international and one local consultant) to support systematic M&E. The ERET consultancy will consist of the following:

1. Review of the evaluability of the programme: at the end of the inception phase, the M&E consultancy will review the programme's M&E and reporting framework and mechanisms to ensure that a solid basis for results-based M&E is in place.
2. Annual reviews: the M&E consultancy will conduct annual review missions to assess progress and to validate and deepen the programme's internal M&E. These reviews will be conducted before the planning of the next year's WP.

Reporting: The districts and service providers will report on progress on quarterly basis and on financial expenditure on monthly basis (based on the arrangements to be established in the programme implementation manual, PIM). Feedback will be provided to the districts/PO-RALG and other service providers. Where service delivery framework will include reporting on results and outcomes of the interventions Feedback will include discussions and agreement on possible corrective measures.

The reporting will follow the guidance of the MFA Manual for Bilateral Programmes. Reporting shall be based on the indicators defined in the results framework. The output indicators and milestones will be tracked at semi-annual level while the outcome and impact indicators will be tracked at annual level. The progress reports will include narrative sections explaining the financial and physical progress, analysis of assumptions and risks, qualitative aspects and implementation issues as well as quantitative data on progress.

The annual reports will include an analysis of the risks and realization of the assumptions, which is essential information for the steering of the programme. In addition, the contributions from the GoT will be reported on annual basis.

Circulation and dissemination of results and lessons learned is required to improve the sustainability and impact of the Programme. The communication plan address this.

Human Rights Based Approach

A Human Rights Based Approach (HRBA) integrates the norms, principles, standards and goals of the international human rights system into development plans and processes. It is closely linked to national and international legal responsibilities, to which Tanzania is a signatory. Rights-holders are those who can legitimately claim a right - in this case, Tanzanian citizens participating in forest value chains in the FORVAC area. Duty-bearers in the FORVAC case are government bodies, who are responsible for protecting and facilitating the achievement of citizens' rights.

HRBA concerns the right to the process, rather than to the outcome: all human beings have the right to participate in their social, political, economic and cultural development. However, resources are limited and resource sharing is not yet perfect. The state has the obligation to support and empower its people's right to development, via enacting legislation, production systems, etc. This doesn't mean that rights holders can demand perfect achievement of their rights immediately. The State has the obligation to prepare a strategy for progressively achieving universal access. With rights come responsibilities – citizens should care for their forests and behave responsibly. Further details regarding the HRBA can be found in

the document “Human Right Based Approach in Finland’s Development Cooperation – Guidance Note, 2015”.

FORVAC will mainstream a Human Rights Based Approach (HRBA) and Gender Equality and Social Inclusion (GESI) issues through programme activities, including communications. In particular, aspects of transparency and participation are supported by the communications activities.

5. PROGRAMME MANAGEMENT

5.1. Implementing Agency

The implementing agency is the Ministry of Natural Resources and Tourism of Tanzania, Forest and Beekeeping Division (FBD). Tanzanian Forest Services Agency (TFS), which is responsible for state forests and forest revenue collection, and PO-RALG district authority, responsible for village land forest reserves, are service providers. In addition, communities will have the main implementation responsibility, together with districts under the PO-RALG, private sector entities and NGOs as service providers. VLFRs are managed by VNRCs and are accountable to the Village Councils. A consulting company was selected to support the implementation of the programme. The roles and responsibilities of the consultant company are defined in the bilateral agreement and the services in the contract signed between MFA and the company, including Home Office Coordination functions in quality assurance and in supporting results based management and implementation.

Decision Making

The decision-making system of the Programme includes a Supervisory Board, the Steering Committee and Programme Management Team. At the district and village levels, coordination arrangements will remain predominantly as previously established under the NFBKP II, which used the district forest officers as the district project coordinators, who were overlooking activities of the project in the district and at the village level. At the village level, the NFBKP II project worked with village natural resources committees (VNRC) mandated by the village to overlook village land forest reserves on behalf of the village governments and report to the village governments. However, when decisions (approval of management plans, harvesting plans, land use plans and sharing forest revenue and expenditure) needing the endorsement of the village as a whole were made, the entire village was involved through the village assemblies.

In addition, there will be three Cluster Coordinators who will support their respective Clusters. District authorities (District Councils) in cooperation of Village Councils will be the immediate supervisors of field activities related to the VLFRs and collaborate with private sector entrepreneurs. District PFM teams will provide technical backup to the Village Natural Resource Committees, primarily on village land use planning, forest resource assessments and forest management and harvesting planning.

The **Supervisory Board (SB)** will be the highest decision making body of the Programme. It will be comprised of representatives of MFA, MNRT (Chair) and PO-RALG. The members of the Supervisory Board are legal representatives of their countries entitled to make agreements and commitments in relation to the programme implementation and use of resources. Its mandate is to agree upon decisions affecting the Programme at the country agreement level, i.e. approve major changes in the Programme strategy and/or financing. It will approve the Annual Work Plans, budgets and reports. The SB will meet once a year, and in case needed, upon request by one of the parties. The secretariat will be made of the Chief Technical Adviser and the National Programme Coordinator. The TOR of the SVB is presented in FORVAC PIM.

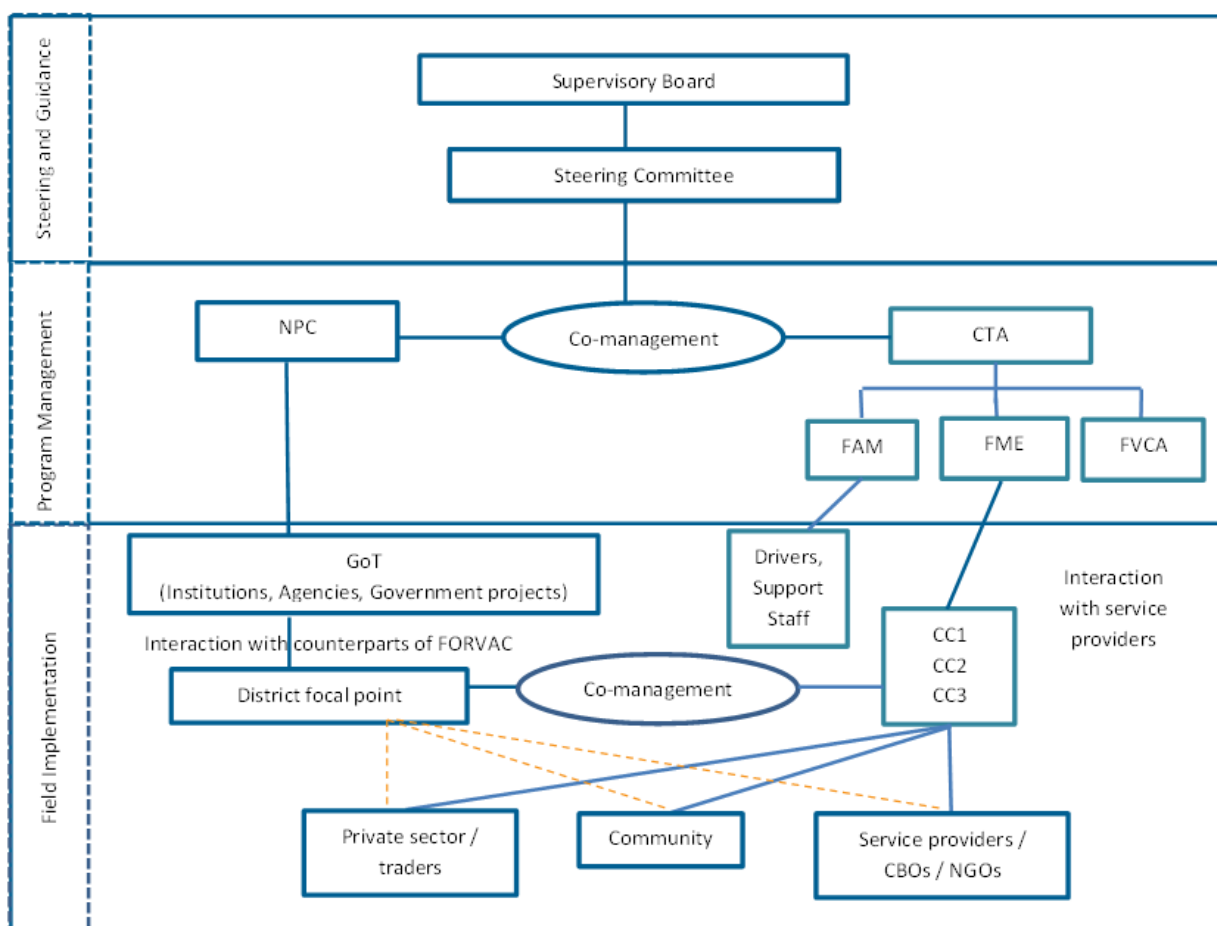
The programme **Steering Committee (SC)** will be responsible for the overall steering of the programme implementation. The members of the SC will be representatives of the organizations directly involved or influenced by programme implementation, including the MFA represented by the Embassy. The (SC) will meet semi-annually in Dodoma, Dar es Salaam or in the project area to monitor the Programme performance and agree upon adjustments and revisions on the Annual Work Plan and Budget. The members of the SC are FBD (Chair), Embassy of Finland (co-chair), TFS, PO-RALG, ALAT, SHIVIMITA and

MJUMITA. The National Programme Coordinator and the Chief Technical Adviser of the Programme will form the technical secretary; non-voting member of the SC. The TOR of the SC is presented in FORVAC PIM.

The Programme Management Team (PMT) will be responsible for the programme implementation. The PMT will be co-chaired by the National Programme Coordinator (assigned by the GoT) and Chief Technical Adviser (CTA). The Programme Management Team consists of the National Programme Coordinator, Chief Technical Adviser, National Forest Management Expert, Value Chain Development Expert and National Finance Manager. The Programme Management Team will function directly under the supervision of the Assistant Director of Forestry Development of the FBD but will be accountable and reports to the Steering Committee. The PMT will ensure effective and efficient day-to-day management of the Programme. The PMT shall meet on weekly basis, or based on the needs as deemed necessary, to assess the progress of Programme activities, develop plans for the coming month and quarter and make day-to-day decisions for the implementation of the Programme. The Terms of Reference of the PMT is presented in FORVAC PIM.

To the extent possible, the Programme management and nominations for the SB, SC and PMT should take into consideration gender balance in their membership. Both competent authorities will officially nominate their representatives.

Figure 2. Programme Institutional Framework



District authorities and Cluster Coordinators

Programme is implemented in eight districts. At the district and village levels, coordination arrangements remain as they were in NFBKP II: the district forest officers were the district project coordinators overlooking activities of the project in the district and village level. District authorities (District Council), together with Village Councils are the immediate supervisors on the ground and they provide monitoring and evaluation assistance (enforcing the legislation) and technical advice in the field level.

During the inception phase, separate work plans with financial inputs will be done for all the Programme districts with District PFM teams. Their role will be defined as technical officers providing monitoring and technical backup in the field activities to the VNRCs (under VC guidance and supervision) and as service providers e.g. in forest resources assessment and management planning. This will ensure that the Village Natural Resource Committees and other community-based producer organisations fulfil their obligations and implement the activities timely. The main set-up is carried over from NFBKP II (and partly from LIMAS).

At the district and village levels, coordination arrangements will remain predominantly as previously established under the NFBKP II. In addition, there will be three Clusters comprised of respective districts and three **Cluster Coordinators** who support their respective Cluster. Three Cluster Coordinators in the TA team (each one will have a duty station in one of the districts of a cluster) supervise and provide technical support in programme management to all the districts of their respective cluster. They report to the programme PMT and to districts through the PO-RALG.

The Chief Technical Advisor and the National Programme Coordinator jointly are responsible for the overall coordination, administration, reporting and finances of the Programme. The long-term and short term Technical Assistance (international and national) work directly under CTA. The Financial Manager works under the direct supervision of CTA. Programme support staff will report to the Financial Manager.

5.2. Role of Private Sector, Service Providers

The implementation of the forest management and value chain development activities is the responsibility of the villagers as managers and users of the forest resources. However, apart from the few pilot villages where NFBKP or LIMAS has been providing some support to 2nd generation CBFM issues during 2013-2015, the capacities of communities to implement such activities is limited. Therefore, the role of private sector and civil society will be very important; as NGOs and private sector actors will act as service providers. They will be provided training to ensure skills transfer.

NGOs will be primarily engaged in the establishment of VLFRs, land use plans and forest management activities to transfer technical knowledge and skills. Private sector has a role to play as contractors in harvesting as well as in trading, distributing, and processing forest and related products to transfer business and technical skills along the value chain. The private sector can provide technologies, knowledge and experiences in saw milling, transportation, processing and packaging of products and access to distribution channels and markets. Their role will be to promote environmentally sound technologies in the sector to facilitate sustainable harvesting and utilization of forest products.

Business models and institutional arrangements with responsible saw millers and other contractors and traders will be developed and established to assist in commercialization of the VLFRs. Cooperation with the WWF supported operations in the Southern Tanzania is worth consulting, including sawmilling technologies and arrangements as applied by SULEDO and MCDI.

LIMAS and NFBKP II contracted Service providers to assist communities in Village Land Forest Reserve establishment, land use planning forest management and harvesting planning, facilitating timber sales and in launching some other value chain development activities (honey). Service Provider model has also been applied in district capacity building and it can be applied in monitoring and supervision tasks. The experiences have been largely positive and demonstrate competence, albeit relatively small pool of private sector, NGO and CBO actors available in Tanzania for the purpose. Community-Based Organizations may be able to perform some of the activities if well supervised.

6. FINANCIAL MANAGEMENT

The consulting company will be in charge of channelling all the programme funds and all the financial management at the national and district levels. Financial management and financial administration is done following the regular MFA Finland consulting company contract model; i.e. the selected consulting company will finance the program implementation and invoice the incurred costs from MFA Finland following the MFA Finland's Standard Terms of Payment of Fees and Reimbursement of Costs.

Agreements needed for the financial arrangements include

- Intergovernmental agreement between governments of Finland and Tanzania
- Consulting contract between MFA Finland and the selected consulting company
- Sub-contracting contracts between the Consulting Company and Service providers / other sub-contractors, based on the lessons learned from previous bilateral projects NFBKP II and PFP

Procurement: Procurement will be done according to Finnish Procurement laws (Project Implementation Manual will be written during inception phase) and the formal decision maker of procurement is the steering committee. The consulting company in close collaboration with the Program Entities will carry out the procurement.

The Programme will use service providers to provide the needed services during implementation. The Terms of Reference for service provision contracts will be developed during Programme implementation. The service providers will be selected based on open, competitive tenders applying selection criteria that are assessing the quality and cost of the service using quality-cost based selection criteria. This is also expected to encourage expansion of the Service Provider pool during the Programme.

7. EVALUATIONS AND AUDITS

An external review and evaluation team (ERET) will provide annual reviews of the Programme. An independent evaluation will be commissioned by the Competent Authorities after the end of the Programme. The Programme will assign an external auditor or auditors who shall focus on the use and management of the financial resources allocated to the Programme. The scope and timing of audits will be decided jointly or independently by SB.

8. MEANS AND BUDGET

8.1. Human Resources

National Programme Coordinator (4 years full time) will be selected and appointed by FBD. He/ she will be a GoT employee.

The Technical Assistance will comprise the following:

- Chief Technical Adviser (International TA, 4 years full time (4x10,5 w/m, total 42 working months);
- Value Chain Development Adviser (International 14 months short term);
- National Forest Management Expert (National TA, 4 years full time) (4x10,5 w/m, total 42 working months);
- Financial Manager (National TA, 4 years full time) (4x10,5 w/m, total 42 working months).

The Programme TA staff includes also:

- three Cluster Coordinators (National TA, 3,4 years full time) and
- a pool of short term international and national consultants (tentatively 14 + 15 person-months) and regular home office backup covering the entire Programme lifetime.

Support staff consists of five drivers. FBD may assign additional support and other staffs at the expense of Government of Tanzania.

The job descriptions for the above key staff are attached as Annex 4, Terms of Reference of FORVAC Management. The Terms of Reference for the short-term consultants will be prepared based on needs identified during the Programme implementation and approved by the Steering Committee or by the agreed representatives of MNRT and MFA. It is essential that the expert team and particularly the national forest management expert and cluster coordinators have business and entrepreneurship competence, CBFM and business orientation.

For a smooth mobilisation of the Programme, the Chief Technical Adviser (international), the Forest Management Expert (National), Value Chain Development Adviser (international) and the Finance Manager (national) should be available from the beginning of the programme implementation. Other national experts and support staff will be recruited afterwards.

8.2. Budget and Financial Resources

The total budget of the Programme is EUR 9.95 million (Finnish contribution). The Government of Tanzania contribution (in kind) consists of salaries and all expenses of government staff at central (including the proposed National Programme Coordinator), regional and district level and of provision of office space to the Technical Assistance experts. This will amount to EUR 200,000.

The budget estimate is based on an assumption that significant productivity and efficiency gains can be achieved, e.g. by moving away from single plan or assessment approach to an approach whereby e.g. 3-5 forest management plans would be developed during one Service Provision Contract. This is expected to lead into reductions in the forest management planning costs, which will be required for wider application of the proposed approaches in Tanzania.

The budget estimate is shown in Table 3. The detailed Programme budget is available in Annex 2.

Table 3 Programme Budget

	Item	Budget, EUR	
		Finland	Tanzania
1	Technical Assistance (TA)		
1.1	TA International	833 000	
1.2	TA National	798 000	
2	Reimbursable TA cost	473 034	
3	Support staff	146400	
1+2+3	Subtotal	2 270 434	
4	Implementation costs		
4.1	Output 1	2 257 200	
4.2	Output 2	2 010 000	
4.3	Output 3	890 000	
4.4	Output 4	860 000	
4.5	Studies and Short term Consultancies	435 000	
4.6	Programme management	980 000	
4	Subtotal	7 432 200	
5	Tanzanian Input		
5.1	Staff		120 000
	Office costs, Equipment, Transport		80 000
5	Subtotal		200 000
Total	without contingency	9 702 634	200 000
	Contingency	242 566	
	International TA - briefing	4 800	
	Subtotal	247 366	
GRAND TOTAL, ALL		9 950 000	200 000
Total programme budget	10 150 000		

Reservation for Junior Experts (EU funds, reservation)

Item	Budget, EUR (EU)
Junior Expert, International	121 800
Junior Expert, National	36 000
JE, housing costs	28 800
JE, travel costs	10 000
Subtotal	196 600
TOTAL BUDGET (Finland and EU funds)	10 146 600

9. Sustainability

The Programme has been designed in a manner that the anticipated outputs in the Programme Districts and Villages are gradually expected to be at a sustainable level towards to the end of Programme. An exit strategy will be drafted during the first year of the programme and elaborated before the last year of implementation. It needs to ensure that extension services are available to communities and forest owners by service providers, districts, NGOs and TFS and those communities need to be ready to pay for these services. Thus, at the beginning of the programme a long-term operative and financing strategy for extension services needs to be put in place, including counterpart funding. In such cases where timber and other forest based operations will be financially feasible, the VLFRs can sustain the extension services. Even in case of commercialization or marketing of timber and non-timber forest products the communities will need continuous institutional and technical support for a long time. This continuous support can be provided by private sector actors or NGOs if partnerships have been set up. There is also a need to strengthen the producer organization model (associations/CBOs etc.) in the field of forestry, which assists in networking and lobbying, providing technical assistance, negotiation powers, product sales and such, and can even become business organizations (cooperatives or companies). Here safeguards need to be in place to ring-fence the VLFR from unnecessary risks.

In addition, measures should be taken how to finance VLFR activities in such places where no immediate revenues are available in the near future. Altogether, there is need to assess the present royalty flows or taxes etc. in the field (TFS, VLFRs, TRA etc.) and increase transparency of such flows and find new incentive systems for financing sustainable forest management in poorly stocked woodlands.

10. RISKS AND MITIGATION MEASURES

The contextual risks, which reflect the national situation, are elaborated in the Country Strategy. The programme and intervention related risks are often linked to the capacity and readiness of the local counterparts for reforms. One common problem in almost all interventions is poor financial management and corruption, which hinder aid effectiveness and achievement of results. Governance and corruption issues are regularly brought up in the political dialogue with the Government and in connection with bilateral support and interventions. Civil society's role in monitoring the Government's actions and use of public funds is also strengthened.

Table 4 Risk Matrix

Risk	Likelihood of Risk	Impact of Risk	Evidence	Risk response
Contextual Risks				
Widespread corruption in all levels of society which can be reflected in the programme implementation in form of reduced transparency, unhealthy competition. It may also result in social inequality and widened gap between the rich and poor.	High	High	In 2015, the level of public sector corruption was 117/168 (see the TRAFFIC study, 2003)	Anticorruption policy will be applied. The potential leakages along the value chain will be assessed and interventions for corrupt practices will be applied, if needed. Regular audits will be made. Risk monitoring and response will be an integral part programme management. Governance and corruption issues are regularly in the political dialogue with the GoT.
The need of capturing more agriculture land for food security, which will cause high deforestation and forest degradation due to rapid population growth (2.8%)	High	High	NAFORMA results clearly indicate that particularly natural Miombo woodlands are rapidly degrading in terms of wood stock per ha.	Village land use plans for all forest-adjacent villages to keep invaders out. Enforcement of forest policies and forest control systems to reduce unsustainable use of forests.
Programmatic risks				
Lack of political will and consensus to harmonize legal and policy framework	High	High	Stakeholder consultation; Studies carried out by NGOs	Studies and background analyses for evidence-based decision making.
Limited capacity of various actors (MNRT/FBD/ PO-RALG and districts and TFS, private sector and NGOs).	High	High	stakeholder interviews	Tailored and targeted capacity development; external technical assistance is an important input in complex programmes; ensuring ownership to programme at all levels.
Uneven distribution of benefits and increased gender inequity due to different perceptions and levels of acceptance to take into account the gender equality.	Medium	Medium	Socio-economic assessment for NFBKP II project for 8 villages and experiences from the NFBKP II project	Changing the traditions and cultural norms requires engagement and education of religious and traditional leaders, men and entire community. The programme will include targeted measures for women; equity benefits will be incorporated in all studies and capacity development.

Risk	Likelihood of Risk	Impact of Risk	Evidence	Risk response
Limited number of private sector actors who could provide investments, know-how and increase transparency and efficiency in the value chain from forests to markets.	High	High	Stronger Private Sector Involvement has been highlighted in preparation of the draft National Forest Programme II	Tanzanian forest policy is in review, thus a revision of the national forest programme, which is an implementation strategy of the forest policy, is necessary. The NFP II and forest policy need to include a much broader inclusion of Private Sector Involvement and required instruments. Policy dialogue.
Climate change affects crop and livestock production. This will lead to both changed distributions of biodiversity components, and changes in village demands on forest resources even in VLFR.	Medium	Medium	Follow up of REDD+ pilots and longer term research carried out by research institutions; e.g. Sokoine University	A focus on landscape approach with larger areas (as opposed to fairly small patches under the NFBKP II), with sufficient forest product value chain development will help to mitigate short term shocks at community level. The maintenance of forest cover is both good adaptation and accepted mitigation (less expensive sinks) policy.
Financial feasibility of selling timber from VLFRs is not materialized as planned, because it is cheaper for traders to buy timber from general lands due to the current measurement systems discrepancy. A norm of using governmental royalty rates in wood sales is further making VLFR wood much more expensive which limits its demand in the markets.	High	High	The completion report of the NFBKP II project highlights all key issues related to wood sales. Measurement issues are in a detailed manner explained in the working paper published by the NFBKP II project (2016).	Measurement systems to be harmonized and enough capacity building to be provided to practitioners in the field.
Royalty rates are administratively set and distort market price level; Revenue collection and distribution is asymmetric; royalties and taxes do not reflect market prices, but administratively set royalties are very high and hamper the sawmills profitability. This encourages traders to buy timber from general lands in which case measured volumes are much lower and illegal timber is available.	Medium	Medium	Assessing options to improve value chain for locally controlled forest enterprises in Tanzania by WWF (2016) and " Feasibility study for a management model of PFM by the BTC in partnership by MFA and KVTC	Undertake royalty assessment for main species and products based on residual value calculations and checking against the prices paid in markets.

Risk	Likelihood of Risk	Impact of Risk	Evidence	Risk response
Institutional Risks				
Overlapping mandates between TFS, DFO and villages on village land forest reserve jurisdictions. For example it is reported that TFS has also been collecting forest royalties or issuing licences to harvest trees from village land forest reserves (this is against the forest Act of 2002).	Low	Medium	Analysis by stakeholders (e.g. TFCG and MJUMITA).	The Programme will enable legal and institutional framework and capacity to support CBFM. Clear definition of roles of FBD and TFS and PO-RALG based on national forest policies and legislation defined and incorporated in NFP II and implemented accordingly.
Illegal logging and involvement of TFS in harvesting on general lands without sustainable harvesting plans are critical risks for the success and sustainability of the programme.	High	High	Results of the TRAFFIC (commissioned by WWF) comprehensive study on illegal logging	Coordination/harmonization of procedures/ measurements et al among the relevant agencies, i.e. TRA/TFS/police; data management system; following of enforcement procedures, such as marking before timber is transported and not after; language standardization for import/export permits; addressing the many disincentives.
Human resource capacity in some VLFR villages is still low which will hamper to fully benefit from business opportunities.	Medium	Medium	Experiences from LIMAS and NFBKP II project	Focus on strengthening needed capacities and partnerships.

ANNEXES

ANNEX 1.	RESULTS FRAMEWORK
ANNEX 2.1	ORIGINAL PROGRAMME BUDGET
ANNEX 2.2	REVISED PROGRAMME BUDGET
ANNEX 3	PROGRAMME OVERALL WORK PLAN 2018 – 2020
ANNEX 4	TERMS of REFERENCE of FORVAC MANAGEMENT
ANNEX 5	REVIEW OF RELEVANT POLICIES AND LEGAL FRAMEWORK
ANNEX 6	HUMAN RIGHTS AND GENDER ASSESSMENT
ANNEX 7	ENVIRONMENTAL IMPACT AND CLIMATE CHANGE ASSESSMENT
ANNEX 8	KEY ACHIEVEMENTS OF NFBKP II DURING 2013-2015
ANNEX 9	MAIN INTERVENTIONS FOR EXPERIENCE SHARING
ANNEX 10	STUDIES AND LESSONS LEARNED

ANNEX 1. RESULTS FRAMEWORK

Results	Indicators	Baseline	Target value	Means of verification	Assumptions
Impact					
Increased economic, social and environmental benefits from forests and woodlands	Increased household incomes derived from forests (Disaggregated by age, sex, disability)	Special study – baseline sample of HH incomes in Programme area	+15%	District and VNRC records, and PPI (Poverty Probability Index) survey or similar methods	<p>GoT Land and other NR related policy improve or at least remain favourable for development of the forestry sector</p> <p>GoT allocates sufficient resources for forestry development</p> <p>Political commitment for sustainable forest management and value chain development in CBFM</p> <p>NR and land related law enforcement is in place and is being enforced</p> <p>Policy harmonization contribute to sector development</p>
	Less deforestation in the area where FORVAC works	Deforestation rate in FORVAC regions	Deforestation significantly lower by the Programme end in the VLFRs where FORVAC works compared to other VLFRs of the region	National Carbon Monitoring Centre statistics	
	Improved services for villages, e.g. water services, health services, RE solutions improved services of the village office for villagers, e.g. regarding land registry,	Baseline defined in the assessment report by the CCs	Villager's opinions of the related services is improved during the project lifetime (disaggregated by sex, age and disability)	FORVAC reports	
	VLFRs increased contribution to national level sustainable woodland and forest management	247,789.2 ha (NFBK II & LIMAS)	2,4 million ha	NAFORMA MNRT statistics	
	Improved institutional support for the forest sector through regulations and legislation in place	Existing regulations and legislation at baseline	Supportive regulations and legislation revised for sustainable forest management by Programme end	Forest related regulation	

Outcome	Indicators	Baseline	Target value	Means of verification	Assumptions
Improved forest sector value chains contributing to sustainable forestry and forest-based livelihoods	<p>Improved business environment in forestry sector related to</p> <ul style="list-style-type: none"> - taxes and royalties - standards - forest value chains 	<p>Poor transparency of taxes and royalties</p> <p>Non existing standards in place</p> <p>Poorly functioning forest value chains</p>	<p>Transparent and just system for levying taxes and royalties in place</p> <p>Construction/technical standard developed</p> <p>The number of forest value chains related regulations revised, benefit sharing modalities in use (the number to be defined during the course of FORVAC)</p>	<p>Programme reports</p> <p>Published Standard</p> <p>Revised Regulations published; Programme reports</p>	<p>Political commitment for sustainable forest management and value chain development in CBFM</p> <p>Favourable political, legal and policy framework for Public Private Partnerships (PPP) and towards private sector and civil society engagement in business development</p> <p>Institutional stability within MNRT</p> <p>Good cooperation between MNRT / FBD, TFS and PO-RALG; all having clear roles on how to support communities and private sector</p> <p>Domestic market available for sustainably harvested timber, charcoal, honey and</p>

Outcome	Indicators	Baseline	Target value	Means of verification	Assumptions
	Supporting functions/ Service provision for: <ul style="list-style-type: none"> - improved market information system - improved forest value chain financing - enhancing capacities in VC 	Non-existent market information system Low awareness on business financing options Low capacity in place in Tanzania for value chain development	Market information system in place Forest sector businesses linked with financing alternatives ; Better functioning FVCs in Tanzania benefitting forest sector and including participation of women and disadvantaged groups (data disaggregated by sex, age, disability) VC included in the curricula of forestry training institutions	Project reports Data collected from FTIs	other NWFP products Increasing international market access for FSC certified timber Level of forest encroachment does not increase
	Increased number of community producer groups and their members engaged in wood and NWFP harvesting, processing and marketing (per products/ district/ year, by sex, age and potential disability)	The exact Baseline and targets to be defined by the CCs	70 groups of 30 (women / men); totalling 2100 members (Figures to be revised on the basis of the baseline)	Survey on NWFPs, group records	

Outcome	Indicators	Baseline	Target value	Means of verification	Assumptions
	Social fund distribution from forest produce sales (e.g. school uniforms, school desks, dispensary building, benefitting vulnerable; by gender, age and disability) and number of people benefiting	65 000 000 TSh / ~46 000 people	+75 %	VNRC book keeping, Village records	
	AAC - Annual Allowable Cut defined in harvesting plans, and logging done according to plans	To be established	xx % increase	VNRC records, District records	
	Increased areas under sustainable forest management (CBFM)	247,789 ha	+ 60 % (additional 151,149 ha)	Management plans; District and VNRC records, and survey	
	Improved Forest Law enforcement and Governance system to replace trade of illegal timber with legally produced timber	To be established	Key Forest Law enforcement and Governance system components in place	Project and FBD/TFS/district records	

Results	Indicators	Baseline	Target value (end of Programme)	Means of verification	Assumptions
Output 1. Improved Value Chains and increased Private Sector Involvement in the forest sector	Number of VLFRs declared and operational, including village land use plans and forest management plans	57 VLFRs (NFBKP II 20 + LIMAS 24) 24 LUP	85 VLFR functional (number of new VLFRs to be established 28) 52 LUP	District register (DFO) VLFR Mgt Plans Programme reports VNRC reports	Law enforcement is sufficiently efficient to make legally harvested timber viable Management plans fulfilled and are implemented according to sustainability criteria Strong leadership and equitable participation of villagers in CBFM is maintained FBD and PO-RALG take active stance in solving the coordination and monitoring issues PO-RALG allocates sufficient resources to
	Number of forest harvesting contracts contributing to the timber value chain managed in VLFRs (species, volume sold and unit prices) villages/district / year	to be established Income level 150 000 000 TSh/a	At least for 25 % of the VLFRs established during FORVAC +200%	VNRC records, district records, Programme report	

Results	Indicators	Baseline	Target value (end of Programme)	Means of verification	Assumptions
	Lesser known species with market potential identified and researched	process (0)	at least 10 with potential for market/business dev.	Assessment Report on Lesser Known Species, Programme reporting	<p>districts</p> <p>Villages, private sector and civil society are committed to interact with GoT institutions</p> <p>Political will to support CBFM exists at District level</p> <p>A sufficient number of qualified Service providers available</p> <p>Domestic market demand increases for lesser-known timber species; for quality honey and other honey products produced in Tanzania</p> <p>Other NWFPs (other than honey products) with commercialization potential are available</p> <p>Private sector, villagers and VNRC exist in the districts and are interested to participate in value chain development</p>
	Advocacy on lesser known species	process (0)	x species of lesser known species disseminated	TFS/districts records, market study on species and their market potential assessed and promoted, Programme reporting	
	Honey producer or other NWFP/NTFP producer groups linked with traders and other value chain actors (by sex) and their income increased	70 groups Kg 21 000 / a honey Kg 5250 / a bees wax NTFP: to be established % women producers	+ 30% + 100% + 100% + 100 %	District statistics/records, Programme reporting survey on honey sales and / or NWFP sales	
	Increased efficiency of timber processing (e.g. use of efficient sawmills contra pit sawing)	Current recovery rate 25 -30 % (to be confirmed)	5 – 10 % increase	survey on recovery rates	
	Number of new institutional arrangements/ business models with market linkages (e.g. MoUs, joint ventures, PPP & other partnerships)	process (0)	10-15	TFS, District and Programme records	
	Number of private business actors engaged in legal timber processing (per district/year) increased	to be established	+150%	VNRC (VLFR), TFS, District and Programme records	

Results	Indicators	Baseline	Target value (end of Programme)	Means of verification	Assumptions
	Increased employment (# of persons getting income) in harvesting and transportation, processing, pit sawing and saw milling; by gender.	to be established	+1000 people (at least 20 % women)	VNRC records, employment study, processing and transportation firm records, district records	
	Total income from charcoal sales within FORVAC VLFR's	to be established	+200%	District forestry offices	
	Reduction in annual illegal forest harvesting cases in FORVAC supported forests	120 cases (check)	<25 cases	Forest threat (illegal tree cutting) assessment, VNRC records, District records, TFS records	
Output 2. Stakeholder capacity to implement and promote forestry value chain development enhanced	Number of government staff trained in forest management and value addition techniques, disaggregated by sex (inclusive VETA training programme)	To be defined in TNA	To be defined in TNA	FBD/NFBKP II/LIMAS records from previous phase and service provider records	<p>Government organisations willing to implement capacity development results</p> <p>Villages, districts, private sector, civil society actors and other organizations willing and able to implement capacity development and are committed to interact with GoT institutions</p> <p>Equitable participation of villagers in CBFM related capacity development</p> <p>FBD/TFS and PO-RALG take active stance in promoting capacity building at all levels</p> <p>Willingness and ability of relevant educational institutes to include forest value chain development in their curricula</p>
	Number of individuals trained in forest management and value addition techniques, disaggregated by sex, age and disability/ by category (village level, SMEs, service providers)	To be defined in TNA	To be defined in TNA	Records kept by the project and service providers	
	Value chain related efficiency in decision making and in administrative procedures increased	To be established	Average time for getting permits reduced Procedures simplified	Procedures defined and used as a reference for assessing the performance	

Results	Indicators	Baseline	Target value (end of Programme)	Means of verification	Assumptions
	Forest value chain development incorporated in University and FTI/FITI curricula	No existing VC related education	Curricula developed and in use Issues of gender, age and disability considered in learning materials	Programme reports; existing curricula	
Output 3. Functional extension, communication, monitoring systems and Management Information System in place	Communication strategy mobilized	established	FORVAC communication according to strategy	Programme reports	<p>MNRT and PO-RALG take active stance in extension and communication services along the VC at all levels</p> <p>Villages, districts, private sector, civil society actors and other organizations willing to develop extension and communication</p> <p>TFS and FBD and other concerned governmental parties including research institutions, as well private sector and NGOs are committed to set up functional monitoring and MIS systems and provide inputs on regular basis</p> <p>Districts, villagers and VNRCs cooperate in collecting data for village monitoring system</p>
	Extension strategy developed, aiming for synergies with FBD, on the principles of HRBA, incorporating value chain development	non existent	Strategy developed and put in use	Programme reports	
	Programme MIS unit established contributing to FBD MIS development	non existent	Functional MIS Unit	Programme reports	
	Functional Timber tracking contributing to check point management and monitoring of timber flows	system piloted	system improved and functional and scaled up	TFS reports, FORVAC reports	
Output 4. Supportive legal and policy frameworks to forest value chain and sustainable forest management developed	FORVAC development support for Guidelines: CBFM books	version outdated	Books updated and distributed to CBFM actors Issues of gender, age and disability considered in visual materials	Programme reports	<p>Political will exist for updating and endorsing the sector level policy and legal documents</p> <p>GoT committed to support Forest Law and Governance enforcement, as well as implementation of Charcoal strategy</p>

Results	Indicators	Baseline	Target value (end of Programme)	Means of verification	Assumptions
	Updated forest legislation (Forest Act and regulations) approved	Updated Forest act needed for Forest policy	Forest Act approved; related information disseminated in project area (with consideration to accessibility for all potential users)	MNRT reports and records	Private sector and civil society are committed to interact with GoT institutions in legal and policy revision processes, and GoT takes due recognition
	Updated Forest Policy disseminated	final draft exist	Forest Policy approved; related information disseminated in project area (with consideration to accessibility for all potential users)	Programme reports	
	National Assessment on the Charcoal sector results supported by FORVAC Timber legality assurance system (TLAS) established	Draft in progress Initiated, with development of timber tracking sub-component of TLAS, electronic device piloted in selected checkpoints	strategy in use TLAS developed and in use, efficient country-wide timber tracking system piloted and taken into use	MNRT records on National Charcoal Strategy TFS reports, MNRT report, Programme reporting	

ANNEX 2.1 ORIGINAL PROGRAMME BUDGET

	Unit	Unit cost (EUR)	Year 1 (EUR)	Year 2 (EUR)	Year 3 (EUR)	Year 4 (EUR)	Total (EUR)
1. Technical Assistance, fees							
1.1. International LT							
Chief Technical Adviser (CTA)	42	15 000	157 500	157 500	157 500	157 500	630 000
Value Development Chain Expert	14	15 000	60 000	90 000	60 000	0	210 000
Home office coordination	48	1 000	12 000	12 000	12 000	12 000	48 000
TA International LT fees			229 500	259 500	229 500	169 500	888 000
1.2. National LT							
Forest Management Expert	42	5 000	60 000	60 000	60 000	30 000	210 000
Financial manager	42	5 000	60 000	60 000	60 000	30 000	210 000
National cluster coordinators (3)	108	4 000	96 000	144 000	144 000	48 000	432 000
TA National, Fees			216 000	264 000	264 000	108 000	852 000
Sub-total TA fees (1.1 & 1.2)			445 500	523 500	493 500	277 500	1 740 000
2. Technical Assistance, reimbursable costs							
2.1. International LT advisers							
Relocation costs			15 000			30 000	45 000
Housing cost for CTA	42	2 000	21 000	21 000	21 000	21 000	84 000
Local travel			10 000	10 000	10 000	10 000	40 000
Estimation of family costs:							
Travel to/from duty station			7 000			7 000	14 000
Home leave travel				6 000	6 000		12 000
Education of children			12 000	12 000	12 000	12 000	48 000
Home Office Coordination visits (1+4)			3 000	2 000	2 000	4 000	11 000
Subtotal International TA reimbursable costs			68 000	51 000	51 000	84 000	254 000
2.3. National LT advisers							
Relocation costs			30 000				30 000
Housing for forest expert and finance manager	84	300	7 200	7 200	7 200	3 600	25 200
Housing costs cluster coordinators	108	150	3 600	5 400	5 400	1 800	16 200
Local travel			30 000	30 000	30 000	30 000	120 000

	Unit	Unit cost (EUR)	Year 1 (EUR)	Year 2 (EUR)	Year 3 (EUR)	Year 4 (EUR)	Total (EUR)
Repatriation costs						10 000	10 000
3. Support staff, reimbursable costs							
Drivers (5)	180	400	12 000	24 000	24 000	12 000	72 000
Repatriation costs						5 000	5 000
Subtotal National TA reimbursable costs			82 800	66 600	66 600	62 400	278 400
SUBTOTAL (International + National) TA reimbursable costs (2)			150 800	117 600	117 600	146 400	532 400
Total TA costs			596 300	641 100	611 100	423 900	2 272 400
4. Implementation costs (Outcome and Outputs)							
4.1. Output 1 Improved national framework for sustainable forest management and forest value chain development							
1.1 New VLFRs established			274 200	280 000	300 000	180 000	1 034 200
1.2 Improved institutional and management of Village Councils and VNRC to implement CBFM, JFM and forest value chains.			150 000	200 000	230 000	200 000	780 000
1.3 Improved district capacities to support and monitor CBFM, JFM and value chains			200 000	230 000	200 000	150 000	780 000
1.4 Improved community, private and public sector to engage and access to economic and social benefits through enabling timber, charcoal, and non-wood forest products value chains (including tuungane)			330 000	230 000	250 000	180 000	990 000
1.5 TFS support and PSI involvement in GoT forest reserves			100 000	50 000	50 000	50 000	250 000
1.6 Support to value chain developments	14	2 000	8 000	12 000	8 000	0	28 000
Subtotal Output 1			1 062 200	1 002 000	1 038 000	760 000	3 862 200
4.2. Output 2 Improved livelihoods and income from sustainably managed forests and value chains							
2.1 Improved policy and regulatory framework for Participatory Forest Management			120 000	150 000	130 000	80 000	480 000
2.2 Improved capacities of forest national level institutional and stakeholders			300 000	150 000	0	80 000	530 000
2.3 Functional forest information and management systems			250 000	200 000	150 000	80 000	680 000
2.4 Studies and short-term services	34	15 000	127 500	127 500	107 500	127 500	490 000
2.5 Enhanced forest extension and communication services			100 000	200 000	80 000	30 000	410 000
Subtotal Output 2			897 500	827 500	467 500	397 500	2 590 000
Total Outputs 1 & 2			1 959 700	1 829 500	1 505 500	1 157 500	6 452 200

	Unit	Unit cost (EUR)	Year 1 (EUR)	Year 2 (EUR)	Year 3 (EUR)	Year 4 (EUR)	Total (EUR)
4.3 Programme Management							
Investments (8 vehicles and 16 motorbikes)			430 000				430 000
Vehicle fuel and maintenance costs (all vehicles)			50 000	50 000	50 000	50 000	200 000
Communication			8 000	8 000	8 000	8 000	32 000
Media & publishing			4 000	4 000	4 000	4 000	16 000
Translations			10 000	10 000	10 000	10 000	40 000
Banking & financial management			1 000	1 000	1 000	1 000	4 000
Books, periodicals & stationery			2 000	2 000	2 000	1 000	7 000
Maintenance of devices & equipment			2 000	2 000	2 034	3 000	9 034
Monitoring and auditing			60 000	60 000	60 000	60 000	240 000
Total Programme Management			567 000	137 000	137 034	137 000	978 034
TOTAL PROGRAMME IMPLEMENTATION COSTS			3 123 000	2 607 600	2 253 634	1 718 400	9 702 634
TOTAL without CONTINGENCY			3 123 000	2 607 600	2 253 634	1 718 400	9 702 634
Contingency (2.5%)			78 075	65 190	56 341	42 960	242 566
International TA-briefing			4 800				4 800
Total contingency and international TA-briefing			82 875	65 190	56 341	42 960	247 366
TOTAL BUDGET			3 205 875	2 672 790	2 309 975	1 761 360	9 950 000

ANNEX 2.2 REVISED PROGRAMME BUDGET

	Unit	Unit cost (EUR)	Year 1 (EUR)	Year 2 (EUR)	Year 3 (EUR)	Year 4 (EUR)	Total (EUR)
1. Technical Assistance, fees							
1.1. International LT							
Chief Technical Adviser (CTA)	42	14 500	152 250	152 250	152 250	152 250	609 000
Value Development Chain Expert	14	14 000	56 000	84 000	56 000	0	196 000
Home office coordination	48	1 000	12 000	12 000	12 000	12 000	48 000
TA International LT fees, total			220 250	248 250	220 250	164 250	853 000
1.2. National LT							
Forest Management Expert	42	5 000	52 500	52 500	52 500	52 500	210 000
Financial manager	42	5 000	52 500	52 500	52 500	52 500	210 000
National cluster coordinators (3)	108	3 500	42 000	115 500	110 250	110 250	378 000
TA National, Fees. Total			147 000	220 500	215 250	215 250	798 000
Sub-total TA fees (1.1 & 1.2)			367 250	468 750	435 500	379 500	1 651 000
2. Technical Assistance, reimbursable costs							
2.1. International LT advisers							
Relocation/repatriation costs			7 500			7 500	15 000
Housing cost for CTA	48	2 100	25 200	25 200	25 200	25 200	100 800
Local and international travel (transport, DSA, accommodation)			13 200	13 200	13 200	10 285	49 885
International travel, tickets, CTA & VCA	20	1400	8 400	8 400	8 400	2 800	28 000
Estimation of family costs:							
Travel to/from duty station			7 928			7 500	15 428
Education of children				12 000	12 000		24 000
Home Office Coordination visits (10)		4300	12 900	8 600	8 600	12 900	43 000
Subtotal International TA reimbursable costs			75 128	67 400	67 400	66 185	276 113

2.2. National LT advisers							
Relocation / repatriation costs			3 000			3000	6 000
Housing for forest management expert and finance manager	96	500	12 000	12 000	12 000	12 000	48 000
Housing costs cluster coordinators	108	300	5 400	10 800	10 800	5 400	32 400
Local travel			28 200	28 260	28 200	25 861	110 521
Subtotal National TA reimbursable costs			48 600	51 060	51 000	46 261	196 921
3. Support staff, reimbursable costs							
Drivers (5)	180	400	12 000	24 000	24 000	12 000	72 000
Other support staff	67	1000	3 200	24 000	24 000	16 000	67 200
Relocation / repatriation costs			3600			3 600	7 200
Subtotal Support staff reimbursable costs			18 800	48 000	48 000	31 600	146 400
<i>SUBTOTAL (International + National) TA reimbursable costs (2)</i>			142 528	166 460	166 400	144 046	619 434
<i>Total TA costs</i>			509 778	635 210	601 900	523 546	2 270 434

4. Implementation costs (Outputs)							
4.1. Output 1 Improved value chains and increased private sector involvement in the forest sector							
1.1 Establishment and mobilization of Village Land Forest Reserves (VLFR)			260 000	314 200	280 000	180 000	1 034 200
1.2 Support to value chain development	14		60 000	425 000	408 000	330 000	1 223 000
Subtotal Output 1			320 000	739 200	688 000	510 000	2 257 200
4.2. Output 2 Stakeholder capacity to implement and promote forestry value chain development enhanced							
2.1 Improved institutional and management capacities of Village Councils and VNRC to implement CBFM and develop forest value chains.			60 000	290 000	220 000	200 000	770 000
2.2 Improved capacities to support and monitor CBFM/forest and related value chains and incorporating HRBA aspect			50 000	280 000	270 000	150 000	750 000
2.3 Forest products value chain/market systems and business development skills incorporated in relevant training institutes			27 500	227 500	107 500	127 500	490 000
Subtotal Output 2			137 500	797 500	597 500	477 500	2 010 000
4.3 Output 3 Functional extension, communication, monitoring systems and Management Information System in place							
3.1 Enhanced extension and communication services			60 000	200 000	80 000	70 000	410 000
3.2 Monitoring and Management Information System (MIS) established			70 000	150 000	150 000	110 000	480 000
Subtotal Output 3			130 000	350 000	230 000	180 000	890 000
4.4 Output 4 Supportive legal and policy frameworks to forest value chain and sustainable forest management developed							
4.1 Improved policy and regulatory framework for forest value chain development			45 000	200 000	130 000	105 000	480 000
4.2 Forest law enforcement, forest governance and trade of legally sourced timber			20 000	100 000	180 000	80 000	380 000
Subtotal Output 3			65 000	300 000	310 000	185 000	860 000
Total Outputs 1 - 4			652 500	2 186 700	1 825 500	1 352 500	6 017 200
Studies and Short term Consultants	29		168 750	131 250	75 000	60 000	435 000
Total Implementation costs			821 250	2 317 950	1 900 500	1 412 500	6 452 200

4.5 Programme Management							
Procurements			430 000				430 000
Vehicle fuel and maintenance costs			50 000	50 000	50 000	50 000	200 000
Communication			8 000	8 000	8 000	8 000	32 000
Media & publishing			4 000	4 000	4 000	4 000	16 000
Translations			10 000	10 000	10 000	10 000	40 000
Banking & financial management			2 000	2 000	2 000	2 000	8 000
Books, periodicals & stationery			2 000	2 000	2 000	1 000	7 000
Maintenance of devices & equipment			4 000	4 000	5 000	5 000	18 000
Monitoring and auditing			57 000	57 000	57 000	58 000	229 000
Total Programme Management			567 000	137 000	138 000	138 000	980 000
TOTAL PROGRAMME IMPLEMENTATION COSTS			1 898 028	3 090 160	2 640 400	2 074 046	9 702 634
TOTAL without CONTINGENCY			1 898 028	3 090 160	2 640 400	2 074 046	9 702 634
Contingency (2.5%)			47 451	77 254	66 010	51 851	242 566
International TA-briefing			4 800				4 800
Total contingency and international TA-briefing			52 251	77 254	66 010	51 851	247 366
TOTAL BUDGET			1 950 279	3 167 414	2 706 410	2 125 897	9 950 000
Reservation for Junior experts							
Junior Expert, International (EU funds, reservation)	21	5800			60 900	60 900	121 800
Junior Expert, National (EU funds, reservation)	21	1500			18 000	18 000	36 000
JE housing expences (EU funds, reservation)	48	600			14 400	14 400	28 800
JE related travel costs (EU funds, reservation)	1	10000			5 000	5 000	10 000
TOTAL BUDGET					98 300	98 300	196 600
TOTAL BUDGET (with Junior experts)			1 950 279	3 167 414	2 804 710	2 224 197	10 146 600

ANNEX 3 PROGRAMME OVERALL WORK PLAN 2018 – 2020

PROGRAMME OVERALL WORKPLAN 2018-2022					
Code (#)	Project output/main Activity description	Schedule			
		2018/2019	2019/2020	2020/2021	2021/2022
1	Improved Value Chains and increased Private Sector Involvement in the forest sector				
1.1	Establishment and mobilization of Village Land Forest Reserves (VLFR)				
1.1.1	Establishment of VNRCs (<i>Awareness raising, Forming the VNRC, Training the VNRC</i>)				
1.1.2	Agreement & demarcation of village boundaries (<i>Identifying village land and its use; agreeing village boundaries; Obtaining legal authority; Demarcating village boundaries</i>)				
1.1.3	Support to Establishment of Village Land Use Plan (VLUP) Production of (<i>Village Land Use Plan (VLUP), Forest Area Demarcation</i>)				
1.1.4	Demarcation of the forest area, forest inventory and production of VLFR/CFR Management Plans (<i>Participatory Forest Timber Inventory; Analyzing the Inventory Data; Drafting the VLFR Management Plan</i>)				
1.1.5	Support writing the Bylaws and legal registration of VLFRs/CFR (<i>Writing the Bylaws; M. Village Council Approval; Village Assembly Approval; Ward Approval; Approval by the District Forestry Officer; Approval by the District Council; Declaring the VLFR, approval of FMP at district level then the VLFR is legally registered by DFO; approval of Forest management plan at FBD, At this point the village can demand the licence for any forest produces in the VLFR/CFR as set out under the management plan,)</i>				
1.1.6	Support gazetting of selected VLFR/CFR (1 - 3 VLFRs in each cluster) , (<i>VLFR/CFR can be "gazetted" by MNRT/FBD, but this is optional</i>)				
1.1.7	Facilitate development of Timber Harvesting Plans				
1.1.8	Joint venture support on facilitating patrolling as part of VLFR/CFR: equipment, motorbikes in selected VLFRs/CFR				
1.1.9	Promote equitable benefit sharing of timber sales, charcoal and NTFP/NWFP income				
1.1.10	Introduce and pilot information dashboard for reporting illegal activities involving communities and private sector as informants in selected districts – workshops, focal groups (FG), TA support to related investments				
1.2	Support to value chain development				
1.2.1	Identification of Value Chains (VC) with high potential, selection of VCs to be developed (from production to end-consumer), incl. business potential and feasibility assessment				
1.2.2	Assessment of the demand, supply and prices of forest products in domestic and international markets, including lesser known species				
1.2.3	Support development of product catalogue and marketing promoting products and services related to CBFM				
1.2.4	Wood products, NTFP/NWFP, Charcoal: Business plans and business skills development in all areas: training and workshops				
1.2.5	Wood products, NTFP/NWFP, Charcoal: Business plans and business skills development in all areas: advisory services/mentoring				
1.2.6	Support institutional arrangements/business models with market linkages (e.g. MoUs, joint ventures, PPP & other partnerships, groups/association/cooperative initiatives) in processing and storage facilities				
1.2.7	Assist communities to improve the quality of timber harvested from community forests and link their production with market (demand) – training events, FGDs, workshops/village meetings				
1.2.8	Assist communities to improve the quality of timber and other forest products harvested from community forests and link their production with market (demand) – support for better equipment				
1.2.9	Support to timber processing entities to improve efficiency of timber processing (e.g. use of efficient sawmills contra pit sawing, saw doctoring, improved recovery and quality of production): FGDs, training/workshops, mentoring, access to finance				
1.2.10	Support to timber processing entities to improve efficiency of timber processing (e.g. use of efficient sawmills contra pit sawing, improved recovery and quality of production): equipment, investments (for piloting/demos)				
1.2.11	Assessment of the demand, supply and prices of forest products in domestic and international markets, including lesser known species				
1.2.12	Facilitate market/supply – demand analysis for the forestry production in the project areas – technical assistance (studies), workshops/focus group discussions.				
1.2.13	Support VLFRs in harvesting contracts: mentoring, formulation of contracts, linkages with contractors/harvesting companies/buyers: meetings, trade fairs/FGDs, workshops, advisory services				
1.2.14	Support piloting production of bamboo and manufacturing of products from bamboo in FORVAC districts				
1.2.15	Identification of potential pilot forest certification in selected VLFR/CFR, assessment of feasibility				

2	Stakeholder capacity to implement and promote forestry value chain development enhanced				
2.1	Improved institutional and management capacities of Village Councils and VNRC to implement CBFM and develop forest value chains				
2.1.1	Capacity building in VLFRs/CFRs, LUP, laws and regulations related to value chain				
2.1.2	Support negotiations for VLFRs/CFRs benefit sharing				
2.1.3	Train/educate communities on their rights and benefits of sustainable forest management				
2.1.4	Training of VNRCs in financial aspect (feasibility calculations, business planning)				
2.1.5	Capacity building in Forest management plan development & implementation				
2.1.6	Training on practical skills required - content to be determined later				
2.1.7	Support fund raising activities for the development of new value adding activities. (grants and loans from existing service providers, such as TaFF, VICOBAS/VS&L/SACCO)				
2.1.8	Pilot establishment of showrooms and collaboration between traders, sawmillers, carpenters and other wood processors/users.				
2.1.9	Exchange visit to area of successful interventions in CBFM and value chains				
2.2	Improved capacities to support and monitor CBFM/forest and related value chains and incorporating HRBA aspect				
2.2.1	Conduct a comprehensive capacity and Training Needs Assessment for all relevant stakeholders (e.g. Institutions, NGOs, service providers, districts)				
2.2.2	Capacity building in PFM, LUP, laws and regulations related to Value chain				
2.2.3	Capacity building to districts staff on forest value chain (valuelinks) development				
2.2.4	Support training on Business Development Services to FORVAC districts				
2.2.5	Cooperation with Tanzania Forest Industries Federation (SHIVIMITA)				
2.2.6	Study visits on selected interventions to sub-saharan Africa Countries for experiences exchange and lessons learned -				
2.2.7	Study tour for exchange of experience and for lessons learned to Finnish interventions on forestry extension services and jointly /community managed forests				
2.2.9	Enterprise / Innovation centres: Pilot the establishment of a regional/district platform for collaboration and interaction, to address local specific production and market interventions.				
2.2.11	Exchange visit to area of successful interventions in CBFM and value chains (local)				
2.3	Forest products value chain/market systems and business development skills incorporated in relevant training institutes				
2.3.1	Support Tutors and Lecturers of training institutes (SUA and FTI/FITI/TBI) to participate on forest value chain/market systems and business development related trainings/short courses				
2.3.2	Support training institutions to develop/mainstream forest products value chain/market system and business development in undergraduate curricula				
2.3.3	Support studies and thesis/dissertations related to forest products value chain/market system and business development relevant for CBFM				
2.3.4	Support scientific workshops for sharing research results relevant to CBFM and value chains development				

3	Functional extension, communication, monitoring systems and Management Information System in place				
3.1	Enhanced extension and communication services				
3.1.1	Supporting Districts & FBD on Forest and beekeeping related events (Sabasaba, Beekeeping & Tree planting day, Nanenane)				
3.1.2	Assists active journalists committed to forest issues to be further involved in forestry related activities to report and learn new concepts emerging in the forest sector – workshops and other forums, dialogues.				
3.1.3	Facilitate development of communication strategy				
3.1.4	Develop Extension strategy that taking principles of HRBA and value chain aspect				
3.1.5	Support development of National PFM Apex body				
3.1.6	Support FBD to develop Extension materials and documentary packages				
3.1.7	Support finalization of Beekeeping Research Master Plan				
3.2	Monitoring and Management Information System (MIS) established				
3.2.1	Support district & national authorities in monitoring of FORVAC interventions				
3.2.2	Develop and introduce the Management Information System				
3.2.3	Develop a self-sustaining (by end of programme) Market Information System and monitoring systems to fit in with the on-going Management Information System activities.				
3.2.4	Update facts and figures of PFM across Tanzania				
4	Legal and policy frameworks in forestry supported				
4.1	Improved policy and regulatory framework for forest value chain development				
4.1.1	Support training to increase understanding of policies and laws relevant for CBFM development				
4.1.2	Updated forest legislation (Forest Act and regulations)				
4.1.3	Support dissemination of New Forest Policy				
4.1.4	Support development of Charcoal strategy				
4.1.5	Support drafting of Beekeeping Policy				
4.1.6	Support finalization of Beekeeping Research Master Plan				
4.1.7	Facilitate translation of forest related legislation into Kiswahili/popular version and disseminate in the Districts and FORVAC villages.				
4.2	Forest law enforcement, forest governance and trade of legally sources timber				
4.2.1	Capacity building – workshops and focus group discussions to set-up a national action plan for developing the Timber Legality Standards that also cover timber production in natural forests including VLFRs				
4.2.2	Support timber tracking systems: Contribute to a process of reducing number of checkpoints in major highways (option: merging TFS and District council checkpoints) – focus group discussions, workshops.				
4.2.3	Support to monitor movement of timber (electronic tracking system); review the feasibility of the electronic timber tracking system introduced and piloted by TRAFFIC in 5 checkpoints (Kibiti, Vikindu, Ikwiriri, Nangurukuru and Nyangao)				
4.2.4	Develop a checkpoint to work as a demonstration/training site for improved checking procedures and technologies, including software.				
4.2.5	Comprehensive Capacity Development of relevant stakeholders and development of law enforcement related training material				
4.2.6	Assessment of the status of the FLEGT process in Tanzania				

ANNEX 4 TERMS of REFERENCE of FORVAC MANAGEMENT

1. Supervisory Board Terms of Reference

Functions

The FORVAC Programme Supervisory Board (SB) is the highest decision-making body of the Programme.

The main duties are:

- approval of major strategic and policy issues directly relevant for the project;
- approval of changes in PD including scope and objectives, the organisational structure and management as well as any other changes to the Programme with major financial implications;
- approval of the annual progress reports, work plans and budgets;
- approval of Programme policies and implementation principles;
- any other (policy) decisions which have financial implications.

The decisions of the SB will be clearly recorded in the meeting minutes. While SB has the full authority to deviate from the PD when approving annual work plans, however, any such deviations should be clearly brought to its attention when the draft annual work plans and budget are submitted to the SB, and such deviations have to be clearly recorded in the meeting minutes of SB.

Composition

The Composition of the Supervisory Board is:

- MNRT (Chairperson)
- MFA – Ministry for Foreign Affairs, Finland represented by the Embassy of Finland (Co-Chair)
- MoFP – Ministry of Finance and Planning (Member, represented by the Permanent Secretary)
- MoIT – Ministry of Industries and Trade (Member)
- Ministry of Energy (Member)
- Tanzania Forestry Working Group (TFWG)

The SB has authority to invite other participants as needed. To avoid any potential conflicts of interest, the National Programme Coordinator and the CTA are not members of the SB. They can participate as resource persons presenting issues to be discussed and decided.

Operational Aspects

- The SB will meet at least once a year to approve the annual budget and related work plan, or more often as needed.
- The Supervisory Board may also make decisions through official correspondence.
- The SB aims at consensus in decision-making. For possible issues that could have considerable implications, especially financial, the Competent Authorities will have a veto-right in the SB.
- The NPC, in consultations with the CTA, shall organise the meetings;
- The agenda will be supplied via email at least 10 working days before the meeting;
- The quorum shall be half the voting members;
- Should a nominated member fail to attend three consecutive meetings, the organisation is requested to appoint an alternative;
- The minutes of the meetings shall be jointly taken by the NPC and CTA.

2. Steering Committee Terms of Reference

Functions

The FORVAC Programme Steering Committee (SC) is responsible for steering programme implementation and ensuring appropriate coordination and cooperation between and among involved institutions. The SC aims at achieving consensus in its decision-making.

The main duties are:

- To provide the Programme with overall policy guidance;
- To ensure the Programme adheres to MFA's "Managing for Results" approach;
- To ensure Programme compliance with the MFA Human Rights Based Approach (HRBA) and the MFA cross-cutting objectives;
- To review and approve Programme progress reports and work plans;
- To provide operational directives in monitoring the progress of the Programme;
- To review and approve Programme financial reports and budgets;
- To review the Programme's risk assessment and risk response actions;
- To approve adjustments in relation to Programme implementation;
- To advise on personnel issues encountered during Programme implementation; and
- To make decisions on issues of urgency and importance that are not included within the mandate of the Supervisory Board.

Composition

The members of the SC are representatives of the organizations directly involved or influenced by project implementation. The Steering Committee has the authority to invite other participants as needed. The Composition is made up of representatives of:

- FBD – Forestry and Beekeeping Division, MNRT (Chair)
- MFA – Ministry for Foreign Affairs, Finland represented by the Embassy of Finland (Co-Chair)
- ALAT – Association of Local Authorities of Tanzania (Member)
- PO-RALG – President's Office, Regional and Local Government (Member)
- SHIVIMITA – Tanzania Forest Industries Federation (Member)
- TaWoFe – Tanzania Woodworking Federation (Member)
- TFS – Tanzania Forest Service (Member)
- TFWG – Tanzania Forestry Working Group (Member)
- THC – Tanzania Honey Council (Member)
- NPC – National Programme Coordinator, ex-officio secretary, non-voting member; and
- CTA – Chief Technical Adviser (non-voting member)
- Ministry of Finance
- Ministry of Environment

If a representative cannot participate in a meeting, a nominated person may attend to represent. Under certain circumstances other representatives of Government, Civil Society, or Private Sector may additionally be co-opted to the meetings (as non-voting members).

Operational Aspects

- The Steering Committee focuses on operational level issues by taking major operational decisions, thereby steering and supporting programme implementation with the aim of achieving functionality and monitoring activities;
- For issues that may have considerable implications, especially financial, the Competent Authorities have a veto-right;
- The Steering Committee may also make decisions through official correspondence (e.g. exchange of letters or e-mails);
- The Steering Committee meets as per need; minimum twice per year. In urgent cases or upon request of a SC member(s) a special meeting may be called;
- The SC meets in a project area when possible;
- The NPC, in consultations with the CTA, shall organise the meetings;
- The agenda will be supplied via email at least 10 working days before the meeting;
- The quorum shall be half the voting members;
- Should a nominated member fail to attend three consecutive meetings, the organisation is requested to appoint an alternative;
- The minutes of the meetings shall be jointly taken by the NPC and CTA.

3. Programme Management Team Terms of Reference

Functions

The Programme Management Team (PMT) is formed as a platform for Programme coordination and exchange of information. It supports implementation and monitors Programme operations in accordance with the Programme Document, approved work plans and budgets. In the above it supports Programme Management in its decision-making. The PMT aims for consensus building in its deliberations. Meetings focus on:

- Discussions of the Programme Document, annual work plans, budgets and financial reports in preparation for SC and SB approval;
- Discussions of audits, policies, manuals, guidelines;
- Discussions on proposed terms of reference for experts (Long- and Short-Term Consultants) prior to Competent Authorities approval / no-objection;
- Discussions on proposed Terms of Reference for service providers and organizations to be selected to serve as Service providers prior to Competent Authorities approval / no-objection;
- Discussions on the performance of programme staff at implementation level and stakeholders and, if necessary, suggests personnel management or capacity building activities;
- Discussions on the follow-up and establishment, implementation and development of activities at national, regional and district levels;
- Discussions on cooperation with organizations involved in similar activities and who have an interest in the outcome areas of the Programme;
- Discussions on adequate coordination, learning and experience sharing;
- The PMT can invite further participants as guests;
- Any other duties as delegated by the SC and / or SVB

Composition

- National Programme Coordinator (NPC; Co-Chair)
- Chief Technical Advisor (CTA; Co-Chair)
- National Forestry and Value Chain Development Expert (FVCDE; Member)
- National Finance and Administration Manager (FAM; Member; Secretary)
- International Forest Value Chain Adviser (FVCA; Member when in country)

Operational Aspects

- The PMT is accountable to the SC and SB respectively;
- The PMT focuses on operational level issues by discussing operational and financial issues, thereby steering and supporting programme implementation with the aim of achieving functionality and a monitoring of activities;
- The PMT meets as per need; minimum once per month. In urgent cases or upon request of a PMT member(s) a special meeting may be called;
- The required quorum for meetings exists when both Co-Chairs and at least one member are present;
- The PMT meets in the Programme premises;
- The NPC, in consultations with the CTA, shall organise each meeting's agenda;
- The minutes of the meetings shall be taken by the FAM (in the FAM's absence by the FVCDE);
- The minutes of the meetings shall be shared with the Competent Authorities via the CTA.

4. National Programme Coordinator Terms of Reference

Duty station: Dodoma

Responsibilities:

- Overall responsibility for the management of inputs provided by the Government of Tanzania and to ensure that these are used appropriately and efficiently;
- Ensure that Government of Tanzania counterpart inputs are allocated to the programme on a timely basis;
- Support programme planning, implementation progress and impact monitoring to achieve planned programme objectives and targets;
- Facilitate appropriate legal support as based on the demand of districts and / or communities during implementation of harvesting and marketing;
- Ensure the submission of periodic work plans and budgets and present the same for approval to the relevant authorities (SC and/or SB);
- Act as Secretary to the SC and SB meetings;
- Co-Chair the Programme Management Team Meetings (together with the CTA);
- Responsible for the coordination of missions by decision-makers and politicians;
- Responsible for the management and administration of support personnel provided by FBD for programme implementation;
- Facilitate integration of project interventions into FBD and Local Government operations;
- Create and maintain linkages with relevant donors and agencies at national, provincial, district and community levels, and the private sector;
- Organize meetings with partner organizations if and when need arise, in collaboration with PMT;
- Identify implementation constraints and find timely solutions to them together with PMT, FBD and TFS staff;
- Any other activity as directed by the Steering Committee that is deemed appropriate and relevant for the effective and sustainable implementation of the Programme.
- In cooperation with the CTA develop work plans and budgets during implementation as per requirements;
- In cooperation with the CTA plan, monitor and report programme activities, achievements and expenditure;

Reporting:

Competent Authorities, Steering Committee and Supervisory Board

5. International Chief Technical Advisor Terms of Reference

Duty station: Dodoma

Responsibilities:

- Supervise and lead the Technical Assistance Team, direct and oversee the day-to-day operations of the Programme as per MFA Rules and Regulations and as per Development Partner agreements;
- Ultimate responsibility for Support Personnel as per relevant contract;
- Co-chair the Programme Management Team meetings (together with the National Programme Coordinator);
- Oversee the operations of the Programme, ensuring that Programme resources are managed within the stipulated guidelines and contracts, and through authorising the release and retirement of operational funds;
- Lead the review of the Programme Document, budget and work plan during the Inception Phase;
- Lead the development of work plans and budgets during implementation as per requirements;
- Ensure that the cross-cutting themes of gender equality, reduction of inequalities and climate change adaptation and mitigation (climate resilience and low emission development) as well Human Rights-based Approach (HRBA) are mainstreamed throughout the Programme;
- Prepare and monitor programme workplans, budgets and reports;
- Planning, monitoring and reporting of programme activities, achievements and expenditure;
- Support the programme FAM in the development of a programme procurement framework and implementation manual and in the actual procurement of goods and services in an orderly manner;
- Support the FAM in managing office equipment, resources and the vehicle fleet in a manner consistent with the relevant guidelines for vehicle use;
- Coordinate the timely preparation and submission of periodic workplans and budgets and present the same for approval to the relevant authorities (SC and/or SVB);
- Prepare TORs for consultancies and studies, participate in evaluation of proposals and supervise contracts;
- Overall lead for institutional development within the programme support;
- Oversee potential service providers, develop service delivery models, select service providers as well as develop ToRs and contractual arrangements;
- Close coordination and cooperation with key partners and stakeholders at national and local level;
- Participate in all recruitment;
- Any other activity as directed by the Steering Committee that is deemed appropriate and relevant for the effective and sustainable implementation of the Programme.

Reporting:

Competent Authorities, Steering Committee and Supervisory Board

6. International Forest Value Chain Adviser Terms of Reference

Duty station: Dodoma, Programme Clusters (Tanga, Lindi, Ruvuma) and Districts

Responsibilities:

- Support and develop Programme activities in the areas Forestry and the Market System with an emphasis on value chain development according to current approaches;
- Support FVCDE in his role;
- Support the review of the Programme Document, budget and work plan during the Inception Phase. Support the development of work plans and budgets during implementation as per requirements;
- Develop tools, processes, and monitoring approaches to be tried and tested by FORVAC in the development of forestry and value chain approaches;
- Analyse governance issues in the application of FORVAC's activities and help design processes based on existing rules and regulations. Support FLEGT processes according to programme activities;
- Contribute to the development of the Management Information System;
- Promote HRBA and good governance in the processes involved in the implementation of harvesting and marketing of forest products;
- In conjunction with FVCDE, initiate the implementation design, set-up and coordination of service providers to ensure a consistent understanding and implementation of the overall forest utilization, market approach and programme activities;
- Support FVCDE in the facilitation of buyer contracts, linkages with forest processing enterprises and other relevant institutions;
- Participate in the recruitment of cluster coordinators;
- Any other duties as assigned by the CTA.

Reporting:

The International Forest Value Chain Adviser shall report directly to the CTA.

7. National Forest Management Advisor Terms of Reference

Duty station: Dodoma

Responsibilities:

- Support and develop Programme activities in forestry and value chain development
- Support the review of the Programme Document, budget and work plan during the Inception Phase. Support the development of work plans and budgets during implementation as per requirements.
- Supervise and guide cluster coordinators, ensure synergies and application of best practices
- Close liaison with regional and district authorities to facilitate programme activities
- Oversee participatory land use planning and mentoring of forest managers as groups or individuals
- Guide and supervise the development of product focused forest management plans including harvesting plans at community, group and individual level where appropriate
- Identify and support the identification and development of Income Generating Activities for Local Economic Development
- Identify and support the identification and development of NWFP /NTFP
- Liaise with regional and district officials to facilitate legal processes and the approval of plans for harvesting is efficient, effective and in line with national legal framework. Support legal rights of local communities are represented as appropriate
- Identify, liaise and coordinate with outsourced service providers and communities to ensure a consistent understanding and implementation of the overall forest management
- Work in close cooperation with the value chain adviser in the implementation of value chains
- Engage and provide input in appropriate policy and legal fora for lands and forests at national and regional level
- Participate in the recruitment of cluster coordinators
- Any other duties as assigned by CTA

Reporting:

The National Forest Management Advisor shall report directly to the CTA.

8. National Finance and Administration Manager Terms of Reference

Duty station: Dodoma

Responsibilities:

- Support the CTA in financial planning, budgeting and budget monitoring;
- Supervise the utilisation of the programme's financial management
- Responsible for day-to-day accounting; prepare periodic accounts and financial reports as per programme requirements
- Coordinate with Cluster Coordinators on cluster financing modalities including reporting and monitoring
- In coordination with the CTA, prepares financial management and administrative rules and policies to be followed by all partners and programme staff;
- Supports the CTA in contract management;
- Responsible for administrative day-to-day programme management, including support in personnel administration;
- Responsible of procurement planning and process management;
- Responsible of fixed asset management;
- Coordinate the programme's logistics and fleet maintenance;
- Supervises project drivers and support staff;
- Participate in the recruitment of supporting staffs
- Any other duties that may be assigned by the CTA.

Reporting:

The National Financial and Administration Manager shall report directly to the CTA.

9. National Cluster Coordinators Terms of Reference

Duty station: FORVAC Cluster Office in the Regions/Clusters and Districts

- Tanga - Handeni and Kilindi
- Lindi - Liwale, Ruangwa and Nachingwea
- Ruvuma - Namtumbo, Songea, Nyasa and Mbinga

Responsibilities:

- Support FORVAC's local level implementation and activities
- Prepare cluster work plans and budget for activities and account for funds disbursed. Responsibility for finances received according to established modalities.
- Provide information and guidance at village and district level on opportunities and processes and their relative benefits (Village Land Forest Reserves, Joint Forest Management Agreements)
- Participate in assessing and selecting potential service providers, developing service delivery models, as well as developing TORs and contractual arrangements
- Support, guide and monitor service providers in implementation of business plans, budgets and progress reporting (i.e. service delivery to communities)
- Prepare TORs for studies, participate in evaluation of proposals and supervise contracts.
- Initiate and monitor VLUP processes and participate in LUP improvement process
- Initiate and monitor forest management and harvesting planning and actual field operations
- Train and facilitate training of stakeholders; involvement in training needs assessment
- Participate in integration of project interventions into: i) FBD, TFS and Local Government operations, ii) village level institutions including such entities as associations and cooperatives,
- Coordination and cooperation with key partners and stakeholders at local level
- Any other duties as assigned by the FMA or CTA

Reporting:

The Cluster Coordinators shall report directly to the Forest Management Advisor (FMA)

ANNEX 5 REVIEW OF RELEVANT POLICIES AND LEGAL FRAMEWORK

The Programme is compatible with a large number of policies, acts and legislation that influence forest management, conservation and private sector development in Tanzania. Policies, programmes and acts that have a direct or in-direct bearing to the Programme and how the Programme contributes to their achievement are discussed in chapters below.

MKUKUTA II and Multi-Year Development Plans

The **National Strategy for Growth and Reduction of Poverty II**, MKUKUTA II is a national plan for putting the focus on poverty reduction high on the country's development agenda and it has provided the framework for donor assistance in Tanzania. MKUKUTA is informed by the aspirations of Tanzania's Development Vision (Vision 2025) for high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. It supports achievement of the Millennium Development Goals (MDGs), *Kilimo Kwanza* ('Agriculture First') and 'Big Results Now' initiatives.

MKUKUTA II puts emphasis on (i) focused and sharper prioritization of interventions - projects and programmes in key priority growth and poverty reduction sectors; (ii) strengthening evidence-based planning and resource allocation in the priority interventions; (iii) aligning strategic plans of Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs) to this strategy (iv) strengthening government's and national implementation capacity; (v) scaling up the role and participation of the private sector in priority areas of growth and poverty reduction; (vi) improving human resources capacity, in terms of skills, knowledge, and efficient deployment; (vii) fostering changes in mind-set toward hard work, patriotism, and self-reliance; (viii) mainstreaming cross cutting issues in MDAs and LGAs processes; (ix) strengthening the monitoring and reporting systems; and (x) better implementation of core reforms, including further improvement of public financial management systems.

It strives to widen the space for country ownership and effective participation of civil society, private sector development and fruitful local and external partnerships in development and commitment to national, regional and other international initiatives for social and economic development. Reduction of poverty requires sustained high growth rate of GDP of at least 6-8 percent per annum over the next decade. MKUKUTA II mainstreams environmental aspects successfully across all of its three outcome areas: (i) growth and reduction of income poverty; (ii) quality of life and social well-being, and; (iii) governance and accountability. The Support to Sustainable Forest Management and Value Chain Development -Programme is aligned with MKUKUTA II by supporting employment creation (based on multiple forest product value chains), improve private sector participation in forest management, harvesting and processing of forest products and contribute to the growth rate of the GDP.

Tanzania's **Five-Year Development Plan (2016/17-2020/21)** that is targeting industrialization, human development and implementation of effectiveness, aim at harnessing country's resource endowments including forest to foster Tanzanian economic developments. The plan identifies sustainable forest management, private forestry, tree planting, forest value chain development and capacity building in forest and beekeeping institutions as intervention areas. Such interventions are envisaged to be undertaken to strengthen contribution of forestry in the national economy. **Forestry Sector Policies, Programmes and Legal Framework**

The main documents which currently guide the management and utilization of forest resources in Tanzania consist of the National Forest Policy of 1998, National Forest Programmes I and II (2001-2010 and 2015-2024) and Forest Act Cap 323 [R.E. 2002], Forest Regulations (2004), Harvesting Guidelines, and PFM guidelines (for JFM and CBFM). MNRT has been in the process of revising the National Forest Policy and National Forest Programme (NFP II), but as of September 2015, both remain at a draft stage. Due to national elections being scheduled for October 2015 in Tanzania it is envisaged that the two documents will be presented to the parliament only after the elections.

The overall goal of the **National Forest Policy (1998)** is to enhance the contribution of the forest sector to the sustainable development of Tanzania and the conservation, development and management of forest resources for future generations. The objectives of the forest sector development based on the overall goal are to: (i) ensure sustainable supply of forest products and services by maintaining sufficient forests under effective management. (ii) Increase employment and foreign exchange earnings through sustainable forest based industrial development and trade. (iii) Ensure ecosystem stability through conservation of forest biodiversity, water catchment and soil fertility, and (iv) Enhance national capacity to manage and develop the forest sector in collaboration with other stakeholders.

The National Forest Policy of 1998 requires a programmatic approach to ensure reform of Tanzania's forest administration and management by putting emphasis on participatory management systems of natural and other forests. The move towards PFM was derived from two factors: firstly, recognition that neither central government nor local governments have the human and material capacity to manage the nation's forest resources in a sustainable way without the support of poor communities living close to the forest. Secondly, there was a political will to decentralize government functions to the lowest levels of government. The PFM attempts to secure and improve the livelihoods of local people dependent on forest resources. The Programme supports the forest policy by investing in livelihood enhancement by involving all key stakeholders (including private sector) in the process of forest management, understanding their needs and situations, allowing them to influence decisions and receive benefits, and increase transparency along the value chain.

The new **draft National Forest Policy (2015)** takes cognisance of macro-economic and other sectoral policies ranging from environmental conservation to sustainable development of all land based natural resources. The goals of the policy are to enhance contribution of the forest sector to the sustainable development of Tanzania and the conservation and management of her forest resources for the benefit of present and future generations. The objectives have remained almost identical to the ones of 1998: (i) To ensure sustainable supply of forest products and services by maintaining sufficient forest area under effective management; (ii) To ensure ecosystem stability through conservation of forest biodiversity, water catchment and soil; (iii) To increase employment and income generation through sustainable forest-based industrial development and trade; and (iv) To enhance national capacity to manage and develop the forest sector in collaboration with other stakeholders.

The draft policy stipulates that all types of forest reserves should be managed for production and/or protection based on management plans to ensure their sustainability. This has been taken into consideration in this Programme. The policy statements aim at increasing participation of all stakeholders in forest management and conservation by promoting and scaling-up reservation of forests from general lands for improved forest governance, livelihoods and forest condition and mitigation of climate change. As a measure to improve management of unreserved forestland, communities are participating in the

ownership and management of these forests through CBFM. The policy also aims at increasing efficiency in the use of forest resources to provide employment and increase income through sustainable forest-based industrial development and trade of wood-based and non-wood based products. A favourable environment for the operation of small, medium and large forest industries will be therefore created. A database for the industry will be also updated regularly. The use of appropriate technology and trained staff in forest harvesting, wood processing and storage will be promoted through training and extension. Public sector self-financing will be enhanced through pricing of forest products, services based on their economic, and market values and through efficient collection of royalties and other fees.

The draft policy recognises that NGOs and CBOs provide an effective channel to reach forest users, managers and communities with extension advice. To have efficient and effective extension service, cross-sectoral coordination will be promoted and NGO and CBO involvement in the planning and implementation of forest-related plans and programmes will be promoted. An up to date list of NGOs and CBOs active in forestry will be also maintained accordingly. Establishment of forestry NGOs and CBOs will be encouraged in collaboration with relevant authorities. All the above directives are among the key objectives that this Programme intends to address.

The **National Forest Programme** is the main instrument to implement the National Forest Policy. The first National Forest Programme (NFP I) was implemented during the period 2001 to 2010 and is now under review and updating. The finalization of NFP II is subject to the publication of the data on the state and use of the forests from the National Forest Resources Monitoring and Assessment¹² and the approval of the Revised National Forest Policy.

The objectives of draft NFP II are (i) To address the drivers of the current depletion of the forest resources and ensure sustainable supply of forest products and forest based environmental services to meet the local, national and global needs, (ii) To increase the contribution of forests to poverty reduction and improvement livelihoods for forest dependent communities, (iii) To ensure sustainable provision of high quality goods and services to people in an environmentally friendly and efficient way, (iv) To enhance the capacity (i.e. human resources, financial, and technical capacity) of stakeholders to enable them fulfil their tasks effectively and efficiently, and (v) To create strong and effective institutions and enabling environment for forest governance and policy implementation. The NFP contains 5 development programmes. The proposed programme contributes directly to Community Forestry and Livelihood Improvement programme which aims at increasing the contribution of forests to the livelihoods of communities. Furthermore it has direct linkages with the Institutional, Legal and Regulatory Framework programme which aims at creating strong and effective institutions and enabling environment for forest policy implementation. The Capacity Building programme includes activities such as popular publications forest policy and NFP documentation (in Kiswahili) and developing a strategy and measures to increase forest-based revenue, which are integral elements of Component 1 of the Programme.

Forest Act (2002) provides a clear legal basis for communities, groups or individuals across mainland Tanzania to own manage or co-manage forests under a wide range of conditions. The law recognizes two different types of Participatory Forest Management, namely Community-Based Forest Management and Joint Forest Management. Forest Regulations of 2004 and Forest (Amendment) Regulations (2007) amend

¹² The results of the NAFORMA were officially published on 24 June 2015 at workshop organized by TFS.

upon the provisions of the Forest Act. Also trade and revenue collection in forest produce is guided by the Forest Act. The Act makes provisions for issuance of export certificates (for forest products leaving a district) and the ports of exit. As noted in some studies (Abdallah et al., 2012) charcoal is being exported also through unauthorized ports. The law demands that charcoal can only be produced for sale if a permit has been issued in advance by the Forestry Department. More effort is required to enforce this legislation in order to reduce widespread illegal felling of trees for charcoal production, but also to collect Government revenues. The Programme will facilitate revision of the Forest Act to align with the new National Forest Policy.

Forest Harvesting Guidelines of 2007 require that each forest in the country should have a forest management plan. Harvesting of the forest products should be supervised by the District Forest Harvesting Committee whose chairperson is the District Commissioner. All harvestings in government forest plantations should be coordinated by the Committee. Forest product harvesting from government forestland is to be done by permit only. Harvesting of wood for charcoal production, tobacco curing, fish smoking, brick burning and bread barking should be also by permit only. Five percent of the revenues generated should be channelled to the Tanzania Forest Fund to be used for tree planting. Government has also issues notices that regulate the transport times, checkpoints and permits with respect to forest products being transported.

The Community - Based Forest Management Guidelines (first edition in 2001 and update in 2007) provide practical guidance to the district staff and to district and village authorities for implementation CBFM in the country. The Guidelines make clear that the target population for community -based forest management is populations living within and adjacent to the forest domain. The establishment of joint management committees (village and sub-village level) and joint management agreements are promoted.

Joint Forest Management Guidelines (first edition in 2007 and update in 2013) provide guidelines for facilitation of JFM agreements regarding management of forest land in forest reserves owned and managed either by the government (central or local authority) or the private sector. The updated version is produced by the Local Government staff and foresters of TFS. It is a practical guide meant to be used by all types of service providers involved in introduction of JFM at local level.

The Programme will comply with both Guidelines (i.e. CBFM and JFM) by focusing on the stage 4 (i.e. implementation). In this stage, the Programme will support CBFM and JFM communities to put the systems needed to manage the forest in place: e.g. facilitate appointment and training of the patrol team, proper record keeping, making sure the rules are known and respected by all.

Policies and Legal Framework addressing Decentralization and Revenue Collection

The **Local Government Finance Act No 9 of 1982** (revised in 2000), empowers District Councils to collect revenues by imposing taxes, levies and trade licenses. The Act lists the revenues, funds and resources of a district council, among which shall consist of all moneys derived from fees for forest produce and licences accruing to the district council under section 10 of the Forests Act. Service charges on land rents and trade license remain as valid resources of income to the Councils. The local Government Finance Act enables the Councils to receive funds from the Central Government as subvention through the Prime Minister's Office, Ministry of Regional Administration (PMO RALG) and Local Government Authority (LAG). The Act empowers the Controller and Auditor General (CAG) to carry out financial audits for establishing the financial

performance of any expenditure or use of resources in the Local Government Authorities. Therefore, the CAG provides external oversight to the districts.

Government revenue sources in forestry sector include natural forests, plantations, exports and services. The Government Notice (GN) 433 of November 2013 (made under Sections 77 and 78 of the Forest Act No. 14 of 2002) establishes four main sources of fees and royalties, namely (i) natural forest products (sawn logs, poles, firewood, charcoal etc.); (ii) forest plantations products; (iii) exports; and (iv) non-wood forest products (grazing, orienteering, camping, road service, etc.)¹³. Sawn timber from natural forests accounts for less than 5% of government revenues. Poles from natural forests and mangroves are more valuable than from plantations but generate less than 1% of government revenue. Revenue from the sale of firewood from natural forests constituted only about 0.8% of the total revenue collected by MNRT in 2006/07. Charcoal is a large generator of government revenue; its use is increasing due to urbanization. Revenue from sale of charcoal from natural forests in 2006/07 constituted 44 % of total revenue collected by MNRT. The government collects 45% of revenue from its plantations, most of which are planted with softwood trees. Furthermore, government is collecting revenue from various other sources in the forestry sector such as exports, services, licences, taxes, fees and levies.

Forest Act of 2002 requires that the Forest Management Plan should give an outline for charges and fees which may be made for access to or use of the forest and the produce of the forest and for the division of the resources so generated by such charges and fees between the various authorities and persons likely to be involved in the management of the forest. It is through these charges that fees shall be collected by the Villages (VNRC and Village Council) in case of VLFR and CBFM. The Act states that the village shall collect some of the revenue from fees, royalties and licenses charged or issued in respect of the gazetted village land forest reserve as may be agreed in the joint management agreement or other arrangement and pay them into the accounts of the village council or an account specifically set up for forest management and development purposes. The Forest Act also makes provisions for revenue collection from central government forest reserves and district forest reserves. TFS and District councils collect revenues in the central government forest reserves and district council forest reserves.

Policies and Legal Framework supporting Private Sector Development and Employment

The **National Public Private Partnership (PPP) Policy (2009)** was followed up by enactment of the **Public Private Partnership Act (2010)**. The main objective of the policy is promotion private sector participation in the development of key economic clusters in terms of investment capital, management skills and technology. The rights of participation of private sector and communities in the forest management were formalized in the Forest Policy (1998) and Forest Act (2002).

Enhanced private sector engagement is seen as a key component in the Tanzanian strategy towards rural development, poverty reduction and improved food and nutrition security. The role of the private sector has increasingly grown in relevance and importance since the mid-2000. Cluster 1 of MKUKUTA requires pursuing policies that attract public and private investments in agriculture (including livestock) and natural resources, promote diversification to non-farm activities. According to the draft National Forest Policy of 2015, the role of the Government has been re-defined to be that of policy formulation and guidance, law and order, regulatory and public sector support functions while under various models of collaboration the

¹³ Scoping Study of the Forestry Sector for the purpose of including the industry in revenue disclosure through TEITI. Green Advocates International 2014.

private sector has been assigned to undertake production, processing, commercial and marketing functions.

There are various policies and regulatory environment in place to enhance private investment in Tanzania. Compared to the past, Tanzania made starting private companies for e.g. forest business easier by creating a business activities registration system and business registration centres in all the local authorities. TIN registration is at no cost. Tax registration has been fully computerized. It takes a minimum of 2 days to obtain TIN number, depending on the number of request made to the Revenue Authority at the time. The Programme envisages using private sector actors to improve efficiency and incentivised wood and non-wood forest product value chain activities.

The **National Agricultural Policy (1997)** is focused on the government being a facilitator, regulator and supporter while the private sector will deal with production, processing and marketing functions. Other features are that agricultural inputs and prices have been decontrolled, subsidies have been removed and monopolies of markets by cooperatives and marketing bodies have been eliminated.

The **Employment and Labour Relations Act, 2004 (Act No. 6/04)** makes provisions for core labour rights, to establish basic employment standards, to provide a framework for collective bargaining, to provide for the prevention and settlement of disputes and provide for related matters. The Programme is a potential employer and shall adhere to the provisions of this Act.

Land Policies and Legal Framework

The key framework that significantly, influences land use planning and management in village lands, including forestland, consists of the National Land Policy, the Land Act No.4 of 1999 and the Village Land Act No. 5 of 1999.

The **National Land Policy (1995)** recognizes the dual system of land tenure, i.e. customary and statutory rights of occupancy, as equal before the law. However, statutory rights of occupancy shall be granted by the government for a period not exceeding 99 years, while customary rights of occupancy shall have no time limit. The period of 99 years is the maximum period for granting right of occupancy, equivalent to a lease of land, while the customary rights, having no time limit, is an absolute right of ownership of land. The market for the second type of land tenure is higher than for the first one. The policy provides conditions for transactions of land, which has a market value. The policy is weak in that it does not mention the difference between surface land tenure rights and resource tenure rights in both customary and statutory rights of occupancy. The clear recognition of land having a market value in fact bestows resource tenure to individual landowners. It is the resource tenure, which now may determine land quality and the value of parcels of land, where applicable. The proposed Programme adheres to the National Land Policy by upholding the customary law and strengthening district and village institution to manage the forests under village land.

In the **Land Act No. 4 of 1999**, "general land" is defined to mean all public land, which is not reserved land or village land. "Reserved land" is land designated by provisions of specific Acts (Forest, National Parks, Ngorongoro Conservation Ordinance, Wildlife, Marine Parks and Reserves Acts) or any other law, which provides for land to be set-aside for special purposes such as public recreation grounds. This definition contradicts with the one provided in the Village Land Act of 1999, therefore bring in confusion of ownership of forests in village land (especially regarding the village forestland that is not declared a VLFR). However, the National Land Policy advocates the protection of land resources from degradation for sustainable

development. Land use planning takes into consideration the land carrying capacity, ensures proper management of rural land resources, promote resource sharing and multiple land use techniques in area of conflicting land use and lastly calls for the involvement of community in resource management, land use and conflict resolution.

The **Village Land Act No. 5 of 1999** administers village land vesting authority is the Village Assembly with the assistance from the Village Council as trustee to villagers. "Village land" means land declared under and in accordance with the Land Act No.4 and Village Land Act No. 5 of 1999. It also includes any transfer of reserved or general land to a village. The Village Land Act defines village land as consisting of land falling in the boundaries of a registered village under section 22 of District Authorities Act No.7 of 1982, land designated as village land under the Land Tenure (Village Settlement) Act No.27 of 1965, land having boundaries demarcated as village land under any law or administrative procedure in force at any time before the Land Act No 4, or land whose boundaries have been agreed upon between the village councils having jurisdiction over that land, and/or land other than reserved which the villagers have, during the twelve years preceding the enactment of the Land Act of 1999 have been regularly occupying and using as village land in whatever manner. The Village Land Act 1999 empowers the village assembly to divide the village into the following: occupied, used, available for occupation, community used and/or public used land, then to be known as communal village land. It also identifies land being occupied or used by an individual, family, or group of persons under customary law. Finally, village councils identify land, which may be made available for communal or individual occupation and use, through allocation by the village council. The same Act gives mandate to the village assembly to further plan the land uses to be designated to the communal village land such as village land forest reserves. The Programme will expedite participatory development of land use plans and village land forest reserves in Liwale District, and will reinforce sustainable management and conservation of VLFRs through provision of capacity building, enhancing value chains of potential forest products and strengthening institutions that oversee VLFRs in the country.

Controversies and inconsistencies between the land acts 4 & 5 of 1999 Land Act No. 4 are cited to be among the challenges causing forest degradation in Tanzania. If Land Act No. 5 and Village Land Act No. 4 are compared side by side, they show inconsistencies that require review and harmonization. For instance, according to the Village Land Act, general land is a residual category, it includes all land that is not reserved land or village land, whilst the Land Act says 'general land' means all public land which is not reserved land or village land and includes *unoccupied or unused village land*" (See Section 2). The part of the definition in italics does not appear in the definition of General Land in the Village Land Act. There are no provisions in either Act that clarify to what exactly the former definition refers. There is little doubt that this definition is yet another expression of the by now familiar concern of freeing 'surplus' land from villages for external investors. Furthermore, there has been weak coordination and communication between ministries responsible for forestry and regional administration and local government. As a result, there have been duplication and conflict of roles between staff of the lead ministries. Further, coordination and communication between the ministries on the one hand and NGOs/CBOs and private actors is also weak. Lobbying for harmonization of the Act No. 4 and 5 will be one of inputs of this Programme.

According to the **Land Use Planning Act, No. 6 of 2007**, the National Land Use Commission is the principal advisory organ of the Government on all matters related to land use. The Commission formulates policies on land use planning, coordinating the activities of all bodies concerned with land use planning matters and evaluating existing and proposed policies and activities of the Government directed to safeguarding of land

against its wrongful, wasteful or premature use or development. Therefore, the Commission recommends policies and programmes for effective protection and enhancement of the land quality and better land use planning. Procedures for the preparation, administration and enforcement of land use plans will be followed as stipulated in the Land Use Planning Act, No. 6 of 2007. For example, the fundamental principles itemized in page 141 will be followed. The principles include: make land available for shelter, human settlements to all community including women, youth, elders, disabled and disadvantaged, balanced development, protect the environment, promote participation of private sector, CBOs, communities in land use planning. The Programme land use planning activities will be implemented by involving the Planning Use Planning Authorities i.e. Village councils, District Councils, National Land use Planning Commission, or any organ the minister of land may declare to be planning authority. Preparation and approval of land use plans will follow the provisions stipulated in the Act.

Other Relevant Policies and Legal Framework

Among other policies that have some significance on planning and management of forests are the National Energy Policy (2003), Environment Management Act (2004), Climate Change Strategy (2012), National Environmental Policy (1997), National Water Policy (1991), National Livestock Policy (2006) and Wildlife Policy of Tanzania (2007).

The objectives of the **National Energy Policy of 2003** are to ensure availability of reliable and affordable energy supplies and their use in a rational and sustainable manner in order to support national development goals. The national energy policy, therefore, aims to establish an efficient energy production, procurement, transportation, distribution and end-use systems in an environmentally sound and sustainable manner. The Policy provides strategies for energy conservation and efficiency. Economic development correlates strongly with energy consumption and energy independence. The utilization of energy is related to exploitation of natural resources and of life supporting elements such as water and forests. Efficient production and use of energy is therefore a necessary condition for sustainable economic development. Energy conservation and efficiency issues should be high priorities of the Government. Implementation of the Programme will results in sustainable charcoal harvesting which hence reduces depletion of forests and woodlots.

Environmental Management Act (2004) Some of the existing environmental planning in the context of the Environmental Management Act addresses certain aspects of climate change, enhancement of climate change in existing governance strategies and institutional arrangements is still required to address all aspects of climate change mitigation and adaptation. To address the challenge, the government has undertaken several efforts including undertaking a Quick Scan on the Impacts of Climate Change in 2009; preparation of the National Adaptation Programme of Action in 2007, CDM Guide for Investors in 2004 and the Initial National Communication to the UN Framework Convention on Climate Change inn 2003. These have contributed to better understanding of the present and future impacts of climate change and possible opportunities. In this regard, a need for a better institutional arrangement has been underscored.

The **Tanzania Climate Change Strategy 2012** outlines initiatives to build a critical mass of climate change experts to address adaptation challenges and proactively exploit available opportunities to address both adaptation and mitigation, thereby enhancing Tanzania's participation in the international climate change agenda. The goal is to enable Tanzania to effectively adapt to and participate in global efforts to mitigate to climate change with a view to achieving sustainable economic growth in the context of the Tanzania's national development blueprint, Vision 2025; Five Years National Development plan; and national cross

sectoral policies in line with established international policy frameworks. The specific objectives of the Strategy are: a) To build the capacity of Tanzania to adapt to climate change impacts; b) To enhance resilience of ecosystems to the challenges posed by climate change; c) To enable accessibility and utilization of the available climate change opportunities through implementation.; d) To enhance participation in climate change mitigation activities that lead to sustainable development; e) To enhance public awareness on climate change; f) To enhance information management on climate change.; g) To put in place a better institutional arrangement to adequately address climate change and h) To mobilize resources including finance to adequately address climate change.

The Climate Change Strategy establishes a case for achieving sustainable development while participating in mitigation *initiatives, such as the Clean Development Mechanism (CDM), Nationally Appropriate Mitigation Actions (NAMAs), REDD+, and other carbon markets or trading activities.* The forest sector acts as a carbon sink, absorbing all emissions produced at national level and more, making Tanzania a net sink of Green House Gas. Implementation of climate change issues in Tanzania is undertaken within the context of the National Environmental Policy, 1997 and the EMA and other related policies and legislations. With respect to forestry, the sector goal is to enhance climate change resilience of forests for continued supply of the ecosystems goods and services. The strategic objectives are: i) to mainstream climate change aspect into forest management practices, ii) to promote use of lesser known tree species, iii) to promote alternative livelihood to forest dependent communities, and iv) to promote use of non-timber materials. Strengthening and upscaling of community-based forest management best practices is included as one of the seven strategic interventions.

National Environmental Policy (NEP 1997) provides guidelines and plans for managing environment in Tanzania. NEP emphasizes provision of community needs for sustainable management. Hence, among other things, the policy emphasizes the development of environmental sound forest management systems. However, the monitoring mechanisms are still weak with respect to forest activities in Tanzania. The Policy, among other things, requires integrating the economic activities and the conservation aspects into the planning process and involving stakeholders in environmental management. At present, the Government is reviewing the Environment Management Act of 2004.

However, other key aspects such as forest products harvesting e.g. charcoal, timber etc. rarely take into account negative environmental influence such as biodiversity loss, forest degradation and deforestation. In addition, the environmental laws and acts are paralyzed by poor production technologies and low production efficiency and widespread poverty in villages around CBFM. Piloting second generation CBFM intended to be implemented by this Programme will link up conservation and utilization for multiple results.

The **National Water Policy (1991)** identifies the main problem in water resource management as destruction of water sources through agriculture, fire burning of forested land and overgrazing. The main uses of water in the rural areas are for domestic use, livestock, agriculture and wildlife. The real value of most rural land depends on the availability of water on or nearby that land. The Policy empowers rural people to communally own water resources within their villages. The policy does not explicitly state the tenure of water resource to individuals; however, the community at large owns water resources and especially wells. The Programme activities will be in the village and VLRs, many of which are surface and ground water sources for villagers. Therefore all sustainable forest management activities will be planned

in a participatory ways and on best ways of ensuring conservation of the water catchment areas according to the policy.

The **National Livestock Policy (December 2006)** aims at stimulating development in the livestock industry in order to increase rural and national income, improve food security and environmental conservations. The policy endeavours to increase national well – being of all stakeholders involved in the livestock industry. The objectives of the Policy among others are to ensure that the environment is conserved for sustainable livestock production and promote integrated and sustainable use and management of natural resources related to livestock production in order to achieve environmental sustainability.

The **Wildlife Policy of Tanzania (2007)** envisages among others promotion of involvement of local communities' participation in and outside the Protected Area network, increasing foreign exchange earnings and integration of wildlife conservation with rural development. The strategies for ensuring that wildlife conservation activities do not compete with other forms of land use include involving rural communities and other stakeholders in taking joint responsibility for the sustainable management of wildlife and other natural resources are still weak in Tanzania.

Table of relevant policies and strategies

Strategies, policies and Acts	Relevance to the programme
NATIONAL STRATEGIES	
Five-Year Development Plan II (FYDP II) (2016/17-2021/22)	Underlines the private sector's role in implementation of economic activities, while the government is envisioned increasingly in a facilitating role. Forestry is identified by FYDP II as one of the priorities for national development, having close links to the national action against climate change.
Climate Change Strategy (2012)	Identifies forest sector a carbon sink, absorbing all emissions produced at national level and more, making Tanzania a net sink of Green House Gas.
Draft National Forest Programme II (2015-2025)	It addresses the drivers of the current depletion of the forest resources and ensure sustainable supply of forest products and forest based environmental services to meet the local, national and global needs, on poverty reduction and improvement livelihoods.
SECTOR POLICIES	
Draft New National Forest Policy 2015 and the Old National Forest Policy 1998	Emphasis the need for forest resources to be managed for production and/or protection based on management plans to ensure their sustainability; increasing participation of all stakeholders (private sector and local communities) in forest management and conservation; improved forest governance,

	livelihoods and forest condition and mitigation of climate change.
National Agricultural Policy (1997)	Focuses on the government being a facilitator, regulator and supporter while the private sector will deal with production, processing and marketing functions.
National Public Private Partnership (PPP) Policy (2009)	Promotes private sector participation in the development of key economic clusters in terms of investment capital, management skills and technology; a key component in the strategy towards rural development, poverty reduction and improved food and nutrition security
National Land Policy (1995)	Recognizes the dual system of land tenure, customary and statutory rights of occupancy, as equal before the law; provides conditions for transactions of land, which has a market value.
<i>The National Energy Policy of 2003 and the Draft National Energy Policy of 2015</i>	The policy confirmed that in terms of consumption, the quantitative distributions of the different energy sources to the energy balance of Tanzania by 2014 were: biomass fuels 90%, Petroleum 8%, electricity 1.2% and others 0.8%. As such sustainable management of biomass resources is an important aspect for the energy sector
<i>National Environmental Policy of 1997</i>	Provide guidelines for implementation of climate mitigation and adaptation measures covering different sectors including the private sector and local communities.
<i>The National Water Policy of 1991</i>	It encourages sustainable management of water catchment areas including sustainable management of forests in village land.
<i>The National Livestock Policy of 2006</i>	It encourages sustainable management of natural resources as a component of implementing the livestock policy
<i>The Wildlife Policy of Tanzania of 2007</i>	It encourages sustainable management of natural resources for improvement of community livelihood, biodiversity conservation and sustainable environmental conservation.
Community Development Sector Policy of 1996	The policy is promoting use of efficient energy technologies covering firewood and charcoal stoves through its booklet with the title " <i>Kitita cha Teknolojia Sahihi zinazoweza kupatikana nchini (2003)</i> "

National Sustainable Industry Development Policy of 1996	The policy gives emphasis to intensification of energy efficiency technologies and wise use of renewable energy options to enhance climate change and sustainable management of natural resources. It promotes and encourages industries to form groups/ association sub-sector wise
Policy paper on local government reform of 1998	<p>Local governments have the responsibility for social development and public service provision within their jurisdiction, facilitation of maintenance of law and order and issues of national importance such as education, health, water, roads, agriculture and sustainable management of natural resources.</p> <p>The Minister responsible for local governments, will co-ordinate central-local relations in particular all initiatives from sectoral ministries on matters relating to local government. The local government reforms are encouraging multi-sectoral cooperation's in implementing its policy.</p>
National Small and Medium Enterprise Development Policy of 2003	It is stated in the policy that the government will ensure that environmental considerations are given due emphasis in all SME development interventions, through facilitating production of technologies which apply renewable energy and conservation of natural resources.
National Health policy 2003 and of 2015	The policy recognizes that sustainable environmental conservation is a pre-requisite for good health of the people which is a major resource essential for poverty eradication, economic development and gender equity.
LEGAL FRAMEWORKS	
Forest Act No. 14 (2002) and Forest Regulations (2004, amended 2007)	Provides a clear legal basis for communities, groups or individuals across mainland Tanzania to own, manage or co-manage forests
CBFM Guidelines (2001, update 2007)	It is a practical guidance to the district staff, private sector and village authorities for implementation CBFM in the country
Joint Forest Management Guidelines (2007, update 2013)	Practical guidance for facilitation of JFM agreements regarding management of forest land in forest reserves owned and managed either by the government (central or local authority) or the private sector.
Local Government Finance Act (1982,	Empowers District Councils to collect revenues by imposing

revised 2000)	taxes, levies and trade licenses including those from forest products.
Government Notice (GN) 433 (Nov. 2013) & GN 351 (2013)	Establishes main sources of fees and royalties, for forest products and services.
Public Private Partnership Act (2010)	Provides legal guidance and operating systems on issues related to public, private partnership.
The Local Government Finance Act No 9 of 1982 (revised in 2000),	Provide regulations for managing local government financial resources including village government.
The Employment and Labour Relations Act, 2004 (Act No. 6/04)	Provide regulations related to employment of labour
The Land Act No. 4 of 1999 and The Village Land Act No. 5 of 1999	They provide regulations for owning and managing land in Tanzania mainland.
Land Use Planning Act, No. 6 of 2007	Provide guidance and regulations for conducting land use plans
The Environmental Management Act No. 20 of, 2004 and the Environmental Assessment and Audit Regulations No. 349 of 2005	Facilitate conduct of Environmental impact assessments
The Wildlife Conservation Act (No. 5, 2009)	Facilitate harmony between communities living close to forest areas and wildlife including establishment of Wildlife Management Areas.
The Occupational Health and Safety Act (No. 5, 2003)	Provide regulations related to occupational health and safety of workers
Employment and Labour Relations Act No. 6 of 2004, the Labour Institutions Act No. 7 of 2004 and the Workers Compensation Act, 2008	Provide regulations related to employment of labour and their rights
Land Disputes Courts Act (No. 2 of 2002).	Provide regulations for solving land disputes.

Forests and Human Rights

Forest-based goods and services are central to the economic, social, and cultural (ES&C) rights of hundreds of millions of people around the world. The World Bank estimates that 90 percent of the 1.2 billion people living in extreme poverty depend on forest resources for some part of their livelihood (World Bank 2004; UNDP et al. 2005). Forests have proven to serve as important “safety nets” for communities in times of economic stress.

Socio-Economic Assessment for the Extension of Support to the National Forestry and Beekeeping Programme (NFBKP II) Implementation

The Socio-economic assessment of poverty, inequality and vulnerability was conducted in 8 PFM communities in Handeni, Kilindi, Ruangwa and Nachingwea Districts (2014). The assessment showed multi-dimension of poverty, where significant barriers exist to the poor and extreme poor people, to participate actively in village decision-making and PFM process and activities. In fact, the majority of the village population lacked ability to engage in village life, in collective decision-making and in providing community contributions (food / money). The main reason includes poor people having to attend to food and basic needs, hunger, sickness and long hours of menial casual labour; a long distance to village government offices and a long distance to the Village Land Forest Reserves with no access to transport.

Social and economic inequality were evident through income inequality, linked to wider inequalities related to access to education, health care and social welfare. There were also ethnic inequalities, where by exclusion of pastoralists communities were excluded from village decision-making. Gender inequality was substantial, with women having a low status, less voice and power in decision-making, including village decision-making over forest resources, as well as, less access to opportunities than men. Women participated as members of VNRC but in lower numbers than men did. There were concerns that, application by letter can be a barrier to female entry on VNRCs due to illiteracy. Furthermore, in most households women were reported to have limited decision-making power or control over income and other household's assets.

The study found that timber and non-timber forest products (NTFP) have a wide range of uses for the poor: these include poles and grass used for house-building, firewood, tree species and forest plants used for food and medicine, and use of forests for mushroom collecting, beekeeping and hunting. Employment in charcoal making and timber cutting are important livelihood activities for men, particularly as a safety net when food is short and when employment in casual agricultural labour is limited. One significant finding was that the majority of the poor do not rely on use of forest products from VLFR, although there are exceptions including traditional beekeepers, mushroom collectors, and those people living in hamlets adjacent to a VLFR. This is because VLFRs were far from village centres, and some of the poor people did not even know where the reserve is or even that it exists. Instead, majority of them depend on trees in open areas, which they have the right to use. The study supported the NAFORMA data by showing that only less 5% is used for commercial products with 95% being for domestic consumption.

Productive activities using forest products were gender divided: charcoal making, timber cutting, carpentry and brick making were carried out by men; firewood and grass collection were carried out by women. Traditional beekeeping was carried out by men, where modern beehives have been introduced beekeeping there were women involved. Mushroom collecting was undertaken by both men and women.

Women contribute to both the formal and informal forestry sectors in many significant ways. They play key roles in agro-forestry, watershed management, tree improvement and forest protection and conservation. Forests also oftentimes represent an important source of employment for women. From nurseries to plantations and from logging to wood processing, women make up a significant proportion of the labour force in forest industries throughout the world. However, although women contribute substantially to the forestry sector, their roles are not fully recognized and documented, their wages are not equal to those of men, and their working conditions tend to be poor.

One outstanding problem is the near absence of women in policymaking roles and processes concerning forestry, though they are the key actors in environmental management in Tanzania. They are involved, for example, as users, producers, managers and collectors of forest products for fuel, in Tanzania women spend no less than 18% of their time collecting firewood), food and fodder requirements, collectors of water, farmers and income earners. Nevertheless, women in Tanzania have yet to achieve social and economic status equal to their economic contribution. For instance, women are still rarely seen in decision-making spheres (e.g., only 14% of administrators are women, as are 26% of all professionals) (Mhina, 2001).

Tanzania has made much progress in mainstreaming gender in her policies, legislations and institutional framework. For example, the national forestry programme, 2001-2010, mainstreams gender into the forest sector, through emphasis on gender balanced participatory forest management and involvement of key stakeholders from the formal and informal forest sector. But there still exist some gaps and challenges such as lack of appropriate gender-disaggregated data in both sectors and indicators for an efficient and successful gender mainstreaming in forest policies and institutional framework.

- Despite the role of women in forestry and the gains accrued at family level, their role and position remains at the lowest level both at the household (Chingonikaya 2004) and national levels. Percentage of female employees' stands at 20% compared to their male counterparts at 80% in formal forest sector. (quoted in FAO 2003)
- Low level of enrolment of women students, estimated at 7% in the Faculty of Forestry, which falls under science programmes in Sokoine University of Science and Agriculture. An unofficial estimate is that over the last 20-year period, less than 10 % of graduates have been women
- Customary practices on land ownership and decision making which is patriarchal in nature, hinders women's participation and contribution in policy formulation both at local to national level.

The Programme's Approach

The Programme addresses the right of forest users (in VLFRs) to manage the forests according to the management plans and benefit from the revenues generated by their own activities. The Programme aims at enhancing women participation and promotes equal representation on VNRC. The programme also aims at strengthening the capacities of both the duty bearers and rights holders. Participation and active involvement of local communities for the strengthening of their capacities and opportunities will be pre-conditions for implementation. The Programme will work with democratically elected representatives of

village-based organizations (VNRCs, management committees of Village Community Banks, etc.) and provide extensive support to further development of democratic and good governance practices. The Programme will build capacities of District level stakeholders to uphold all elements of community participation in village forestlands as per the CBFM Guidelines of 2007. The Programme will also adhere to ensuring coherence of different policy sectors and legislation, promote openness and transparency of development policy and cooperation and emphasize the ownership and accountability of communities on development and related objectives.

All Programme Components will address the gender and equality concerns. Measures will be developed to support involvement of the most vulnerable where feasible. It is at least ensured that they will benefit from the income of the Village Natural Resource Committees that have been able to harvest and sell timber or charcoal products in improving the social infrastructure and services of the villages (e.g. wells, clinics and schools built / repaired, insurance procured for the sick and elderly, support to pregnant women). To address the above issues, the Programme will continue promoting the establishment of Village Social Funds in every village with a VLFR and ensure that this dimension is well addressed in the bylaws of each VLFR.

At national and district levels it is important to embed the pro-poor approach in all project activities by ensuring inclusive participation in training, extension and communication, business making and using the pro-poor monitoring systems and guidelines.

ANNEX 7 ENVIRONMENTAL IMPACT AND CLIMATE CHANGE ASSESSMENT

The **climate of Tanzania** (National Biodiversity Strategy 2012): The climate in the country is diverse because of proximity of the ocean and inland lakes; wide altitudinal range, which governs temperature; and latitude. It is characterized by two main rain seasons namely the long rains and the short rains which are associated with the southward and northwards movement of the Inter-Tropical Convergence Zone. The long rains (Masika) begin in the mid of March and end at the end May, while the short rains (Vuli) begin in the middle of October and continues to early December. The northern part of the country including areas around Lake Victoria Basin, North-Eastern Highlands and the Northern Coast experience a bimodal rainfall regime. Central, South and Western areas have a prolonged unimodal rainfall regime starting from November, continuing to the end of April. In general, annual rainfall varies from 550 mm in the central part of the country up to 3,690 mm in some parts of southwestern highlands (Chang'a et al., 2010). Most of the country receives less than 1,000mm, except the highlands and parts of the extreme south and west where 1,400 to 2,000mm can be expected. Average rainfall in the central regions is around 600mm.

Temperature varies according to the geographical location, relief and altitude. Along the coast and in the off shore islands the average temperature ranges between 27°C and 29°C, while in the central, northern and western parts temperatures range between 20 and 30°C. Temperatures are higher between the months of December and March and coolest during the months of June and July. In the Southern highlands and mountainous areas of the north and northeast, temperature occasionally drops below 15°C at night, and in the cold months in June and July sub-zero temperatures can also be experienced. Distribution of T_{min} is identical to that of T_{max}; lower values of T_{min} are centered on southwestern and northeastern highlands. Mbeya, Igeri, Arusha, Moshi and Kilimanjaro are the coolest areas characterized by mean annual T_{min} values, which are less than 15°C. Coastal areas including Dar es Salaam, Tanga, Mtwara, Zanzibar and Pemba are characterized by relatively higher values (> 20°C) of mean annual T_{min}.

Climate trends and projections: Analysis of recent climatological data and observational evidence from local communities are overwhelmingly indicating some signals of increased climate variability and climate change over most parts of the country. Increasing temperature, notably over highland areas are observed in most parts of the country, late rainfall onset and early withdraw (cessation), decreasing rainfall amount and seasonal shift in rainfall patterns are becoming more common. Most parts of the country, particularly the Central and Northern Zones, which are semi-arid, are very vulnerable to climate variability and they will be more vulnerable to the projected increase in frequency and amplitude of extreme climate events.

A slightly weak decreasing trend can be discerned from the mean annual rainfall time-series over most of the meteorological stations. The observed rainfall trends are not statistically significant, underlining the nature of uncertainty associated with rainfall patterns. However, intra-seasonal and inter-annual variability manifested through late onset and early cessation, increase in dry spells and shift in rainfall patterns are becoming more common. Projections from Global Circulation Models (GCMs) are indicating that due to doubling concentration of CO₂ in the atmosphere by 2100; there will be an increase in rainfall in some parts while other parts will experience decreased rainfall.

Impacts of climate change: Climate change projection indicates that the frequency and severity of extreme climatic events will increase. In the last 40 years Tanzania has experienced severe and recurring droughts with devastating effects to agricultural, water and energy sectors. Currently more than 70% of all natural disasters in Tanzania are hydro-meteorological, and are linked to droughts and floods.

Climate change impacts on forest ecosystems and biodiversity are expected to vary depending on vegetation species. The common impacts to all forests types include loss of biodiversity; disappearance of wildlife habitats, increased risk of bush fires, limited availability of forest products (timber and non-timber products) and ecosystem shift (for example, forest to woodlands, or woodlands to grasslands). The National Programme for Adaption (NAPA), 2007 forecasts change to drier forests and ecosystems because of climate change. Species that are expected to be more vulnerable are those with limited geographical range and heat intolerant; low germination rates; low survival rate of seedlings; and limited seed dispersal/ migration capabilities. However, knowledge on the magnitude of effects on individual species is still limited.

Current changes in the global climate are unique in that they are superimposed upon a landscape, which has already been greatly altered by human activity. Current knowledge is insufficient to predict the magnitude of the change, or the implications of the change on **biodiversity**, but it seems safe to conclude that some species will benefit and some will suffer from the change. Climate change affects the distribution of species in forests. Climate change impacts could therefore affect the composition and distribution of plants along forest ecosystems. Monitoring of plant species in such ecosystems would provide invaluable signals of the impacts of climate change. Recent anthropogenic, climate and land use changes have triggered observable changes in the distribution and functioning of a substantial number of species throughout the world.

According to the National Climate Change Strategy, the impacts of climate change are already being felt across Tanzania and are projected to increase in both frequency and severity leading to severe socioeconomic implications. Country ability to address the current and projected impacts of climate change is strongly hindered by a number of climatic and non-climatic factors. Non-climatic factors include poverty, inadequate institutional arrangement, lack of adequate financial resources, lack of sufficient human resource and technological capacities, low awareness and lack of adequate climate change information management.

Notably, climatic factors such as incidences of sporadic extreme weather events and slow onset events are increasing in many parts of the country with severe consequences on food production, water access and energy generation. The recent food shortages resulting in widespread hunger, water scarcity and acute power shortages signify the vulnerability of the country to impacts of climate change. Analysis of climate change projection indicates that Tanzania will continue to face future development challenges because of increased climate variability and climatic changes.

Forests and woodlands are the sources for most of the wood and non-wood products. Wood products include timber, poles, firewood and charcoal. Non-wood products include ropes, resins, tie and dye colours, wildlife, game meat, fruits, traditional or natural medicines, natural vegetables, palm leaves for making baskets/mats, honey and beeswax, mushrooms. Furthermore, forests and woodlands do provide other goods and services to people such as food and water. Also biomass is the main source of fuel for rural population and accounts for 92% of the total energy consumption in the country. A number of intangible benefits also do exist as outcomes of presence of forests and woodlands. Such benefits include unique natural ecosystems and genetic resources, depository of biodiversity, amelioration of climate (microclimate), carbon sequestration, habitat to wildlife and cultural and religious values. Increased temperature and changes in rainfall regime will seriously affect the variability of such goods and services from the forestry sector.

The forest sector act as a carbon sink, absorbing all emissions produced at national level and more, making Tanzania a net sink of GHGs. JFM and CBFM if implemented well could contribute to mitigation of climate change over long period. Well-managed forest will be able to reduce incidences of fire, soil erosion, improve ground water resources and increase co-benefits such as non-wood forest products.

Climate variability mainly due to reducing precipitation and the length of the rainy season is reported as one of the main causes of crop failure in some parts of Tanzania. In Tanzania a range of impacts such as failure of harvests, decreased food supplies and regular diet changes during bad periods has been reported in some areas that have been affected by climate change and variability. The Programme intends to work with communities to increase participation in the management of forest resources and develop value chains of potential forest products to deliver tangible income for well-being creation and healthier forest resources.

The economy is highly vulnerable to the adverse impacts of climate change and to extreme weather events because of its dependence on the use of natural resources, rain-fed agriculture and biomass for household energy. Tanzania has formulated a National Programme of Adaptation (NAPA). Tanzania NAPA document is informed by the aspirations of MDG, National Development Vision 2025 and MKUKUTA for high and shared growth, quality livelihood, peace, stability and unity, good governance, high quality education and global competitiveness. The NAPAs' main objective is to serve as a direct channel where by the Government communicates urgent and immediate adaptation needs. The NAPA has identified linkages to more long-term strategy frameworks and legislation such as EMA of 2004 and Forest Act 2002. Tanzania NAPA identifies priority areas in various sectors, and further prioritizes project activities in those sectors. These activities need immediate and urgent actions for the country to adapt to such climate change effects on a short-term basis as well as putting in place mechanisms for addressing long-term adaptation initiatives. Among the proposed activities, the following ones are related to forests, forest management and charcoal / fuel wood:

- Community based catchments conservation and management programs
- Afforestation programmes in degraded lands using more adaptive and fast growing tree species
- Develop community forest fire prevention plans and programmes
- Establish good land tenure system and facilitate sustainable human settlement

The impacts off climate change will pose serious challenges to sustainable livelihoods and economic development, particularly for rural households. The capacity of the communities to mitigate or adjust to climate change is still low. Bali Conference identified four key issues including: adaptation, mitigation, technology transfer and financial mechanisms to support implementation particularly of mitigation and adaptation activities. Developing, optimizing and sustaining capacity to address the challenges brought by climate change will require a number of interventions through raising awareness, training to build capacity at various levels, sustainable forest management and outreach. The Programme will support Village Land Forest Reserve Management and Governance, develop wood and non-wood based value chains, and develop institutions to support community based forest management. The Programme focuses on village forests because they constitute more than 45% of total forests in the country and the forests are regarded as traditional safety net for a the larger section of communities in villages. Therefore, sustainable utilization of these forests might enhance adaptation of the rural households and minimize climate change risks.

According to the State of the Environment Report 2006 **environmental degradation** is highly linked to destruction of the country's forest and woodland resources base. Experiences show that human activities in

forests and woodlands have been very difficult to control due to inadequate capacity in the designated institutions both in central government (FBD) and District Councils. This has led to over utilization of forest and woodland resources (timber, firewood, charcoal and poles). Uncontrolled human activities in most forest and woodlands have threatened existence of valuable timber species.

More recent analysis is available in the 5th National Report on the Implementation of the Convention on Biological Diversity (URT / Vice President's Office, Division of Environment 2014). Deforestation and degradation of forestland is severe in Tanzania. Between 1990 and 2010 (a span of 20 years) Tanzania lost about 38% of its forest cover due to changes in land use. It is estimated that the annual loss of forest area is approximately 400,000 ha per annum for Tanzania Mainland. This rate of deforestation is due to demographic and economic pressures. The main threats to forests include settlement and agricultural expansion, charcoal and fuelwood production, overgrazing, uncontrolled fires, shifting cultivation and illegal logging. Deforestation leads into loss of ecosystem goods and services and increased conservation costs. Deforestation (particularly in watersheds and water sources) has further knock-on effects due to reduced water flows. Reduced flows can interrupt power generation in hydroelectric schemes and can have similar effects in many other sectors including agriculture and wildlife management.

Fire occurrences in the forests and woodlands are an annual phenomenon. Fire is used by local people as a tool to clear areas of bush ready for farming, to improve prospects for hunting, to induce green grass growth for grazing and to clear areas for charcoal making. Uncontrolled fires cause very significant damage to forests and woodlands, ecosystem services and destroy habitats. The fire incidences are further driven by factors such as a) the lack of village forest management plans, b) lack of improper fire prevention techniques, c) the general lack of fire control and little knowledge on the consequences of fire on the forests. Fire control or prevention is a community affair and the communities must be willing and able to deal with it. However, communities around the forests and woodlands lack the skills and techniques to control or prevent fires.

Recent experiences in PFM from Tanzania suggest that in most areas JFM has been influential in **restoring and sustaining forest degradation** as compared to forests managed by government alone or under open access regime¹⁴. A comparative study of matched pairs under JFM and state management showed forests under JFM to be in better condition than those without JFM. Other studies have indicated a decreasing trend of stem density, and increasing gradient of basal area and standing volume from non-CBFM to CBFM regimes. Similar trends were observed when CBFM and JFM forests were compared. In terms of improved forest quality, CBFM seems to perform better than non-CBFM and JFM due strong institutional arrangement and improved incentive mechanisms. Participatory Forest Management regimes therefore improve forest condition.

¹⁴ Tanzania Natural Resource Forum 2013 Community-Based Natural Resource Management. Stocktaking Exercise in Tanzania

ANNEX 8 KEY ACHIEVEMENTS OF NFBKP II DURING 2013-2015

Source: NFBKP II Results Based Monitoring Framework, situation in July 2015

Key Result	Key achievements of NFBKP II by June 2015
1 An improved pro-poor model for CBFM is operational in 16 districts	<p>Service providers (districts, NGOs, private sector use the pro-poor 2nd generation CBFM mode, and monitor performance in ways that capture participation of poor and female forest users:</p> <ul style="list-style-type: none"> • 10 Service Provision contracts implemented and/or ongoing by 9 Service providers. The Service Provision contracts have focused on development of management plans and on initial establishment of value chains (mainly in beekeeping) in the pilot districts and villages. • In 2015, the NFBKP II Steering Committee decided to focus the activities in 10 districts (compared to the initial 16 districts). • 81 new VLFRs initially registered and established in 16 districts (a total area of 207,255 ha and population 160,280 people; (efforts to support so-called “2nd generation issues” not addressed in this initial VLFR formation process). • 4 Forest Management plans with adequate Harvesting Plans prepared and being operationalised; updating of 1 additional plan will be started. At the end of NFBKP II 5 VLFRs would have a legal permit to harvest timber and other products from the VLFRs. • Document printing and distribution, e.g. on-going process to complete CBFM guidelines in Kiswahili (2000 copies to be distributed). • 160 district staff and other stakeholders trained on pro-poor CBFM approaches; District Forestry Team members in 11 districts (80 persons) trained in resource assessment and management plan preparation. • 50% of the participating villages and VNRCs trained in record keeping • 20 VLFRs involved in the implementation of Income Generation Activities (IGAs); beekeeping approach under development. • Pro-poor inclusive Village Land Use Plans (VLUP) ready in seven villages, in three more villages have VLUP development in process.
2 Increased support to CBFM both politically and through improved training, advocacy and other services	<p>Sustainability of CBFM activities at LGAs (Local Government Authorities) improved</p> <ul style="list-style-type: none"> • Central Government funding (PO-RALG) to Districts has only marginally improved (FY 2014/2015) • One session of Decision Makers Forest Academy (Service Provider: Uongozi Institute) implemented in 2014 (the National Forestry Conference) and 2015 each (topic: CBFM). One more session planned for early 2016. A documentary film is being produced. • Establishment of networks in 30 CBFM villages about to begin. The networks will serve as a forum for local communities to interact and share knowledge and experiences on addressing common challenges. They also

Key Result	Key achievements of NFBKP II by June 2015
	<p>support capacity building in management and conservation of forests.</p> <ul style="list-style-type: none"> • Pedagogical capacity building is in process; ICT facilities and knowledge has improved at the Forestry Training Institute (FTI) and Forest Industries Training Institute (FITI) with support from Häme University of Applied Sciences, HAMK) Also some new training materials and equipment have been procured. • MNRT accounting systems for NFBKP II have improved (Epicor software in use and is controlled by Treasury). One internal audit has been conducted. • Results-Based Monitoring and Evaluation System in place and Results-Based Monitoring Framework used for monitoring.
3 Good governance, transparency and rule of law increased in CBFM villages	<p>Village Natural Resource Committees make decisions in democratic manner:</p> <ul style="list-style-type: none"> • 40 people trained (Training of Trainers, ToT) at district level (PFM Focal Persons) on good governance • VNRCs VLUM, VCs and villagers (at sub-village level) in the 8 villages in the four pilot districts trained through 5-day training in each village. A total of 2,800 villagers participated in the training.
4 Increased benefits and income to villagers from sustainable forest management and adoption of business approach	<p>% increase of income of poorer households (including women headed households)</p> <ul style="list-style-type: none"> • A feasibility study conducted and models for pricing and selling timber tested • Support framework designed for implementation of second generation CBFM on timber harvesting and trade. Implementation to start in August 2015. • 120 individuals in 20 communities trained on business plan development • A feasibility analysis on business development and entrepreneurship within VLFR management plans has been conducted.

ANNEX 9 MAIN INTERVENTIONS FOR EXPERIENCE SHARING

Interventions & Processes	Lessons, implications and partnership potential vis-à-vis the proposed Programme
Private Forestry Programme (PFP) – Panda Miti Kibiashara	A joint programme of MNRT and MFA (duration 2014-2018) working on the development of sustainable and high-quality tree growing and strengthening of private plantation –based forestry value chains. experiences in developing enabling policy development and in SME development and forestry value chains will be useful; the concept of developing on-site delivery models for vocational short-courses in forestry (PFP in collaboration with FTI, FITI and VETA) may be applicable for training of managers and users of VLFRs and other reserves; elements of a multi-stakeholder approach (PPP concept) shared by PFP and the Programme. The second phase of PFP is planned to begin in 2019.
Mama Misitu Campaign	Advocacy and awareness raising campaign facilitated by Tanzania Natural Resources Forum (TNRF) on governance and forest management ongoing in southern Tanzania (second phase 2012-2017); expected to improve transparency and accountability in the forestry sector and reduce illegal harvesting; has accumulated valuable lessons on addressing key governance issues in forest-adjacent communities and in awareness generation on economic value of forest resources.
Support to Tanzanian Innovation Systems (TANZIS)	A joint programme of MFA and Ministry of Education, Science and Technology to develop Tanzania's innovation ecosystem. The Tanzania Innovation Support Programme (TANZIS) builds on activities, results and experiences of the Information Society and ICT Sector Development Project (TANZICT, 2011–2017). TANZICT provided experiences and approaches from the living labs concept in entrepreneurship training. Possibility for a partnership in Mtwara-Lindi regions in SME development and particularly in furniture industry would be useful in value chain development. TANZIS is planned to focus more on innovation as a cross-cutting theme and less on the ICT sector than TANZICT. TANZIS is expected to start at the end of 2018 or in 2019.
WWF Tanzania, cooperation with WWF Finland	WWF Tanzania has been developing and promoting community forest concept with its local partners (MCDI, MJUMITA, District Councils) for over ten years. At the moment, WWF with MCDI have extended to community forestry to four districts in southern Tanzania: Tunduru and Namtumbo Districts in Ruvuma Region, and Kilwa and Rufiji Districts. WWF Finland has supported WWF Tanzania with MFA funded Partnership programme since 2013 as part of the WWF's regional forest programme. WWF Finland facilitated the engagement of the regional programme to the investors in 2014 which resulted in the cooperation with Finnfund. The joint value chain analysis of community forest was conducted in 2016. The work around tackling illegal timber trade focuses across Eastern Africa and is coordinated from the WWF's Tanzania's office.

Interventions & Processes	Lessons, implications and partnership potential vis-à-vis the proposed Programme
Transforming Tanzania's Charcoal Sector	SDC in partnership with Tanzania Forest Conservation Group, TFCG (new phase planned from 3 rd quarter of 2015). Key partner for the Programme in adoption and further development of sustainable charcoal value chain. Close collaboration between SDC and the Programme is planned (please see sections 4 and 6 for details).
Extractive Industries Transparency Initiative (EITI) and Tanzania Extractive Industries Initiative (TEITI)	<p>GoT demonstrated its commitment to increased transparency through joining the in December 2012. EITI principles are available in Annex 7.</p> <p>TEITI pursues improved transparency of the extractives sector through increased public access to comprehensive, timely and quality information on Government revenue; increased disclosure of revenue allocation and spending; Increased accountability leading to reduced actual and perceived corruption; and institutionalisation and sustainability of EITI in Tanzania. Commissioned a Scoping Study of including forestry sector in Revenue Disclosure through TEITI (please see section 1.6.2).</p>
Kilombero and Lower Rufiji Wetlands Ecosystem Management Project (KILORWEMP)	<p>Belgian Technical Cooperation (BTC) supports several community-based wildlife, wetland and beekeeping initiatives. KILORWEMP experiences in sustainable management of natural resources and improved local governance and coordination of environmental management systems will be valuable for the Programme; jointly with Kilombero Valley Teak Corporation has explored opportunities to develop a community oriented collaborative management scheme of an 8,000 ha block of KTVC forest. KILORWEMP has with NFBKP II reviewed miombo management and forest management planning standards.</p> <p>BTC has also generated relevant experiences to share from the Beekeeping Programme in Kigoma Region; a replicable mode of sustainable beekeeping development; processing, packaging and marketing of bee products, doing business with traders, developing improved harvesting and pre-processing methods.</p>
Empowering Communities through training on Participatory Forest Management, REDD+ and Climate Change Initiatives (ECOPRC)	A 5-year training programme (2012-2016) funded by NORAD; beneficiaries current and future students of FTI and village and community leaders responsible for PFM, REDD+ and climate change initiatives; lessons, experiences and pre-tested packages for training members of village environment committees (VEC) and Village Natural Resource Management Committees (VNRCs) and all resource persons at village level.

Interventions & Processes	Lessons, implications and partnership potential vis-à-vis the proposed Programme
Climate Change Impact and Adaptation Programme (CCIAM)	NORAD-supported research programme (2009-2015) with Sokoine University of Agriculture (SUA), University of Dar es Salaam (UDSM), Ardhi University (ARU), and Tanzania Meteorological Agency (TMA) and Norwegian University of Life Sciences (UMB). Some of the studies completed during CCIAM (e.g. on economic assessment of climate change impacts) offer relevant insights for the Programme.
National Climate Change Monitoring Centre (NCCMC)	NORAD in partnership with Sokoine University of Agriculture; establishment of a new centre; carbon data collation and sharing for national communication and Carbon House Gas (CHG) reporting; once operational, may be able to provide insights in the forest cover and quality change.
Mainstreaming sustainable forest management in the miombo woodlands of western Tanzania	UNDP (2012-2017); strives to improve sustainable use and management of natural resources derived from Miombo woodlands and to strengthen the skills and capacities for Community Based and Joint Forest Management; the lessons learned will contribute to improving the sustainability of Miombo woodlands; valuable lessons and experiences that would be applicable in Programme area (e.g. miombo regeneration and silvicultural regimes); also promotion of sustainable charcoal production
ICRAF programmes on value chain development	World Agroforestry Centre, ICRAF, has generated experiences and lessons from development of Non-Wood Forest Product value chains in Tanzania, including from identifying new Wood- and Non-Wood Based value chains; can be considered as a Service Provider / partner for e.g. provision of inputs in forest resource assessments and identifying new NWFP value chains

A number of civil society, private sector and other entities have also expertise and experience in working with the forestry sector and value chain development exist in Tanzania. They are all potential partners to the Programme. They are briefly described in Table 5 (and in Annex 7).

Relevant civil society, private sector and other entities for experience sharing and potential partnerships

Interventions, Processes & Partners	Lessons, implications and partnership potential vis-à-vis the proposed Programme
The Tanzania Forest Industries Federation, SHIVIMITA	All forest industry companies are members of SHIVIMITA; a useful potential partner for identification of medium-scale and larger wood processing facilities and in development of Wood-Based Value Chains; a platform for experience sharing
The Community Forest Conservation	MJUMITA is a partner and service provider of NFKBP II in forest governance related activities; a network of community groups involved in Participatory Forest Management (PFM) in Tanzania. The network provides a forum for capacity building,

Interventions, Processes & Partners	Lessons, implications and partnership potential vis-à-vis the proposed Programme
Network of Tanzania, MJUMITA	advocacy and communication for these groups. MJUMITA members include VNRCs and Environmental User Groups. MJUMITA's areas of expertise include capacity building, advocacy and communication for community groups involved in PFM.
Mpingo Conservation and Development Initiative, MCDI	MCDI works to conserve endangered forest habitats in East Africa by promoting sustainable and socially equitable harvesting of valuable timber stocks and other forest products. In particular it is involved in sustainable harvesting of the African Blackwood tree (Mpingo); has focus on timber and forest certification, combining REDD and CBFM, and benefit sharing with local communities; implements a FSC certificate for community managed natural forests with international market access for certified timber; both NFBKP II and LIMAS have used MCDI as a Service Provider in various forest planning and management assignments.
Tanzania Forest Conservation Group, TFCG	Focuses on conservation of natural forests; works through capacity building, advocacy, research, community development and protected area management, implements community development activities; implements the SDC-funded Transforming Tanzania's Charcoal Sector Project (please see table 4 above); promotes good governance and improved accountability in the forestry sector.
Tanzania Natural Resources Forum, TNRF	Works to address governance, policy and practice in the natural resources sector; areas of expertise include Community Based Natural Resource Management (CBNRM), Climate Change and Land based Investment.
WWF Tanzania	Experiences from interventions in landscape-scale conservation, forest management (e.g. coastal zone) and community forestry; also from renewable energy solutions. Cooperation with WWF Finland.
TRAFFIC	The wildlife trade monitoring network and leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development; has researched governance of timber trade in Tanzania and associated loss of revenues
Sokoine University of Agriculture (SUA)	Faculty of Forestry & Nature Conservation with highly qualified personnel in the PFM, REDD+ and climate change disciplines in Eastern, Central and Southern Africa. SUA specializes in teaching, conducting research, outreach and consultancy in Forestry, Forest Economics, Environmental Science and Agricultural related sciences. The consultancy and outreach activities relevant for PFM initiatives; undertaken by the consultancy unit FORCONSULT (also a Service Provider to NFBKP II).
The Institute for African Leadership (UONGOZI Institute)	Provides leadership programmes relevant to development and sustainable development, and intends to help bring about tangible benefits related to sustainable development in Tanzania and the rest of African countries. UONGOZI Institute; has implemented several events of the Decision Makers Forest Academy in

Interventions, Processes & Partners	Lessons, implications and partnership potential vis-à-vis the proposed Programme
	Tanzania.
Forest Industries Training Institute, Forestry Training Institute, Vocation Education Training Authority	In collaboration with PFP, FTI and FITI entry level developing an entry level worker level training (on-site / mobile courses) to address forest management, harvesting and wood processing for village-based forest owners and small harvesting and wood processing businesses (initial focus on plantation forestry): the concept – once fully developed and approved – is expected to be useful for training the village-level beneficiaries of the Programme
Kilombero Valley Teak Company (KVTC)	A private forest company managing 28,000 ha of land in the Kilombero and Ulanga Districts of the Morogoro Region in Tanzania; operates an outgrower scheme with local villages and farmers and runs a sawmill in Ulanga; is interested in engaging in participatory forest management and has explored opportunities for creating a community-based forest management undertaking on KVTC's natural woodland areas.
Eastern Arc Mountains Conservation Endowment Fund (EAMCEF)	Supports management of the Eastern Arc Mountains in Tanzania; invests in sustainable community development among other topics; some scope for collaboration under EAMCEF Community Based Conservation and Development Project portfolio (aims at improvement of rural livelihoods of forest adjacent communities)
Tanzania Forest Fund (TaFF)	Provides a long term reliable and sustainable funding support to conservation and forest resources in Tanzania; some scope for collaboration, for example for forest dependent communities to raise additional funding for proper forest land management
Forest Development Trust, FDT	Works to increase the supply of wood products and energy from sustainable sources with benefits to the participating smallholder; among other things seeks to enhance smallholder employment and increase smallholder net income

ANNEX 10 STUDIES AND LESSONS LEARNED

In this chapter, some key studies and relevant lessons learned with respect to revenue collection in forestry sector, REDD+ issues, economic profitability of VLFRs, sustainable charcoal production, Participatory Forest Management and biomass energy are discussed. These studies have influenced the Programme result chain and proposed activities (please see Sections 3 and 4).

The **Scoping Study of including forestry sector in Revenue Disclosure through TEITI** (Green Advocates 2013) was conducted in order to boost revenue collection from forests and woodlands for strengthening the financial sustainability of FBD and the proposed successor of TFS (proposed Tanzanian Forest Authority). The study identified weaknesses in collection, transfer of funds and records kept at the Headquarters and districts. There has been an upward trend in forest-based revenue collection over the last four years. The restructuring of the forestry administration has led to improved revenue collection. Revenues have increased by 40%, reaching TSh 70 billion by 2014. The actual royalty rates are however still determined administratively, not based on market values. Even if royalty rates have been updated, models for their determination have not been developed to date. There is an obvious need for royalty rates to reflect economic value, which would enable efficient markets and maximize revenue to all stakeholders including forest managers. The national forest policy of 1998 already stipulates that the pricing of forest products and services will be based on economic and market value. The revenue study proposed a number of measures, which could be used as an input for financing and improving revenue collection mechanisms.

The Study came with the following key recommendations: (i) Incorporate forestry into EITI implementation in Tanzania, with a view to increasing revenues to the government, improving the governance of the sector, and enhancing sustainability, (ii) Produce an EITI report that starts with payments made by major companies in the sector. Small players should be incorporated into EITI reporting in later stages, (iii) Expand the current TEITI Multi-stakeholder Group to include TFS, one company and one civil society organization from the forestry sector, (iv) Build the capacity of TFS in data management and storage, (v) Enhance the coordination of government agencies responsible for revenue collection from the forestry sector. EITI principles and TEITI recommendations have influenced Programme design, particularly proposed Outcomes 1 and 2.

REDD+ Lessons Learned Assignment, Tanzania. The Government of Norway has invested on Reducing Emission from Deforestation and Forest Degradation including climate change. There are some lessons learned in the implementation of seven REDD+ pilot projects in Tanzania between 2009 and 2014¹⁵. The Projects, implemented by Tanzanian and international NGOs were designed to test local approaches to implementing REDD+ across a range of different social, institutional, tenure and ecological conditions. Funding was provided by the Government of Norway through the Royal Norwegian Embassy. Although the focus has been on REDD+, much of the lessons and recommendations are valid in the broader context of PFM and forest governance.

Participatory forest management (which in turn emphasises the creation of local incentives for sustainable forest management), community based fire management and conservation agriculture appear to be the

¹⁵ Lessons learned from the implementation of REDD+ Pilot Projects in Tanzania. Final Report August 2015. NIRAS Finland; URT & NRE 2015 Policy Briefs 1-7, all available at http://www.norway.go.tz/News_and_events/Climate-Change/Norway-and-Tanzania-with-important-contribution-to-reduce-emissions-from-deforestation/

most effective approaches in addressing deforestation drivers in the Tanzanian context. Clarifying, formalising and strengthening communal as well as individual land tenure was a major focus of a number of pilot projects and often seen as a precondition for addressing many deforestation drivers. This support resulted in important non-carbon benefits (co-benefits) that in many cases were seen locally as of greater value than other benefits generated by the project.

Externally defined objectives of reducing carbon emissions (which calls for large areas of forest to be protected) may however conflict with local demands for expanding agricultural production due to growing demands for land and such trade-offs need to be negotiated in a participatory and inclusive manner. Land use planning should be done on larger jurisdictional or landscape levels to create synergies and economies of scale and to minimize leakage. Working with isolated villages should be avoided. Leakage from one village to others is common when the local by-laws restrict certain uses and the inhabitants of one village move their activity to other villages where such restrictions are not in place, or not enforced. Demands under REDD+ for “permanence” is providing impetus for the extension of JFM agreements up to 30 years in duration, which provides increased tenure security for local communities. Upscaling joint forest management agreements and other collaborative arrangements to share benefits that favour local communities can improve the management of government Forest Reserves. Fragmented, dispersed and relatively small sites managed under PFM require aggregating entities to be able to present larger volumes of carbon to the international voluntary carbon market.

Although the Tanzanian governance framework requires participation of local people before a project can proceed, this is not necessarily applied through a quality, participatory process that ultimately produces consent or no consent. Village and community natural resource management institutions can improve governance processes and outcomes when introduced in a participatory and transparent manner. Conducting free prior and informed consent (FPIC) increases the influence of community members in decisions related to their own environment and livelihoods. It stimulates and incentivises more conscious practice and facilitation of quality participation and community decision making to achieve consent for REDD+ interventions. Obtaining consent within the context of a REDD+ pilot project generated important benefits including changing project designs to be more responsive to local needs, but this also resulted in delays and additional up-front costs.

Tanzanian REDD+ pilot projects have experimented with a range of local-level benefit sharing arrangements, both in the way benefits are disbursed, but also in the way in which benefits are calculated and shared. Benefit sharing systems work best when the final recipients design them and opportunities for elite capture are minimised. Communities can and do make sensible decisions on how revenues should be shared and used. Local level benefit sharing arrangements work best when those being paid (rural communities responsible for management of natural resources) have the right to choose how benefits are received and used. Making direct financial transfers to the individuals and households as well as paying for actual measured reduction of emissions as early as possible increases effectiveness and efficiency of REDD+.

REDD+ pilots have experimented with a variety of approaches to Monitoring, Reporting and Verification (MRV), most of them combining highly technical, remote sensing (RS) approaches with community based forest carbon monitoring models. Tanzanian REDD+ pilots demonstrated that communities are capable of undertaking complex and technically demanding MRV tasks provided that sufficient training and incentives are applied. Piloting of participatory forest carbon monitoring has been successful but lack of national

standards for MRV, rapid development of information communication technology (ICT) and remote sensing technology, as well as heavy reliance on external expertise have created heavy demands on NGOs implementing pilot projects.

With respect to gender equality, key strategies and actions proposed consist of undertaking gender analysis and assessment before starting project activities, ensuring both women's and men's views are included in management plans and decision-making and building capacity on gender needs at two levels, both within implementing organisations (whether from government, private sector or NGOs) and within the target groups – including both men and women. Beneficiaries (and particularly women, who are often excluded) need to be aware of their rights and responsibilities (under national law) with regard to participation, decision-making, natural resource management, tenure and governance.

Largely, technical challenges associated with developing validated and verified Project Design Documents were grossly under-estimated by project implementers, and as a result, the process has taken significantly more time, funding and capacity than originally anticipated. Falling prices coupled with limited demand in the global carbon market threaten the viability and sustainability of project-based approaches. With respect to benefit sharing, the low price of carbon and the lack of clear and committed financing undermine the profitability and upscaling of REDD+ as well as its investment potential. Given the low levels of forest carbon across much of Tanzania and low prices of carbon internationally, total revenue generated from carbon sales will probably be rather low. Therefore, other forestry income streams should be developed to benefit rural communities for their efforts.

A Danida funded research programme on **Participatory forest management (PFM) for rural livelihoods, forest conservation and good governance in Tanzania**^{16,17} investigated whether and to which degree the concept of participatory forest management (PFM) in Tanzania has delivered on its triple objective; (i) forest conservation, (ii) improved rural livelihoods and (iii) good forest governance. The results show that forests under PFM are in general harvested below or at their production capacities, but only where local communities are capable of controlling outsiders' access to their forest. Most PFM forests are too small to satisfy even local demands for wood products, should they become the only source of wood available. As sources of cash and subsistence products, PFM forests contribute significantly to rural livelihoods and in some cases to village government coffers. Yet, while the poorest are significantly more dependent than the more well off households are on forest income, it is the more well off households who extract the highest absolute values from forests. These inequitable socio-economic effects of PFM appear rooted in the locally devised PFM rules that the more well off households have influenced to their advantage. The project sends three overall policy messages: 1. PFM can work to conserve forests when local people can effectively control outsiders, 2. The area of PFM in Tanzania should be enhanced significantly to reduce deforestation, and 3. More equitable local-level distribution of benefits from PFM seems to require top-down promotion of minority rights and interests at village-level. The following constitute the key recommendations of the research project: 1. The Government of Tanzania and donors should continue and enhance support to the PFM Programme because, once established, PFM forests do not require high maintenance costs to

¹⁶ Danida 2015 Danida Research Portal. Participatory forest management (PFM) for rural livelihoods, forest conservation and good governance in Tanzania <http://drp.dfcentre.com/category/project-type/larger-strategic-projects-enreca-prior-2008> accessed on 9 September 2015

¹⁷ Treue T et al 2015 Does Participatory forest management promote sustainable and equitable forest management in Tanzania? Policy Brief 2005-07-11

continue delivering benefits to society on a sustainable basis. 2. Environmental income should be part of official national statistics and 3. Elite capture in PFM should be addressed through information and education such that the poor may enhance their share of forest income through democratic processes.

There are various **studies** available discussing **economic aspects of legal timber trade** in the VLFRs in Tanzania. There are only three known cases to date (September 2015) of these trades. Those are SULEDO forest community in Kiteto district, villages in Kilwa district supported by Mpingo Development and Conservation Initiative and Angai forest villages in Lindi. All three cases provide supporting evidence that there is significant economic potential in the sustainably managed VLFRs. The projected income levels meet and surpass the costs of forest management planning and VLFR governance capacity development approximately in 2-4 years (depending on the area of the forest).

The **SULEDO Forest Community** was an Equator Prize Winner in 2012. According to the **Equator Initiative Case Study**¹⁸ and **managing our Forest – Experiences from the SULEDO Forest Reserve** (undated) the community is made up of ten rural villages, with a total population of 30,000 people. The villages are located in the Kiteto district. The villages are relatively large, ranging in size from 8,700 ha to over 52,000 ha, with an average size of 30,000 ha. The size of the Suledo forest is 167,000 ha and it consists of miombo woodland. From 1997, the Suledo Forest has been under the management of the Suledo Forest Community, which operates as a network of autonomous community-based organizations, representing the interests of each of the villages. The community has for a number of years been supported by Swedish development cooperation (SIDA). The forest was given the status of VLFR in 2007. The most promising prospective source of income for the community is through the selective logging of valuable hardwood species from the forest. Plans to produce charcoal from the remnants of harvested trees also represent a potential source of income generation and employment from the forest. Potential annual revenue from timber in Suledo is USD 213,000 (USD 23,700 per village, figures from a study conducted in 2010).

Mpingo Conservation and Development Initiative (founded in 2004¹⁹) support seven rural communities in **Kilwa** district to secure legal tenure over their forest resources. Five of these villages have begun generating forest-based income by selling sustainably harvested timber (produced under FSC certification). Overall, communities in Kilwa district have earned more than USD 100,000 from timber sales during 2009-mid-2014. Four of the supported villages earned USD 56,012 from certified timber sales (FSC group certification scheme) in 2013-2014 (up 60% from the previous year). The communities involved in the scheme also have potential for diversifying the species that are being commercially harvested. They have stocks of non-blackwood timber species sufficient to generate more than USD 600,000 in sales each year.

Studies made by LIMAS in Angai forest^{20,21} indicate that sustainable utilization of the forest resource in form of trade in timber provides an opportunity to become one of the key income generating activities management in the Angai villages. Timber trade based income opportunities were assessed in 2014 based on harvesting quota information and using GoT royalty rates as stumpage price. The harvest revenue

¹⁸ UNDP 2012 Suledo Forest Community, Tanzania. Equator Initiative Case Study Series, New York, NY.

¹⁹ MCDI 2015 Annual Report 2013-2014

²⁰ NIRAS 2014 Income generating opportunities through timber trade in Angai, Powerpoint presentation, 30 September 2014

²¹ NIRAS 2014 LIMAS – Lindi and Mtwara Agribusiness Support. Timber Trade and Harvesting in Village Land Forest Reserves in Angai, Final Report. March 2014

potential in the six studied villages alone was estimated to be up to EUR 340,000 annually (approx. EUR 56,700 per village), see table 6 below).

Income opportunities from harvesting timber in Angai villages (source: NIRAS 2014)

Village	Population	VLFR area, ha	Estimated sales volume (m ³)		Estimated income, TSh		Estimated income, EUR	
			5 years	per year	Total 5 years	Per year	5 years	Per year
Mtawatawa	906	12 391	2 792	790	808 722 585	161 744 517	402 350	80 470
Kitogoro	1 105	8 275	847	169	173 536 434	34 707 287	86 337	17 267
Litou	863	1 808	680	136	139 314 710	27 862 942	69 311	13 862
Kiangara	1 435	641	64	13	13 186 247	2 367 249	6 560	1 312
Nahoro	1 224	21 933	8 713	1 743	1 784 332 931	356 866 586	887 728	177 546
Mtungunyu	788	19 037	2 421	484	495 762 515	99 152 503	246 648	49 330
Total	6 321	64 085	15 517	3 335	3 414 855 422	682 701 084	1 698 934	339 787

EUEI PDF-funded Biomass Energy Strategy (BEST 2014) concluded that forestry biomass energy demand is unsustainable in Tanzania. Demand for wood energy has led to increasingly negative environmental, agricultural and other local and macro-impacts. Unsustainable biomass energy demand is accelerating year-on-year because of the low priority that is accorded to biomass energy by almost all key government agencies. Also there are perceptions that biomass energy is an inferior source of energy, which make it synonymous with under-development. There is a lack of a national policy framework for biomass energy and poor public awareness of biomass energy efficiency issues and options. Governance of commercial biomass energy production and trade is complicated, often contradictory and poorly-regulated. There is also a lack of replicable examples of, or models for sustainable charcoal. Also, there are no mainstream commercially competitive biomass alternatives to charcoal and fuel wood.

Two recent studies discuss the potential and issues related to sustainable charcoal production and markets extensively. The **Transforming Tanzania's Charcoal Sector - Life Cycle Assessment Component**²² provides a life cycle analysis of the charcoal value chain (forest management, charcoal production, transport, retail and distribution, consumption and end-of-life). The report concludes the charcoal value chain shows high

²² Gmünder S, Zah R, Rainhard J & Charron-Doucet F 2014 Transforming Tanzania's Charcoal Sector. Life Cycle Assessment Component Prepared for: SDC, Prepared by: Quantis, February 10, 2014

variations and a huge optimization potential in terms of resource efficiency and climate change. The GWP of charcoal is highly dependent on the conversion efficiencies, the land management regime that is in place and on the assumptions related to the impact modelling. Using biomass for charcoal production does not lead to permanent deforestation, even though the carbon stocks are temporarily decreased. Conversion of forestland to agricultural land should be avoided in all circumstances. Eco-efficient stoves and improved kilns are also a prerequisite for sustainable charcoal production. The study showed that from a resource and climate perspective there is substantial potential to optimize the current charcoal value chain. To obtain a complete view of sustainability, the results of the LCA study should be interpreted together with other assessments focusing on the social and economic dimensions.

The report on **Market Research for Sustainably-Produced Charcoal**²³ found out that charcoal has no “brand loyalty” – customers easily and often change suppliers. In urban charcoal markets, there is no shortage of supply or suppliers. A “new” charcoal, one sold on being sourced “sustainably” will start with no brand loyalty, regardless how it is packaged, certified and branded. Loyalty is built over time where expectations of quality and quantity are met, where trust on supply is developed. A process occurs over time and requires “patient capital”. The number of producers has increased significantly as the opportunities to earn cash revenues from production have increased with Tanzania’s rapid urbanisation. In addition, the number of small players in transport and sales has also increased significantly over the past five years. The findings support the TFC model of sustainable charcoal and its principles. The key principles for sustainable charcoal are: i) it must be sustainable: ecologically and socially, ii) charcoal should be produced and traded legally (formal business); iii) the value chain should be commercially viable and pro-poor; and iv) the system / mechanism should be scalable. To make the charcoal sector more sustainable, it is necessary to try out innovative models that support these principles. Sustainable charcoal can contribute to climate change adaptation and mitigation. Further, sustainable charcoal production can provide an incentive for community-based forest management and generate sufficient benefits for a community to select forest relative to other land uses. A way forward would be to encourage local, small-scale transporters to purchase from sustainable charcoal producers and sell directly to urban retailers, eliminating as many “middle men”.

²³ Camco Clean Energy (Tanzania) Limited 2013 Final Report Market Research for Sustainably-Produced Charcoal. Commissioned by TFCG

Through Programme, technical assistance the wood harvesting and processing recovery rates will be also be improved by using waste reducing methodologies and value added improved in primary and secondary wood processing. The access to timber markets will be improved through development of long-term procurement contracts between wood producers and processing industries. The Programme, in collaboration with other actors, will explore and develop markets for lesser-known timber species that currently have limited demand. Opportunities for expansion of FSC-certification in VLFRs will also be explored. The opportunities for women's participation in various elements of timber value chain will be enhanced.

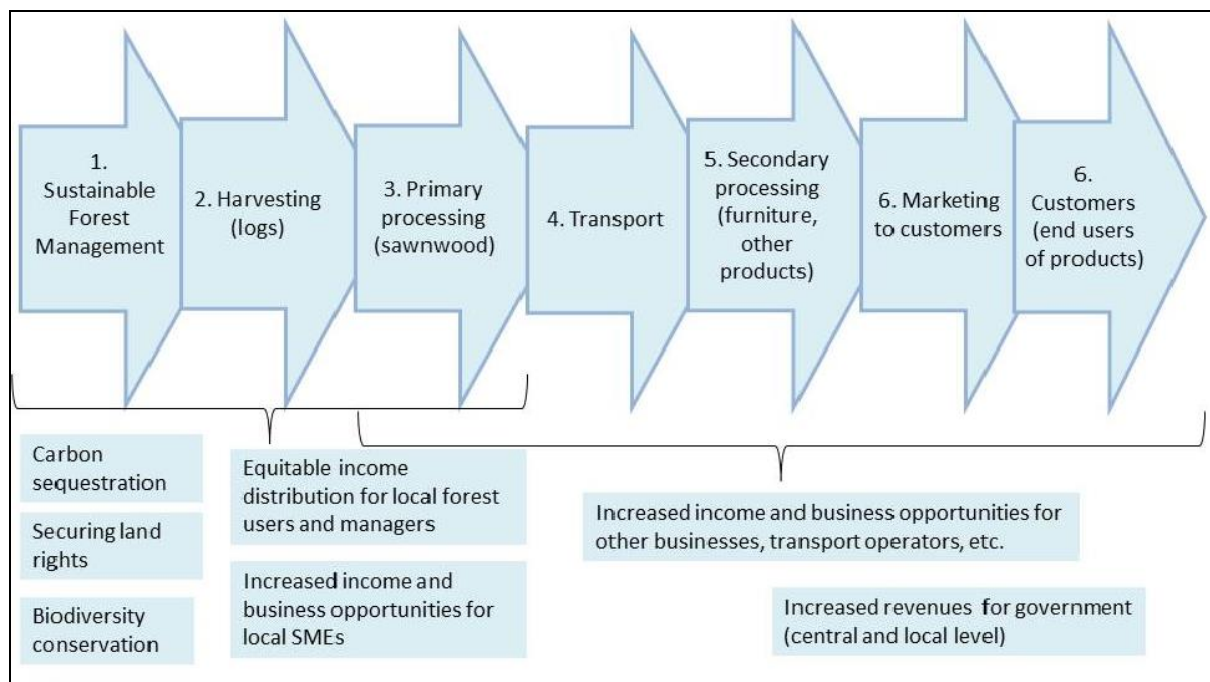


Figure 1 Timber value chain (modified from Private Forestry Programme – Panda Miti Kibiashara, Project Document, revised version of June 2015)

The link to the value addition in the value chain will be strengthened by providing business management support to individual firms and trader associations. The support will focus on capacity building (in administration, accounts and financial management, customer care). The target groups consist of e.g. timber traders, charcoal and honey traders and other input and commodity traders. When appropriate, mentoring services will be also offered to promising firms to assist them secure credit and improved banking services. Innovative mobile phone applications for producing local information on log and timber prices on local and regional markets will be piloted and scaled-up as feasible, in collaboration with other programmes such as Private Forestry Programme. Another application of both local and national importance is for reporting illegal logging, forest fires and wildlife poaching.

Viable Charcoal Value Chain (**Output 2.4**) will be further developed by using the modified SDC/TFCG sustainable charcoal harvesting model (see Figure 2). The emphasis of the Programme will be supporting steps 1 to 4 of the value chain initially.

In many areas, the charcoal production to date has led to degradation and forest deforestation with main benefits going to intermediaries and final consumers. Charcoal production has the potential to deliver

benefits to immediate producers and provide employment while contributing to conservation of forest resources. Charcoal production is widely considered as pro-poor and can constitute a significant driver of economic growth in CBFM villages. The demand for charcoal is anticipated to continue increase particularly in peri-urban and urban areas. The SDC/TFCG sustainable charcoal harvesting model has not yet been replicated or tested elsewhere. In collaboration with SDC the Programme will provide added value in improving the charcoal production efficiency and value chain in other districts. A key aspect is to enable the communities to collect income from charcoal production and ensuring that all stakeholders along the value chain understand and respect the permits issued by the communities. It is expected that the amount of royalties on charcoal collected by Districts and TFS will also increase in the process. TFCG has also developed methodology and prepared a district harvesting plan for Kilosa.

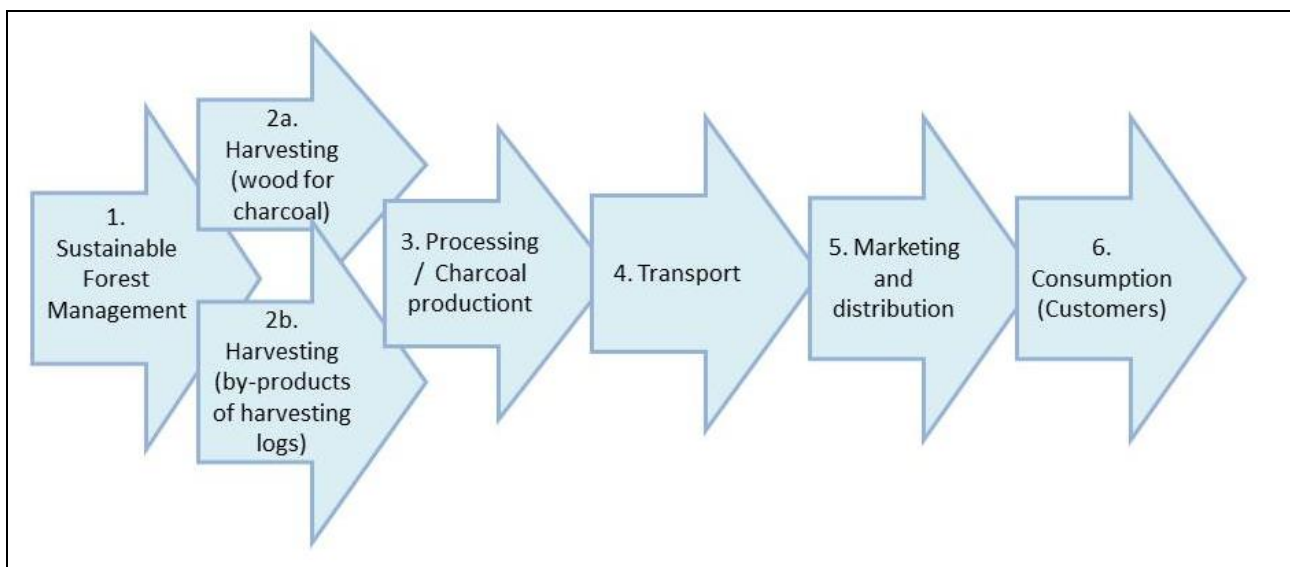


Figure 2 Sustainable Charcoal Value Chain (Modified from Gmünder et al 2014)

The Programme aims at adoption, validation and further development of the SDC/TFCG value chain approach through a variety of actions. The link between VNRCs and charcoal traders will be enhanced to remove existing market limitations. The Programme will ensure the sustainability of forest management by introducing management regimes, which do not result in deforestation and forest degradation and are viable in the local socio-economic context. This will entail prevention of disturbances and introduction of protective measures for harvested forest compartments until the next forest generation has been established. Appropriate measures to control leakage will be introduced to prevent unsustainable charcoal production within and outside VLFRs. The institutional frameworks of the value chain will be strengthened through improved coordination, product processing and volume and horizontal interaction among VNRCs. Equitable benefit sharing mechanism will be safeguarded by bearing in mind all target groups including the vulnerable, women and youth. The key steps in the establishing the Sustainable Charcoal Production value chains into a community are presented in Table 8.

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