



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



**PERFORMANCE AUDIT ON MANAGEMENT OF FOREST
HARVESTING BY THE MINISTRY OF NATURAL RESOURCES AND
TOURISM**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL OF
THE UNITED REPUBLIC OF TANZANIA**

THE UNITED REPUBLIC OF TANZANIA



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PREFACE

The Public Audit Act No. 11 of 2008, Section 28 authorizes the Controller and Auditor General to carry out Performance Audit (Value-for-Money Audit) for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of resources in the MDAs, LGAs and Public Authorities and other Bodies which involves enquiring, examining, investigating and reporting, as deemed necessary under the circumstances.

The performance audit on management of forest harvesting was carried out in order to assess the effectiveness of controls mechanism set by (MNRT) to ensure that revenues from forest harvested areas are fully collected; and the performance of Check Points and Surveillance Units in dealing with illegal forest harvesting and trade are operational and effective.

I have the honor to submit to His Excellency the President of the United Republic of Tanzania, Dr. Jakaya Mrisho Kikwete and through him to Parliament the Performance Audit Report on the Ministry of Natural Resources and Tourism (MNRT) programs and activities.

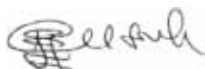
The report contains conclusions and recommendations focusing on the effectiveness of various controls set by MNRT for the collection of revenues from sale of forest products. The report highlights major challenges Check Points and Surveillance Units face regarding their effectiveness and efficiency in the control of illegal forest harvesting and trade.

The management of MNRT was given the opportunity to scrutinize the factual contents and comment on the draft report. After receiving their comments a face to face discussions was held between auditors and the auditee. I wish to acknowledge that the discussions have been useful and constructive. My office intends to carry out a follow-up audit at an appropriate time regarding actions taken by the auditee in relation to the recommendations in this report.

The office also subjected the report to critical review by the following experts namely: Professor Yonika M. Ngaga, Professor. Said Iddi, Mr. Isaya Mwangwone and Mr. Charles K. Meshack who came up with very useful inputs in improving the report.



This report has been prepared by Michael Malabeja, Elizabeth Augustino and Godfrey B. Ngowi under the supervision of the acting Assistant Auditor General - Value for Money, Ms. Wendy W. Massoy. I would like to thank my staff for their assistance in the preparation of this report. My thanks should also be extended to the auditee for the fruitful comments on the draft report.



Ludovick S. L. Utouh
Controller and Auditor General
Dar es Salaam,
January 2012



DISCLAIMER NOTE

This performance audit was conducted from June 2011 through March 2012. The audit was done in accordance with INTOSAI standards. The standards require that the audit is planned and performed in order to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions based on audit objectives. It is believed that according to the audit objectives, the evidence obtained provides a reasonable basis for the findings and conclusions.



ACRONYMS/ABBREVIATIONS

ADUT	Assistant Director Forest Utilization
DCFM	District Catchment Forest Manager
DFO	District Forest Officer
DHC	District Harvesting Committee
EIA	Environmental Impact Assessment
EMA	Environmental Management Act
FAO	Food and Agriculture Organization
FBD	Forestry and Beekeeping Division
FSU	Forest Surveillance Unit
GIS	Geographical Information Systems
LAFR	Local Authority Forest Reserve
LGAs	Local Government Authority
MNRT	Ministry of Natural Resource and Tourism
NAOT	National Audit Office of Tanzania
NAFOBEDA	National Forest and Beekeeping Program Data Base
PFM	Participatory Forest Management
PM	Plantation Manager
PMO-RALG	Prime Minister Office- Local and Regional Government
RCFM	Regional Catchment Forest Manager
RNRO	Regional Natural Resource Officer
TFS	Tanzania Forest Service
TP`	Transit Pass



EXECUTIVE SUMMARY

Mainland Tanzania is covered with 33.4 million hectares (ha) forests and woodlands (FAO 2010). These resources are subjected to immense pressure leading to high rate of deforestation and degradation. According to FAO (2010), the estimated deforestation rate between 1990 and 2010 was 403,000 ha per year. This loss of Tanzania's forests is accelerated by shifting cultivation, agricultural expansion, development of settlements, roads and mining, overgrazing, uncontrolled fires and cutting trees for charcoal and timber production.

Reasons for conducting this Performance Audit

In recent years, illegal logging which has denied the government revenues has become a major concern in Tanzania. In one instance, over 100 containers containing illegally obtained timber were seized at Dar es Salaam harbor in 2004. Logs of tree species which were not allowed to be exported were in the containers. The declarations showed the containers had logs of trees species which were allowed to be exported. In December 2009, MNRT reported that 57% of revenue (approximately 23 billion Tanzanian shillings) from forest products was not collected during the 2008/2009 financial year.

Some reported reasons for uncollected revenue include evasion of tax payment, fraud (including, forgery of revenue documents). Because of these problems there have been debates in parliament, among forest experts and the public on the need to improve controls in harvesting, trading and transportation of forest products in Tanzania.

Therefore, using its legal mandate, the National Audit Office of Tanzania (NAOT) conducted a performance audit in order to assess the effectiveness of the controls set by the MNRT to ensure that revenues from harvested areas are fully collected.

The audit focused mainly on trees harvested from central government owned forests. Also, the audit assessed how the MNRT monitors the performance of Check Points and Forest Surveillance Units (FSUs) in addressing illegal logging in six districts where there is substantial harvesting of trees. The selected districts are Kisarawe in Pwani region, Sikonge in



Tabora region, Biharamuro in Kagera region, Liwale in Lindi region, Nanyumbu in Mtwara region, Chunya in Mbeya region, Ulanga in Morogoro region, Mpanda and Sumbawanga in Rukwa region and Kigoma rural in Kigoma region. Information on controls of forest harvesting and transportation of forest products was also collected from various Check Points and FSUs located in Southern highland, Southern, Coast, western, lake and Northern Zone. The audit team used the information and data of fiscal years of 2008 - 2011

MNRT does not adequately ensure that the controls set to enhance revenue collection from the harvested trees are performing well

Major Findings and conclusions

- i. In Tanzania, only 4 % (35) of the forest reserves have prepared Forest Management Plans and the remaining 96% operate without the plans.
- ii. The Ministry has no effective mechanism of controlling the issuance of licenses at district level. It was found some districts have issued harvesting license, transit passes even in the absence of approved Forest Management Plans and annual harvesting plans.
- iii. District Forest Harvesting Committees do not report to MNRT on decisions taken at meetings held to consider applications for harvesting. Therefore, the Ministry lacks key information such as number of people granted licenses in each meeting and volume of logs approved to be harvested etc. Therefore, as a result the Ministry cannot assess whether the goals of controlling harvesting of forest products are reached or the extent of achievement towards reaching sustainable forest harvesting.
- iv. In eight districts visited, it was found that there is inadequate staff. Due to inadequate staff it was found that District Forest Officers (DFOs) are multi tasked and therefore over loaded with works. It is common to find the same office responsible for the issuance of licenses, collection of revenue, hammering timber products, conducting inspections and patrols, and administrative reporting such as attending meetings of district council and other issues which are not technically directly linked to forest management.



Weakness of monitoring and evaluation of various issues such as DFOs reports

- i. The guidelines on sustainable forest harvesting are not fully followed. The District Forest Harvesting Committees do not hold meetings every four months to discuss the harvesting trend as required by the guidelines. The District Harvesting Committees of some districts which have high potential harvesting such as Sikonge did not meet at all in 2010. Because of this, people who requested for harvesting permits could not be issued with such permits.
- ii. MNRT officials from the HQ do not conduct a periodical monitoring of forest harvesting activities by visiting districts that harvest forests. As a result, MNRT does not know the real situation on the ground regarding forest harvesting.
- iii. DFOs rarely visits the harvesting areas and most of them do not check the harvested logs at source as required by law and guidelines. In most cases, hammer-stamping is done after the harvested logs or timber have been moved to landing sites or sometimes moved to DFO's office.
- iv. The MNRT is not able to determine whether Check Points and Forest Surveillance Units are under- or over-achieving. This is partly due to the fact that the Ministry does not effectively and regularly analyze reports from Check Points and FSUs to determine their performance.
- v. The stipulated and enforced fines and penalties for the apprehended illegal dealers of the forest products are relatively low. The low fines do not act as deterrent to illegal operators to stop illegal trade in forest products.
- vi. There is no any signed Memorandum of Understanding (MoU) between PMO-RALG and MNRT regarding the administration of harvesting of forests in Districts. It was therefore found that the two authorities have conflicting objectives on forest management.
- vii. The reporting mechanism of FSU and Checkpoint regarding combating illegal logging is not proper; there are incidences of conflict of interest caused by the two units reporting to the same office of the Assistant Director Utilization.
- viii. FSU teams have not adequately impacted awareness to villagers living close to forests. Many forests adjacent communities do not have contacts such as phone numbers of the FSU staffs to enable them report to them any illegal activity.



- ix. There are no MNRT Check Points in sensitive harvesting areas such as Morogoro, Kigoma, Mbeya etc. It was found that out of the 28 checkpoints erected by MNRT, 16 (more than 60%) are located in Dar es Salaam and Pwani region
- x. Allocation of resources (financial, human and equipment) to FSUs is not done objectively. The Ministry allocates resources arbitrary through discussions and agreement based on the current demand. MNRT has not documented the criteria and formula used for allocating funds, staffs and working equipments to the FSUs.
- xi. NAFOBEDA lacks updated data to enable MNRT improve forests in the country

Based on the findings, NAOT offered a number of recommendations aimed at addressing the identified deficiencies and weaknesses. The recommendations provided are:

MNRT should revise its mechanism for controls of revenue collection by increasing efforts to support and monitor the performance of Check Points and FSUs in addressing illegal harvesting

- (i) MNRT needs to ensure that harvesting of forest products follows approved Forest Management Plans. MNRT should therefore stop districts without approved Forest Management Plans from issuing harvesting permits.
- (ii) On the other hand, MNRT should develop an MOU with local government authorities on certain activities which will assist the monitoring system of forest harvesting work effectively.
- (iii) The royalty setting should be based on a proven model which considers all the key factors including production/management costs, environmental services and opportunity costs. As most of these factors are fluctuating, the revision should be done regularly for example on an annual basis to avoid frustrating the market.
- (iv) MNRT should strengthen the capacity of Check Points in order to realize the intended results. The Ministry should also strive to increase and improve operations of Check Points especially in strategic areas such as railway lines and ensure that all staff at the Check Points is well trained.
- (v) MNRT should ensure that rates of fines and penalties charged help to reach the intended deterrent effect.



1.1 Background

This chapter provides basic information on the condition of the forests estate in Tanzania and highlights the risks and challenges MNRT is facing in managing forest resources in the country

1.2 Condition of forests in Tanzania

Tanzania is covered with 33.4 million ha of forests and woodland (FAO 2010). These forests are subjected to immense pressure leading to high rate of deforestation and degradation.

There are no reliable data on deforestation rate although FAO (2010) estimates that it has been 403,000 ha per year between 1990 and 2010. Causes of loss of Tanzania's forests include shifting cultivation, agricultural expansion, development of settlements, roads and mining, overgrazing, uncontrolled fires and over-exploitation forest resources for charcoal and timber production and other income generating activities. Most of these activities take place in unreserved forests.

1.2 Statement of the problem (loss of government revenue and illegal harvesting)

In recent years, illegal logging which has denied the government revenues has become a major concern in Tanzania. In one instance, over 100 containers containing illegally obtained timber were seized at Dar es Salaam harbor in 2004. Logs of tree species which were not allowed to be exported were in the containers. The declarations showed the containers had logs of trees species which were allowed to be exported.

In December 2009, MNRT reported that 57% of revenue (approximately TZS 23 billion) from forest products was not collected during 2008/2009 financial year).

Some reported reasons for uncollected revenue include evasion of payment of taxes and fraud (including, forgery of revenue documents). Because of these problems, there have been debates and concerns by the parliament, among forest experts and the public on the need for improvements of controls in harvesting, trading and transport of forest products in Tanzania.



1.3 Audit Objective The objective of the audit was to assess the effectiveness of controls set by MNRT to ensure that revenues from harvested forests are fully collected. Another objective was to evaluate the performance of Check Points and Surveillance Units in dealing with illegal forest harvesting and trade.

1.3.1 Audit Scope The audit focused mainly on trees harvested from forests owned by central government. Also, audit assessed controls instituted by MNRT through the Forestry and Beekeeping Division (FBD) in ensuring that all revenues from harvested trees are collected. In addition, the audit assessed how MNRT monitors the performance of Check Points and Forest Surveillance Units in addressing illegal harvesting.

Forest harvesting data was collected from selected seven districts in six regions where harvesting of trees is officially carried out. The audit focused mainly on trees harvested from central government owned forests. Also, the audit assessed how the MNRT monitors the performance of Check Points and Forest Surveillance Units (FSUs) in addressing illegal logging in six districts where there is substantial harvesting of trees.

The selected districts are Kisarawe in Pwani region, Sikonge in Tabora region, Biharamulo in Kagera region, Liwale in Lindi region, Nanyumbu in Mtwara region, Chunya in Mbeya region, Ulanga in Morogoro region, Mpanda and Sumbawanga in Rukwa region and Kigoma rural in Kigoma region. Information on controls of forest harvesting and transportation of forest products was also collected from various Check Points and FSUs located in Southern highlands, Western, Southern, Coast, Lake and Northern Zone. The audit team used the information and data of fiscal years of 2008 - 2011



1.3.2 Audit questions

A. Does MNRT ensure that the controls set to enhance revenue collection from the harvested trees are performing well?

- i. *Does the MNRT have an effective control mechanism for ensuring that trees are harvested in accordance with the approved forest management plan?*
- ii. *Does the MNRT have monitoring mechanism to ensure the quantity and price charged to the harvested trees work properly?*
- iii. *Are the royalties for harvested trees properly set to reflect the actual market prices?*
- iv. *Has the MNRT taken appropriate actions to improve efficiency and effectiveness of relevant controls in revenue collection?*

B. Does MNRT support and monitor the performance of Check Points and the Surveillance Units in addressing illegal logging?

- i. *Does MNRT's system set up for combating illegal logging support the smooth functioning of Check Points and Surveillance Units?*
- ii. *Does MNRT have risk base guidelines to assist the staff at Check Points and Surveillance Units to plan, conduct and report their operations?*
- iii. *Does MNRT have plans for monitoring and evaluating performance of Check Points and Surveillance Units?*
- iv. *Does MNRT collect, analyze and use the data to make appropriate decision and action for improving performance of Check Points and Surveillance Units?*
- v. *Are the sanctions and penalties appropriately regulated and enforced to people/companies who are apprehended?*

1.3.3 Method of Implimenetation

This report presents the performance of the various controls instituted by MNRT through FBD in collecting revenue from harvested trees. Emphasis is given on how MNRT monitors the performance of Check Points and Forest Surveillance Units (FSUs) in addressing illegal logging.



To find out whether harvesting is conducted according to the approved plan, monitoring of harvesting activities and actions taken by the Ministry, the methods used by MNRT to collect revenue and control illegal harvesting were examined. Various documents such as detailed forest management plans, harvesting reports, monitoring reports, and minutes of the meetings from District Forest Harvesting Committees (DFHCs) were reviewed to check whether logs harvested matches with that indicated in the licences and in the approved harvesting plans. Also, officials from forest authorities responsible for licenses and permits were interviewed to get information on trees harvested and licenses issued. The data collected was analyzed to find out trends and compliance to procedures.

To evaluate, whether the royalty of harvested trees reflects the market price. The team surveyed the market prices of logs and reviewed documents like the guideline on royalty rates, the price list and catalogue, Exchequer Receipt Vouchers, and invoices. The obtained data was analyzed by comparing the price and the royalties charged to determine consistency and comparison with market prices

In assessing the performance of Check Points and the FSUs, the audit looked into various comparable data that would help in assessing performance of the system, effectiveness in monitoring and evaluation and actions taken in terms of sanctions and penalties.

Regarding the sanctions, the following were interviewed:

- a) Officers from Surveillance Units and Legal Officers of the MNRT; on how they perform their duties;
- b) Managers of Wood based companies, Forest managers, forestry experts and staff from NGOs regarding their views on regulations and sanctions applied by the Ministry
- c) Officer responsible for the management and monitoring of the implementation of contracts.

The Team assessed the information obtained to find out various sanctions imposed overtime.



To get sufficient data, the Organization Structure and reporting mechanism of FBD was studied to identify the roles and responsibilities, reporting structure, of various actors in the Chain. MNRT officials were interviewed to find out the accountability relationships in preventing illegal harvesting of forest products.

Regarding monitoring and evaluation, the audit team conducted interviews with the Ministry officials on how they collect and analyze data to assess performance and which criteria they use to establish good and poor performance. Apart from interviews, the Ministry's system of assessing performance, checklist used, performance reports from previous years, and action taken for good and poor performers was also reviewed.

There are some limitations that need to be acknowledged regarding this audit as presented hereunder:

1.3.4 Limitations of the Audit

- a) The audit team did not get readily information/data on volume of Forest Harvested where harvesting is taking place, harvesting licenses issued from MNRT and LGAs visited and offences compounded.
- b) Spatial technology (Remote Sensing) was intended to be used in data analysis but due to lack of the relevant skills, the technology was not used;
- c) The audit did not cover the whole revenue collection system and as such, the Logging and Miscellaneous Deposit Account in short LMDA which is charged and retained at source was not audited (mainly from forest plantations).

Despite the mentioned limitations, the team succeeded in coming up with the report. Various techniques were used in order for us to be able to come up with this report; techniques such as cross checking different data, liaising with experts on the field.

In answering the audit questions *presented on section 1.3.2, the following criteria and assumptions were used:*

1.3.5 Assessment Criteria

Regarding the performance of various controls applied for collection of revenue from the harvested forest products:



The MNRT has to ensure that harvesting of timber and logs is managed in accordance with approved and detailed forest management plans from the relevant forest authority and it conducts monitoring and evaluation on the performance of its department and has to take relevant actions based on its findings

- Responsible forest authority should collect all revenue from fees, royalties charged in respect of such forest reserve
- The royalty of forest products and services sold from central and local government reserves should be set based on free market prices

Regarding the performance of Check Points and FSUs in addressing illegal logging, the criteria / assumptions were as follows:

- The Ministry was expected to have documented and distributed detailed directives which enable staff to identify and prioritize key issues to be monitored, prepare plans, set targets and formulate performance indicators which will enable them to gauge performance in addressing illegal logging based on selected models such as risk based model;
- MNRT was expected to have a documented a system of monitoring and evaluating the performance of FSUs in different zones and Check Points located in different geographical areas and ensure that accurate and reliable data are collected, analyzed and used in supporting the management in monitoring the Check Points and FSUs;
- MNRT, through its FSUs was required to make sure that regulations, rules and procedures of harvesting and transporting forest products are adhered to and have in place a system of prosecuting and handling cases in courts of law

1.3.7 Data Validation Process

MNRT officials were given opportunity to read a draft version of the final report in order to examine its content from a factual point of view and to provide comments.



1.3.8 Structure of the report

This report consists of the following five Chapters:

- i) Chapter one summarizes information on the general conditions of the forest estates in Tanzania, statement of the problem (loss of government revenue and illegal logging), and audit objectives, scope of audit, audit methodology, audit questions and assessment criteria;
- ii) Chapter two presents the key stakeholders and their responsibilities in the administration of the forest estate in Tanzania. It also describes the various steps and processes involved in forest harvesting and revenue collection;
- iii) Chapter three presents the findings of the audit based on the audit questions;
- iv) Chapter four provides the conclusions of the audit; and
- v) Chapter five presents recommendations to the different actors in the forest sector aimed at improving/enhancing revenue collection.



CHAPTER 2 : AREAS OF ACTION AND DIVISION RESPONSIBILITIES AMONG KEY STAKEHOLDERS IN THE FOREST SECTOR

Management of forests in Tanzania is done by two main stakeholders, MNRT through the Forestry and Beekeeping Division (FBD) of which some of its functions were in July 2011 transferred to an executive agency, the Tanzania Forest Service (TFS) and the Prime Minister's Office, Regional Administration and Local Government (PMO, RALG) through the Regional Natural Resources Officer (RNRO), District Forest Officers (DFOs) and Village Natural Resources Committees. The responsibilities of each are described in the following sections.

Legal framework

The forest sector is guided by the National Forest Policy of 1998, whose overall goal is to enhance the contribution of the forest sector to the sustainable development of Tanzania and the conservation and management of her natural resources for the benefit of present and future generations (URT 1998). In 2001, the Government prepared the National Forest Programme (NFP) which was a ten-year framework (2001-2010) to guide implementation of the Forest Policy. The Forest Act, Act No. 14 of 2002 (Cap 323 R.E. 2002) is the one which provides legal basis for the management of forests in Tanzania.

2.1 Ministry of Natural Resource and Tourism (MNRT)

The mission of the MNRT is to formulate policies and strategies that lead to sustainable management and conservation of the country's natural resources, increase the sector's contribution to government revenue collection, while simultaneously promoting and diversifying Tanzania's many tourist attractions. The MNRT is organized into three technical divisions - Tourism, Wildlife and FBD.

2.1.1 Forestry and Beekeeping Division (FBD)

FBD is responsible for forest policy and legislation development and sector leadership. Through the FBD, the MNRT provides capacity building, facilitation, monitoring and evaluation of activities at Regional and District government levels. FBD is organized into four sections - the Forest Development Section, Forest Utilization



Section, Research Training and Statistics Section, and Beekeeping Development Section. The Forest Development Section is responsible for policy and planning, forest development, extension services, forest resource assessments, forest investments, project coordination and publicity.

The Forest Utilization Section is responsible for collection of revenue of forest products. The Research, training and statistics section is responsible for coordinating research, Training and collecting and management of forest sector statistics. The Beekeeping Development Section is responsible for the management of beekeeping. In the field, FBD/TFS has primary responsibility for the management of the national government forest reserves, including softwood plantations.

2.1.2 Tanzania Forest Service (TFS) TFS is a semi-autonomous and self-financing executive agency of MNRT. TFS was officially launched in July, 2011. TFS has a vision of being a center of excellence in the conservation and sustainable supply of quality forest and bee products and services in Tanzania. TFS is also committed to sustainably manage the National forest and bee resources in order to contribute to the social, economic, ecological and cultural needs of present and future generations.

TFS took over some of the functions of FBD. As an executive agency, TFS is responsible to overcome constraints that are currently facing the forest sector. As an executive agency, TFS is required to generate its own income and manage its own affairs.

TFS budgets would be rolled over into subsequent fiscal years, unlike the current case for the Ministry which is subject to the government's annual fiscal envelopes. By allowing the forestry agency to retain and re-invest the proceeds from successful enforcement and from effective revenue collection, significant improvements in forest management are expected.

2.2 Prime Minister's Office, Regional Administration and Local Government (PMO-RALG) This Ministry which is responsible for Regional Administration, Municipal and Local Governments, is a division within the Prime Minister's Office (PMO-RALG), and PMORALG has a vision to facilitate the empowerment



of Tanzanians through autonomous local government institutions geared to reducing poverty. It is committed to Champion the decentralization by devolution and create the requisite conditions for Local Government Authorities to deliver quality services efficiently and equitably. Likewise, it is also committed to effectively manage the critical interfaces between itself and other Ministries

Regarding forest management, in the regions there is a Regional Natural Resources Officers (RNRO). The RNRO is a central government employee reporting to PMO-RALG and not to MNRT.

The District Councils employ DFOs who are responsible to the District Councils. DFOs are engaged in managing a Local Authority Forest Reserve (LAFR). DFOs also serve as agents for MNRT in management of some national forest reserves including collection of revenue. District Councils are mandated by the Local Government Finances Act of 1982 to collect cess amounting to 5% of the royalty. The cess is over and above the royalty charged, not deducted from the royalty. As for revenue collected from LAFRs, the Councils retain 100% of the collected amount.

There are 60 LAFRs in Tanzania, selling licenses to businesses for extracting forests resources (including wood for charcoal production) from village forest or an LAFR, training villages in PFM, or manning roadside check points and collecting taxes from charcoal traders.

2.2.1 District Forest Harvesting Committees (dFhcs)

The 2002 Forest Act, the 2006 Charcoal Regulation and the District Forest Harvesting Committee (DFHC) are the main instruments for control of forest harvesting. The main functions of the committee are to receive and evaluate applications for harvesting of forest products, such as firewood, charcoal, timber and poles. Other functions include identification of harvesting areas within the District, preparing and coordinating harvesting plans, and reviewing quarterly reports on harvesting activities from the DFO. The committee prepares and maintains a register of all forest product dealers in the District, held under the custodianship of DFO. DFHCs are chaired by the District Commissioner who is a Presidential appointee and is not part of the local government structure.



2.2.2 Village Governments (Councils)

The village government is elected by the Village Assembly and is headed by the Village Chairman. In the new era of decentralization of government administrative powers, the village government holds the primary responsibility for implementing government policies, and enforcing laws at the village level. This, of course, includes implementing participatory forest management. However, many village assemblies and governments are not fully sensitized to the advantages and requirements of PFM.

2.2.3 Village Natural Resources Committees (VNRCs)

Under the Environmental Management Act (EMA) No. 20 of 2004, every village is required to have a Village Environmental Committee. There is also a requirement to have a Village Natural Resources Committee which is a sub-committee of the Village Environment Committee required by the same Act. The principal functions of the Natural Resources Committee are to oversee and manage the harvesting of natural resource products, including forest products, from village forests, including firewood, charcoal, trees, timber and poles. The Committee determines harvesting areas within the village forest and prepares and coordinates harvesting plans, and reviewing quarterly reports on harvesting activities with the Ward and DFOs.

2.3 Description of the monitoring process and administration of forest harvesting, trade and transport of forest products in Tanzania

The process for forest harvesting and revenue administration in Tanzania includes the following activities:

2.3.1 Forest Harvesting Process

Harvesting of forest products from the natural forests (Reserved or General land)

The following activities are performed by DFO as a preparation for harvesting forest products;-



- Selection of the forest area to be harvested. This stage is facilitated by forest inventory and harvesting plan,
- Carrying out tree and volume assessment. Based on this, DFOs prepares management plans which includes tree species to be harvested and size of the coupe,
- Submission of the management plans to DFoB for approval.

Submission of applications

All applications for forest harvesting are submitted to DFO.

- (i) For trees, timber, charcoal, poles and firewood to be removed from the natural forests (Reserved and General land), the applicant should:
 - Have a letter of approval from the Village Committee of the village adjacent to the forest area to be harvested.
 - Submit application for harvesting to the DFHC by filling a special application form, FD1.
 - Be registered Forest Products dealer.
 - Upon approval of application, pay 5% of the royalty fees as a special fund for tree planting within the District.
 - Have a trading license.
 - Have Tax Identification Number (TIN).

The DFO will submit the approved FMP together with harvesting requests to the DFHC for consideration. The applications will be discussed by the DFHC which is required to meet on a quarterly basis. Based on the Committee's recommendations, DFO or District Catchment Forest Officer (DCFM) will issue licence to the applicant, provided that he or she has paid relevant fees. Payment of relevant fees is done by the dealer to deposit relevant fees into the MNRT account. The licence issued is valid for 30 days. In exceptional circumstances, the licence may be extended for 15 days on payment of a fee of 20% calculated on royalty.



Monitoring during harvesting

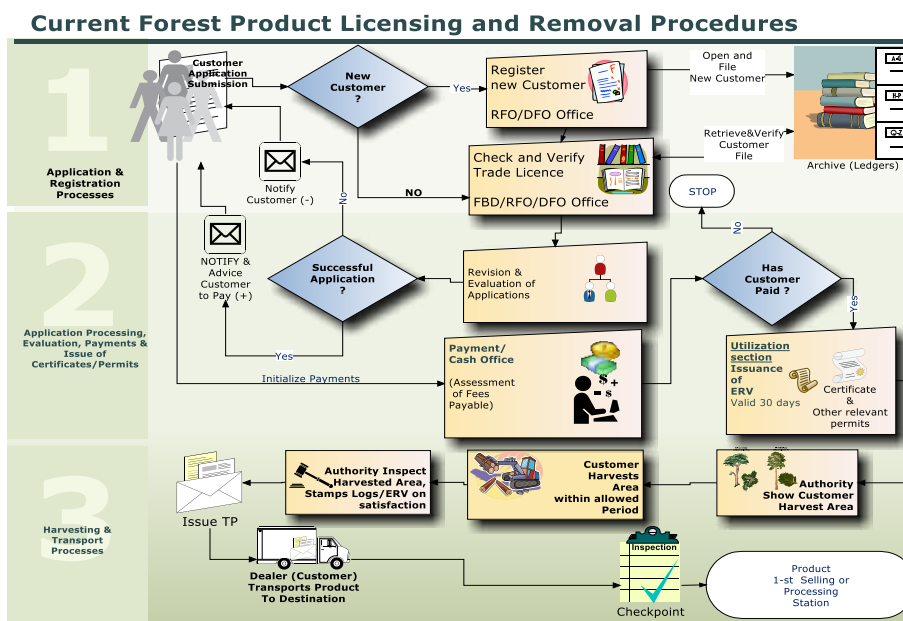
After obtaining a licence, the licensee reports to the village government (in principle it is the DFO who is required to introduce the licensee to the village government). The Village Government supervises the harvesting to make sure that it is carried out in the selected areas and only trees which are shown on the license are harvested. The licensee then applies to DFO to remove the logs or other forest products within 30 days of the issue of the license. The DFO visits the site with the licensee. He re-measures the forest products and hammers marks the products.

Control of transportation of the forest harvested products

The DFO issues a Transit Pass (TP) allowing the licensee to transport timber within the district (“after due ascertainment of the bona-fide and origin of the forest products. If the licensee is transporting the products outside the district, then he or she should be issued with a TP by the Regional Natural Resources officer (RNRO) Regional Catchment Forest Manager(RCFM) or DFO upon approval by the Director of Forestry and Beekeeping (DFoB). Traders and transporters are subject to verification of load against paperwork/documents at Check Points, where verification is done. If they are found with excess load, they are penalised in accordance with the Forest Act.



Figure: 1



Sources MNRT Report

2.4 Funding by MNRT for forest management

The implementation of the National Forest Policy is done through, among others, the NFP (implementation of the National Forest Policy is also done through the Forest Act). . Implementation draws resources from various sources and stakeholders including the private sector, public sector and external assistance. The government has authorized MNRT to retain 70% of the revenue collected for forest management purposes. In practice this percentage is not reached, MNRT retain less than 70%. We expect that this will change with TFS.

2.5 Setting of Royalty and other fess

Forest charges/ fees, fines and penalties imply pricing of forest products. The fees and royalties are paid when products like trees, poles, withies, firewood, charcoal, fibres, seed, seedlings etc. are removed from the forests (reserved and general land) by license (Part VI of the Forest Act. 2002).



The term royalty is defined in the commonwealth forest terminology as the fee paid to the owner of the forest. Under royalty fee, a fixed sum is payable for each exploited unit or a fixed percentage of the finished good. Royalty fee is also known as stumpage price which is defined by Avery (1967) as sale price of standing timber and must take into account a number of different variables including species, quality and size, logging methods and conditions, distance from the mill, type of end product to be derived from the timber and product marketing conditions.

Therefore, basically one could say that stumpage price (royalty fee) is a residual price of the tree after deduction of all processing and selling costs. A method of determining timber stumpage price known as residual stumpage price or stumpage appraisal can be used to determine the appropriate approach to be used by the government. It is worth pointing out here that calculating the stumpage price of timber using the appraisal method is more complex than the other methods because the market price of timber varies between regions, species, quality and production costs, which also vary with distance to market, local site conditions and forest management requirements.

Therefore, to come-up with a fair and accurate timber stumpage price (royalty fee) using the appraisal method, there must be high degree of record keeping on production costs and selling. The tradition of record keeping and using the information so collected is not common among many. The private sector is using this practice more than the public sector. But even then in many cases, they are reluctant to divulge its real costs.

The major factors entering into the calculation of the stumpage price includes the following: The selling price of the product, the cost of logging and hauling (transportation of trees to the mill), the cost of milling and transportation of processed products, and the margin for profit and risk. Generally, forest royalty and fees in Tanzania are set administratively therefore they do not reflect the market price of the products.



CHAPTER 3: AUDIT FINDINGS

This chapter presents the audit findings based on the overall audit objectives and questions. The first part of the audit findings is on the performance of key controls set by MNRT to ensure that the revenues from the harvested trees are fully collected. In this part, the audit focused on the following:

- *Presence of effective control mechanism for ensuring that trees are harvested in accordance with the approved forest management plan*
- *Monitoring mechanism of the MNRT to ensure that the quantity and price charged to the harvested trees work properly*
- *Setting of the proper royalties for harvested trees to reflect the actual market prices*
- *Actions taken to improve efficiency and effectiveness of relevant controls in revenue collection*

The second part of the audit findings are on the role of MNRT in supporting and monitoring the performances of Check Points and FSUs. In this part therefore, the audit looked at:

- *MNRT's system set up for combating illegal logging and support the smooth functioning of Check Points and Surveillance Units*
- *Presence of risk base guidelines for assisting the staff at Check Points and Surveillance Units to plan, conduct and report their operations*
- *Plans for monitoring and evaluating performance of Check Points and Surveillance Units*
Actions taken for improving performance of Check Points and Surveillance Units
- *Regulation and enforcement of sanctions and penalties to people/companies who are apprehended*



3.1 Performances of key controls set by MNRT to ensure the revenues from the harvested trees are fully collected

One of the main roles of MNRT is to ensure that all revenue from harvested forest products is collected. To make sure that revenues from forest products are fully collected, MNRT has created many controls. This section focuses on the performance of various controls instituted by MNRT in ensuring that forest harvesting is properly managed according to governing laws and regulations.

3.1.1 Many Forests reserve in Tanzania are Managed without Forest Management Plans (FMP)

To ensure that there is sustainable forest management, the Forest Act stipulates that harvesting of forest products be managed based on an approved Forest Management Plan (FMP). An FMP has the purpose of setting out approved management objectives and actions or interventions required in achieving them. FMP is also a basis for the monitoring and evaluation of management practices as well as basis of policy, legislation and programme reviews. Therefore, effective implementation of an approved management plan is a key criterion for sustainable forest management.

The Ministry is responsible for ensuring that the management in each forest authority is according to approved detailed forest management plan¹. At the Ministry, FBD, through the Assistant Director of Forest Development is responsible for ensuring that FMP of all forests in Tanzania with area exceeding 50 ha are approved. Apart from approving the FMP, the Assistant Director is also responsible for monitoring and assessing whether each forestry authority (LGAs or Plantation Forest) fulfills the requirements of the plans.

¹Forest Act 2002 S.30(1)b



According to the interviews with officials in the MNRT and reviewed documents, it was found out that only 4 % (35) of the forests in the country have FMP and the remaining 96% do not have such plans. Similarly, out of the 35 FMPs prepared by DFOs, only 2% (11) were approved by the MNRT because they met the required standards set. Most of the forest reserves with approved management plans are nature reserves. Nature reserves have FMPs to fulfill conditions set by development partners.

According to the interviews with senior officials in the Ministry, the reason for most DFOs and Forest Plantation Managers not having FMP and annual forest harvesting plan is lack of basic information such as size of forest, harvestable stock, and boundaries of forest which is required in preparing the FMP. In many districts no inventory has been undertaken for a long time. As a result, the basic information is not available. Also, districts are responsible in preparing the FMPs but do not give priority in allocating funds for this activity and this hinder the development of the forest sector.

Basing on interview with MNRT officials, MNRT distributes guidelines to forest authorities on how to prepare the FMP. But there was no written or supporting evidence from the Ministry to confirm this. However, the audit found that officials in districts covered by this study were not aware or familiar with such guidelines. Lack of approved FMP indicates that forest products are harvested even in districts with no harvesting plans. This hampers the efforts of having sustainable forest management. In other words, it is difficult for the MNRT to confirm that sustainable forest management is practiced.

MNRT has the responsibility of reviewing draft FMPs and Annual Harvesting Plans (AHPs)



3.1.2 Assessment of Forest Management and Annual Harvesting Plans

submitted by DFOs and managers from plantation forests. While discharging this responsibility, the MNRT is expected to have specific criteria or guidelines for assessing both the quality of the prepared FMP and AHP and its implementation to be able to decide on whether the plan is good or poor.

It is also expected that MNRT keeps and analyses records to show the trend of the performance in order to help them in taking corrective measures. Basing on the interviews conducted with MNRT officials and forestry experts, it was realized that while the Ministry has and uses guidelines to help districts and/or forest managers to develop FMP and AHPs, it lacks clear criteria for assessing the quality of the plans and their implementation.

There was no evidence to confirm that MNRT assesses and documents the quality and implementation of these plans. It is difficult for MNRT to assess the quality of FMP because the guidelines lack clear directives on how the assessment should be done.

Another challenge observed during the audit is the insufficient number of staff at the FBD to carry out evaluation of the quality of FMPs and making follow up of its implementation. The audit found only one staff that was available to review FMPs submitted from more than 100 districts. As a result of this, the workload for the available staff is high, making it difficult for him or her to critically read and therefore improve the quality of the plans.

3.1.3 Forest Harvesting licenses were granted even in the absence of the approved FMP

Having an approved FMP is one of the requirements for a forestry authority to be granted a license to harvest forest products.



In 2007, MNRT distributed a circular to all LGAs that conduct forest harvesting requiring each to submit FMP before they could be granted harvesting permit. Similarly, the MNRT is expected to enforce this regulation before the districts issues harvesting permits.

In the course of the audit, it was found that harvesting permits were issued by DFOs and Forest Plantation Managers even in the absence of the FMP. The Ministry's set mechanism of controlling the issuance of license at district level is not effective and as a result, it was found that some districts issued harvesting license, transit passes even in the absence of an approved FMP and AHPs For example, in Mwanza DFO issued transit passes and receipts, especially for charcoal, even in the absence of harvesting licenses. Table 1, shows some selected eight districts which conduct forest harvesting without an approved FMP in place.

Table 1: Selected Districts conducting harvesting of forest products in the absence of the approved FMP²

<i>District</i>	<i>Status of FMP for five years</i>				
	2007	2008	2009	2010	2011
Mpanda	No approved FMP, harvesting was based on recommendations of the National forestry inventory report (2005)	No FMP, same as 2007	No FMP, same as 2008	No FMP, same as 2009	Draft
Liwale	No approved FMP, harvesting was based on recommendation of the National forestry inventory report (2005)	No FMP, same as 2007	No FMP, same as 2008	No FMP, same as 2009	Draft
Kisarawe	No approved FMP, harvesting was based on recommendation of the National forestry inventory report (2005)	No FMP, same as 2007	No FMP, same as 2008	No FMP, same as 2009	Draft
Sikonge	No FMP	No FMP	No FMP	No FMP	Draft
Biharamulo	No FMP	No FMP	No FMP	No FMP	Draft
Kigoma - Rural	No FMP	No FMP	No FMP	No FMP	Draft
Mtwara - Namyumbu	No FMP	No FMP	No FMP	No FMP	Draft
Chunya	No FMP	No FMP	No FMP	No FMP	Draft
Ulanga	No FMP	No FMP	No FMP	No FMP	Draft submitted to MNRT for approval
Sumbawanga	No FMP	No FMP	No FMP	No FMP	Draft

Source: MNRT.

²This is based on review of documents and interview with DFOs



As seen in Table 1, three districts, Kisarawe, Mpanda and Liwale had no approved FMPs but harvesting was taking place based on recommendations of the national forestry inventory carried out in 2005 (MNRT 2005). The inventory report provided the following outputs: (i) district maps showing locations of different forests; (ii) list of forests and their areas, tree species, timber species, stocking levels, tree volumes (total and harvestable) and general forest condition/quality.

Therefore, the three districts (Kisarawe, Mpanda and Liwale) developed their annual harvesting plans based on the report. However, it was found that these plans were not revised based on the actual situation on the ground. One reason for the over exploitation of forest resources was lack of management plans for most natural forests in the country.

Although they continued with harvesting activities, districts such as Sikonge, Biharamulo, Kigoma -Rural, Namyumbu, Chunya, Ulanga and Sumbawanga did not have documented FMP and harvesting plans. This means that they had no information about the available harvestable forest stock so as to set the harvesting limit for ensuring sustainability of the forest resources.

Generally, it was found that in all districts where harvesting was done without an approved FMP the harvesting activities were not well managed. In the absence of the approved FMPs in these districts, it's difficult for the Ministry to effectively control forest harvesting.

Lack of harvesting plans may also result in aggravating the problems that cause disruptions and force logging supervisors to manage forests by crisis based rather than carrying out operations in a systematic and organized way.



3.1.3 Documenting the approved FMP is a challenge

FMP is a tool used by MNRT to guide the implementation of activities, monitor and evaluate performance of districts and plantation forests on the management of forest harvesting. The FMP has a life span of five years while harvesting plans last for one year only. The monitoring and evaluation (M&E) is based on implementation of the activities specified in plans. This means M & E is part of the FMP.

It is expected that the MNRT would keep all approved FMPs and harvesting plans in a safe and accessible manner so as to ensure maximum utilization of these documents and ensure their availability whenever they are needed.

During the audit, it was observed that Forest Development Section in the FBD which is the custodian of all FMPs and harvesting plans in the country does not have appropriate system of documenting and keeping these plans. There was no place or database for easy of accessibility to these documents or even making fast reference to them in the Ministry.

Poor documentation partly explains why MNRT is not able to adequately monitor and evaluate the performance of districts regarding the implementation of the activities mentioned in the plans. It is therefore difficult for MNRT to establish trends and patterns and ascertain the status of performance.

3.2 MNRT does not adequately monitor forest harvesting activities to ensure its set controls are functioning well

According to Section 30 of the Forest Act, Local Government forest authority which conducts forest harvesting is responsible for collecting revenue from fees and royalties charged in respect of forest reserve and deposit them into proper accounts.³ MNRT is accordingly supposed to monitor the performance of

³; (Forest Act 2002 S.30(1)f)



its set controls for management of forests. These controls include registration of forest product dealers, issuance of harvesting licenses and control of transportation of forest products

In order to have uniform procedures for harvesting forest products in the country, MNRT issued guidelines in 2007, based on the Forest Act and Regulation. These guidelines serve as a key tool in governing the forest harvesting undertaken in the field and is used to assess performance of harvesting in each natural forest reserve and plantation. This section describes the role played by MNRT, District and Village Councils on monitoring harvesting of forests according to harvesting guidelines.

Monitoring at Ministry level

According to the MNRT set up, there are two units responsible for monitoring harvesting. At Ministerial level, there is Division of Policy and Planning and under FBD there is a Monitoring and Coordination Unit. The Monitoring and Coordination Unit under FBD receive reports from DFOs and managers from Plantation Forests and prepares monitoring reports. This report is submitted to Monitoring Unit at Planning Division and compiled with other reports to make overall Monitoring and Evaluation report of the Ministry.

During this audit, it was observed that the information presented in the monitoring reports is limited to financial flow and revenue collection. The monitoring reports do not describe the extent to which harvesting guidelines and regulations are complied with.

The major reason provided include that staff at FBD do not have enough information regarding harvesting activities. This is because most of DFOs rarely submit their progress reports to MNRT. On the other hand, MNRT cannot take any action on DFOs who do not comply with the procedure and guideline because DFOs are not employed by MNRT and there is no MoU between the two ministries on reporting. So progress reports from DFOs are submitted on voluntary basis. In general, it is common to find differences in objectives and priorities between Districts and MNRT.



Objectives and priorities between Districts and MNRT

After the interview with various stakeholders in the forest sector, it was found that objectives and focus regarding forest management differs between Districts and MNRT. At District level, emphasis is more on reaching, and preferably exceeding, minimum annual revenue collection targets even if that would mean harvesting more forests; as a result more pressure is placed on forest officers to issue licenses as a means to increase revenue to the district.

However, forest officers at MNRT want to maintain upper limits by harvesting volumes based on sustainable yield models. In most districts, despite of efforts to collect more revenue from forestry, they do not invest adequately in the forestry sector in terms of development expenditures. During this audit, it was found that there is no any clear protocol indicating the sharing of responsibilities and communication between the two public offices. As a result strategies and activities on the resources are not harmonized and at time contradict.

Visits conducted to the districts by MNRT officials

MNRT staff from headquarter do not periodical visits LGAs that conduct forest harvesting (as a means to verify harvesting information submitted from LGAs). It was found that Monitoring or Inspection in this case to ascertain the overview of the harvesting activities in the country is done from a distance, based on received reports, the true picture on the ground on how the forest resources have been harvested is not assessed and this has an impact to the level of supervision and monitoring done by the MNRT HQ. For example, during 2009/2010 financial year, the forest officer responsible for monitoring forest utilization made only one field visit to Tabora, Shinyanga and Mwanza regions⁴. Although there is an approved budget for field visits, in practice the funds are not released when it comes to implementation.

The reporting mechanism employed by MNRT also restricts presentation of more details from the field. MNRT follows a format or template issued by the

⁴The trip was made from 26/04/2010 up to 11/05/2011



The adopted format of writing monitoring report is restricted to reporting financial flows only

Treasury, which is designed to report financial flows only. However, MNRT had developed a new monitoring and evaluation strategy planned to be implemented by June 2011. Unfortunately, this activity was not implemented as scheduled and it was postponed to the year i.e. 2012.

Monitoring at district level – meetings to consider applications for harvesting are rarely conducted

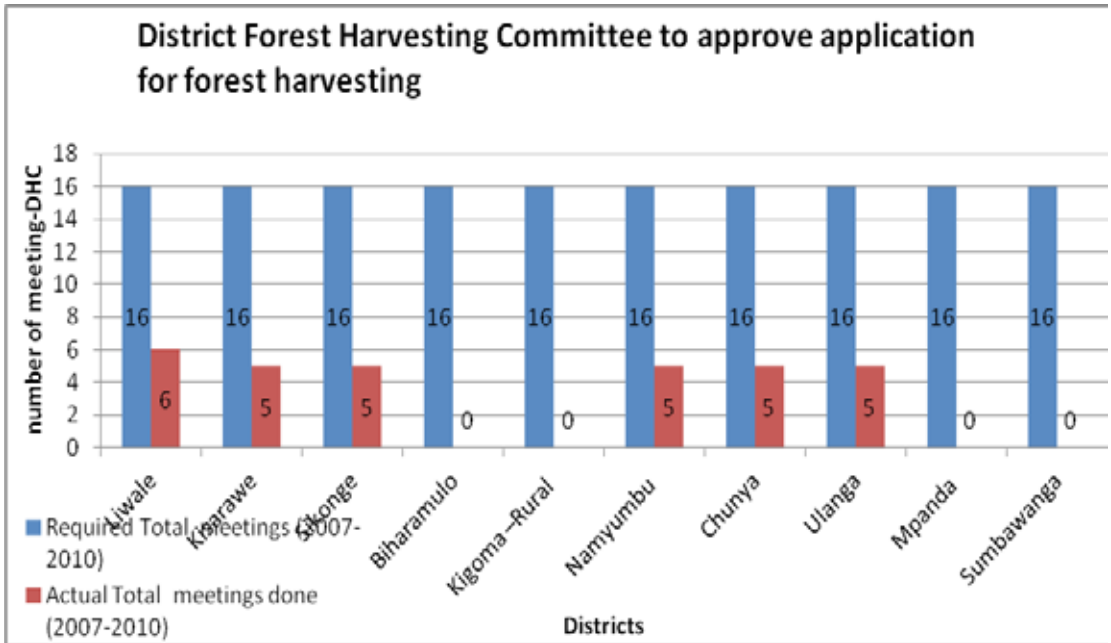
The DFHC is the main instrument for implementation of forest harvesting plans. The main function of the Committee is to receive and consider applications for harvesting of forest products as requested by various applicants. The other functions include the determination of harvesting areas within the District, preparing and coordinating harvesting plans, and reviewing quarterly reports on harvesting activities prepared by the DFO. The Committee also prepares and maintains a register of all forest products dealers in the District. This data is held under the custodianship of the (DFO).

District harvesting allocation committees are required to meet regularly, at least once in every three months (four times per year), to consider applications for harvesting. This is rarely done either because there are no adequate funds for convening the meetings or due to poor attendance as some members give low priority to these meetings. This situation, according to some of the people interviewed, contributes to illegal harvesting.

Another challenge is the composition of the committees which limits members to be open and objective. The committee is composed of among others the District Commissioner (Chairperson), the District Executive Director (Secretary), and DNRO and DFO who are employees of DED. It is practically difficult for DNRO and/or DFO to express differences in opinion especially if there are personal/political interests. On the other hand, village representatives (Village chairperson and Village Executive Officers) are not invited to the DFHC meetings harvesting, even if the forests to be harvested are near their villages. Figure 2 shows the meetings conducted by the DFHCs to consider various applications for harvesting between 2007 and 2010.



Figure 2: Meetings Conducted by the DFHCs



Source: District Forest Offices

Figure 2 above shows performance of various district meetings to approve the names of applicants. In the four year period all districts were supposed to conduct at least 16 meeting, an average of four meetings per year. The figure above depicts that all districts did not meet the set requirement. Districts such as Mpanda, Kigoma rural, Sumbawanga and Biharamulo didn't conduct any meeting to consider the names of applicants although harvesting was conducted in their districts. On average districts of Liwale, kisarawe, Sikonge, Namyumbu and Ulanga conducted on average one meeting annually.

During the interviews with officials in the Ministry, the audit team was informed that the Ministry is responsible for funding these meetings. The Ministry is required to release funds to cater for these meetings on a quarterly basis. The audit, however, revealed that some districts have not received such funds for the entire year. Because meetings for approving names of applicants are not consistently conducted, many applicants wait for a longtime as a result these harvesters decide to enter forests and harvest without any approval or license.

Another weakness found during the audit was the absence of uniform/common criteria for evaluating applications across the country. Worse still, in some districts approval is done by DFOs alone. This restricts attendance of representatives from Villages where harvesting is done and this hampers the cooperation between the harvester and villagers. Table 2 indicates remittance of funds by ministry to districts for meetings.

Table 2: Funds (in million TZS) remitted by MNRT to districts in 2010 to facilitate District Harvesting Committees' meetings

Name of district	First Quarter (July - Sept)	Second Quarter (Oct - Dec)	Third Quarter (Jan - March)	Fourth Quarter (April - June)
Liwale	0	0	0	2
Kisarawe	0	0	0	2
Sikonge	0	0	0	2
Biharamulo	0	0	0	2
Kigoma - Rural	0	0	0	2
Mtwala - Namyumbu	0	0	2	2
Chunya	0	0	0	2
Ulanga	0	0	0	2
Mpanda	0	0	0	2
Sumbawanga	0	0	0	2

Source: DFOs

During the audit, it was found out that there are no differences in remittance among different districts. MNRT have no documented criteria which are used to decide on the amount to be remitted to each district. During the interview with MNRT officials it was confirmed that the distribution of the amount of money to districts is made arbitrary and through discussion among the heads of units based on the current demand from each district. Since there are no criteria used to disburse these funds, it was difficult for auditors to measure the extent to which MNRT follows the guidelines.

As seen in Table 2, funding is inconsistent. Although the Ministry is funding the District harvesting committee, it was found that the reporting structure between the DHC and Ministry is inadequate. It is not mandatory for DHC to submit the progress of its meetings to MNRT; reporting is done



voluntarily. Lack of structured reporting system between the ministry and DHC makes it difficult for the ministry to monitor the use of funds and the meeting or work done. There are no reports submitted to Ministry by DHC on resolutions of meetings. The Ministry lacks this key information such as number of people granted licenses in each meeting and volume of logs approved to be harvested etc, and therefore it cannot assess whether the goal of controlling harvest forest products through registration of traders is reached and the extent of achievement towards reaching the sustainable forest harvesting.

Supervision by District Forest Officers and plantation managers to ensure harvesting is done according to the license is inadequate

DFOs are supposed to visit harvesting sites allocated to measure, check the location where trees are harvested and stamp harvested logs and associated stumps. During the audit, it was found out that DFOs rarely visit the harvesting areas and most of them do not check the harvested logs at source (as needed by law and guidelines). In most cases hammer-stamping is done after the harvested logs or timbers have been moved to landing sites or sometimes at DFO's office.

According to interview with DFOs and officials at MNRT, most DFOs have no transport and/or fuel to facilitate their movements for patrol, and in most cases customers facilitate the transport for DFOs to reach harvesting locations or sometimes the customer has to pay for the cost of transport to take DFOs to the harvesting location so that he or she can check, measure, verify and stamp the harvests. Likewise, the Ministry is responsible to fund supervision of forest harvesting in districts and in planted forests. However, the audit has found that the Ministry has not allocated funds to cater for these activities. Funds are rarely given to DFOs and are done on ad hoc basis when there is an urgent issue such as forest fire or eviction of people who have encroached the forest.

The forests managed in Tanzania are diverse in composition and widely distributed. Therefore, in order to efficiently manage this estate, the forest authority has to have set strategies, plans and set aside adequate resources (financial and human) set aside. The audit found that there is inadequate staff in the district to manage the forests. Equally important, districts have no or few transport facilities such as cars or motor cycles to do this work. Lack of such resources hinders the effectiveness and efficiency of monitoring harvesting operations. Consequently forest officials cannot explain whether harvesting in their areas is properly done and whether harvested products comply with the approved plans or



standards. Table 3, below shows various resources available in selected districts in relation to staff and vehicle requirements in supervising the harvesting activities.

Table 3: Efficiency of use of resources (human and vehicles) in Districts for monitoring harvesting 2010/2011

Name of the district	Size of forests (ha)	Ratio		
		Staff required and actual ¹	Size of the forest/ staff	Size of the forest / Vehicles
Mpanda	3,050,633	3 (203)	1,016,878	435,805
Liwale	1,741,745	3 (116)	580,582	870,873
Sumbawanga	1,807,152	3 (120)	361,430	903,576
Sikonge	907554.2	3 (61)	302,518	302,518
Kisarawe	392,596	3 (26)	130,865	196,298
Ulanga	902,489	7(60)	128,927	50,138
Kigoma - Rural	791,719	8 (53)	98,965	113,103
Chunya	366,260	4 (24)	91,565	183,130
Biharamulo	220,563	5 (15)	44,113	73,521

Source: MNRT (NAFOBEDA)⁶

Table 3, depicts shortage of staff at district level. From the above table Biharamulo and Ulanga Districts seems to be relatively efficient in terms of size of forest to be managed by one forest officer and in terms of performance of vehicles, whereby Mpanda District seem to have the worst performance in terms of size of forest to be monitored by one forest office. The criteria used by MNRT and Districts for allocating resources for managing forests were not clear or is not documented.

It was expected that allocation of various resources would be based on the associated risk and demand. However, findings show that some districts like Mpanda, Liwale and Sumbawanga with vast areas of forested land

⁵ Auditors were not able to establish the standard measure of one forest officer in relation to size of forest to manage. But based on document reviewed such as TRAFFIC Report it was assumed that A forest officer is expected to manage 10 000ha and assistant forest officer 5000ha.so the assumption employed in this table was at least one forest officer to manage 15,000 ha

⁶ Information regarding the size of forest was extracted from NAFOBEDA database-Tanzania Mainland Forest reserve status –year, 2000. The information regarding number of staff and vehicles is based on interview with DFOs.



have only three forest officers each (Table 3). Other districts such as Biharamulo, Kigoma rural and Chunya have relatively more staff given the small areas compared to the ones mentioned above.

It was found that because of inadequate staff in the districts, in most districts forest officers are quite often given administrative and technical functions for the entire district, in addition to his/her normal duties of issuance of licenses, collection of revenue, hammering timber products, conducting inspections and patrols, and they are also doing administrative reporting such as attending meetings of district council and other issues which are not technically linked to forest management.

Generally speaking, apart from the conflicts and potential dangers associated with such a wide range of duties, it is difficult to conduct all these duties satisfactorily. As a consequence of this, most of the time the forest officers in districts are largely involved with revenue collection and less priority is given to field-based duties such as measuring and marking standing/ felled trees.

Supervision by Village Harvesting Committee

After the District Forest Office has issued a license to the applicant, the licensee is required to report to village close to where the approved forest is located. The Village government in collaboration with the District Forest Officer supervises the harvesting to make sure that harvesting is carried out in the specified areas and only trees shown on the license are harvested. The District Forest Officer is supposed to visit the site with the licensee. DFOs re-measures the forest products and hammers (Marks) the felled trees and their stumps.

As mentioned in preceding sections, DFOs do not effectively supervise harvesting in villages as required. Also, it was found that the working relations between the Districts and the Village are weak as there is no memorandum of understanding between the District Forest Officer and villages. On the other hand, we found villages are not having enough knowledge on price of various species of trees and as a result they cannot effectively supervise and control harvesting.

A Village Natural Resource Committee is supposed to organize meetings to discuss other matters related to forest management in their areas, including patrols and supervisions and other issues of relevance. Table 4 shows the relationship between the number of meetings (where by various agreements reached on monitoring of harvesting of forests resources in their districts) and collection of revenue in Liwale District in Lindi region.



Table 4: Revenue Collection in relation to number of village harvesting committees' meetings

Year	Revenue Collected (TZS).	Number Village meetings
2007	101,821,850	47
2008	99,155,497	24
2009	69,998,400	26
2010	65,475,986	Data missing

Source: Liwale District Council

From this table it seems (despite the small sample size) there is a relationship between number of meetings held by the Village Natural Resource Committee and revenue collected. High frequency of village meetings reflects the effectiveness of the committee.

Control of transportation of forest products

The District Forest Officer issues a Transit Pass (TP) allowing the licensee to transport forest products such as timber, Logs etc. If the licensee is transporting forest products outside the district a TP is issued by the RNRO or DFO on approval by DFoB. Traders and transporters are subject to verification of the load against document at Check Points, where another assessment and verification is done and if found with excess load and other abnormalities is penalised in accordance with the Forest Act.

There is risk that TPs issued to have much higher volume than the respective licenses show. This fact is associated with the inability of DFOs or other forest official's to visit harvesting sites. As a result, the licensee sometimes seeks the TP after the products have been loaded into the vehicle.

Another challenge or concern by dealers in forest products is issuance of TP which in many places is done at the Region Head Quarter. Some districts are mandated to issue TPs while others are not. This has caused a lot of inconveniences and more costs to dealers. For example, dealers in Sikonge District must go to Tabora HQ, which is more than 100 kms away, to get TPs. Therefore, some dealers resort to travel without TP or resort to using informal routes. In general, the use of TP is not enforced effectively because as earlier indicated, shortage of human resources and transport makes it difficult for officials to go to the sites to verify the volume harvested against the license.



3.3 Royalties and prices for trees do not appropriately reflect the market prices

The Forest Act Section 78 directs that prices of forest products sold from central and local government reserves are determined based on free market prices⁵. DFOs, RNROs, Forest Plantation Managers, Catchment Forest Managers and Mangrove Forest Managers collect the fees and royalties. The revenues collected from national forest reserves and forests on general land are remitted to MNRT. FBD collects revenue through compounding/fines, registration, and grading and export fees. The royalties levied on forest products harvested from Local Government forest reserves and village forests are collected and kept by respective Local Authorities and village governments. Also, Local Authorities are mandated through the Local Government Finances Act of 1982 to levy a cess of 5% of the royalty on all forest products harvested within their districts.

The new guideline on the new royalty rates

During the audit it was found out that the royalty has remained unchanged since 2007. This is because of lack of operating mechanism for regular revision of royalties and fees. The new royalty guideline issued by the Ministry in 2007 does not address the issues of price changes due to inflation, depreciation of the shilling, market signals and other changes in the price chain of the products. Currently, forest royalties and other charges are set administratively and do not reflect market price of the products. Therefore, the government continues to lose potential income because the charges are lower than the respective market prices.

Under collection and undervaluation of royalty is contributed by staff having little knowledge on the forestry legal instruments related to revenue collection

Another finding by the audit is the undervaluation of royalty which is partly caused by little knowledge of staff in revenue collection points on

⁵Forest act No: 14 2002 S.78 (2)



legal instruments related to revenue collection. According to interview with the head of Check Points, some checkpoint workers in particular those recruited by District Councils have little knowledge on the forestry regulations related to revenue collection.

For example, an interview with the head of Nyegezi checkpoint in Mwanza revealed that some of the checkpoints staffs do not have the required knowledge on basic government documents used for revenue collection. This has led to allow some consignments and their accompanying documents passing through these Check Points superficially inspected giving way to poor enforcement of *Forest Act Number 14 of 2002* on revenue collection.

Most of the Staff working on revenue collection only checks whether the dealer has paid for products carried from the harvested forest. They have no knowledge of knowing if the paid fees are correct based on the type and volume of certain species of trees, and the charged rates may vary from one place to another for the same species/product. For example, Nyegezi checkpoint in Mwanza charges TAS 2,000 for each bag of charcoal regardless of the weight, while officials working direct under FBD charge TAS 4,000 each bag because most of the bags weigh between 50 - 100 kg. At Pangale checkpoint in Sikonge district, the agent charges TAS 1,000 for each bag regardless of the weight.

The Ministry has not effectively conducted awareness campaigns and training on the new royalty rates at the villages. The ignorance on true value of forest products is high at rural areas. Traders take that advantage to manipulate the price and pay low taxes.

3.4 actions taken by MNRT to improve the effectiveness of controls in revenue collection

MNRT is required to take corrective measure in order to improve the effectiveness of relevant controls in revenue collection. Relevant measures are supposed to be based on evaluation of performance of various controls in revenue collection. Basing



on various reports reviewed during this audit, it was found that since 2007-2010 the MNRT has stipulated several measures to improve efficiency and effectiveness of relevant controls in revenue collection. However, most of the actions taken are not sustained.

The Ministry reviewed the procedure for issuing licenses for harvesting and transporting forest products to facilitate Empowerment of villagers to manage forests through participatory forest management approaches. This approach is believed to be a way forward for reducing corruption and illegal trade of forest products.

Some of the actions taken by the Ministry include the following:

The Ministry strengthened the forest product checkpoints and patrols, and tried to educate forest industry businessmen about the laws, rules and procedures for harvesting and trading in forest products. All districts were ordered to prepare forest harvest plans and inform village governments of the allowable harvests. Additional measures were taken to prevent excessive uncontrolled harvesting. These strategies included purchase of equipment such as vehicles and employment of more staff to increase personnel.

Consequently, in year 2010, a task force was formed in order to review documents used in revenue collection in different revenue collection points in the country. The team visited different selected checkpoints, reviewed documents on revenue collection and the team was also stationed for some time at some of the revenue collection points. But this task force was dissolved after the completeness of that activity



Despite these measures taken by the Ministry, illegal harvesting and exports continued unabated in the absence of effective enforcement measures. Operating within a relative vacuum of effective controls, timber traders had continued to harvest and export many more trees than legally allowed and with minimum payment of revenues at all levels.



AUDIT FINDINGS RELATED TO THE PERFORMANCE OF THE MINISTRY IN CONTROLLING TRANSPORTATION OF HARVESTED FOREST PRODUCTS

This section focuses on controls instituted by MNRT in preventing the illegal logging. The focus is on how well MNRT supports and monitors the performance of Check Points and Surveillance Units in addressing the problem of illegal logging. Also, the use of management of information system and sanctions applied in dealing with illegal logging are among the issues discussed under this area.

3.5 The reporting structure and sequence of operations in fighting illegal harvesting by FSU and check points under ADUT is inefficient.

The Ministry's set up for combating illegal logging must allow for checks and balances in order to enhance good governance and accountability. This is also important in order to assess the effectiveness of accountability functions and reporting mechanism within MNRT to curb unregulated harvesting in forest products.

The Team evaluated the extent to which the role and responsibility of each stakeholder is complied with. The Team, specifically evaluated the accountability system of Check Points and Surveillance Units

After review of documents, it was found that administrative set up of the ministry in combating illegal logging is not working smoothly in supporting accountability within itself. Incidences of conflict of interest caused by the way the system is set were reported. With reference to Check Points and Surveillance Units all reports are forwarded to the same person who is the Assistant Director Forest Utilization (ADUT), As a result was regarded as risky for the checkpoint staff or FSU reporting on non performance or wrong doing of the other and it can creates fears/hatrage among the staff.



You may find a situation where the forest products apprehended by the surveillance team or check point had already passed through other Check Points/FSU. Conflicts and hatred among staff have been recorded when it happens that the FSU has apprehended forest products because of say weaknesses in documentation issued by another staff or unit.

Check points are responsible for controlling transportation of forest products by ensuring that transported forest products have all relevant documentation. Check Points are stationary and are located in strategic positions, in most cases along major roads. Surveillance team (FSU), are responsible for controlling harvesting activities and transportation of forest products by carrying road patrols, patrols in forest harvesting sites to ensure rules, regulations and procedures are adhered to.

With the arrangement, it was found that FSU lacks independence in their operations due to mode of funding, In some places, for example in Mwanza, FSU receives funds through Regional Forest Officer, Even other zonal FSUs, the mechanism with which they use to receive funds is mainly for convenience and not that much independent.

It is also evident that ADUT is in control of two separate groups. On one hand ADUT can be blamed or considered an underperformer if for example a check point fails identify transportation of illegal forest products. But if the same consignment is later on apprehended by the surveillance Unit, the same Assistant Director will be praised.

3.6 Risk based operation in combating illegal logging

Surveillance Units and Check Points are two government instruments instituted by the MNRT in combating illegal logging. The two instruments



reports to the same point: ADUT. ADUT is responsible for establishing, supporting and monitoring the performance of these instruments. In this regard, it is expected that MNRT supports these units in planning, conducting and reporting their operations. The following points were scrutinized.

Guidelines for supporting operations of Surveillance Units and Check Points

The operations of Check Points and Surveillance Units are spread all over the Country. In order for these units to perform well, they need support from the MNRT. We expected that the MNRT would have risk based guidelines⁶ to support the planning, conducting, monitoring and reporting on various operations carried out by Check Points and Surveillance Units.

During the audit, it was found that, the visited Surveillance Units and Check Points had no plans for their operations. Each unit differed greatly from the other on how they perceive their operations and criteria used in terms of planning and carrying out their patrols and special operations. While some depended on directives from the MNRT head office, DFOs, and informers, others had their own arrangements in carrying out their operations.

The main reason explained by the officials in the visited Surveillance Units is that, there was no regular flow of funds from the MNRT; therefore even if they had planned, nothing would have happened for lack of resources. Another reason is that they have no training on how to prepare these plans.

According to the interviews conducted with the MNRT officials, it was revealed that the root cause of inadequate planning is lack of guidelines to support operations of these units.

There are no sanctions or penalties imposed by the Ministry on these units for effective compliance with MNRT requirements. No

⁸ In this context risk based guidelines refers to the guidelines that would help the staff from surveillance unit to be able to identify key risks, evaluate, and that will help them to prepare action plan to mitigate them.



actions were taken against those units which have not prepared action plans.

The impact of not having these plans and guidelines results into lack of priorities on what to focus on in these operations. There is less evidence that the operations are supported by data especially the risk based. This results in the ineffective patrols and operations therefore slowing down the efforts of combating illegal logging. Under such scenarios, it is virtually impossible to measure and compare the performance of the units.

Use of informers

According to the interviews with the officials in the Surveillance Units visited, it was found that most of these units depend heavily on informers⁹ to receive information of illegal harvesting or illegal transporting of forest products.

Section 99 of the Forest Act of 2002, provides for a provision of rewarding an informer an amount not exceeding one half of fine imposed to an offense. It was expected that MNRT would promote awareness to communities close to forests on reporting illegal harvesting to Surveillance Units.

MNRT was also expected to create a good system for confidentially keeping received reports and by protecting the source of such information and establish a good system of rewarding them.

The audit found that FSU teams have not adequately conducted awareness to villagers living close to the forests. There was no any evidence to confirm that FSU have conducted any awareness campaigns either through radio or television programs, brochures or meetings within villages. In this case, the audit found that many people do not know immediate contacts such as phone numbers of the FSU staff to enable them report to them any illegal incidence.

There was no clear documented system on how to get informers and rewarding them based on clear and transparent performance agreements. There is a risk that some staff may collude as each FSU staff may have his/her own informers. In general, it was found that the system used to keep classified information from

⁹ Informers are those individuals who in good faith, supply the information which facilitate in arresting of the offenders who violate the forest laws and regulations.



informers was not good. Many units had no register for recording the informers and their contacts for further collaboration.

Although the informer may give relevant information to FSU team, it was found that the follow up on the informers' reports was not effective. This is because many FSU teams have no relevant resources to help fast implementation of the information received from informers.

FSU have no mandate to carry arms or weapons such as guns so they need help from the POLICE. Also, most FSU lack enough relevant equipment like satellite mobile and GPS to simplify communication while in the forest or distant locations. On the other hand, it was found that Ministry has not set a mechanism of corroborating the information given by informers.

Apart from lack of relevant facilities for completing informer reports, funds for rewarding informers are inadequate, and the Ministry rarely releases such funds to FSU. Consequently some informers change their mind and collaborate with the culprits.

No Check Points in sensitive harvesting areas

Check Points are mostly found along highways and close to the forest harvesting areas. Many exits from forests lack Check Points, forest products moves from the forest without being verified. By the use of such illegal exits from the forest, forest products are transported beyond the region of harvest without royalty being paid.

For example, it was found that out of the 28 check points owned by MNRT 16(>60% of the available Check Points) are located in Dar es Salaam and Coastal regions, which is more than 60% of the available Check Points. The uneven allocation of Check Points might be



associated with lack of an appropriate system and the desire to concentrate efforts in market entry routes. It was expected that a more even distribution of Check Points in all major harvesting regions and in major market entries such as Mbeya, Iringa, and Tabora would have been found in order to minimize the damage in the forest before the dealer is caught in town. Harvesting for timber occurs mostly in the following regions: Lindi, Morogoro, Mtwara, Tabora, Rukwa, Kigoma, Singida, Pwani, Tanga, Mbeya and Tanga

Figure 3 Map of Tanzania showing administrative boundaries



Figure3 above illustrate regions which are endowed with forest resources but without MNRT checkpoints

Ministry has no documented criteria and formula for allocation of resources to Forest Surveillance teams in each zone

In order to allocate staff, funds and equipment to surveillance teams in the zones, MNRT was expected to have documented criteria and formula used for allocating resources to surveillance unit in the zones.

Criteria such as size of the zone, area covered by forests, geographical location (remoteness) and, previous performance of the unit against workload, amount of revenue collected could be some of the considerations in allocating resources

According to the interviews with officials in the MNRT, there is no documented criteria and formula used for allocating funds, staffs and working equipments to FSUs, and therefore allocation of these resources is not done objectively. Currently the Ministry allocates resources arbitrarily through discussions and agreements based on the current demand. On the other hand FSUs do not have plans which can be used as basis for allocation of resources.

3.7 Monitoring and evaluation of performance of check points

As discussed in the preceding chapter, MNRT as an overseer organ responsible for Check Points and Surveillance teams need to have a good system of evaluating and monitoring their performance.

For effective assessment of performance of Check Points and Surveillance Units, MNRT was expected to have a documented system of evaluating and measuring performance of surveillance teams in different zones and Check Points which are located in different geographical areas. It was also expected that high performing CPs



and FSUs should have a positive impact on revenue collection as well as compliance to the laws and regulations governing forest harvesting.

The audit found that the heads of Surveillance units and Check Points receives weekly, monthly, quarterly and annual reports from different Check Points and surveillance teams. However, upon assessment of the existing performance evaluation system, it was noted that the Ministry has no good system for evaluating performing checkpoints or surveillance teams based on the field reports.

Furthermore, MNRT was found to have no plans for monitoring and evaluating of Check Points and Surveillance Units. Likewise, Check Points and Surveillance teams had no plans. It was, therefore, difficult for the Ministry to measure performance against the targets. As a result, MNRT cannot find out whether Check Points and SU are under- or over-performing.

As a result it is difficult for the Ministry to take proper action to improve the Check Points and surveillance as it lacks proper information which could come from the evaluation or monitoring report.

3.7.1 Performance of Check Points

The Forest Officer responsible for Check Points at the Ministry monitors and coordinates all Check Points. He is also responsible for arrangements of training to all checkpoint staff.

At Check Points, each checkpoint is supposed to be manned by trained forest personnel. According to the guidelines set out by MNRT, each Check Point is supposed to have at least five staff, one Forest Assistant in charge helped by four other staff. The duties of these staff include controlling transport of forest products through inspection and confirmation



of documents accompanying the forest products.

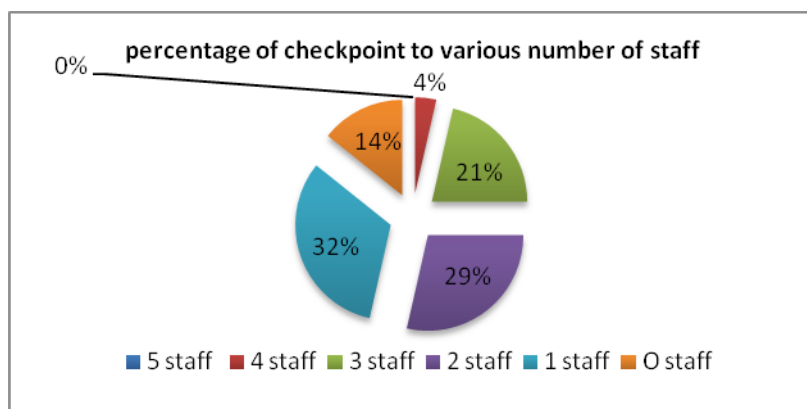
Based on the documents reviewed, we found that 28 Check Points work directly under the Ministry. According to the Ministry, these check points need about 140 staff to perform their duties effectively. However, only 47 staff was found indicating a shortage of 81%. Because of understaffing, most Check Points stay without adequate supervision.

Audit findings indicates that only 32% of existing 28 Check Points are having one staff or fewer while 29% of the Check Points had only two staff. In total this means, 65% of check points have two or less than two staff. Consequently most of the checkpoints operate during daytime hours from 06:00 to 18:00. This situation creates loopholes for illegal forest dealers to transport their forest products at night as all Check Points are supposed to be open for 24 hours a day.

The poor performance of Check Point is evidenced by the fact that despite having several Check Points along all major roads entering cities or towns; still many illegal forest products enter these urban areas without being seized.

The evidence of inefficient performance of checkpoints is also revealed by the amount of forest products seized in towns/cities by FSUs implying that these forest products will already have passed through the checkpoints.

Figure 4: Staff distribution at Check Points



Source: MNRT 2010



The poor performance of Check Points is partly contributed by insufficient funds as the Ministry does not regularly release them on time funds for the operations of the checkpoints.

In 2010 MNRT allocated about Tsh 88 millions, but the funds released from MTEF was Tshs9 (nine) millions only. As a result only 15% of Check Points afforded to inspect forest products on transit while (85% of all Check Points did not receive any funds). The few (15%) funded Check Points were able to collect about Tsh. 182 millions for Permanent Secretary's Account and Tshs. 152 millions for Tanzania Forest Fund (TFF). The products confiscated included: 3,627 bags of Charcoal, 3,772 pieces of sawn timber, off cuts 143 pieces, 1097 poles, 250 kilograms of carvings, 35 beds, 177 seedlings, 110 slippers, firewood 16 m³, 10 Door shutters, 4 door frames and 88 bed stands.

This means that if the Ministry would have funded all Check Points total collections would have surpassed expected revenue collections from the same points.

Training of Check Points staff

Training of Check Points staff is inadequate. However, it was found that workers in some Check Points particularly those recruited by District Councils had little knowledge on the forestry legal instruments related to revenue collection and identification of species of trees. As a result, sometimes consignments and their accompanying documents passing through these Check Points were very superficially inspected.

The coordination between MNRT and DFOs on staff at Check Points is weak. There is a tendency in some places for DFOs not paying much attention to what is happening at Check Points especially those staffed by MNRT. As a result, consignments and their accompanying documents sometimes pass through these Check Points without inspection or if they are inspected they are undetected.

Working facilities at check points are not good

The condition of physical resources in most Check Points is poor. In many places the buildings are not permanent; they are usually mud buildings, or wooded huts. Also, it was found that 80% of Check Points have no working equipment like transport in form of motor vehicles or motorcycles, computers, stationery, decent



furniture and safe storage facilities for cash collections and other valuable assets. Other utilities like power and water are also not available in some Check Points. Taking into consideration that the staffs are not armed and that there are no security staff, this makes the staff at high risk of being ambushed, harmed or even killed.

Other districts and Check Points use table drawers to store cash and accountable documents, and some of table drawers do not even have locks. There is inadequate availability of computers and printers, telecommunication facilities and furniture such as tables, chairs and cupboards.

As pointed out earlier, most districts do not have reliable transport and even when a motor vehicle is available there will be lack of enough funds to purchase fuel and maintenance is affecting activities. That is why most district staff cannot visit the forests regularly to stop illegal activities and resorts to wait when products are transported to the markets, or have to rely on Check Points and zonal FSU.



3.7.2 Performance of Surveillance Units

The MNRT established FSU in 2006 to control illegal harvesting and transportation of forest products. In general FSU is responsible for enforcement of forest laws, regulations and orders governing management and sustainable use of forests and forest products.

Normally, the FSU teams carry out road patrols to control transportation of forest products and are also responsible for patrolling the forest harvesting sites to ensure that no illegal harvesting takes place in forests FSUs are also responsible for prosecuting cases in the courts of law.

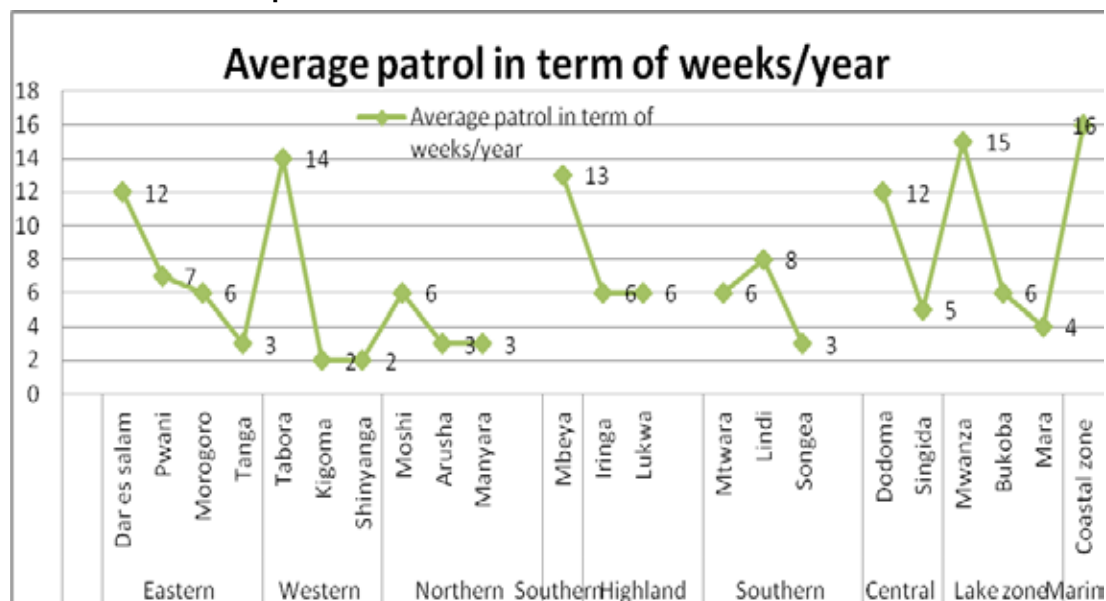
Zonal patrol teams which constitute FSU are required to be assisted by the DFOs as this is one of their duties which is to carry out regular patrols in their respective districts.

During this audit it was found that the current system of FSU operation are not effective as far as fighting against illegal harvesting and transportation of forest is concerned. The audit noted the existence of some problems with regard to funding, strategic planning, coordination of FSU and reporting.

As regards to funding FSU, the audit team found out that funds from the Ministry are not released on time therefore affecting efficiency and effectiveness of surveillance. On the average MNRT is required to release funds after every four months. However, it was found out that funds are delayed up to 4 months which affected the performance of surveillance. **Figure 5** shows the performance of FSU zones in terms of number of surveillance or patrols made in their respective zones during the financial year 2008/09 - 2011/12.



Figure 5: Performance of FSU in term of number of weeks spend for patrol



Source: Audit analysis based on data from FSUs Zones (2008-2010)

It can be seen in Figure 5 that the FSUs from western zone spend on average of two weeks per year for patrols in Kigoma and Shinyanga while the eastern zone, northern and southern zones spent at least three weeks for the same activity in Tanga, Arusha, Manyara and Songea respectively as the minimum time spent for surveillance per year. It can also be depicted from the same figure above that FSU in Marine spends 16 weeks per year that being the highest followed by lake zone in Mwanza(15weeks) and western zone in Tabora(14weeks)

In general, it can be said that the overall performance of FSU to conduct surveillance or patrol in their respective zones is low as no FSU was able to conduct above 50% of the time for the patrol activity.

It was expected that the fight against transportation of illegal forest products will be given high priority by allocating more time for patrols. In regions such as Kigoma, Shinyanga, Arusha , Tanga and Mara where FSU spent short time for surveillance, we expected MNRT would put more check points to compliment the work of FSU.

On the contrary, it was found out in all regions where FSU made



little patrol, MNRT had no checkpoints and MNRT from headquarters hardly went to visit those areas though they are of high harvesting potentials. It can be deduced from these observations that forest resources in those regions are not well controlled and therefore no sustainable harvesting of forest resources.

As stipulated in the previous chapter's delays in or lack of funding is the major cause for non performance of FSU. Considering the vastness of the zonal area, it can be deduced from figure above that most FSU concentrate their work in their stationed region. FSU in each zone covers about three or more regions with large areas of forest resources

However, it has been difficult for the Teams to visit all regions and often have been concentrating in the region where they are based.

As earlier stated, inadequate and delayed funding have negatively affected patrols and allowances for staff who work overnight and therefore reducing morale for work and increasing the likelihood of collusion with culprits, corruption and leakage of information.

Ideally, the FSU are supposed to put more effort in patrolling in the harvesting areas so as to mitigate and prevent illegal harvesting from the site rather than patrolling along the road and in market centers. Because when a dealer is apprehended with illegal forest products it means the damage is already done to the forest and environment in general.

On the other hand, Zonal FSU offices do not have reliable transport and even when the motor vehicle is available, lack of sufficient funding is affecting their activities.

That is why most staff of Zonal FSU cannot visit forests under their vicinity on a regular basis to stop illegal activities and resort to waiting along routes where products are transported to the markets, or have to rely on Check Points and zonal FSU.



Most dealers know well that the government cannot maintain regular availability of transport and funds to FSU and other forest Offices. They have, therefore, taken advantage of the situation to continue with illegal harvesting and transportation of forest products.

In the FSU zones visited by the audit team, it was found that all FSU operates without documented work plans. To a large extent this has affected their performance. According to the interviews and documents reviewed from the eight FSU offices none was having any strategic or annual operation plan. They do not plan their activities and therefore do them on ad hoc basis. They wait until they receive funds from MNRT headquarter, and then once they receive such funds they start to plan on where they will go or what to do. This makes difficult to assess their performance.

Management of FBD releases funds to FSU unit based on the approved budget. The preparation of FSU budget is based on the proposal and annual work plan of FSU. When the funds are availed to the Forest Officer Responsible for FSU, allocates the funds to each zonal office.

There are no any documented criteria for distribution of funds to zonal offices. According to the interview with Forest Officer responsible for Surveillance Unit, the main criteria used to allocate funds are the demand based on the current issues in the zonal office.

There are some positive results when funds are properly distributed. For example, in 2010 MNRT budgeted Tsh. 221 million to facilitate 8 FSU zones to conduct inspection in harvesting or logging areas and in market places. From the budgeted amount, the actual amount released for that activity was Tsh. 115⁸ Millions or 52%. Based on this amount of fund the released, FSU was able to spend 718 man-days on patrols in Market and Transportation areas of DSM, Mwanza, Mbeya, Tabora, Lindi, Dodoma, Moshi, Mtwara, Iringa and harvesting/logging areas of Shinyanga, Kisarawe, Geita, Sikonge and Mpanda.

¹⁰From LMDA – Sao Hill and MTEF



As a result of surveillance activities, total revenue of Tshs. 420 millions was collected due to fines, sale of confiscated products and registration. About 326 culprits were apprehended and found with illegal possession forest products. Confiscated products include 8,982 pieces of sawn timber, 608 of off cuts (Vilingu), 3,940 poles, 3,069 bags of charcoal, 7 pit saws, 40 bicycles and 261 trees. Another Tshs. 420,592,850.00 from Registration, Tshs. 17,912,221.00 from compounding fees and Tshs. 81,296,407 from export permits (according to Cash office) were collected.

3.8 System of collecting, analyzing and using of data for improving performance of Check Points and Surveillance Units

It was expected that supervisors or heads of each checkpoint and surveillance unit from each zone regularly reports to MNRT about the progress of their work. On the same basis MNRT or an Officer-in-Charge of surveillance units or ADUT critically summarizes, analyses periodical report and communicate the findings and recommendations to each FSU office and Check Points for improving performance.

During the audit the Team found that, FSU and Check Points do not send key data and information to allow MNRT headquarter to analyze trends and identify various patterns. It was evident that information not needed by the system was sent while some of the required information was not delivered. It is not possible for MNRT to asses performance because of inadequate data collected or received from FSU and checkpoints.

Data from checkpoints and FSU are not captured in the National Forestry and Beekeeping Data Base (NAFOBEDA). In general NAFOBEDA is not performing well mainly due to lack of resources especially finances to enable collection of data, and inadequate trained staff on the use of relevant software.



Lesser priority is given to timely collection and supply of information by the Checkpoints and FSUs. It was expected for the MNRT to periodically collect and analyze, monitor data and make comparisons between physical achievements and various targets and between financial expenditure and budgets at the end of the mentioned time periods i.e. monthly, quarterly or longer intervals. Continuous monitoring is often applied to specified key indicators which enables information on plan implementation to be collected often, such as on weekly intervals.

More effort is needed to effectively implement the NAFOBEDA

The National Forest and Beekeeping Program Data Base (NAFOBEDA) is a tool in the MNRT and Local Governments Authorities (LGAs) for consolidating and harmonizing data collection and reporting procedures to oversee the status of forests in Tanzania.

The National Forest and Beekeeping Program Data Base (NAFOBEDA) has been developed to support FBD in its forest monitoring functions. However, during the audit it was noted that NAFOBEDA lacked updated data and as a result MNRT cannot take any action to improve forest management in the country based on the current data found in NAFOBEDA.

Despite the efforts made by the MNRT including training and supplying computers to some of the pilot districts, different supervisors in the forest authority do not supply data as needed due to various reasons like poor infrastructures (internet, intermittent electricity supply etc) in the districts. As a result, MNRT does not make maximum use of this program.



3.9 Appropriate sanctions and penalties are not effectively enforced to people/ companies apprehended

MNRT through its Surveillance Units and Check Points is required to make sure that, controls, rules and procedures of harvesting and transportation of forest products are complied with. In case of non compliance they are supposed to prosecute offenders and handle cases in the court of law.

The Forest Act details offenses and their penalties. Offenses on trade in forest produce (e.g. harvest, transport, offers for sale, sells, buys, stocks, marks, exports or enters for export) may receive a fine not less than two hundred thousand shillings and not exceeding one million shillings or imprisonment for a term not exceeding two years.

For FSU to perform its duties successfully, they need to have good links with DFO, the police and the entire community. Normally FSU are not allowed to carry weapons and when they go for patrol or to apprehend a culprit, they have to seek support from the Police or Ant Poaching units of Wildlife Division. And this occasionally has limited their efficiency because at times the Police and Ant Poaching staff are not easily available because of other commitments or long procedures involved in getting their services.

The performance of FSU is affected as FSU have no basic equipment to facilitate their work; it was found that FSU staffs have no special identify cards, and no communication facilities like radio calls and binoculars. On the other hand, it was also found that in most FSU zone offices the relationship between forest officers and police is not good.



According to the interview with the MNRT officials, we found that, other factors that hinder smooth operations include:

The courts having inadequate knowledge on forestry issues, as a result foresters feels like being intimidated when they appear in court several times to follow cases. Also judges pass light sentences on forest offenders therefore not acting as a deterrent measure. Likewise, most court cases have not produced tangible results because of lack of expertise in prosecution or time taken for such cases to be completed.

Another scenario is that confiscated forest products are auctioned at police station, government offices or checkpoint closest to the point of capture. The Team found that auctioned timber was often sold at low price since auctions are conducted in locations remote from the market.

The illegal trader is not barred from attending auction and is allowed to buy his own produce, which has now been conveniently legalized. In most cases, fines and penalties are low, low penalties cause nonpayment, underpayment and/or non compliance and not inducing sufficient incentives on behavior of operators, transporters and traders to stop illegal trade.

During the interview with stakeholders and experts in the forest sector, regarding the fines and penalties, many responded that fines and penalties have not been reviewed since 2002. The fines and penalties stipulated in the Forest Act do not take into consideration the environmental costs incurred as a result of unauthorized harvesting. Many were of the view that fines have to reflect restoration costs. This may be done using restoration orders under the Environmental Management Act, Cap. 191 R.E. 2002

Apart from the fines and penalties, issues related to improving communications with law enforcement agencies is of importance. It was emphasized that forest officers be



trained on the procedures to be followed for collection of solid and legally admissible evidence so as to speed up the effectiveness of the prosecution of law offenders. On the other hand, in order to facilitate more intensive collaboration with the public forest administration, emphasis should be given on training the magistrates as they are not often knowledgeable on the forestry sector and possible consequences of low penalties/fines.

CHAPTER 4: CONCLUSIONS

Overall conclusion

Various control mechanisms set by MNRT for collection of revenues from forest products are not effective. Check Points and FSUs are still facing many challenges to effectively control illegal forest harvesting and trade in forest products.

SPECIFIC CONCLUSIONS

4.1 Presence of insufficient controls in ensuring harvesting of forest products follows approved plans

MNRT is still facing a challenge to ensure that its control mechanism for ensuring that trees are harvested in accordance with the approved detailed forest management plan is effective. So far MNRT has not conducted any assessment to determine whether the forest harvesting activities in Tanzania follows the Approved Forest Management Plan or not. This is due to lack of relevant information at MNRT which could support such assessment. In the absence of such assessment, MNRT continues to offer harvesting permit to districts operating without approved forest management plans, and consequently MNRT lacks proper information and key statistics regarding the forest stock in the country. On the other hand, there is no mechanism in place to help districts set aside funds for preparation of their FMP. Some districts are not able to prepare their FMP because of lack of necessary training regarding preparation of FMP.

4.2 Monitoring of the approved controls to the harvested trees and revenue collection are not effective

It was noted that, the MNRT focuses mainly on monitoring the amount collected and less effort is exerted to monitor the quantity, volume and species of the harvested trees as well as the price charged. MNRT does not effectively monitor the impact of the harvesting on the remaining stock and environment in general.



There is no evidence that the revenue collected is comparable to the actual trees harvested because the reports submitted by the DFOs are not usually analyzed. Similarly, there are limited visits made by the MNRT to the districts to assess the performance in harvesting.

In general the guidelines for sustainable forest harvesting are not adequately followed by most DFOs. Most of them take these guidelines lightly rather than as a legal requirement

There is no Memorandum of Understanding (MoU) between MNRT and local government authorities regarding the management of forest harvesting activities in LGAs and division of responsibilities and working relations to assist the monitoring system of MNRT to work effectively.

Inadequate transportation controls

Control of transportation of forest products is also inadequate as reflected in the weakness in issuance of Transit Pass.

There is no model for the setting the royalty. The present system of setting of royalty does not necessarily reflect the market value of the product as a result government loses potential income because the set charges are usually lower than the market prices. The current system does not reflect the opportunity cost of cutting the trees or their restoration costs.

4.3 Lack of model for the setting the royalty



4.4 MNRT does not put more commitment to implement various measures to improve revenue collection

MNRT has taken several measures in order to improve the revenue collection. Regardless of these measures, the Ministry does not put more commitment to implement them.

4.5 Need for strengthening checkpoints and surveillance unit and monitor their performance

Capacity of check points is weak at headquarters, districts and individual checkpoints in terms of staff and facilities. It is believed that Staff without facilities will not help FBD to realize the intended results.

Checkpoints are not evenly distributed in the country especially in strategic areas such as along major roads and railway lines.

Regardless of the pointed out weaknesses of Check Points, the existence of a network of checkpoints, to a certain extent acts as a deterrent to transportation of illegal forest products.

On the other hand, FSUs will continue to underperform if more efforts are not taken to empower them, in terms of working facilities and funds. Some FSUs are confined to one region although they are supposed to work



in more than two regions in the zone.

4.6 MNRT has no documented plans to assess the performance of checkpoints and surveillance units

MNRT is not able to determine whether Check Points and FSUs are under- or over-performing. The Ministry is not having any written plans for monitoring and evaluating the performance of Check Points and Surveillance Units. Without these plans, it is hard to objectively assess the performance of checkpoints and surveillance units scattered all over the country.

4.7 DFOs do not regularly submit performance report to MNRT. The received report do not thoroughly address key issues

The quality of the reports prepared by the DFOs is questionable. When the officials at the Ministry try to go through them they fail to get any substance out of them. The reports received from DFOs are supposed to be thorough which properly highlights all issues and also describes some of the measures which have been taken or can be taken to address some of the challenges encountered at different districts.

Likewise, most of report from DFOs submitted to MNRT have not been analyzed and summarized by MNRT to enable them to determine performance of harvesting in the field. The main focus of most of these reports is on the revenue side and forgets about other major and important aspects such as quantity of the harvested trees, species harvested etc.



4.8 Enforcement of forest regulation on the sanctions and penalties to offenders

Low fines and penalties does not adequately act as deterrent against illegal harvesting, trade or/and transportation of unauthorized forest products and therefore causing no meaningful impact on the behavior of operators, transporters and traders.

Despite of the efforts made, MNRT is still facing a challenge of following up court cases; most of court cases have not produced tangible results due to unavailability of expertise in time for prosecution and/or may take long time to be completed.



CHAPTER 5: RECOMMENDATIONS

MNRT should revise its mechanism for controls of revenue collection by increasing efforts to support and monitor the performance of Check Points and FSUs in addressing illegal harvesting, trading and transportation of forest products

SPECIFIC RECOMMENDATIONS

In order to ensure that harvesting of forest products is done in a sustainable manner, it is hereby recommended that:

5.1 MNRT needs to ensure that harvesting of forest products follows approved FMPs

MNRT should stop issuing harvesting permits to/close harvesting in districts without approved FMPs.

MNRT should ensure that key information regarding activities of forest harvesting done in local government is available at the Ministry in order to support its assessments of implementation of approved FMPs.

Also, MNRT should establish a mechanism of ensuring that each district sets aside funds for the preparation of FMPs and should conduct regular training of DFOs and their assistants regarding preparation of the plans.

5.2 Performance monitoring of the approved controls to the Harvested trees and revenue collection

MNRT should monitor performance of approved controls to ensure that the type, size, quantity and prices charged on harvested trees work properly and consistently with the revenue collected.

MNRT should develop Memorandum of Understanding (MoU) with local government authorities regarding the harvesting activities and division of responsibilities and working relations which will assist the monitoring system to work effectively.



5.3 Royalty setting and educating key stakeholders

MNRT should educate all key stakeholders on the new royalty rates in order to increase their level of awareness regarding the newly set rates;

The royalty setting should be based on a proven model which considers all the key factors including production/management costs, environmental services and opportunity costs. As most of these factors are fluctuating, the revision should be done regularly for example on annual basis but not too frequently to frustrate the market.



5.4 Implementation of measures to improve revenue collection

MNRT should develop long plans to implement most of it is the actions to combat illegal harvesting to make it sustainable.

MNRT should re-establish the zonal inspection teams in order to ensure that revenue are fully collected from all revenue collection points

5.5 Improving the performance of check pints and FSU

MNRT should strengthen capacity in terms of human resources, working equipment and financial resources of individual Check Points and FSU in order to better realize the intended results.

MNRT should ensure that all Check Points and FSUs prepare reports and submit them to the Ministry's HQ and they are regularly reviewed at the HQ.

5.6 MNRT should improve its procedures of enforcement of its regulations

Law enforcement requires technical and financial capacity. The Audit team is of the opinion that the government should delegate or subcontract some of the law enforcement tasks and responsibilities to other, specialized non-governmental institutions which are more capable technically and financially

MNRT should establish proper and effective communication channels with law enforcement agencies. Similarly, Forest Officers and technicians should be trained in basic aspects of prosecutions in order to facilitate prompt prosecution of defaulters.



MNRT should ensure that rates of fines and penalties charged help to reach the intended deterrent effect.

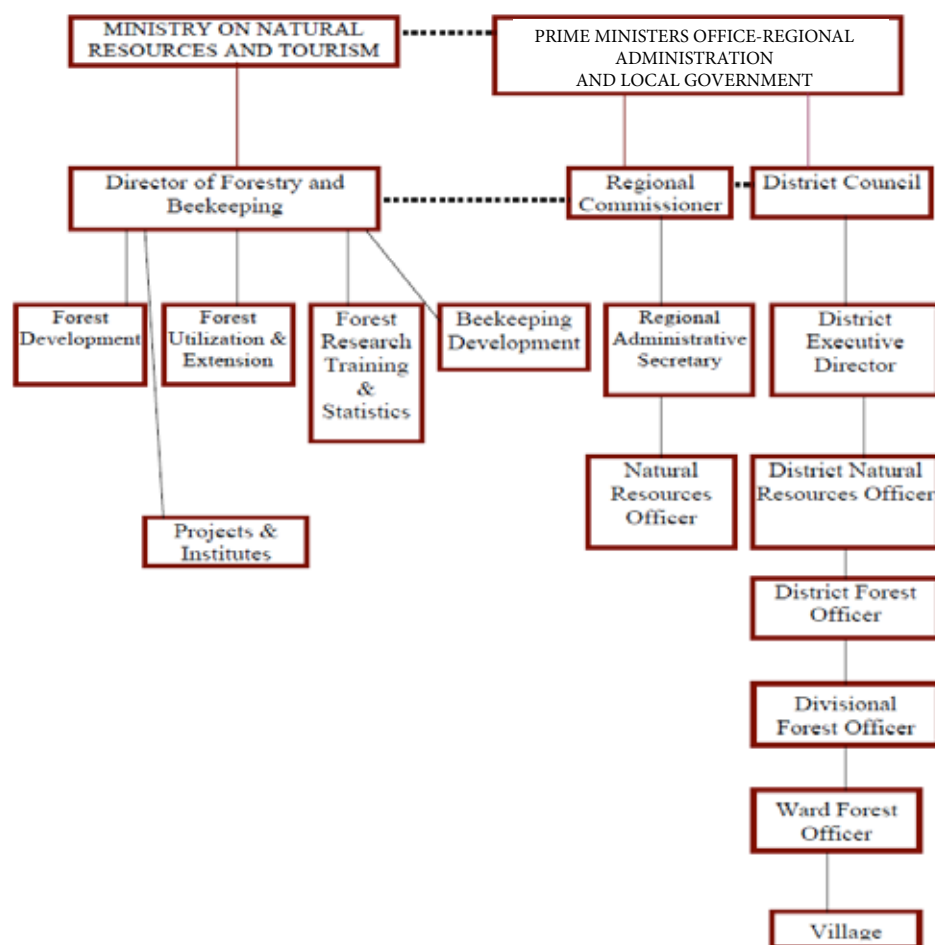


APPENDIX 1: FOREST ADMINISTRATION IN TANZANIA

Key Institutions, Stakeholders and Lead Actors in implementation of the National Forestry Policy are the central and local governments, private sector, NGOs, CBOs at all levels and the international community. While the central government focuses mainly on coordinating, guiding and monitoring implementation, local governments and the private sector are responsible for the actual management

The forest administration currently falls under two authorities namely; (i) the Central government through the Ministry of Natural Resources and its Agencies, and (ii) Local governments and Regional Secretariats. This set up is illustrated in Figure 7.

Figure 7. Forest Administration in Tanzania Mainland



APPENDIX 2: CHECK POINTS UNDER MNRT

No.	Name of Chek Point	District	Region	Number Of Staff
1	KIBITI	RUFJI	PWANI	2
2	KIMANZICHANA	MKURANGA	PWANI	3
3	VIKINDU	MKURANGA	PWANI	3
4	KIBAHA	KIBAHA	PWANI	4
5	VIGWAZA	BAGAMOYO	PWANI	3
6	SANZALE	BAGAMOYO	PWANI	2
7	MAPINGA	BAGAMOYO	PWANI	3
8	GONGO LA MBOTO	ILALA	DSM	2
9	MBEZI	KINONDONI	DSM	3
10	MBAGALA	TEMEKE	DSM	2
11	MSIMBU	KISARAWA	PWANI	2
12	MZENGA	KISARAWA	PWANI	1
13	KAUZENI	KISARAWA	PWANI	2
14	KISARAWA	KISARAWA	PWANI	3
15	USAGARA	?	MWANZA	2
16	KAMANGA	?	MWANZA	1
17	BUSISI	?	MWANZA	1
18	KANIHA	BIHARAMULO	KAGERA	1
19	BWANGA	BIHARAMULO	KAGERA	1
20	MSIJUTE	MTWARA RURAL	MTWARA	1
21	MTAMBASWALA	NANYUMBU	MTWARA	0
22	SHEMWENGO	?	MBEYA	1
23	SUMBAWANGA	SUMBAWANGA	RUKWA	1
24	ISABA	MUSOMA	MARA	0
25	ITIGI	MANYONI	SINGIDA	2
26	NYANGAO 'A'	?	LINDI	1
27	MAWENI	?	TANGA	0
28	AMBONI	?	TANGA	0
				47



The process of harvesting -Trees, firewood and poles removed from the Government Forest Plantations

Plantation Manager (PM) prepares management plan which includes harvesting plan. Plantation Manager (PM) submits the management plans to DFoB for approval. Applicants apply to the plantation manager specifying species choice, type of machine to be used for harvesting and transporting, quantity etc. The applicant should be registered as Forest Products dealer with Regional Forest Officer. PM submit the approved management plan together with harvesting requests to the Harvesting Committee of the Forestry Division .

The requests are discussed by the Harvesting Committee chaired by Assistant Director Utilization which meets annually. Once the requests are approved the Plantation Manager demarcates the area, depending on the number of approved dealers, makes measurements and calculates volume based on tariff tables, and then issues licence to the applicant on payment and issue of Exchequer Receipt Voucher based on the calculated volume. Fees received are deposited in the MNRT account. The licensee is also required to pay other charges namely Silviculture, Road and Logging fees. The Logging fee is paid when the felling is done by the forest manager. These fees are deposited in the Logging and Miscellaneous Deposit Account (LMDA) which is managed by the Forest Manager. The licence is usually valid from 1 month to 6 months depending on the amount approved in the licence. After payment the licensee reports to the Forest Ranger in charge who supervises the harvesting to make sure that harvesting is carried out in the selected areas and only trees which are shown on the license.

The Licensee applies to PM to remove the trees or other forest products from the forest (within 30 days of the issue of the license). The Forest Ranger visits the site with licensee. He re-measures the forest products and hammers the felled trees. The Plantation Manager issues a Transit Pass (TP) allowing the licensee to remove trees or any other forest products outside the forest plantation. Traders and transporters are subject to verification of load against paperwork/documents at Check



Points, where supplementary assessments/verification is done and if found with excess load is penalised in accordance to Forest Act. Figure below summarizes the process of harvesting and trees transportation.



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