

DISCUSSION PAPER FOR THE EAST AFRICA STAKEHOLDER FORUM ON ASSESSING OUR KNOWLEDGE OF THE ILLEGAL AND UNSUSTAINABLE TIMBER TRADE IN TANZANIA, MOZAMBIQUE AND KENYA

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This paper presents provisional findings of the following report currently in preparation: “A Rapid Assessment of the Illegal Timber Trade Across the Ruvuma River on the Tanzania and Mozambique Border” by Emmanuel Sulle

KEY ISSUES

1. There are ongoing and destructive illegal timber trade practices occurring between Tanzania and Mozambique, resulting in financial losses for the Tanzanian government and local communities;
2. Policies to curb illegal practices in the forestry sector are not being practiced or effectively implemented on the ground, and often communities are losing out;
3. The Tanzania Forest Service is making positive strides, but it remains plagued with challenges;
4. Tanzania needs to improve its timber trade monitoring systems to ensure transparency, track trade patterns and maximize profits and earnings for Tanzania; and
5. Tanzania and Mozambique governments need to commit to protecting their forest resources, especially strengthen controls along the border districts.

I. SUMMARY

Six years after a widely publicized study¹ revealed the extensive illegal timber trade in southern Tanzania, illicit practices in the forestry sector remain. This brief summarizes findings from recent research² that found illegal practices continue in the southern part of the country, including at the border with Mozambique. Illegal forestry practices result in a significant loss of revenue for the country and forest-dependent communities, harm conservation efforts, and support an ongoing culture of corruption.

II. THE ILLEGAL TIMBER TRADE IN TANZANIA

Abundant Forest, Increasing Demand

Tanzania is one of the few African nations with as high as 43.7%³ of its land base – including forests – set aside for conservation purposes. In 2011, it was estimated that approximately 40% of the country was forested, with the majority of forest land found on either village or general land. Forest coverage, particularly natural forests, is especially present in the south.

Various factors contribute to a demand for timber products. China and India have been prominent importers of Tanzanian timber products, but today there is also an increasing demand from Kenya and within Tanzania. Competition for other land uses such as agriculture is also impacting forest coverage across the country. Further, Tanzania remains almost entirely reliant on biomass (e.g. charcoal and firewood) for its energy production in rural and urban areas, with 28 000 bags of charcoal consumed daily in 2008 in Dar es Salaam alone⁴. Because of these pressures, deforestation rates are estimated between 100 000 to 420 000 hectares per year.

¹ Milledge, S., Gelvas, I. & Ahrends, A. (2007). Forestry, Governance and National Development: *Lessons Learned from a Logging Boom in Southern Tanzania*. TRAFFIC East/Southern Africa

² This brief is based on the draft report: “A Rapid Assessment of the Illegal Timber Trade Across the Ruvuma River on the Tanzania-Mozambique Border” by Emmanuel Sulle. Unless otherwise included, references made in this brief can be found in the report.

³ Anon. (2009). Fourth National Report on Implementation of the Convention on Biological Diversity (CBD). Division of Environment, Vice President’s Office, United Republic of Tanzania 80 pages.

⁴ Malimbwi, R.E. and E.M. Zahabu. (2008). Woodlands and the charcoal trade: the case of Dar es Salaam City. Working Papers of the Finnish Forest Research Institute. 98:93-114.

A Favourable Legal Framework...

Tanzania's forest laws and regulations were designed to encourage multi-stakeholder engagement. In particular, they provide instruments to involve local communities in forest conservation efforts through community-based forest management or co-managed arrangements between communities and the government known as joint forest management. For example, the Tanzania Forest Policy of 1998 encourages local communities "to participate in forest activities," stating that "clearly defined forest land and tree tenure rights will be instituted for local communities." The current Forest Act No. 14 of 2002 provides the legal framework for conservation and management of forest resources as well as regulations for trade in timber products. Under this Act, traders in wood products and harvesters are required to have a licence and any transporter must possess a valid transit pass.

...Yet Common Illegal Practices

Notwithstanding the strong legal framework described above, some forestry practices allegedly continue to operate outside the law. Responsibility for forest conservation and enacting Tanzania's forest policies falls under the Ministry of Natural Resources and Tourism (MNRT). In 2010, MNRT established the Tanzania Forest Service (TFS) to oversee management and administration of the forestry sector. After strengthening patrol and law enforcement efforts, TFS was able to increase government revenue collection from wood products by 240% in one year.

However, despite the efforts of MNRT and TFS, it is widely agreed that the sector suffers from a host of problems that fuel illegal practices, including (but not limited to):

- Corruption and collusion among the 'elite,' allegedly including forestry and government officials and businessmen;
- Shortage of TFS and MNRT staff and equipment;
- Lack of coordinated inter-ministerial policies on timber trade; and
- Lack of benefits seen at the community level.

This study estimates that in just three districts alone (Masasi, Tunduru and Nanyumbu), Tanzania is losing **TZ\$6.8 billion (USD4.2 million)** every year from illegal practices in the forestry sector.

In addition, in 2004 and again in 2008, MNRT implemented measures intended to reduce illegal activities by prohibiting the exportation of logs (i.e. 'raw' or unprocessed timber) and banning the harvest of natural forests in several districts in the south. But instead of reducing illegal activities, these measures actually had the reverse effect. As in the past, Tanzania continues to lose billions of shillings from avoided royalties, taxes and harvesting licence fees due to such illegal practices.

Crossing Borders – Tanzania and Mozambique

The timber trade between Tanzania and Mozambique is not new, and illegal practices are well known. Most of the trade occurs at informal entry points with neighbouring communities, but since the introduction of the Unity ('Umoja') Bridge in 2010, trade at the official Mtambaswala border has increased. Recognition of this problem led to the two countries signing the 2012 Memorandum of Understanding and Mutual Support in the Transboundary Management of Forest Resources.



*The Unity Bridge between Tanzania and Mozambique
Credit: E. Sulle/TRAFFIC*

III. ASSESSING THE TIMBER TRADE TODAY – THE GOOD, THE BAD AND THE UGLY

Research was recently carried out in southern Tanzania, including at the Tanzania-Mozambique border, to analyse the timber trade in the region. The main objective of the study was to improve the understanding of the trade in timber products and the impacts that exploitation of the forest sector has on socio-economic development in the region. Research included a desk-top review of literature and laws pertaining to the timber trade in the region. It also consisted of field research, which included data collection and observations at checkpoints and informal entry points. Interviews of key stakeholders were also conducted, including forest officers at checkpoints, MNRT and TFS officials, District Forest Officers,

members of the private sector (e.g. transporters, processors, timber dealers, carpenters, etc.) and representatives from non-governmental organizations. To understand China's role in the timber trade and how it might have changed from 2007, import data for timber products obtained from China's Customs authority for Tanzania and Mozambique were also collected and analysed.

Illegal Timber Trade Practices Persist

Research findings reveal that illegal practices in the timber trade persist in southern Tanzania and across the border in Mozambique.

Findings from the Border

Tanzania has a stronger market for timber sales, which is why almost all timber products are entering Tanzania from Mozambique and not the other way around. Field observations confirmed that the timber trade between Tanzania and Mozambique is plagued by malpractices, including some of the following:

- *'Dummy' documentation:* Businessmen are using fraudulent documents (e.g. registrations, permits and licence documents) at the border, allowing them to pass through official checkpoints and bring timber to the Tanzanian market. Often these documents are written in Portuguese, which is not understood by Tanzanian officials. In some cases the documents include a stamp from the Mozambican Revenue Authority.
- *Informal entry points:* There are more than 40 informal (unregistered) entry points along the border used to smuggle illegal timber from Mozambique to Tanzania in Masasi, Nanyumbu, Tunduru, Songea Rural and Nyasa Districts. Because they are unofficial, the Tanzania Revenue Authority (TRA), immigration, the police and TFS are not present to monitor the goods that cross the border at these locations.
- *False identity:* At the border some timber is being presented as if it was harvested in Mozambique, while in actual fact it originated from Tanzanian forests. The ban on harvesting in parts of southern Tanzania, has resulted in forged documents and false claims of origin.



Timber dumped at the Mischela Entry Point, Ruvuma River, Tanzania. Credit: E. Sulle/TRAFFIC

Although the timber trade between Tanzania and Mozambique does generate income for both countries, illegal practices result in a significant loss of revenue, instead benefiting only a few elites allegedly with political affiliations. In Tanzania, it is believed that cross-border timber trade is primarily controlled by fewer than five traders, who account for more than 50% of all timber imported from Mozambique.

Evidence from the Districts

Districts in southern Tanzania are witnessing ongoing – and even increased – illegal timber practices (see Figure 1). For example:

Kilwa District:

District officials in Kilwa reported that more than half of the forests in the district are experiencing increased levels of illegal timber harvesting and charcoal production. In fact, after several forest patrols in 2012, officials confiscated almost double the number of pieces of timber compared to the national average of 230-300 pieces per patrol.

Rufiji District:

Rufiji District has the largest sawmills in southern Tanzania. District officials reported that most of these sawmills have been found processing illegally harvested timber, and that sawmill companies have been caught logging in areas without permits.

Nanyumbu District:

District forest officials reported that revenue from timber products has decreased significantly (from approximately TZS110 million in 2007 to TZS12 million in 2012; USD70 000 to USD 7600, respectively) (see Figure 2), yet the rate of illegal timber harvesting is on the rise. In 2012, the district confiscated illegally harvested timber worth approximately TZS10 million (USD6400).

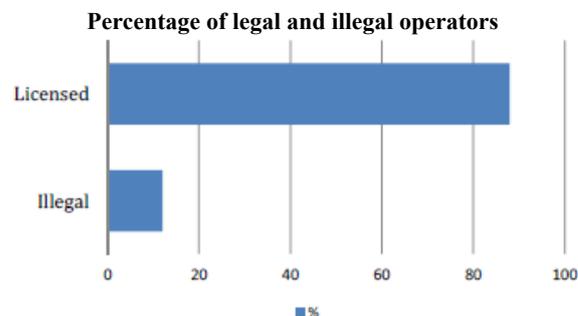
Masasi District:

Timber harvesting has been banned in the district; however, field observations discovered that timber harvesting still occurs in district forests, especially along the Ruvuma River bordering Mozambique.

Tunduru District:

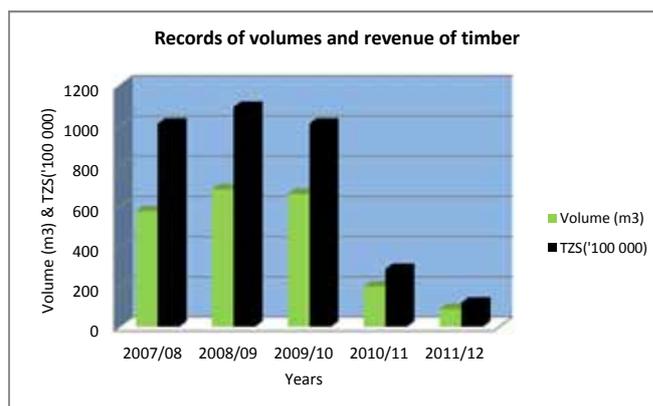
District officials reported that very few permits and harvesting licences are being purchased in Tunduru because there are few mature trees left and because licences for harvesting in Mozambique are much cheaper. However, a 2012 Special Operation carried out by the Tanzanian government found 10 183 illegal planks worth approximately TZS38 million (USD 24 150).

Figure 1: The status of operators as recorded at the Vikindu checkpoint for the period 29th November 2012 to 17th December 2012



Source: E. Sulle (2013). A Rapid Assessment of the Illegal Timber Trade Across the Ruvuma River on the Tanzania and Mozambique Border. In prep.

Figure 2: Revenue accrued from timber products in Nanyumbu District between 2007/08 to 2011/12.



Source: E. Sulle (2013). A Rapid Assessment of the Illegal Timber Trade Across the Ruvuma River on the Tanzania and Mozambique Border. In prep.



Confiscated timber in Tunduru District, Tanzania.
Credit: E. Sulle/TRAFFIC

Checkpoint Challenges

Data collection and observations were carried out at 12 of the most important checkpoints for monitoring timber products entering and leaving Tanzania. Findings revealed a number of challenges that contribute to ongoing illegal practices in the sector, including some of the following:

Bribery and corruption: Incidences of bribery were noted at many of the checkpoints. At Vikindu checkpoint, which is the second largest entry checkpoint into Dar es Salaam, bribery was witnessed on an almost daily basis between the checkpoint workers and the transporters.

False documentation: It was observed at multiple entry points that traders were either using fraudulent documents or were passing through without proper licences or permits. For example, at Lilambo checkpoint (Songea Rural), which monitors the movement of timber from the southern part of the country, 46% of the transporters were identified as being unlicensed.

Disguising timber as 'furniture': In recent years there has been a shift in the way timber is transported. Today a lot of timber is transported as furniture instead of logs because the transporter only needs a transit pass. To transport logs, a carrier needs a harvest licence, which has more associated transport costs. However, at Vikindu and Kibiti checkpoints most of the furniture originates from Ikwiriri, which was found to source furniture from unregistered sawmills and carpentry establishments.



Timber transported as furniture. Tanzania.
Credit: E. Sulle/TRAFFIC

Weak monitoring and data collection of exports: There are at least five official exit points where timber exports are recorded. While China used to be considered the top importer, today Kenya and India are the main importers of timber products (see Box 2). However, a lot of information is unrecorded or does not match import data from other countries. For example, export reports maintained by MNRT don't always contain information about the country of destination or about the volume of wood products being shipped.

Avoiding checkpoints – informal ports: Based on interviews, it is estimated that the number of informal to formal ports along the Tanzanian coastline is 100 to 1. TRA officials explained that the rise in informal ports is likely related to the recent 250% hike in taxes for importing timber to Tanzania. These ports are also used for export, and patrols carried out in 2012 in Rufiji District resulted in TZS150 million (USD95 200) in fines and subsequent government sales of illegally transported timber products at these points.

In addition to the above transgressions, transporters of timber products are also able to avoid stopping at official checkpoints all together as many alternative routes have been established. Some of the checkpoints also have police checks only meters away. It is alleged that sometimes these officials will unofficially approve passage.

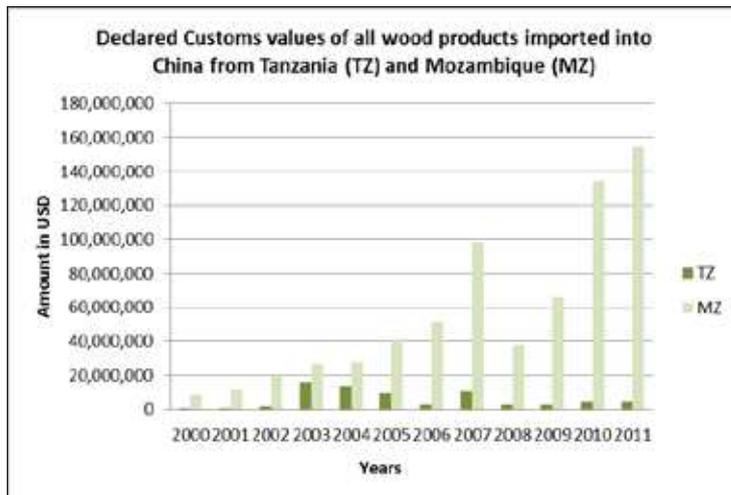
Box 1: Policies Aren't Often Reflected in Practice, But Good Practices Do Exist!

Although Tanzania's forestry sector has a strong legal framework in place, policies are often not effectively implemented on the ground. Corruption and a lack of political will leads to a lack of resources on the ground and a general lack of knowledge about systems and procedures.

However, there are some examples at the community level where good practices are leading to positive results for forest conservation and community development. For example, the NGO, Mpingo Conservation and Development Initiative (MCDI), has helped communities in Kilwa District establish village land forest reserves and has introduced a certification scheme for sustainably harvested East African Blackwood timber to be sold at international markets. The result includes greater financial benefits accruing to communities, increased levels in reporting of illegal logging incidents, and improved forest conservation efforts.

Such examples of effective forest management should encourage improved practice on a larger scale.

Figure 3.



Source: E. Sulle (2013). A Rapid Assessment of the Illegal Timber Trade Across the Ruvuma River on the Tanzania and Mozambique Border. In prep.

Box 2: Where are the timber products going?

Export data for wood products from the UN's Comtrade database shows that for declared wood exports China is no longer the largest importer of Tanzanian timber. Instead, India and to a lesser extent, Kenya and the United Arab Emirates are importing the largest volumes of wood products from Tanzania today. China's interest in Tanzanian timber has declined since 2004 when the Tanzanian government banned the export of round logs ('raw' timber) from the country. Instead, according to import data from China, Mozambique timber products are in higher demand, as China reportedly imported more than TZS246 billion (USD154 million) in timber products from Mozambique in 2011 compared to just TZS6.4 billion (USD4 million) from Tanzania (see Figure 3).

However, reliable and accurate information about timber product exports has been identified as a critical challenge to Tanzania's forestry sector. Timber product export data from MNRT are often lacking details and reliable information – e.g. when the product was exported, its destination, the amount and volume shipped, etc. In fact, in 2011, Tanzanian authorities claimed to have exported approximately TZS3 billion (USD2 million) less timber than China reported to have imported.

In order to monitor trade, it is imperative that complete and accurate data is kept. Without such data it is impossible to ensure transparency, track trade patterns or maximize profits and earnings for Tanzania. For example, it would be useful to understand better Kenya's increasing role in the timber trade. Is the timber entering Kenya being used locally or is Kenya a gateway for further exportation outside of East Africa?

Tanzania Forest Service Is Making Progress, But Challenges Remain

Since its establishment in 2010, TFS has undertaken reforms to address illegal practices in the forestry sector. These include new forest management zones, introduction of district forest managers and the decentralization of forest management and governance at a zonal level. TFS is also collaborating with civil society organizations to raise awareness and build capacity at local level about forest governance and to help strengthen local involvement in monitoring and reporting illegal forest practices. According to TFS, by rewarding informants who report illegal logging as well as by carrying out special patrols, in 2012, the institution was able to prevent TZS3 billion (USD2 million) in potential lost revenue from illegal activities.

Yet stakeholders interviewed believe there is a long way to go to fully address the critical problems facing the sector. Stakeholders felt that more preventative measures need to be taken by TFS to avoid illegal practices from being carried out in the first place. Furthermore, interviewees requested that additional efforts aimed at targeting corruption and collusion between forestry officials and businessmen, shortage of staff and equipment on the ground, and inadequate accountability and monitoring mechanisms are also required.

IV. RECOMMENDATIONS

Curbing illegal practices – in Tanzania and across its borders

Based on the research findings, three main issues were identified that could lead to an improved and sustainable timber trade between Tanzania and Mozambique. However, the first and most important step is for Tanzania and Mozambique to seriously commit to protecting their forest resources, and strengthening trade controls in the border districts. This will improve revenue generation, forest conservation and cross border relations.

1. Improve enforcement – There need to be stricter guidelines about appropriate documentation (including about the language used) as well as improved enforcement of those documents.

2. Increase patrols and monitoring – Strategic patrols and improved law enforcement techniques need to be employed in southern Tanzania, especially in border districts.

3. Address key drivers leading to illegal practices – Poverty, lack of affordable and reliable sources of renewable energy, weak governance and corruption are all to blame for illegal forestry practices. Rewards are needed to incentivize increased reporting of corrupt practices. Additionally, communities surrounding forests need to receive real benefits from forest conservation efforts.

In addition to the above, some other recommendations aimed at improving timber trade controls in Tanzania are as follows:

4. Improve checkpoint efficacy – Streamline the number of checkpoints along Tanzania’s southern highway to ensure there are sufficient qualified staff and equipment and transporters can reduce the number of stops they make.

5. Collaborate across sectors – TFS should not have to monitor the forestry trade alone, and instead could benefit from partnering with other sectors. For example, forestry checkpoints could be combined with weigh bridges and police checkpoints, reducing operations costs and unnecessary stops for drivers. TFS could work with the fisheries department to coordinate sea patrols.

6. Improve accountability and transparency – Independent timber trade monitoring should take place at checkpoints, annual audits of forest resources should be carried out and export data should be more rigorously collected and analyzed. Data and findings should be shared and widely accessible to all stakeholders.

7. Formalize Informal Ports – Trade should be monitored and regulated at the well-known informal ports so that revenue can be collected.



Tanzania. Credit: J.Chenga/TRAFFIC



Tanzania. Credit: E.Sulle/TRAFFIC



Tanzania. Credit: J.Chenga/TRAFFIC

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FORUM PARTICIPANT NOTES

