



TANZANIAN FORESTRY SECTOR

Creating a world-class commercial forestry sector that underpins downstream wood and energy industries and delivers widespread economic, social and environmental benefits to Tanzanian citizens

THE OPPORTUNITY

Commercial forestry is crucial for Tanzania's economy and environment. The sector is critical for Tanzania's industrialisation agenda and its efforts to reduce poverty and build opportunities for its citizens – particularly in rural areas. It underpins rural electrification, construction and numerous energy-intensive industries.

However, Tanzania cannot currently meet demand for timber and fuel-wood, leading to US\$150m of imports a year plus the mining of natural forests, with deforestation running at 400,000 ha per year.

But this does not have to be the case. Tanzania has among Africa's most favourable growing conditions and significant land available for planting. Opportunities exist to dramatically raise productivity, particularly through technology transfer and innovation – learning from countries such as Vietnam and Chile who have undertaken similar journeys.

The time to act is now. With a rising population, economic growth and industrialisation set to increase demand further, Tanzania needs to transform its forestry sector. By taking the right steps, the country can protect its natural forests, exploit compelling export opportunities, and ensure that hundreds of thousands of new jobs are created in a thriving sector.

POTENTIAL IMPACT

By developing the right infrastructure and investment environment, by 2035 Tanzania could:

- **Almost treble the number of jobs in wood product value chains to 400,000**
- **Increase the number of small-scale growers in the sector by 50% to 90,000**
- **More than treble government revenue from forestry to TSh 300 billion**
- **Become a net exporter of wood products, bringing in at least US\$50m per year**



IN A SHORT PERIOD OF TIME, TANZANIA MAY FIND ITSELF A POWERHOUSE OF FOREST PRODUCTS, LIKE FINLAND, WHOSE FORESTRY SHARE OF THE ECONOMY IS VERY HIGH. TANZANIA HAS EVERYTHING TO BECOME A FINLAND OF AFRICA.

DR. HAMISI KIGWANGALLA, TANZANIAN MINISTER OF NATURAL RESOURCES AND TOURISM

400,000

Transforming the sector
could lead to 400,000
people being employed in
wood value chains by 2035

THE JOURNEY SO FAR

In 2013, Gatsby established the Forestry Development Trust (FDT) to work with public and private stakeholders on a long-term programme to transform the sector and see it fulfill its huge potential.

FDT recognised the sector needed renewed investment in research and development to increase productivity. FDT developed and began to implement a comprehensive tree improvement strategy for Tanzania, including by establishing a flagship 10-hectare demonstration plot, and developing site-species trials with willing public and private sector partners in the Southern Highlands to test what would grow well in different locations.

Across the country there are now 117 different varieties of tree species, clones and hybrids being trialled across 23 sites with 13 partners across 4 climatic zones – the most substantial research infrastructure in East Africa.

Many of the trials are reaching mid-rotation, with some showing a potential tripling of productivity – results that are already influencing private sector investment decisions. Public and private actors are also partnering to establish seed orchards to produce local improved tree seed.

Growers can now also access imported improved seed through a seed supplier and selected nurseries.

In addition, FDT has helped increase access to information and contractor services for establishing and managing plantations, encouraging city-based investors to consider forestry opportunities. However, there is more work to do to both increase demand for - and quality of - service provision, especially for the medium-scale grower segment.

Processing infrastructure remains small-scale with limited value-add beyond primary processing, however the last four years have seen exciting growth in investment in Engineered Wood Product (EWP) value chains.

These developments have helped illuminate the sector's huge potential, and it is receiving increasing government attention. The Tanzanian government has created a Forestry Working Group within the Tanzania National Business Council, which brings together public and private actors around priority sectors to think through improvements to the enabling environment.



“

SEEDLING
PRODUCTION,
WEEDING AND
SPACING ARE KEY
STEPS IN THE
FORESTRY VALUE
CHAIN. JUST AS YOU
CANNOT PRODUCE
BREAD WITH SPOILT
FLOUR, YOU NEED
GOOD QUALITY TREE
SEED MATERIAL.

AIDAN FITAVANGU, TREE GROWER
IN MUFINDI



CURRENT MOMENTUM

The pace of change in the sector is accelerating, with increased interest and support from government, growing stakeholder collaboration, quality tree improvement research infrastructure in place, and investors seeking out opportunities in production and processing.

Demand signals have grown stronger, helped by the continued logging ban in Kenya, the construction boom in Dodoma, and projections by the national electricity utility that its requirement for poles will double over the next 10 years to 1.2 million per year.

Interest in EWP continues to expand. While investment is dominated by Chinese operators who can import technical capability, locals have made three investments in veneer peeling in Mafinga. There is also increasing interest in new investment from current processors in the sawn timber value chain to improve efficiency and quality.

National policy is being developed through a consultative process between public and private sector players, and taking into account the needs of the commercial forestry sector. Meanwhile, private sector players are working to establish a private forestry council and forum to increase coordination.

Excitingly, government is increasingly interested in enabling concessions on public land through public-private partnerships. During a recent visit to the Southern Highlands, the Minister of Natural Resources and Tourism reaffirmed his commitment to this. The availability of large blocks of land for planting could have a significant impact on the sector's future.

FOUR FDT HIGHLIGHTS IN 2019/20

SUCCESSFULLY FACILITATING KEY PUBLIC-PRIVATE GROUP

FDT continued to play a key role in developing a well-functioning Forestry Working Group within the Tanzania National Business Council. The Group's major milestones included developing a shared sector vision, and extending government allocations of raw materials to processors from one- to three-year contracts to stimulate investment.

SUPPORTING NATIONAL FOREST POLICY DEVELOPMENT

FDT has helped ensure that commercial forestry is well-represented in the new National Forest Policy, and that the policy acknowledges the critical role of the private sector – including the potential for concessions on government land.

EXCITING PARTNERS WITH EARLY TRIAL RESULTS

While FDT-led species trials are still at an early stage, partners are already looking to fast-track high performing varieties into production. Tanzania Forest Services Agency (TFS) has requested permission to fast-track 17 species and hybrid clones from a trial in North Ruvu, and a major multinational company is fast-tracking a variety for wood-fuel.

SUPPORTING SECTOR'S LARGEST SUPPLIER

TFS is the single largest supplier of raw material to the sector. With FDT's support, TFS is starting to increase use of improved planting material and good silvicultural practices in plantation establishment.



THE FORESTRY WORKING GROUP IS GOING WELL; WE'RE CHANGING THE LANDSCAPE, THE OUTLOOK OF THE SECTOR.

OLIVA VEGULLA, FORMER ACTING SECRETARY OF THE TANZANIA NATIONAL BUSINESS COUNCIL



WHERE NEXT?

- The commercial forestry sector in Tanzania is undoubtedly on a positive trajectory. While challenges remain, the outlook is strong.
- FDT's reputation and expertise mean it is well-positioned to support the sector to deliver on its huge potential.
- In the coming year, FDT will focus on further supporting government to create the right enabling environment for commercial forestry; increasing growers' access to improved planting material; and stimulating game-changing investments in processing technologies.
- By 2021 we hope to see the National Forest Policy approved by the Cabinet, with provisions for commercial forestry further incentivising investment. We aim to see at least five new processing plants open and for public and private players to establish 3,500 hectares of quality plantations – as part of a target for an additional 32,000 hectares over the next three years.
- This will move the sector much closer to fulfilling its potential – and towards the overall goal of creating a world-class commercial forestry sector delivering widespread economic, social and environmental benefits to Tanzania's citizens.



FDT'S WORK WAS AN EYE-OPENER...IT HAS REALLY HELPED THIS COUNTRY.

EDGAR MASUNGA, DIRECTOR OF TREE SEED PRODUCTION,
TANZANIA FORESTRY SERVICE