

Forestry governance and trade transformations:

Experience from Tanzania and implications for sustainable development

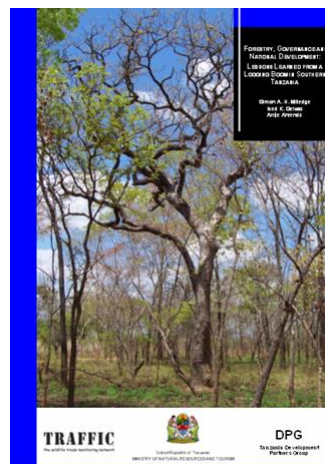
Simon Milledge **TRAFFIC**
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Workshop on Forest Governance and
Decentralization in Africa

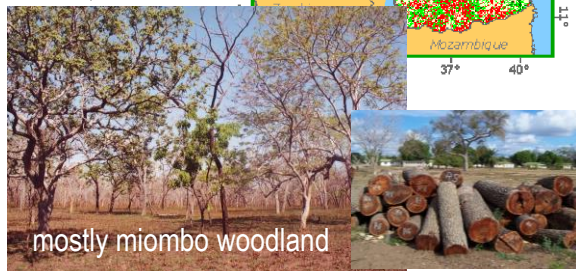
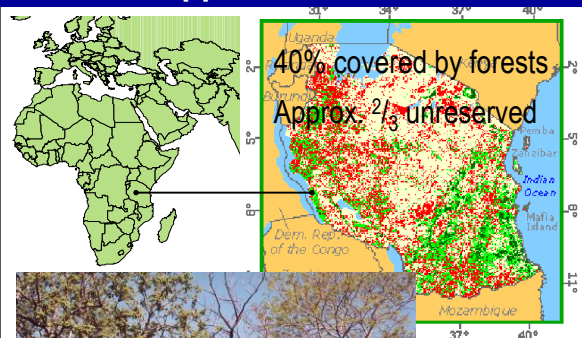
Thematic Session III: INTERNATIONAL TRADE, FINANCE
AND FOREST SECTOR GOVERNANCE REFORM

Abstract 3.5

9th April 2008, Durban, South Africa



Tanzania: opportunities abound

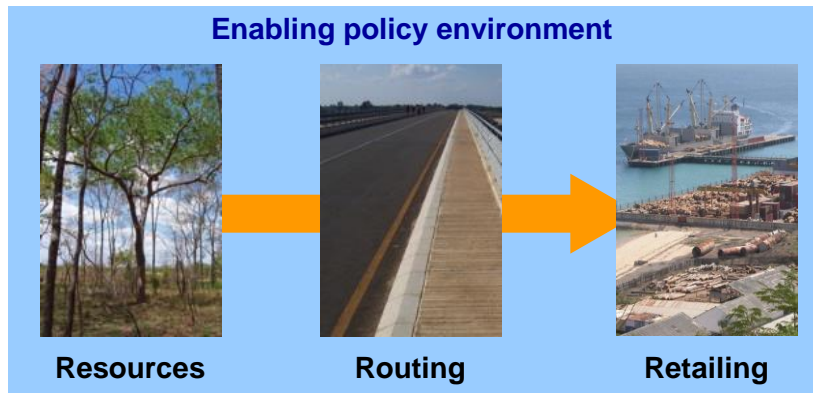


Good enabling environment

- Trade and investment
 - trade liberalisation
 - decentralisation
 - privatization
- Forests
 - sustainable use
 - devolvement



Transformations in the three “R’s”

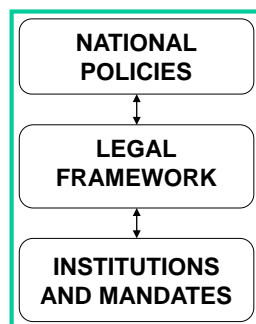


Opportunities + transformations = growing trade

e.g. doubling of central govt forestry revenue during 2003-2005



Governance shortfalls despite strong policy framework



MKUKUTA

National Forest Policy, 1998

National Forest Programme, 2001-2010

Forest Act, 2002

Forest regulations, 2004

Forestry and Beekeeping Division

Local and Regional Government





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Lost government forestry revenues

Lost development opportunities: **USD 58 million annually**



10,000 secondary classrooms

11 million mosquito nets

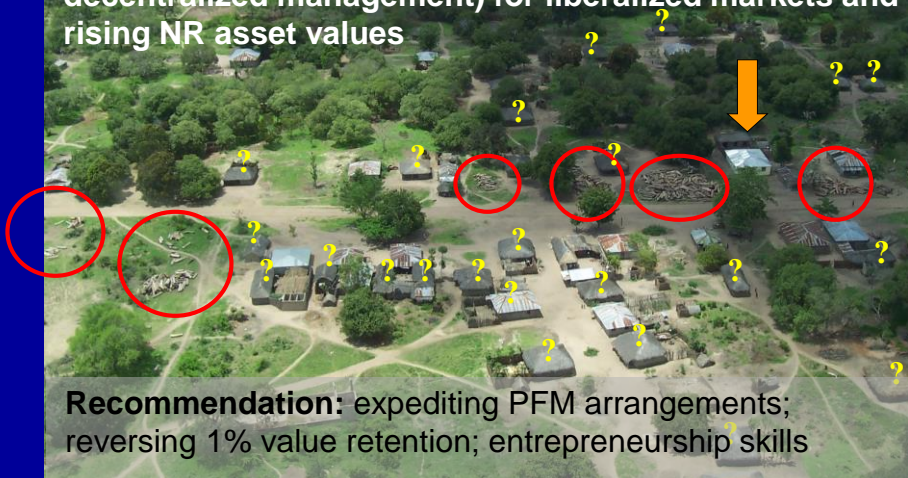
Lost potential for self reliance: timber revenue would have doubled the Ministry's GDP contribution



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Implications to sustainable development

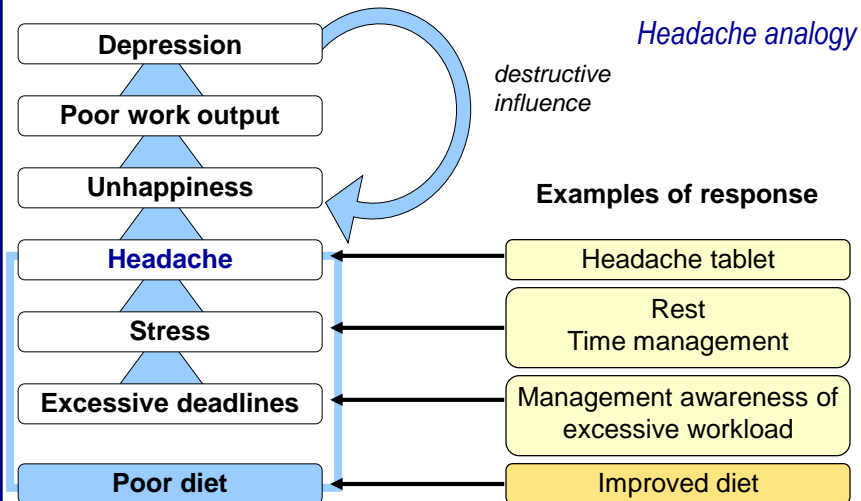
Challenge: preparing rural communities (and ? decentralized management) for liberalized markets and rising NR asset values



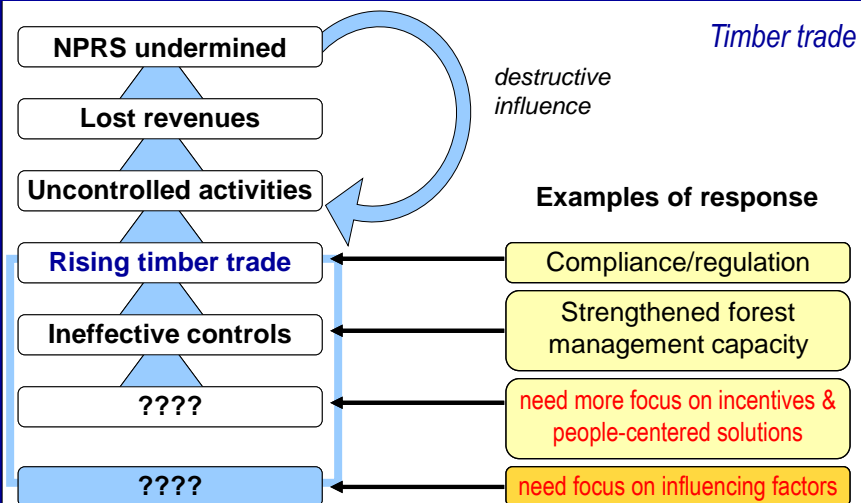
Recommendation: expediting PFM arrangements; reversing 1% value retention; entrepreneurship skills



Lessons learned in addressing governance shortfalls



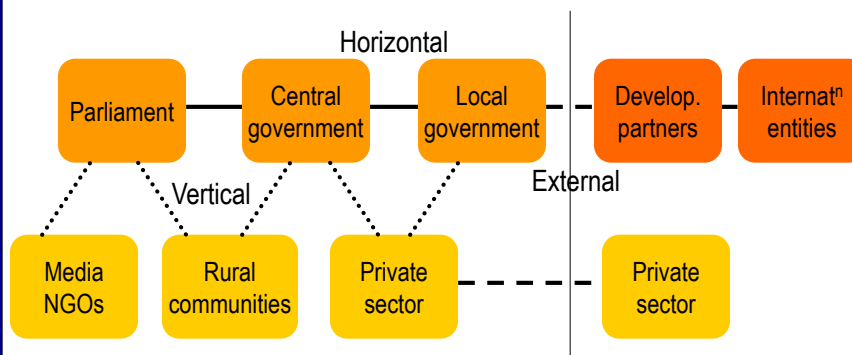
Lessons learned in addressing governance shortfalls





Impediment #1: Low accountability

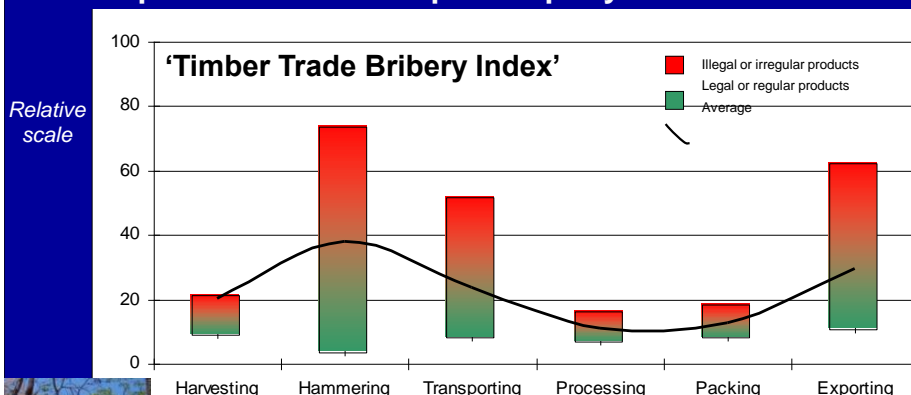
Limited *demands* for accountability - SFM, equity, legality



Recommendation: PFM; incentives to demand accountability; use of existing accountability mechanisms



Impediment #2: Corruption – petty



Regulatory interventions normally applied where bribery most prevalent
Even legal trade subject to bribery





Impediment #2: Corruption – senior involvement

| Level of Government | Examples of positions with personal involvement in timber trade |
|----------------------|---|
| Executive | Cabinet Minister, Regional Commissioner, District Commissioner |
| Parliament | Member of Parliament |
| Central government | Minister, Assistant Director, Principal/Senior Forest Officer |
| Local administration | District Executive Director, Forest/Game Officer, Village Executive Officer |
| Security | Army officer, Police officer |

Recommendation: holistic anti-corruption measures; people-centred approaches to reduce opportunities; accepting joint responsibility



Impediment #3: Perverse incentives

High dependence on forest-related income during admin. decentralization and political devolvement ...



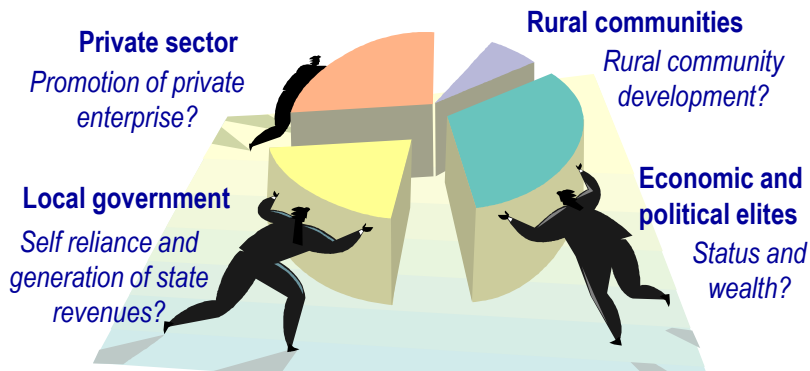
...reduced incentives for change

Recommendation: identifying alternative income sources to reduce reliance on forestry assets; widening of local government income basket



Impediment #3: Perverse incentives

Asset competition during devolvement and decentralization

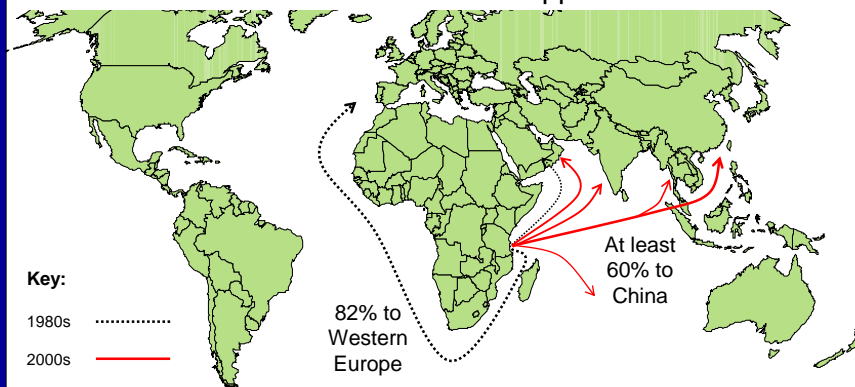


Recommendation: clear policy outcomes a precursor to reducing forestry asset domination



Impediment #4: Weak transformative capabilities

Global market transformations - opportunities maximized?



Recommendation: national (and regional) visions with step-wise milestones

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