

**Independent Monitor of Forest Law Enforcement and Governance in  
Tanzania**

**REPORT OF THE INDEPENDENT MONITOR**

**No. 001 / 2009**

**Joint mission FSU – IM-FLEG**

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**Type:** Regional spot-check mission

**Location:** FSU South Region (Lindi, Mtwara, Coast regions)

**Dates:** 7<sup>th</sup> March 2009 – 11<sup>th</sup> March 2009

**Team Members:** IM-FLEG:  
*Sam Lawson, REM*  
*Kahana Lukumbuzya, HTSPE*

FBD:  
*Mr Matiko, FBD Forest Surveillance Unit Headquarters*

THIS IS A TEST REPORT CONDUCTED AS PART OF A SCOPING AND DESIGN EXERCISE FOR A FUTURE POTENTIAL INDEPENDENT MONITORING PROJECT IN TANZANIA. THE REPORT DOES HOWEVER REFLECT THE FINDINGS OF A REAL MISSION THAT TOOK PLACE ON THE DATES SPECIFIED. THE REPORT HAS BEEN SUBSEQUENTLY REVIEWED BY FBD AND ACTION IS ANTICIPATED BASED ON ITS FINDINGS

## **A: Background to the Mission**

### **1. Background to the Mission**

#### **1.1 Background**

The mission was carried out in order to garner a brief sense of the current extent and nature of illegal logging in Southern Tanzania, to feed into the potential design of an official IFM for Tanzania and to test possible working arrangements with FSU personnel and DFOs in the field, including information sharing and collaboration with a possible Independent Observer.

### **2. Context of the Mission**

#### **2.1 Composition of mission team**

The core mission team was composed of two individuals from the independent monitor – Sam Lawson of REM and Kahana Lukumbuzya of HTSPE – plus one individual from the headquarters of the Forest Surveillance Unit in Dar Es Salaam – Mr Matiko. Officials from the Lindi FSU office also accompanied the team during some surveillance visits.

#### **2.2 Equipment Used**

The core team used a vehicle provided by the IFM, while Lindi FSU staff accompanied the team for part of the mission in the FSU's own 4WD. Camera equipment used for documentary purposes was supplied by the IFM.

### **3. Mission Objectives**

The objective of the mission was to explore possible illegal forestry activity in the region in question about which some allegations had been received, with a particular focus on:

- illegal imports from Mozambique and/or laundering of illegal domestic timber as Mozambiquan in origin
- illegal exports to Zanzibar
- activities of a new agricultural plantation involved in forest clearance

The team also sought to compare the volume of legal harvesting in the region with the amounts of timber in transit towards Dar Es Salaam. In the past, large discrepancies between the two have been an indicator of widespread illegal logging.

The mission was a short spot-check mission and did not seek to cover the whole region and all potential forms of illegality.

### **4. Calendar & Itinerary**

The mission was conducted over 5 days between Saturday 7<sup>th</sup> March and Wednesday 11<sup>th</sup> March 2009. The itinerary was as follows:

**7<sup>th</sup> March:**      Transfer Dar – Mtwara (flight)  
                         Meeting DFO Mtwara, RNRO Mtwara  
                         Visit to Mtwara port, inspection of Mozambiquan timber

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- 8<sup>th</sup> March:** Transfer Lindi – Mtambaswala (Mozambique border)  
Inspection of log truck near Masasi  
Visit to Mtambaswala private timber storage depot  
Transfer Mtambaswala - Masasi
- 9<sup>th</sup> March** Transfer Masasi – Lindi  
Meeting Lindi RNRA  
Meeting Lindi FSU; review of paperwork  
Transfer Lindi - Kilwa  
Meeting Kilwa FBD staff
- 10<sup>th</sup> March** Visit to Migeregere village CBFM  
Meeting Kilwa DFO  
Meeting local NGOs
- 11<sup>th</sup> March** Transfer Kilwa – Dar (by road)  
Visit to Bioshape plantation & sawmill, Mavuji  
Visit to Ikwiriri FBD checkpoint  
Visit to Alvasis Sawmill, Ikwiriri  
Visit to Kibiti FBD checkpoint  
Meeting with Rufiji DFO

### **5. People Encountered**

Mtwara RNRO  
Mtwara DFO  
Mtambaswala timber storage provider (businessman)  
Lindi RNRO  
Lindi FSU staff  
Kilwa DFO  
Mpingo Conservation Project staff, Kilwa  
Migeregere village CBFM committee members  
Manager, Bioshape sawmill  
Ikwiriri FBD checkpoint staff  
Manager, Alvasis Sawmill, Ikwiriri  
Rufiji DFO  
Kibiti FBD checkpoint staff

### **6. Difficulties Encountered**

The team encountered some difficulties as a result of the Tuesday (10<sup>th</sup> March) being a national public holiday. However, despite this being a public holiday and despite two other field days occurring during a weekend, the FBD staff the team encountered were very co-operative with the mission and willing to work outside of normal hours in order to assist it, as were the Mpingo conservation project staff and Migeregere village CBFM committee. Road conditions were generally good.

## **B: Mission Findings**

### **1. General Observations**

- Both legal and illegal harvesting appear to have reduced considerably in S Tanzania in recent years, due to a combination of revised harvesting rules, increased royalty rates, increased enforcement, reduced timber availability, and the shift to use of timber from neighbouring Mozambique. Illegal logging does continue to occur on a significant scale, however; this includes illegal exports of timber and charcoal to Zanzibar, and the possible large-scale laundering of illegal timber as legally obtained in Mozambique; much more extensive analysis is needed to get a true picture of the current scale and nature of illegal harvesting and trade in wood products in this region in Tanzania.

- The implementation of the FSU, the revision of harvest licensing methods and royalties, and the implementation of new checkpoint procedures do appear to have brought renewed control to the forest sector since 2005/6; however, procedures for controlling legal harvesting, imports and transport remain weak and open to abuse, while the FSU is suffering from both reduced funding and a tendency to be distracted by becoming involved in day-to-day licensing of legal timber. In addition, regulations are often impossible to implement by local FBD officials given resource constraints. Officials are adapting procedures to match this reality, and this is creating regulatory confusion which facilitates illegal harvesting & trade. Procedures need to be revised and/or resources increased, so that local FBD officials can do their jobs without short cuts and so that the FSU staff time can be freed up to focus on enforcement.

- Reductions in normal legal harvesting of timber mean that an increasing proportion of timber in trade in Tanzania in future may originate from clearance for plantation crops. The Bioshape jatropa plantation in Southern Tanzania already has the largest and busiest sawmill in the region, and may soon come to dominate production & exports of timber from the area. There is a risk that weak control mechanisms may allow bad practice to become the norm with such licenses, or illegal timber from elsewhere to be laundered into such large new sources of supply. It is therefore essential that any system of monitoring of enforcement and governance encompasses such clearance logging, including the allocation of permits.

- At present little or no co-ordinated use is made of high-level intelligence and analysis in targeting enforcement. A great deal of intelligence about illegal harvesting & trade in wood products could be garnered from detailed reconciliation and analysis of existing records collected by officials at different points in the trade chain; such analysis could provide a very powerful tool with which to identify patterns of illegality, major cases of illegal harvesting or trading, identify corrupt officials and target additional investigations into certain companies, locations or individual officials. If such analysis is to occur, FBD need to improve processes for reporting of information by field officials, including those outside of the FBD, and ensure such procedures are enforced.

### **2. Summary of information on harvesting & trade volumes from Southern Tanzania**

Initial information obtained during the field mission allows the main trade flows for timber in Southern Tanzania to be roughly mapped. This suggests that the volume of timber being harvested across the border in Mozambique and imported into Tanzania as rough-sawn wood exceeds the total volume of timber being harvested within the region – though as explained in the section on Mozambique imports, there is reason to believe that some of the timber recorded as originating in Mozambique in this analysis may be illegal domestic wood which is being laundered. The volumes recorded here are tiny relative to those estimated by the TRAFFIC report, which reckoned that around half a million cubic metres of timber was being cut in Southern Tanzania during the peak of the logging boom. Though the figures collected here are only very rough estimates, and do not include

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timber consumed domestically, they nevertheless strongly suggest that both legal and illegal logging in S Tanzania has decreased dramatically in the last few years. On the other hand, the figures also suggest that domestic timber in trade may still exceed total licensed harvesting by a significant degree.

The data in the table below are drawn from figures for shipments passing Kibiti checkpoint near Dar es Salaam, and for those arriving at the main port in Zanzibar. Though it is possible that additional volumes are being traded without being recorded at these checkpoints, the figures for Zanzibar are supported by estimates from the FSU, while observation of checkpoints just south of Kibiti by REM/HTSPE field researchers suggest that relatively little timber passes the checkpoint unrecorded (unlike in 2001, when 85 per cent of sawntimber passing the checkpoint was going unrecorded).

*Table 1: Estimated volumes of timber in transit in S Tanzania*

Source	Form	Destination	Estimated Annual Volume	Estimated Annual Volume RWE
Mozambique	Sawntimber	Dar es Salaam	12,000 m <sup>3</sup>	38,000 m <sup>3</sup> / yr
Tanzania	Logs	Dar es Salaam	3000 m <sup>3</sup>	3,000 m <sup>3</sup> / yr
Tanzania	Sawntimber	Dar es Salaam	1800 m <sup>3</sup>	5,000 m <sup>3</sup> / yr
Tanzania	Sawntimber	Zanzibar	1400 m <sup>3</sup>	4,000 m <sup>3</sup> / yr

Source: shipments to Dar - Extrapolations and analysis of Kibiti checkpoint sample data for October 2008 and February 2009; shipments to Zanzibar – Zanzibar official data and FSU estimates; RWE calculated based on average volume rate of 42.5 pieces per cubic metre and pit-sawn timber recovery rate of 35%

*Table 2: Official records of timber passing Kibiti checkpoint on route to Dar es Salaam, 2001 & 2008*

	2001	2008	% change
Log	435 m <sup>3</sup> / mth	280 m <sup>3</sup> / mth	-35%
Sawn	520 m <sup>3</sup> / mth	160 m <sup>3</sup> / mth	-70%
<b>TOTAL</b>	<b>955 m<sup>3</sup> / mth</b>	<b>440 m<sup>3</sup> / mth</b>	<b>-54%</b>

Source: TRAFFIC, 2007 (2001 data); 2 month sample of checkpoint data obtained by REM/HTSPE, 2009 (2008 data)  
NB: Research in 2001 found actual volumes of sawntimber passing were approximately 7x that officially recorded; though no equivalent research was conducted for 2008, general observations suggest it is unlikely that a discrepancy of this scale continues.

Information obtained from district forest officials in three districts in Southern Tanzania showed that the volume of timber for which licenses are currently being issued by district harvesting committees (DHCs) is much lower than under the previous system of licensing in place during the logging peak. The low level of licensed harvesting did not reflect circumspection on the part of the authorities but the lack of interest by traders, whom the DFOs believe have been put off by the large increases in royalty rates. In some cases harvesting committee meetings had been cancelled because they had no applications to consider.

Where licenses were issued, committee decisions did not appear to be based on a sophisticated analysis of the forest resource but often followed simple and potentially flawed rules of thumb such as a decision only to issue a certain number of licenses per quarter, or to allow cutting in one large area but not another because it is generally considered to be better-stocked. On the whole, the field research suggests that the reduction in volumes of legal harvesting in Southern Tanzania cannot be taken as proof of the DHC licensing system's capacity to manage forest resources sustainably – if royalties fell or timber prices rose it is quite possible that licensed harvest volumes would increase dramatically in response and quickly reach an unsustainable level.

*Table 3: Partial data collected by Mission on Licensed harvesting in S Tanzania*

District	Information	Estimated Annual Licensed Harvest
Mtwara	3 registered dealers, one in Masasi, one in Nanyumbe; issue each permits of 20m <sup>3</sup> per month (100% local use)	750 m <sup>3</sup> / yr
Kilwa	15-20 timber-related harvest applications per quarter, issue each	4,800 m <sup>3</sup> / yr

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	average of 60m <sup>3</sup> each time (65% to Dar, 35% local use)	
Rufiji	DHC met 4 times, of those licensed to harvest only 2 have done so so far, both big companies; usually issue licenses of 50m <sup>3</sup> per company per quarterly meeting, total of 150m <sup>3</sup> per quarter	600 m <sup>3</sup> /yr
<b>TOTAL</b>		<b>6,150 m<sup>3</sup> / yr</b>

Source: Interviews with Mtwara, Kilwa and Rufiji DFOs; no information collected for other districts

NB: Compares with a total of around 21,000m<sup>3</sup> of licensed production in all of S Tanzania in 2003

There are many questions outstanding relating to the administration of licences, for example:

Were details of each of the licenses retained, if so by whom and were they available for inspection? (Note that the only public record for this data is from the 2003 TRAFFIC report.)

Is the license information supposed to be transmitted to the central ministry? If so was this done?

Were all those receiving a license qualified to do so if there is a requirement?

Are there categories of license? How many in each category?

Were there any contentious issues in the allocations of licenses?

If there are already procedures for these processes then a checklist of questions available to the FSU would enable clear follow-up of the system to prevent abuse and potential over cutting, it may also improve revenue collection. Where systems are not in place, creating them should be considered.

### 3. FSU Lindi – Status and Performance

The FSU South ‘zone’ team, based in Lindi, were one of the first FSU units to become operational, in January 2006. Since then the team have seized more than 26,000 pieces of illegal timber. Seizures have steadily fallen year on year (see graph), though this may not represent an actual reduction in illegal logging and transport of timber: other factors mentioned by the FSU are the team’s significantly reduced budget, the increasing sophistication of evasion techniques being exhibited by the illegal loggers and traders, and the shift of logging to Mozambique. FSU South have collected an average of around \$25,000 in revenues per year, but the operational budget is now less than \$6000 per year, down from around \$100,000 per year when the unit was first formed (though it also covered a larger area to begin with). While the nine-person team do have vehicles, they have limited funds for field operations and no permanent office. They are currently working from a borrowed space which is cramped and inadequate. The teams findings for FSU South are supported by independent research, which suggested that as of late 2007 FSU was receiving only about 40% of the funding it needs to carry out effective surveillance operations.<sup>1</sup>

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<sup>1</sup> Indufor, *Study on Non-Tax Revenue Collected from Forests in Tanzania*, Oct 2007



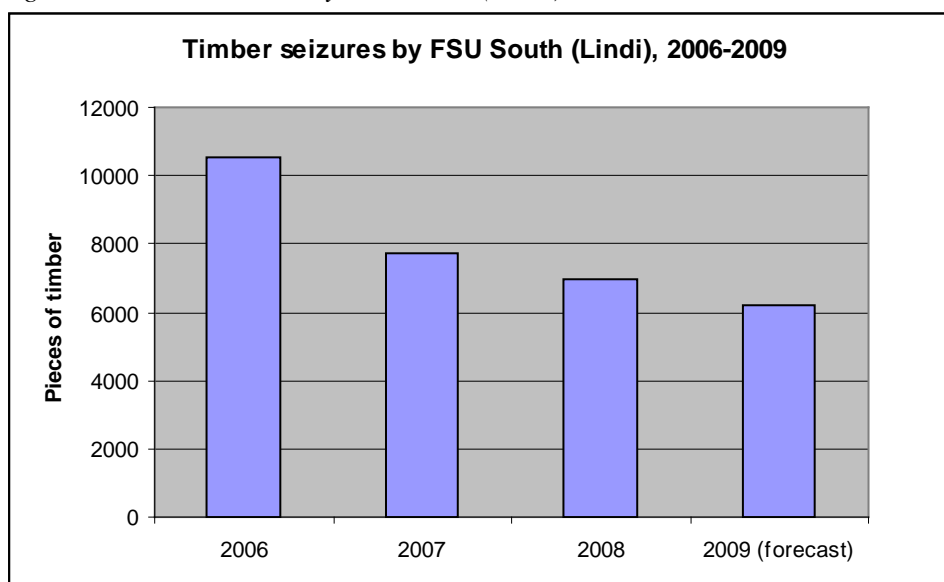
Figure 1: Lindi FSU Office, 9<sup>th</sup> March 2009

Table 4: Revenues collected by FSU South

	Total since Jan 2006	Average Annual \$
Auctioning of seized timber	78 mill Tsh	\$18,300
Fines issued	0.9 mill Tsh	\$215
Duties, compounding fees and registration fees for excess timber	26 mill Tsh	\$6,250
<b>TOTAL</b>		<b>\$24,765</b>

Source: Figures for fines and duties from FSU South, figure for value of auctioned timber estimated based on pieces seized and average auction value quoted by FSU officials of 3000Tsh/piece

Figure 2: Timber seizures by FSU South (Lindi) 2006-2009



Source: Interview with FSU Lindi staff; 2009 figure is a forecast based on seizures during first two months of the year

FSU South have been empowered by the local RNRAs in Lindi and Mtwara to take on their duties in issuing annual timber company registrations and inter-regional transit passes. The team also spends up to a quarter of its time (and a considerable portion of its budget) taking local forest officials to the Mozambique border twice a month to process timber imports (see section on imports from Mozambique). The FSU have apparently become increasingly involved in handling the day-to-day processing of legal harvesting and trade because the existing systems were not being implemented as a result of a lack of resources. The combination of reduced budget and the increasing use of these limited resources to help local DFOs and RNRAs do their job has reduced the FSU's effectiveness in the region – they cannot carry out as many field investigations as they would like, and have less funds to pay informants. They are receiving fewer tip-offs from informants now since they often cannot pay rewards and in some cases are also unable to respond. It should be noted that the payment of informants by official bodies is controversial and a strict policy concerning this should be put in place.

Table: Examples of regulatory requirements being bypassed or ignored due to lack of resources

Legal Requirement	Actual Procedure
DFOs supposed to visit actual cutting location to check and stamp timber and associated stumps; no timber is allowed to be transported from a cutting site without a transit pass	DFOs allow timber to be moved to landing sites without checks or transit passes, then process the wood at these sites
RNRAs supposed to be responsible for issuing inter-regional transit passes	RNRAs in Mtwara and Lindi have handed this responsibility to FSU South for Mtwara and Lindi district, and to DFOs for Kilwa and Liwale districts

These were among many examples encountered where the effectiveness of licensing and control procedures on paper was largely irrelevant, because their application was impossible: instead local officials were commonly 'making do' by adapting the systems to match the reality. This chaotic situation plays into the hands of illegal loggers and timber traders, providing ample loopholes and opportunities to harvest and transport illegal timber without being caught. Given this situation, we recommend that the central ministry analyse the regulations and resources to identify all such situations, and take action to alleviate each through increased resources and/or revisions to procedures. In the interim, the damage done by these mismatches might be reduced by providing guidance to field officers on how to manage such situations, applying policies as effectively as possible given resource constraints.

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Another problem noted by FSU South was the loophole which allows DFOs to continue to issue harvest licenses of less than 3 cubic metres for timber for local construction, without informing village or district harvesting committees. Sometimes the FSU find illegal timber and the DFO subsequently shows up and tells them the wood was licensed under this provision – though often the related paperwork cannot be produced. Sometimes licensed harvesters log illegally accidentally because of difficulties with the permitting system or negligence of staff. FSU staff explained that traders often find it impossible to find and cut all the timber which they are licensed to harvest within the 30 day time limit: to get around this problem, they will often harvest the timber before applying for the permit. Similarly, traders sometimes find they have an illegal excess volume because their own harvesters and pit-sawyers are poor at judging & calculating quantities and cut too much. Logging is often conducted by local villagers at their own expense – pitsaws can be bought for a few dollars, and no fuel or food is needed by those living locally. For this reason it is rare for middlemen to need to commission or finance logging with up-front advance payments.

FSU South conduct occasional auctions of seized timber. An announcement is posted 2-4 weeks in advance, the timber organised into lots of certain species and size, and the highest bidder wins. Buyers do not have to be registered timber dealers, and no-one is excluded. The revenues go to central government (apart from a 5% cess to the district council) – the DFO receives the cash and banks it, and copies of the amounts sold and money received for them sent to the RNRA and MNRT headquarters. The average auction price quoted by FSU South was Tsh 3000 per piece, much lower than the value given for the average piece from Mozambique (Tsh 12,000 – 15,000).

### **Recommendations**

#### *FSU Capacity*

- FBD should conduct a cost-benefit financial assessment of FSU South. It may be the case that the unit brings in more in revenues than it costs to run. This analysis should contribute to the justification for an increase in funding of the unit.
- FBD should take steps to avoid FSU units such as FSU South from having resources diverted to assisting DFOs and RNRAs to conduct day-to-day implementation of regulations. This will require better administration and deployment of existing resources and funding for DFOs and RNRAs.

#### *Harvesting & trade regulations*

- FBD should conduct a review to identify all instances where certain requirements regarding the licensing of harvest and trade in timber are impossible for local officials to implement under existing funding and are therefore currently being commonly bypassed or ignored by local officials; for each instance identified FBD should analyse the best solution and seek either to amend the regulations to make them implementable within existing constraints, or increase resources appropriately.
- In the interim, FBD should issue guidance to forest officers on how to handle such situations, in order that application of rules and regulations is consistent and as effective as possible within current resource limitations.
- Fines and penalties for excess timber found in transport should be increased, in order to ensure that this does not provide a loophole by which illegal traders can move stolen wood at low risk.

### **Clarifications & Additional Information**

During the reading committee and in subsequent investigation by REM/HTSPE the following additional clarifications and information were obtained:

- FBD senior staff commented that there is a need for cost-benefit analysis of not just the FSU but all FBD functions, and of FBD as a whole relative to its parent ministry MNRT

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- In this regard, FBD senior staff noted that while the retention scheme operated by the Ministry of Finance now allows for seventy percent of revenues collected by MNRT to be retained, FBD does not receive the same proportion of the revenues it collects on behalf of its parent ministry, despite earning the greatest revenues of any department.
- Data supplied by FBD to REM/HTSPE show that revenues recovered by FBD have increased dramatically in recent years, and it is important that action is taken by MNRT to ensure that the full due proportion of benefits of improved revenue collection by FBD are ploughed back into the Department. Such increased revenue retention would enable significant increases in budgets for field officers, including FSU, RNRAs and DFOs, and for improved intelligence analysis at headquarters. This should serve to counter some of the problems capacity problems identified here, thereby improving enforcement, increasing revenues further and helping protecting forest resources,
- FBD officials clarified that the allowance of 5 per cent excess in general use by field officers when checking shipments of timber against documentation is not actually written into regulations, but has become standard informal accepted practice. FBD also noted that while excess of less than 5 per cent is not seized, often further informal procedures are used to ensure there is sufficient dissuasion, including charging double the normal royalty on excess forest products. Since such procedures are not required by regulations, however, they are not implemented uniformly.
- FBD officials noted that instructing field officers to cease allowing for 5 per cent excesses could cause practical difficulties given resource constraints. Seizing timber takes much more time for overworked checkpoint officials, and there are also costs involved in storing and moving the seized goods and in taking cases to court. Traders often act violently towards unarmed officers when goods are seized.
- Nevertheless, senior FBD officials concurred with the recommendation to remove the 5 per cent excess practice in cases of comparing quantities of actual goods in shipment against quantities recorded in associated transit permits.

### **Additional specific recommendations**

- MNRT should provide for greater revenue retention by FBD, allowing increased revenues to be used to improve implementation and enforcement of regulations and thereby further increase revenues while simultaneously protecting forest resources.
- FBD must take action themselves where possible to discipline DFOs and ensure that monthly reports are submitted as required. Where this is not possible discussions should be conducted at a high level with PMO-RALG on how reporting can be improved.

## **4. Illegal exports to Zanzibar**

FBD officials explained that the trade in timber to Zanzibar from southern Tanzania takes place via a network of more than 30 illegal ports along the coast, mostly in Rufiji and Kilwa districts; though officials are well aware of the locations, resources do not allow them to be monitored regularly. Dhows can only load timber during rare high tides (2-3 times per month), and can only transport the wood to Zanzibar when winds are also favourable. Aware of these facts, FSU officials are targeting enforcement efforts during these times. Zanzibari buyers normally visit the major coastal towns (such as Kilwa Masoko, Kilwa Kivinje and Somanga), where they do deals with local middlemen – normally registered timber harvesters who are licensed to harvest. These middlemen, in turn, visit the various villages in the cutting areas (principally in Liwale, Kilwa and Rufiji districts), either purchasing planks which have been cut already or arranging timber to be cut to order. The timber is slowly collected together over a period of weeks in a house or yard at a village some distance from the coast, then trucked down to the shore and loaded on to the dhow in the space of a few hours. The few land-based seizures which have occurred have normally been as a result of tip-offs at the point where the timber is being transported by truck to the shore.

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Though the illegal timber is not hammer-stamped and cannot easily be laundered, FSU officials explain that the middlemen nevertheless benefit from being registered and also handling some legal timber. This is because 'excess' illegal timber found in shipments of legally harvested wood are treated more leniently by officials: provided a small fine and harvesting duties are paid, traders are allowed to keep such excess where it is less than 5 per cent of timber in transit. This enables legal traders to transport illegal wood alongside legal wood with little risk.

The FSU marine unit, established in December 2008, had in its first three months already seized around 3000 pieces of timber from dhows heading to Zanzibar from southern Tanzania (1000 pieces/mth). Zanzibar official figures suggest around 4000 pieces of timber are arriving each month, while FSU officials estimate that around 5000 pieces a month are being exported from the 35 illegal landing sites spread along the coast. The estimates from FSU and the Zanzibar import records tally closely, confirming the opinion of Zanzibari officials that most shipments arrive legally at the two permitted ports. The figures also suggest that the FSU marine unit is now intercepting around one in every five shipments.

### Recommendations

- FBD should continue to support the work of the FSU marine unit, which is proving effective in reducing the illegal export of timber to Zanzibar. Based on a cost-benefit analysis (of the same kind recommended for FSU South above), it may be worthwhile and cost-effective to increase resources to the FSU marine unit.
- Additional support to FSU South is also recommended in order to help prevent illegal exports at source through monitoring of known exit points.
- FBD to ensure that penalties in cases of illegal export are sufficiently dissuasive, given that only around 20 per cent of shipments are being caught. This should include reviewing the potential for and current actual use of forfeiture of means of transport (cars and vessels) and withdrawal of licensed trader status as an additional penalty alongside fines and forfeiture of goods.
- FBD should seek to clarify to the Zanzibar authorities what paperwork and markings must accompany legal shipments of wood leaving mainland Tanzania for Zanzibar, including sample documents and signatures. A regular system of communication should be established between relevant authorities, through which updates on regulatory controls and specific enforcement alerts can be communicated.

### Clarifications & Additional Information

During the reading committee and in subsequent investigation by REM/HTSPE the following additional clarifications and information were obtained:

- FBD informed REM/HTSPE that FBD's Utilisation Division is planning to meet with the Zanzibar Department of Commercial Crops, Fruits and Forestry (DCCFF) to discuss trade issues before the end of the year

## 5. Bioshape Plantation

Bioshape Tanzania Ltd is a biofuels company which has purchased a large concession on forested general land in Kilwa district for the planting of *Jatropha*. The company's concession is between 31,000 and 81,000 hectares (c 800km<sup>2</sup>) in size<sup>2</sup>, and located to the north of the Mavuji river, about 20km inland from Kilwa Masoko. The area is miombo woodland, some of it quite heavily degraded,

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<sup>2</sup> Kilwa DFO and other local informants stated that the plantation is 31,000ha, but the Bioshape website states 81,000ha.

but other parts still containing considerable volumes of valuable timber species.<sup>3</sup> The area also has important biodiversity, including a population of elephants.<sup>4</sup> Thus far the company have cleared and planted a 'trial plot' of around 70 hectares, from which 225 cubic metres of timber has been harvested (standing volume).<sup>5</sup> Based on average tree and timber volumes across the overall concession, REM estimate that the company may eventually harvest as much as 200,000 – 800,000 cubic metres of timber. This compares with the approximately 500,000 cubic metres of timber which were estimated to be being harvesting, legally and illegally, in the whole of southern Tanzania during the peak 'logging boom' year of 2003 (TRAFFIC, 2007). FBD have reportedly conducted an inventory of the entire concession, information from which is expected to be available soon.

Bioshape have recently constructed a large sawmill near Mavuji village, with a capacity of around 20 cubic metres per day<sup>6</sup>; this is now the largest and busiest sawmill in Southern Tanzania.<sup>7</sup> The mill is producing sawn timber which is being shipped to Arusha for furniture construction by a subsidiary; the company is applying for permission to export.<sup>8</sup> REM were told by FSU officials in Lindi that when Bioshape initially began clearing trees for the trial plot, this was found to have been done illegally and a fine was issued, though other information received appeared to contradict this. The Kilwa DFO provided documents showing that for the initial 225 m<sup>3</sup> from the trial plot, a total of Tsh 22.5 million (US\$17,000) had been claimed from the company in royalties. REM estimate that the overall project may eventually produce timber products worth \$50 - \$150 million, and revenues of at least \$20 million. These figures dwarf local timber volumes and revenues from licensed harvesting in central government, local government and village forest reserves.

### Recommendations

- FBD HQ should review, in conjunction with the Monitor, the legal compliance of the Bioshape concession, including the process of license issuance as well as the harvesting and processing of timber.
- Where they do not already exist the FBD should seek to establish formal links with other agencies impacting on forests and inform other agencies of the the functioning and remit of the FSU and other law enforcement activities.

### Clarifications & Additional Information

During the reading committee and in subsequent investigation by REM/HTSPE the following additional clarifications and information were obtained:

- Senior FBD officials have in the past sought and been shown by the company the documentation related to the Bioshape plantation (license, EIA, concession maps and plans etc.), but no copies have been provided to FBD of these documents. There is little institutional knowledge on the extent to which FBD was consulted during the licensing process. FBD have yet to seek further clarification from other agencies, such as NEMC, as recommended.
- The FBD inventory for the Bioshape plantation had not yet been produced<sup>9</sup>, though the necessary field work and data collection were conducted prior to March 2009. The person at FBD headquarters responsible for collating the data has recently retired. FBD senior staff expected the inventory to be available by 14<sup>th</sup> October, though at the time of writing REM/HTSPE had yet to receive a copy.

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<sup>3</sup> Kilwa DFO

<sup>4</sup> Interview with Migeregere villagers

<sup>5</sup> Information provided by Kilwa DFO

<sup>6</sup> Interview with Bioshape sawmill manager, 11<sup>th</sup> March 2009

<sup>7</sup> Based on comparison with statistics on sawmills in TRAFFIC, 2007, visits to other sawmills in S Tanzania by field researchers, and discussions with DFOs.

<sup>8</sup> Interview with Bioshape sawmill manager, 11<sup>th</sup> March 2009

<sup>9</sup> According to comments from Senior FBD staff during discussions of the case on 08/10/09

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- FBD headquarters obtained clarification from the DFO Kilwa on the information received from FSU Lindi about illegal logging in the trial plot. The DFO Kilwa confirmed that the logging took place without the necessary procedures being undertaken or payments made. The company paid the necessary royalties after the fact and the timber was legalised, but the DFO Kilwa did not also compound (fine) the company for the illegal logging, as was confirmed by FBD Headquarters staff as required by regulations. FBD Headquarters could not explain why this did not occur.
- REM/HTSPE received additional information from the DNRO Kilwa that Bioshape are now selectively cutting larger, high value trees in areas outside the trial plot. Senior FBD headquarters staff stated that any such cutting in advance of the issuance of the FBD Inventory would be against regulations.
- Additional research by REM/HTSPE has confirmed that two of the three persons listed as authors of the Environmental Impact Assessment (EIA) for the Bioshape plantation did not in fact contribute text, see a copy of the report prior to publication, or know that they were being listed as authors. The inclusion of these two well-respected scientists' names on the EIA report may have influenced the decision of NEMC to approve the project. The requirements of Tanzania's environmental regulations make the misrepresentation of the authoring of EIAs an offence.

### **Additional specific recommendations**

- FBD should seek clarification from DFO Kilwa on whether Bioshape were fined for the premature harvesting in the trial plot, and if not why not
- FBD should clarify the legality of the harvesting being conducted by Bioshape outside of the trial plot area
- REM/HTSPE recommends that additional enquiries are conducted by NEMC into the legality of the production and approval of the EIA for the Bioshape Plantation project, including consideration of issues of fraud.



*Figure 3: Cleared forest at Bioshape jatropha plantation 'trial plot', Mavuji, Kilwa district*



*Figure 4: Logs at Bioshape sawmill, Mavuji, Kilwa district*

## **6. Imports from Mozambique**

Based on data collected from the road checkpoint at Kibiti, approximately 12,000 m<sup>3</sup> of sawn timber is being imported from Mozambique annually, worth around US \$6 million. The timber is being undervalued by TRA, and consequently only an estimated US \$0.5 million in import taxes and VAT are being collected each year, when the amount actually due may be as high as US \$2 million/yr. The amount of timber being imported from Mozambique has been steadily increasing since 2006, with Tanzanian traders moving to Mozambique due to a combination of increased royalty rates, reduced issuance of harvesting licenses and increased enforcement in S Tanzania. Imports are likely to increase further when the Ruvuma river bridge at the border at Mtambaswala in Masasi district is completed (expected late 2009).



Figure 5 (left): *Dug out canoes and bridge under construction, Mtambaswala, Mozambique border*  
Figure 6 (right): *Timber from Mozambique, Mtambaswala*

Timber enters Tanzania from Mozambique at four official entry points – by dhow at Mtwara port (Shangani beach), and by dugout canoe or boat across the Ravuma river at Mwambo, Newala and Mtambaswala. The bulk of the timber (around 90%) enters at Mtambaswala, about 250km inland from the coast, and at three unofficial entry points downriver between Mtambaswala and Newala. The FSU/RNRA visit the inland import locations twice a month, on the 15<sup>th</sup> and the 30<sup>th</sup> of each month; over the course of 2-3 days, the officials travel to the official and unofficial entry points, check origin paperwork, hammerstamp the timber which has built up at collection points in nearby villages, and issue letters to Tanzanian Customs (Mtwara TRA) confirming the legal origin of the wood and the quantity. Traders are then required to visit the Mtwara TRA office to pay import duties before FSU/RNRA issue a transit pass to remove the timber to Dar es Salaam. Officials allow timber to enter the country at unofficial entry points, despite this contravening regulations; they justify this on the basis that the cutting areas across the river are cut off on the Mozambique side so that there is no way the timber can be brought to the official sites. Timber is coming from the two border provinces within Mozambique – Niassa and Cabo Delgado. While some harvesting is taking place relatively close to the border, much is occurring at least 2-3 hours journey inland. According to figures seen on Mozambiquan paperwork, Mozambique customs officials appear to be charging approximately \$10-\$24 per cubic metre in export taxes.



Figure 7: Inspecting timber shipment from Mozambique at Shangani beach, Mtwara

All Mozambiquan timber is sent to Dar es Salaam in large closed trucks and ‘truck and trailer’ trucks each carrying between 10 and 35 cubic metres (500-1500 pieces). In Dar it is reported to be being used in the production of furniture for the domestic market. Most is either Mkongo (*Azelia quanzensis*) or Mninga (*Pterocarpus angolensis*) species. During sample months of October 2008 and February 2009, around 25 different Tanzanian traders imported timber from Mozambique. Most are individuals rather than companies. Around 5-8 larger traders handle the bulk of the timber. The largest traders are JS Timber (Ms Jamila S. Mtaly) and Mr Zaidi Hamdan; the latter is conducting his own harvesting in Mozambique and works through a number of Tanzanian importers.

It does not appear that significant quantities of illegal Tanzanian timber are being laundered as originating in Mozambique at or near the border itself. The FBD have gone to considerable lengths to ensure the legal origin of the timber being imported, requiring presentation of a range of Mozambiquan documents including harvesting licenses, transit permits and phytosanitary certificates, examples of which have been sent to the Mozambiquan embassy in Dar es Salaam for translation & verification. Such requirements go beyond Tanzanian law (which requires only that import duties are proven to have been paid), and are significantly more stringent than official checks on legal origin of timber imports conducted elsewhere in Africa or indeed anywhere in the world.<sup>10</sup> Variations in the forms received suggest that forgery may be occurring, however, and it is impossible in many cases to reconcile quantities on harvest and transit permits with actual imports.

There does, however, appear to be a large discrepancy between the amount of timber being recorded as legally imported from Mozambique by the FSU and the amount of timber passing the Kibiti

<sup>10</sup> see for example, description of checks of origin paperwork carried out by Ugandan officials for timber arriving from the eastern Democratic Republic of Congo in Forests Monitor, *Timber Trade and Poverty Alleviation in the Upper Great Lakes Region*, 2007, pg33-34 - <http://www.forestsmonitor.org/en/reports/556666>



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market values for pieces of timber of specific size and species, which could quite easily be transmitted to TRA in future

- REM/HTSPE were informed that FBD have recently reduced the number of legal entry points for timber from Mozambique to two – Mtwara and Mtambaswala - with the intention of reducing the burden on the Mtwara RNRA and FSU Lindi in processing these shipments
- REM/HTSPE were further informed that FBD have recently sent an additional grader to assist the Mtwara RNRA in processing timber from Mozambique
- FBD headquarters do not currently receive the necessary data from RNRA Mtwara, FSU Lindi or Kibiti checkpoint with which to explore further the apparent discrepancies with regard to volumes of timber being imported from Mozambique. Summary reports which are currently sent by these agencies are insufficiently detailed. On this occasion, in response to the mission report FBD headquarters sent a request to Kibiti checkpoint for the data requested by REM/HTSPE, and these were collated and provided to REM/HTSPE by checkpoint staff promptly.
- REM/HTSPE learned during a recent visit to Kibiti checkpoint of the FBD policy, implemented since 2006, of regularly revolving FBD staff from one checkpoint to another. REM/HTSPE believe this measure has been very effective in reducing corruption, as evidenced by REM/HTSPE's findings, which indicate that the checkpoints have improved dramatically in effectiveness in recent years. In response traders may have become more sophisticated in their evasion attempts.
- Additional data collected from Kibiti checkpoint by REM/HTSPE show that 411,165 pieces of timber claiming to originate from Mozambique passed the checkpoint during the year July 2008 to June 2009.

### **Additional Detailed Recommendations**

- FBD headquarters should seek detailed reports on transit permits issued for Mozambiquan timber during the year July 2008 – June 2009, for comparison with Kibiti checkpoint data provided to REM/HTSPE and already communicated to FBD headquarters
- FBD headquarters should amend reporting procedures for RNRAs, FSUs and checkpoints, to ensure the necessary detailed summary information is provided on Regional Transit Passes issued and shipments passing checkpoints with Transit Passes to enable analysis to be conducted which can help identify illegal activity and target enforcement.
- Amended reporting procedures should also seek to standardize the precise methods used to record data at checkpoints, which currently vary.
- One possible simple and tamper-proof method of collecting full data from checkpoints would be for an appropriate officer to visit each of the major checkpoints around Dar es Salaam with a digital camera on a monthly basis, to take photographs of the pages of logbooks. The full details of these pages could then be entered into Excel spreadsheets at headquarters by FSU or other officials.
- Such reconciliation analysis should become a regular activity carried out by FSU headquarters officials, and results thereof communicated to FSU regional offices as well as to senior FBD headquarters staff. This analysis should inform the deployment of field investigations and lead to revised procedures.

## **C: Recommendations / Next Steps**

### **1.1 Recommendations**

#### **FSU Capacity & Harvesting & trade regulations**

- FBD should conduct a review to identify all instances where certain requirements regarding the licensing of harvest and trade in timber are impossible for local officials to implement under existing funding and are therefore currently being commonly bypassed or ignored by local officials; for each instance identified FBD should analyse the best solution and seek either to amend the regulations to make them implementable within existing constraints, or increase resources appropriately.
- In the interim, FBD should issue guidance to forest officers on how to handle such situations, in order that application of rules and regulations is consistent and as effective as possible within current resource limitations.
- Fines and penalties for excess timber found in transport should be increased, in order to ensure that this does not provide a loophole by which illegal traders can move stolen wood at low risk.
- FBD should conduct a cost-benefit financial assessment of FSU South. It may be the case that the unit brings in more in revenues than it costs to run. This analysis should contribute to the justification for an increase in funding of the unit.
- FBD should take steps to avoid FSU units such as FSU South from having resources diverted to assisting DFOs and RNRAs to conduct day-to-day implementation of regulations. This will require better administration and deployment of existing resources and funding for DFOs and RNRAs.
- MNRT should provide for greater revenue retention by FBD, allowing increased revenues to be used to improve implementation and enforcement of regulations and thereby further increase revenues while simultaneously protecting forest resources.
- FBD must take action to discipline DFOs and ensure that monthly reports are submitted as required. Discussions should be conducted at a high level with PMO-RALG on how reporting can be improved.

#### **Illegal exports to Zanzibar**

- FBD should continue to support the work of the FSU marine unit, which is proving effective in reducing the illegal export of timber to Zanzibar. Based on a cost-benefit analysis (of the same kind recommended for FSU South above), it may be worthwhile and cost-effective to increase resources to the FSU marine unit.
- Additional support to FSU South is also recommended in order to help prevent illegal exports at source through monitoring of known exit points.
- FBD to ensure that penalties in cases of illegal export are sufficiently dissuasive, given that only around 20 per cent of shipments are being caught. This should include reviewing the potential for and current actual use of forfeiture of means of transport (cars and vessels) and withdrawal of licensed trader status as an additional penalties alongside fines and forfeiture of goods.
- FBD should seek to clarify to the Zanzibar authorities what paperwork and markings must accompany legal shipments of wood leaving mainland Tanzania for Zanzibar, including sample documents and signatures. A regular system of communication should be established between relevant authorities, through which updates on regulatory controls and specific enforcement alerts can be communicated.

#### **Bioshape Plantation**

- FBD HQ should review, in conjunction with Monitor, the legal compliance of the Bioshape concession, including the process of license issuance as well as the harvesting and processing of timber.

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- FBD should seek clarification from DFO Kilwa on whether Bioshape were fined for the premature harvesting in the trial plot, and if not why not
- FBD should clarify the legality of the past and ongoing harvesting being conducted by Bioshape outside of the trial plot area
- REM/HTSPE recommends that additional enquiries are conducted by NEMC into the legality of the production and approval of the EIA, including possible fraud, for the Bioshape Plantation project.

### **Mozambique imports**

- FBD should urgently communicate to Tanzania Revenue Authority up-to-date valuations for timber being imported from Mozambique, to ensure the proper level of import revenues are collected.
- FBD need to provide greater resources to RNRA Mtwara to enable it to effectively process the growing imports of timber from Mozambique without having to draw on the resources of Lindi FSU.
- FSU Lindi / RNRA Mtwara should refuse to continue to allow legal imports across the Ruvuma river at points which are not legally allowed for import.
- FBD checkpoints should thoroughly check<sup>11</sup> timber claiming to originate in Mozambique, including hammerstamps.
- FBD headquarters should conduct regular reconciliations of data from FSU/Mtwara RNRA and Kibiti checkpoint on quantities of Mozambiquan timber being imported and transported to Dar es Salaam.
- FBD headquarters should seek detailed reports on transit permits issued for Mozambiquan timber during the year July 2008 – June 2009, for comparison with Kibiti checkpoint data provided to REM/HTSPE and already communicated to FBD headquarters
- FBD headquarters should amend reporting procedures for RNRAs, FSUs and checkpoints, to ensure the necessary detailed summary information is provided on Regional Transit Passes issued and shipments passing checkpoints with Transit Passes to enable analysis to be conducted which can help identify illegal activity and target enforcement.
- Amended reporting procedures should also seek to standardize the precise methods used to record data at checkpoints, which currently vary.
- One possible simple and tamper-proof method of collecting full data from checkpoints would be for an appropriate officer to visit each of the major checkpoints around Dar es Salaam with a digital camera on a monthly basis, to take photographs of the pages of logbooks. The full details of these pages could then be entered into Excel spreadsheets at headquarters by FSU or other officials.
- Such reconciliation analysis should become a regular activity carried out by FSU headquarters officials, and results thereof communicated to FSU regional offices as well as to senior FBD headquarters staff.

## **1.2 Status of Information Requested from FBD:**

### **1.2.1 Information Requested**

The following information was requested from FBD by the independent monitor in order to help assess or confirm possible illegalities identified during the course of this field investigation.

TO HELP CLARIFY POSSIBLE EXTENT OF ILLEGAL LOGGING IN SOUTHERN TANZANIA:

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<sup>11</sup> Including the number of pieces of timber, matches precisely what is in the TP, that the species matches, that all the pieces of timber are properly hammerstamped, that the TPs are originals and have the right signatures, etc

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- Information held by FBD HQ on total volume of legal timber licensed for harvest by FBD in Mtwara, Lindi and Coast regions through local offices during 2008 (including Masasi, Tandahimba, Mtwara, Nachingwea, Lindi, Liwale, Kilwa, Ruangwa and Rufiji districts)
- Copies of monthly reports from Kibitu checkpoint for Jan 2008 through Feb 2009, showing quantities of domestically harvested timber passing (no's of pieces and volume in cubic metres)

### TO HELP CLARIFY LEGAL SITUATION REGARDING BIOSHAPE PLANTATION:

- Copies of all licenses issued by FBD and other agencies to Bioshape for the establishment of the jatropa plantation at Kilwa, for the harvesting of timber, for the processing of timber (the sawmill) and for the export of timber. This includes: -
  - a full copy of the original concession license issued by Ministry of Lands / Tanzania Investment Centre
  - a copy of the approved Environmental Impact Assessment produced as required under the Environmental Management Act and associated relevant documentation.
- A copy of the full FBD inventory for the Bioshape plantation in Kilwa district
- Further clarification and additional information from the FSU/FBD regarding whether or not Bioshape were found to have acted illegally when first commencing clearance in the trial plot, including the details of any infractions uncovered, what action was taken as a result, and what penalties (if any) were levied.

### TO HELP CLARIFY WHETHER ILLEGAL DOMESTIC TIMBER IS BEING LAUNDERED AS MOZAMBIQUAN:

- Copies of monthly summary reports from Kibiti checkpoint for Jan 2008 through Feb 2009 supplied to FBD headquarters' Forest Officer – Checkpoints, showing quantities of Mozambiquan timber passing (no's of pieces and volume in cubic metres)
- Copies of monthly summary reports from FSU for Jan 2008 through Feb 2009, showing quantities of Mozambiquan timber recorded at point of import (no's of pieces and volume in cubic metres)

### 1.2.2 Response by FBD to Information Requested

The following table summarises the response of FBD to the requests for information above. FBD headquarters officials were co-operative, but in almost all cases the necessary information was not available at FBD headquarters, either because procedures do not require the information to be submitted by field officers or because information is not being submitted as already required. Action needs to be taken to improve data collection by FBD headquarters, as reconciliation and comparison of data from different sources on legal harvesting, imports and movements of timber is a potentially very powerful tool with which to identify patterns of illegality, major cases of illegal harvesting or trading, identify corrupt officials and target enforcement. More specific recommendations in this regard are included in the relevant chapter sections above.

*Table: Results of requests for information from FBD headquarters by REM/HTSPE as part of the dummy mission report exercise*

<i>Information Requested</i>	<i>Result</i>	<i>Explanation</i>
Total volume of legal timber licensed for harvest by FBD in Southern region during 2008	<i>Information not available.</i>	<i>DFOs are required to provide detailed monthly reports, including quantities of timber legally harvested, but these are</i>

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		<i>rarely sent</i>
Kibiti checkpoint data, showing domestic timber passing (no's of pieces and volume in cubic metres)	<i>Information not available.</i>	<i>Checkpoints only provide reports on quantities of forest products for which permits have been issued at the checkpoint and revenues received. In addition, checkpoints do not always include information on both no.of pieces <b>and</b> volume in cubic metres in logbooks.</i>
Concession license and EIA issued for Bioshape plantation	<i>Information not available</i>	<i>FBD do not have copies of these documents in their possession</i>
FBD Inventory for Bioshape plantation	<i>Information not available</i>	<i>The inventory data compilation has yet to be completed, though the data were collected prior to March 2009</i>
Clarification on legality of initial harvesting by Bioshape in trial plot	<i>Information not available at headquarters. Partial information obtained from DFO</i>	<i>DFOs are required to submit reports on total amounts of fines issued each month, but are not required to provide a breakdown of specific cases. DFOs also rarely submit monthly reports as required.</i>
Kibiti checkpoint data, showing Mozambique timber passing (no's of pieces and volume in cubic metres)	<i>Information not available at headquarters. Information supplied to REM/HTSPE by checkpoint at special request of FBD</i>	<i>Checkpoints only provide reports on quantities of forest products for which permits have been issued at the checkpoint and revenues received. In addition, checkpoints do not always include information on both no.of pieces <b>and</b> volume in cubic metres in logbooks.</i>
Information from RNRA Mtwara/FSU Lindi on legal imports of Mozambique timber for which regional transit passes issued (volume and no. of pieces)	<i>Information not available</i>	<i>RNRAs/FSUs provide summary data on transit passes issued, but this does not distinguish domestically harvested timber from imported wood.</i>