

**Document of  
The World Bank**

Report No: ICR00001507

IMPLEMENTATION COMPLETION AND RESULTS REPORT  
(TF-25922 IDA-3604A IDA-36040 TF-52283)

ON A

CREDIT

IN THE AMOUNT OF SDR 24.6 MILLION  
(US\$ 31.1 MILLION EQUIVALENT)

AND A

GLOBAL ENVIRONMENTAL FACILITY GRANT

IN THE AMOUNT OF US\$ 7.0 MILLION

TO THE

UNITED REPUBLIC OF TANZANIA

FOR THE

FOREST CONSERVATION AND MANAGEMENT PROJECT

AND THE

EASTERN ARC FOREST CONSERVATION AND DEVELOPMENT PROJECT

June 24, 2010

Environmental and Natural Resources Management  
Sustainable Development Department  
Africa Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective June 1, 2010)

Currency Unit = Tanzania Shillings (TShs)  
US\$ 1.00 = TShs 1,483

FISCAL YEAR  
July 1 – June 30

## ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CBFM	Community Based Forest Management
CSO	Civil Society Organization
CDD	Community Driven Development
CE	Chief Executive
CITES	Convention on International Trade in Endangered Species
CSD	Civil Service Department
DCA	Development Credit Agreement
DFO	District Forest Officer
DfID	United Kingdom Department for International Development
DP	Development Partner
EAFCMP	Eastern Arc Forest Conservation and Management Project
EAMCEF	Eastern Arc Mountains Conservation Endowment Fund
EIA	Environmental Impact Assessment
ERR	Economic Rate of Return
FAO	Food and Agriculture Organization of the United Nations
FBD	Forestry and Beekeeping Division
FRMP	Forest Resources Management Project
GEF	Global Environment Facility
GEO	Global Environmental Objective
GOT	Government of Tanzania
ICR(R)	Implementation Completion and Results Report
IDA	International Development Association
IOI	Intermediate Outcome Indicator
ISRR	Implementation Status and Results Report
JAS	Joint Assistance Strategy
JFM	Joint Forest Management
JMA	Joint Management Agreement
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MFA	Ministry of Foreign Affairs (Finland)
MKUKUTA	National Strategy for Growth and Development 2005-2010 (Swahili Acronym)
MNRT	Ministry of Natural Resources and Tourism
MoU	Memorandum of Understanding
MTR	Mid-Term Review
NAFOBEDA	National Forest and Beekeeping Database
NAFORMA	National Forest Resources Monitoring and Assessment

NFBKP	National Forest and Beekeeping Program
NFP	National Forestry Program (2001-2010)
NGO	Non-Governmental Organization
NPV	Net Present Value
NRM	Natural Resource Management
PAD	Project Appraisal Document
PCD	Project Concept Document
PDO	Project Development Objective
PFM	Participatory Forest Management
PIM	Project Implementation manual
PMO–RALG	Prime Minister’s Office – Regional Administration and Local Government
PO – PSM	President’s Office – Public Service Management
PPA	Project Preparatory Advance
PSI	Private Sector Involvement
QER	Quality Enhancement Review
RAP	Resettlement Action Plan
SFM	Sustainable Forest Management
SWAp	Sector Wide Approach
TASAF	Tanzania Social Action Fund
TFCMP	Tanzania Forest Conservation and Management Project
TFGA	Trust Fund Grant Agreement
TFS	Tanzania Forest Service
TTL	Task Team Leader
UNDP	United Nations Development Program
VLFR	Village Land Forest Reserve

Vice President:	Obiageli K. Ezekwesili
Country Director:	John Murray McIntire
Sector Manager:	Idah Pswarayi-Riddihough
Project Team Leader:	Christian Peter
ICR Team Leader:	Christian Peter
ICR Primary Author:	Frits Ohler

**UNITED REPUBLIC OF TANZANIA**  
**Forest Conservation and Management Project**  
**Eastern Arc Forests Conservation and Management Project**

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<b>A. Basic Information</b>			
Country:	Tanzania	Project Name:	Forest Conservation and Management Project
Project ID:	P058706,P057234	L/C/TF Number(s):	IDA-36040,IDA-3604A,TF-25922,TF-52283
ICR Date:	06/25/2010	ICR Type:	Core ICR
Lending Instrument:	SIL,SIL	Borrower:	GOVERNMENT OF TANZANIA
Original Total Commitment:	XDR 24.6M,USD 7.0M	Disbursed Amount:	XDR 24.6M,USD 7.0M
<b>Environmental Category: B,B</b>		<b>Focal Area: B</b>	
<b>Implementing Agencies:</b> Eastern Arc Mountains Conservation Endowment Fund Ministry of Natural Resources and Tourism (MNRT)			
<b>Cofinanciers and Other External Partners:</b>			

<b>B. Key Dates</b>				
<b>Forest Conservation and Management Project - P058706</b>				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	04/20/2000	Effectiveness:	05/29/2002	05/29/2002
Appraisal:	10/08/2001	Restructuring(s):		06/29/2006 06/29/2007
Approval:	02/26/2002	Mid-term Review:	09/25/2006	09/25/2006
		Closing:	12/31/2007	12/31/2009

<b>Eastern Arc Forests Conservation and Management Project - P057234</b>				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	04/20/2000	Effectiveness:	05/18/2005	05/18/2005
Appraisal:	04/08/2002	Restructuring(s):		06/29/2007
Approval:	07/03/2003	Mid-term Review:	09/25/2006	09/25/2006
		Closing:	12/31/2007	12/31/2009

<b>C. Ratings Summary</b>	
<b>C.1 Performance Rating by ICR</b>	
Outcomes	Moderately Unsatisfactory
GEO Outcomes	Moderately Satisfactory
Risk to Development Outcome	Substantial
Risk to GEO Outcome	Substantial
Bank Performance	Moderately Unsatisfactory
Borrower Performance	Moderately Unsatisfactory

<b>C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)</b>			
<b>Bank</b>	<b>Ratings</b>	<b>Borrower</b>	<b>Ratings</b>
Quality at Entry	Moderately Unsatisfactory	Government:	Moderately Unsatisfactory
Quality of Supervision:	Moderately Unsatisfactory	Implementing Agency/Agencies:	Moderately Unsatisfactory
Overall Bank Performance	Moderately Unsatisfactory	Overall Borrower Performance	Moderately Unsatisfactory

<b>C.3 Quality at Entry and Implementation Performance Indicators</b>			
<b>Forest Conservation and Management Project - P058706</b>			
<b>Implementation Performance</b>	<b>Indicators</b>	<b>QAG Assessments (if any)</b>	<b>Rating:</b>
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Moderately Unsatisfactory		

<b>Eastern Arc Forests Conservation and Management Project - P057234</b>			
<b>Implementation Performance</b>	<b>Indicators</b>	<b>QAG Assessments (if any)</b>	<b>Rating:</b>
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA)	None
GEO rating before Closing/Inactive Status	Satisfactory		

<b>D. Sector and Theme Codes</b>		
<b>Forest Conservation and Management Project - P058706</b>		
	<b>Original</b>	<b>Actual</b>
<b>Sector Code (as % of total Bank financing)</b>		
Central government administration	57	40
Forestry	17	35
Other social services	26	25
<b>Theme Code (as % of total Bank financing)</b>		
Biodiversity	33	10
Environmental policies and institutions	33	20
Infrastructure services for private sector development	17	10
Other environment and natural resources management	17	35
Participation and civic engagement		25

<b>Eastern Arc Forests Conservation and Management Project - P057234</b>		
	<b>Original</b>	<b>Actual</b>
<b>Sector Code (as % of total Bank financing)</b>		
Central government administration	4	25
Forestry	96	75
<b>Theme Code (as % of total Bank financing)</b>		
Biodiversity	28	40
Environmental policies and institutions	29	20
Other environment and natural resources management	29	20
Participation and civic engagement	14	20

<b>E. Bank Staff</b>		
<b>Forest Conservation and Management Project - P058706</b>		
<b>Positions</b>	<b>At ICR</b>	<b>At Approval</b>
Vice President:	Obiageli Katryn Ezekwesili	Callisto E. Madavo
Country Director:	John McIntire	James W. Adams
Sector Manager:	Idah Z. Pswarayi-Riddihough	Agnes I. Kiss
Project Team Leader:	Christian Albert Peter	Peter A. Dewees
ICR Team Leader:	Christian Albert Peter	
ICR Primary Author:	Frits Ohler	

Eastern Arc Forests Conservation and Management Project - P057234		
Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Callisto E. Madavo
Country Director:	John McIntire	Judy M. O'Connor
Sector Manager:	Idah Z. Pswarayi-Riddihough	Richard G. Scobey
Project Team Leader:	Christian Albert Peter	Nathalie Weier Johnson
ICR Team Leader:	Christian Albert Peter	
ICR Primary Author:	Frits Ohler	

## F. Results Framework Analysis

### Project Development Objectives (from Project Appraisal Document)

The project objective is to assist Government in policy implementation, in particular by developing a framework for the long-term sustainable management and conservation of Tanzania's forest resources, strengthening the role of individuals, communities, villages, and the private sector in management and conservation of forests, and implementing this framework on a pilot scale.

### Revised Project Development Objectives (as approved by original approving authority)

### Global Environment Objectives (from Project Appraisal Document)

The global environmental objectives of the project is to assist within the TFCMP, to promote sustainable conservation and management of the biological biodiversity and ecosystems of the Eastern Arc Mountains Forest through; inter alia, strengthened institutional capacity, pilot community-based conservation and development and implementation of participatory forest conservation strategies.

### Revised Global Environment Objectives (as approved by original approving authority)

#### (a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	Forest and woodland cover is brought under effective management by community and individuals in project areas			
Value (quantitative or Qualitative)	0	No Target value provided (significant areas)	1.75 million	4.8 million
Date achieved	02/26/2002	02/27/2002	06/29/2007	12/31/2009
Comments	In order to measure the impact of the project, the indicator wording was changed			



(incl. % achievement)	in the 2007 restructuring to read: Area of forests on Tanzania Mainland managed according to approved forest management plans (incl. CBFM & JFM)			
<b>Indicator 2 :</b>	Private sector is involved in forest plantation management.			
Value (quantitative or Qualitative)	0	No target value provided	20,000	16,563
Date achieved	02/26/2002	02/27/2002	06/29/2007	12/31/2009
Comments (incl. % achievement)	Reworded in 2007 to enable measurability: Area of forest plantations under private management agreements (hectares). Achieved 16,563 has of forest plantations managed only under MOU arrangement, no contract signed.			

**(b) GEO Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	Mechanisms for forest biodiversity conservation are more fully established (Areas of mountainous forest reserves managed under IUCN codes)			
Value (quantitative or Qualitative)	Limited capacity to carry out natural resources management in a way that conserves and protects vital forest ecosystems and values, including livelihoods.	GEF Capital Endowment invested, fundraising efforts well under way. 5,350 sqkm gazetted and managed according to IUCN categories.		GEF Capital Endowment invested. 5,350 sqkm gazetted and managed according to IUCN categories.
Date achieved	05/15/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				

**(c) Intermediate Outcome Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	TFS framework documents approved by PO-PSM (Head of Public Service)			
Value (quantitative or Qualitative)	Forests are managed by MNRT/ Forest and Beekeeping Department.	New Institution in place with improved capacity for implementing policy objectives,	Yes	Yes

		improved financial sustainability and with greater focus on service delivery.		
Date achieved	02/26/2002	02/27/2002	06/29/2007	12/31/2009
Comments (incl. % achievement)				
<b>Indicator 2 :</b>	TFS establishment order signed, CEO appointed and TFS operational.			
Value (quantitative or Qualitative)	Forests are managed by MNRT/ Forest and Beekeeping Department.	New Institution in place with improved capacity for implementing policy objectives, improved financial sustainability and with greater focus on service delivery.	Yes	No
Date achieved	02/26/2002	02/27/2002	06/29/2007	12/31/2009
Comments (incl. % achievement)	Acting CE assigned, TFS not operational			
<b>Indicator 3 :</b>	MNRT/FBD assets evaluated and transferred to TFS.			
Value (quantitative or Qualitative)	Information on MNRT/FBD Assets not available	FBD assets evaluated and transferred to TFS.		FBD assets evaluated, in the absence of TFS not transferred.
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 4 :</b>	Revenue collected from forest goods and services (in Tanzania Shillings)			
Value (quantitative or Qualitative)	2 billion	Target not established	24 billion	24 billion
Date achieved	02/26/2002	02/27/2002	06/29/2007	12/31/2009
Comments (incl. % achievement)				
<b>Indicator 5 :</b>	New transport based fees and market-based forest produce pricing systems introduced and operational			
Value (quantitative or Qualitative)	None	System operational in selected regions.		Systems developed, only piloted and operational in two regions (Coast, Mwanza)
Date achieved	02/26/2002	06/29/2007		12/31/2009

Comments (incl. % achievement)				
<b>Indicator 6 :</b>	Revenue Tracking System introduced and decentralized at district level			
Value (quantitative or Qualitative)	None	Revenue Tracking System operational at district level		Revenue Tracking System operational, roll out at district level underway
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 7 :</b>	Total area of forest under Village Land Forest Reserves (VLFRs) or Joint Management Agreements (JMAs) (hectares).			
Value (quantitative or Qualitative)	0	50,000		4.1 million
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 8 :</b>	Number of villages with preparatory or established PFM processes (according to approved guidelines)			
Value (quantitative or Qualitative)	0	150		2,475
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 9 :</b>	Total village forest revenue collected per district per year (Tanzanian Shillings)			
Value (quantitative or Qualitative)	None	50 million		Unknown
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 10 :</b>	Number of Facilitators trained and implementing PFM			
Value (quantitative or Qualitative)	0	150		400
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 11 :</b>	Up-to-date and reliable forest & ecosystem resource data available for Mainland Tanzania			

Value (quantitative or Qualitative)	None	National Forest Inventory (NFI) completed by 50%		NFI methodology developed, field crews trained, NFI not started
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 12 :</b>	Routine Forest & ecosystem data stored and publicly available in central database (NAFOBEDA).			
Value (quantitative or Qualitative)	None	Yes		No
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)	NAFOBEDA developed, but lacks data and is not fully functional at all levels (in part due to capacity at local level to use the system)			
<b>Indicator 13 :</b>	Forest management plans for both protection & production forests updated or revised (hectares)			
Value (quantitative or Qualitative)	Forest Management Plans outdated	150,000		1.3 million
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 14 :</b>	Area of forests set aside and sustainably managed for charcoal production (hectares).			
Value (quantitative or Qualitative)	None	4,000		4,500
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 15 :</b>	Number of projects piloting innovative economic instruments			
Value (quantitative or Qualitative)	None	5		6
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 16 :</b>	Plantation resource base information available (hectares)			
Value (quantitative or Qualitative)	None	80,000		80,000
Date achieved	02/26/2002	06/29/2007		12/31/2009

Comments (incl. % achievement)	The information refers to publicly owned plantations.			
<b>Indicator 17 :</b>	Forest management guidelines revised and approved to reflect benefits and costs of multi-stakeholder arrangements in forest plantation management			
Value (quantitative or Qualitative)	None	Guidelines operational		Guidelines operational
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 18 :</b>	Number of plantation management agreements in place			
Value (quantitative or Qualitative)	0	3		3
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)	Partly achieved, as MOUs agreed upon, but no formal management contract in place.			
<b>Indicator 19 :</b>	Increase in capital of the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) (US\$).			
Value (quantitative or Qualitative)	0	No target set	11 million	7.2 million
Date achieved	04/08/2002	07/03/2003	06/29/2007	12/31/2009
Comments (incl. % achievement)	Few (US\$35,000) raised, fundraising campaign not started.			
<b>Indicator 20 :</b>	Number of grants provided by EAMCEF for biodiversity conservation projects.			
Value (quantitative or Qualitative)	0	80		80
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				
<b>Indicator 21 :</b>	Forest area under protection status (including IUCN categories) (sqkm)			
Value (quantitative or Qualitative)	Not available	5,350		5,350
Date achieved	02/26/2002	06/29/2007		12/31/2009
Comments (incl. % achievement)				

## G. Ratings of Project Performance in ISRs

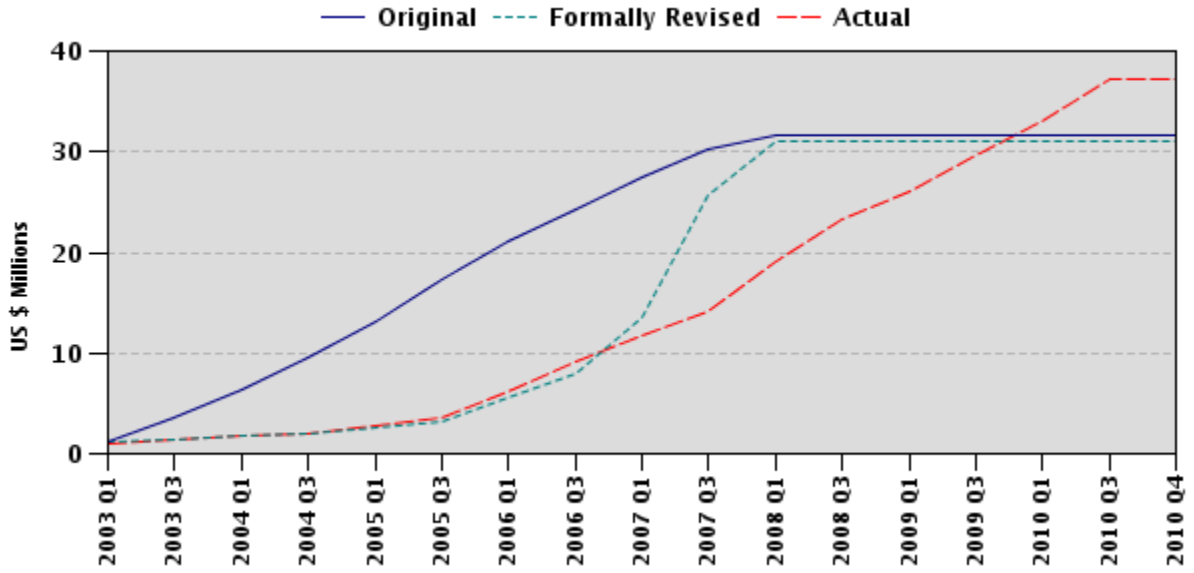
-						
No.	Date ISR Archived	DO	GEO	IP	Actual Disbursements (USD millions)	
					Project 1	Project 2
1	05/13/2002	S		S	0.00	0.00
2	12/23/2002	S		S	1.15	0.00
3	05/25/2003	S		S	1.58	0.00
4	11/26/2003	S	S	S	1.92	0.00
5	05/28/2004	S	S	S	2.05	0.00
6	12/15/2004	U	U	U	3.03	0.00
7	06/29/2005	MU	S	MU	4.43	0.00
8	12/19/2005	MU	S	MU	8.35	0.00
9	06/18/2006	MU	S	MU	10.15	0.00
10	06/29/2006	MU	S	MU	10.15	0.00
11	12/19/2006	MU	S	MU	12.71	7.00
12	06/29/2007	MU	S	MU	16.69	7.00
13	11/06/2007	MU	S	MU	19.11	7.00
14	12/13/2007	MS	S	MS	20.88	7.00
15	05/22/2008	MS	S	MS	24.59	7.00
16	11/24/2008	MU	S	U	26.44	7.00
17	05/24/2009	MU	S	U	30.51	7.00
18	07/04/2009	MU		U	31.28	0.00
19	01/09/2010	MU	S	MU	36.64	7.00

## H. Restructuring (if any)

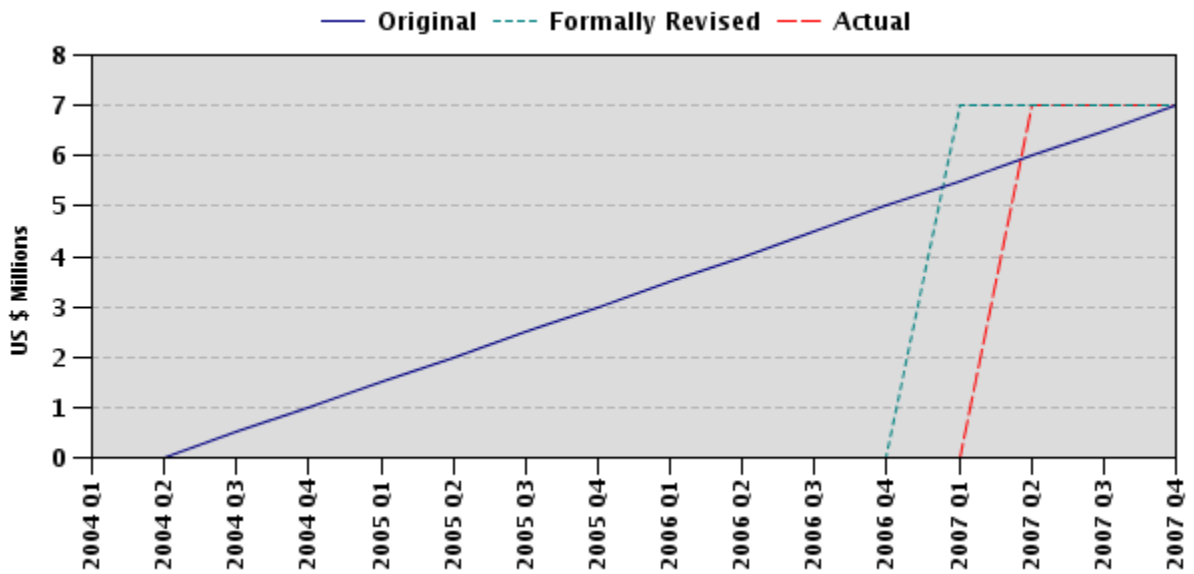
Restructuring Date(s)	Board Approved		ISR Ratings at Restructuring			Amount Disbursed at Restructuring in USD millions		Reason for Restructuring & Key Changes Made
	PDO Change	GEO Change	DO	GEO	IP	Project1	Project 2	
06/29/2006	N		MU		MU	10.15		Adding a CDD component to implement Participatory Forest Management through TASAF
06/29/2007			MU		MU	16.69		As a result, the following amendments were agreed to better deliver on improving enabling environment for sector reform through strengthening existing and promoting new tools for sustainable forest management: (a) Adding two sub-components under the first component, to include the implementation of forest resources and ecosystem assessment, and the preparation and pilot implementation of forest management plans, as well as GOT's increased emphasis on alternative sources of energy and associated strategies with focus on the unsustainable production and use of woodfuels, including charcoal.
06/29/2007					MU		7.00	To enable the implementation of a Resettlement Action Plan for the set up of a protected area

## I. Disbursement Profile

P058706



P057234





# 1. Project Context, Development and Global Environmental Objectives and Design

## 1.1 Context at Appraisal

1. *Country and sector background.* At the time of Project design (as is the case today), Tanzania's extensive woodlands and forests were extremely important for mitigating the impact of rural poverty, providing critical wood resources and other forest products to both rural and urban communities, and perform important services such as watershed catchments and grazing areas. Most of the forests and woodlands, between 30 and 40 million hectares (ha), are comprised of dry woodlands, primarily *miombo*. Much of the country's forest biodiversity is found in the relatively small areas of humid tropical mountain forest. Among the most important of these are the Eastern Arc Mountain forests representing one of the oldest terrestrial ecosystems on the continent, with high concentrations of endemic species under considerable threat. In addition to the natural forests, there were an estimated 135,000 ha of (mainly industrial) plantations in Tanzania, of which 80,000 ha are under Government control and management. In 1998, the export of wood products amounted to US\$6.5 million while imports totaled around US\$4.2 million. Tanzania's forests and woodlands were under growing pressure from population growth and economic development. Many forested areas had no protection status, and many of those officially categorized as protected were still under pressure.

2. *Institutional, policy and legal framework.* The Forestry and Beekeeping Division (FBD) of the Ministry of Natural Resources and Tourism (MNRT) provided overall policy guidance for the forestry sector, and some technical oversight and supervision. Much of the management and protection of forest reserves was the responsibility of the District Forest Officers (DFOs). The institutional framework was considered to be problematic and in need of reform. The fundamental orientation was toward regulation and enforcement of forest legislation, while forest protection and management could no longer be undertaken independently of the needs of rural communities. At the same time, there was very limited capacity to take on wider issues associated with biodiversity conservation. Resources to finance forest management were tightly constrained, and the sector depended heavily on donors. The more effective collection and use of revenues could have made a difference, but poor governance and the lack of accountability and supervision were important constraints. In 1998, the Cabinet approved an innovative National Forest Policy that recognized the need for substantive institutional reforms and proposed the creation of a new Tanzania Forest Service (TFS). With regard to biodiversity conservation, the new policy committed the Government of Tanzania (GOT) to establish nature reserves in areas of high biodiversity value. Most importantly, however, the policy argued that local institutions and communities should have a central role in forest conservation and management. The policy provided the framework for the preparation of the National Forest and Bee-Keeping Program (NFBKP), which was approved by Government in November 2001. The Project Appraisal Document (PAD) noted that the innovations indicated in the policy had yet to be formally legislated.

3. *International conventions.* At the time of Project design, Tanzania was already party to the Convention on Biological Diversity, the African Convention on the Conservation of Nature and Natural Resources, the Convention on the Protection of World Cultural and Natural Heritage, the Convention on International Trade in Endangered Species (CITES), and the RAMSAR Convention on Wetlands of International Importance.

4. *Project concept.* Using a consultative process, proposals for Project preparation were an outcome of a strategic planning workshop held in June 1999. Initially, a follow-on Project from the Bank-financed Forest Resources Management Project (FRMP) was considered. However, it became apparent that forest management and conservation, as well as village and community-based forestry would not succeed within the existing institutional structure. Major institutional reform would be necessary for any future forestry interventions to be successful.

5. *Project contribution to Government Strategy.* The Project was designed to address a number of pressing sector issues and to support GOT's efforts to move forward with: (i) substantive institutional

reforms; (ii) developing and implementing service standards to support village-based forest and woodlands management and conservation; (iii) an institutional framework for biodiversity conservation; (iv) improving financial and procurement management and a sustainable financing mechanism; (v) fuller involvement of the private sector in industrial plantation management; and (vi) improving the framework for planning and implementation of biodiversity conservation initiatives.

6. *Project contribution to the CAS.* The Project was to address specifically the CAS objectives of supporting sustainable rural development and private sector development through: (i) the promotion of off-farm activities; (ii) the management of woodlands and forests by communities; and (iii) the establishment of a framework for the involvement of the private sector in industrial plantation management. The establishment of the TFS was to be consistent with the CAS goal of public sector reform and institution building, to increase the effectiveness of public service delivery and improve governance.

7. *Project consistency with GEF Strategic Priorities.* The Project's GEF activities were to be consistent with the GEF Strategy for Biodiversity Conservation, specifically the objectives of Operational Programs 3 and 4 on Forest Ecosystems and Mountain Ecosystems. GEF support was to provide finance to: (i) create and strengthen participatory and co-management schemes to build support and ownership for biodiversity conservation; (ii) develop socio-economic activities to reconcile biodiversity conservation with human needs; (iii) identify processes which were likely to have significant adverse impact on the conservation and sustainable use of biodiversity; and (iv) support capacity building efforts while focusing primarily on a mountain tropical forest ecosystem at risk.

8. *Two complementary PADs* were prepared for this Project: the first, Report No 22743-TA dated January 25, 2002, on a proposed IDA Credit for the (Tanzania) Forest Conservation and Management Project (TFCMP – P058706); the second, Report No 23901-TA dated May 28, 2003, on a proposed GEF Grant for the Eastern Arc Forest Conservation and Management Project (EAMCEF – P057234). TFCMP became effective in May 2002, while the EAMCEF (Grant) became effective in April 2004.

## **1.2 Original Project Development Objective (PDO) and Key Indicators**

9. Considering the inconsistencies in scope and wording of the TFCMP PDO in Project Appraisal Document and Development Credit Agreement, this ICR uses the PDO of the PAD LogFrame that has been consistently used throughout implementation and as the basis for the restructurings in 2006 and 2007. This PDO was *to assist Government in policy implementation, in particular by developing a framework for the long-term sustainable management and conservation of Tanzania's forest resources, strengthening the role of individuals, communities, villages, and the private sector in management and conservation of forests, and implementing this framework on a pilot scale.* EAMCEF, which uses the same PDO was developed as a component of TFCMP, yet had been appraised separately from that Project due to timing of the GEF approval process.

10. *Key Indicators* as included in the Main Text of the TFCMP-PAD are formulated differently (and are more numerous) from those included in Annex 1 "Project Design Summary" of the same PAD (the different versions of the Indicators are included in Annex 5). In this particular case, the Development Credit Agreement (DCA) included the Indicators as defined in the main text, rather than in the Project Design Summary. Nevertheless, despite different formulation, indicators are substantially similar and/or related. The Key Performance Indicators (KPIs) as outlined in Schedule 5 of the DCA were:

- A functioning TFS established with clearly defined service delivery functions and responsibilities with regard to natural forests, woodlands, and industrial plantations.
- Significant areas of natural forest and woodlands under effective management as an outcome of partnerships and initiatives with multiple partners (primarily communities and local governments).
- A range of mechanisms for improving revenue collection involving partners such as the Tanzania Revenue Authority and/or the private sector are tested and implemented; time-bound forest revenue

collection targets established and achieved; and effective mechanisms for sharing revenues with villages put in place.

- An institutional framework consistent with overall civil service reforms in place which enables Government to undertake forest biodiversity conservation initiatives, in particular in the Eastern Arc Mountains; institutional capacity strengthened.
- The modalities for the establishment of a sustainable financial mechanism for conservation of Eastern Arc mountain forests developed and implemented.
- A framework for the private sector participation in the management of industrial plantation established, including guidelines, incentives, regulatory monitoring and control mechanisms.

11. By using the PDO as defined in Annex 1 of the PAD, the ICR assesses the project against the associated PDO Outcome Indicators, which were (i) Forest and Woodland cover is brought under effective management by communities and individuals in project area; (ii) Private sector is involved in plantation management; and (iii) Mechanisms for forest biodiversity conservation are more fully established. This approach is based on a number of issues that need to be highlighted. First, neither PAD nor DCA provided any baselines against which results were to be assessed. Secondly, the KPIs provided were a mix of Outcome and Output Indicators. Finally, as Annex 1 has been used to guide project implementation during the early years, the Mid Term Review (MTR) in September 2006 based the development of a new Results Framework (formalized at the 2007 Restructuring) on the LogFrame provided in Annex 1.

### **1.3 Original Global Environmental Objectives (GEOs) and Key Indicators**

12. The GEO as defined in the Trust Fund Grant Agreement (TFGA), the EAFRCMP is being used: *“The objective of this Project is to assist within the TFCMP, to promote sustainable conservation and management of the biodiversity and ecosystems of the Eastern Arc Mountains Forest through; inter alia, strengthened institutional capacity, pilot community-based conservation and development and implementation of participatory forest conservation strategies.”* The related Indicator was: *“The Endowment Fund has been capitalized and the Eastern Arc Mountains Conservation Endowment Fund is implementing the proposed conservation program.”*

### **1.4 Revised PDO and Key Indicators and reasons/justification**

13. *June 2006 Restructuring.* After the Project was launched in June 2002, Bank Supervision Missions (Feb 2003) started expressing concern at the slow pace of implementation and disbursement. By December 2004, the Project was downgraded to Unsatisfactory (U). A Supervision Quality Enhancement Review (QER), carried out in April 2006 in preparation of the September 2006 Mid-Term Review (MTR), anticipated the need for restructuring of the Project. However, as Participatory Forest Management (PFM) had gained momentum, in June 2006 a Restructuring Memo to the Regional Vice President was prepared to amend the DCA. The restructuring focused mainly on adjusting the implementation modalities of the PFM sub-component. The PDO and associated outcome indicators remained unchanged. It needs to be noted that the Amendment did not accurately reflect the approved restructuring memo, rather than modifying the Component 1 by adding a sub-component, it created an additional project component as well as inserted an additional KPI (see Annexes 5 and 6).

14. *June 2007 Restructuring.* By June 2007, the Project had been in problem status for 30 months. Development Objective and Implementation Progress were rated as *Moderately Unsatisfactory* and key milestones had not been achieved five years after project launch. Stated reasons included: (i) an overly ambitious project design focusing on institutional reform; (ii) the failure to engage actively with the private sector; (iii) frequent changes in leadership at both the Bank and FBD, leading to the loss of institutional memory and subsequent lack of ownership on the client side and disrupting the institutional reform process; and (iv) serious capacity constraints of the implementing agency. This coincided with a move by MNRT to attend to pertinent issues such as the degradation of water catchment areas;

uncontrolled logging; and unsustainable production and use of charcoal. Redirecting of staff to address these challenges resulted in further constraints on already overstretched FBD resources.

15. The June 2007 Restructuring Project Paper addressed these changes by strengthening existing and promoting new tools for sustainable forest management, rather than focusing on an institutional change process in need of political leadership, outside the Project's control. The restructuring (i) included a Results Framework, (ii) adjusted Project components (see below), (iii) reallocated credit proceeds, (iv) added a new disbursement category (to allow for land compensation), (v) changed the financing parameters (to 100% of Expenditures, and (vi) extended the original closing date by two years, to December 31, 2009. As PDO and associated indicators were essentially not changed, the restructuring was approved at Regional Vice President Level.

16. The Results Monitoring Matrix modified the Outcome Indicators of the original PAD Project design summary to improve measurability:

- Area of forests on Tanzania Mainland managed according to approved forest management plans (including Community Based Forest Management (CBFM) and Joint Forest Management (JFM) Agreements).
- Area of forest plantations under private management agreements (concessions, co-management, or communities designated).
- Mechanisms for forest biodiversity conservation are more fully established (Areas of Forest Reserves Mountains managed according to IUCN Codes).

17. The second DCA amendment signed in August 2007 also did not accurately reflect the approved restructuring proposal; instead it expanded on the already existing divergence between DCA and Revised Results Framework and added new KPIs, without adjusting existing Indicators. As a result, the amendment did not use the opportunity to address discrepancies between the previous DCA and the adjusted Results Framework.

### **1.5 Revised GEO and Key Indicators and Reasons/justification**

18. The GEO and related KPI were not revised.

### **1.6 Main Beneficiaries**

19. According to both PADs, the Project was to provide benefits to rural households that depend on woodlots and forests to meet consumptive demands, as well as job seekers who would find employment in a revitalized forest industry (based on sustainable plantation production). The Project was expected to develop lessons from innovative pilot activities and as a result of institutional development, which was supposed to have potential benefits for the vast majority of the country's population. Direct benefits that would accrue to communities through the Project included improved consumption and income through the use and sale of forest products obtained from sustainably managed resources, and an improved environment associated with enhanced forest conservation and protection. National benefits of biodiversity conservation were expected to accrue as a result of watershed catchment protection, which in turn would yield significant benefits in terms of long-term hydroelectric energy production and urban water supplies.

### **1.7 Original Components**

20. The Project was originally designed with the following four components and nine sub-components (see Annex 6).

21. *Component One: Supporting institutional change and improving delivery service (US\$ 25.6 Million)*, was to assist GOT with the design and establishment of the Tanzania Forest Service (TFS) as a specialized "executive agency" as defined by the Executive Agencies Act (1997), and consistent with the wider and on-going national program of civil service reform. It was envisaged that the TFS would have responsibility for bringing about improvements in the protection and management of natural forests and the development and management of industrial plantations. The concept was that an agency with a

national mandate would eventually be established. The component would have three sub-components: (i) Establishment of the TFS; (ii) Improving service-delivery mechanisms for participatory forest and woodland management; and (iii) Improving revenue collection from forests and woodlands.

22. *Component Two: Private sector involvement in the management of industrial plantations (US\$ 3.0 Million)*, would provide resources to develop and implement a framework for this initiative of the management of existing industrial plantations, as well as to strengthen the potential for the development and management of new plantations. There would be four sub-components: (i) Improving the plantation resource information base and management planning capacity; (ii) Strengthening institutional support services for private sector involvement; (iii) Piloting alternative management of selected industrial plantations; and (iv) Monitoring and Evaluation.

23. *Component Three: Eastern Arc forests conservation and management (US\$ 13.4 Million)*, which was co-financed with US\$ 7 Million by GEF. The component had sub-components: (i) Institutional reforms for forest biodiversity conservation, in particular of the Eastern Arc forests; and (ii) Mechanisms for sustainable financing of biodiversity conservation, including the establishment of the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF)<sup>1</sup>.

24. *Component Four: Project Administration and Management (US\$ 2.7 Million)*, to finance the cost of administration and management.

## **1.8 Revised Components**

25. The Project was restructured twice, in 2006 and in 2007, and this led to revisions of Project components. However, as described above, the Amendments to the DCA did not accurately reflect the introduced changes, which led to inconsistencies in the documentation and retroactively made the assessment of the project outcomes difficult.

26. *The July 2006 First Amendment to the DCA reflected the restructuring memo by adjusting the implementation modalities of the PFM sub-component.* The restructuring introduced a new Expenditure Category of “Sub-Projects” and reallocating Credit Proceeds.

27. Rather than having the Forest and Beekeeping Division (FBD) directly implementing the participatory forest component, a new sub-component was to enable sub-grants to communities through a PFM window under the Tanzania Social Action Fund (TASAF) using Community-Driven Development (CDD). Funds under the PFM sub-component that were not transferred to TASAF were used to create the enabling environment, infrastructure and advice on sub-project development. The new CDD sub-component was implemented by the TASAF Management Unit, under a MoU with the Ministry of Natural Resources and Tourism (MNRT). The funds allocated to this component, under a separate special account, were managed by the TASAF Management Unit. There was no transfer of funds among projects.

28. The restructuring memo makes no reference to the need for creating a new component. Rather than changing scope of the existing sub-component and creating a new one, the DCA did create a new component “*Supporting community-based management of forests and woodland*” (part D of the Project) and introduced a new KPI, without considering the need for rectifying discrepancies within the legal agreement.

29. *The 2007 restructuring formalized the shift of resources from a focus on the institutional framework toward the creation of the enabling environment.* Among the changes introduced were three new sub-components, under Components 1 and 3 to (i) allow for the implementation of a National Forest

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<sup>1</sup> Two additional sub-components to be implemented by UNDP were complementary to the Bank-implemented activities, and are not formally reported upon in this report: (i) Development and preparation of an integrated Conservation Strategy for the Eastern Arc Mountain Forests; and (ii) a forest conservation intervention through government and community partnership initiatives.

Inventory and forest management plans, (ii) support the development and piloting of a fuelwood strategy; and (iii) provide financing for the implementation of the Derema Corridor Resettlement Action Plan. The latter was an activity, initially unforeseen, yet directly related to the GEO. GOT established the “Derema Corridor”, linking two protected forests in the Usambara Mountains, which are part of the Eastern Arc Mountains. In this process, villagers had to cease farming in forestland, for which they were to be compensated. Different development partners, including the Government of Finland and Conservation International joined GOT and provided financial resources for the compensation. However, as financing was insufficient, GOT requested the Bank to reallocate TFCMP credit proceeds toward this exercise. The Derema Corridor RAP was subsequently included in the 2007 restructuring of the Project.

### **1.9 Other Significant Changes**

30. *Financing and Funding Allocations.* Credit proceeds were reallocated at several instances during Project implementation and are detailed in Annex 8. Considering the significant exchange rate gains (about US\$6 million) over the implementation period, the additional funding allowed financing of planned activities and also facilitated the inclusion of new priorities as outlined above.

31. *Implementation Arrangements.* The 2006 Amendment to the DCA introduced the TASAF Management Unit as additional Implementing Agency to support community-based management of forests and woodlands. To that extent MNRT and TASAF entered a Memorandum of Understanding (MoU) dated February 6, 2006. As the GOT had embarked on discussions with development Partners to work toward a Forestry Sector Wide Approach (SWAp), it replaced its “National Forest Program Steering Committee” with a “National Forest and Beekeeping SWAp Steering Committee”. Considering that the former had been the entity responsible for overall guidance of the Project, the 2007 DCA reflected this change. The 2007 Amendment of the DCA also included specifications for the implementation of the Derema Corridor Resettlement Action Plan.

32. *Implementation Schedule.* The 2007 Amendment to the DCA extended the Project closing date by two years, to December 31, 2009.

## **2. Key Factors Affecting Implementation and Outcomes**

### **2.1 Project Preparation, Design, and Quality at Entry**

#### *Sound background analysis*

33. Overall reasoning, justification, strategic choices and design of TFCMP (and EAFCMP) were based on sound analysis and genuine sector priorities, some of which are as relevant today as they were at the time of Project preparation. The basic framework of the Project was developed at a Strategic Planning Workshop convened by MNRT in June 1999, which focused on the findings of the Implementation Completion Report (ICR) of the Forest Resource Management Project (FRMP), and used some of the evaluation studies to provide strategic guidance for the design of TFCMP. This was followed by a series of four missions, starting with identification in January 2000, and ending with appraisal in October 2001.

34. The inclusion of the GEF component in TFCMP was an outcome of a UNDP-implemented Project Identification Activity following the December 1997 International Conference on the Conservation and Management of the Eastern Arc.

#### *Lessons learned and incorporated in Project design*

35. Project preparation was influenced by the previous FRMP, which implemented a number of activities on a pilot scale, in particular those related to Participatory Forest Management (PFM), forest extension, forest collection and monitoring as well as regional and local planning of forest activities. Considering these experiences, the TFCMP/EAFCMP was designed to upscale these pilot activities to a national scale.

### ***Assessment of Project Design***

36. The PDO (and GEO) captured the Government's vision of forest policy reform, strongly influenced by the (at preparation) ongoing general Public Service Reform Program championed by the UK Department for International Development (DFID) at the time. The PDO was adequately broad, given the transition underway in the sector. The PDO was supported by the scope and composition of funded activities. The Project's aim to support wide-ranging policy revisions was based on the 2002 Forest Act's provision to establish a semi-autonomous agency in the forest sector, which was to be operationalized by the Project. In hindsight, the ambitious focus on the implementation of institutional changes, that had not yet taken place at appraisal and depended on continued political support outside the Project's control, was one of the main contributors for experienced problems during Project implementation from the onset.

37. The design did assume that the implementation of the new forest policy would take place within two years of appraisal, with a framework and institutional set up for the long-term sustainable management and conservation of forest resources in place. A number of critical activities were therefore planned and depended on the establishment of TFS. This affected Project implementation early on, as the assumption was that TFS would be the precondition to carry out other activities. In hindsight, the design should have allowed a more flexible approach, considering that there was a need for: (i) assessing and consolidating the information base of forest resources; (ii) improving transparency; as well as (iii) establishing accountability mechanisms which would benefit the envisaged service delivery function of the forest sector, regardless, whether TFS was in place, or FBD will continue to be the responsible GOT agency. This would have enabled sustainable management and conservation of forest resources within the existing legal and institutional framework, in partnership with relevant stakeholders, such as communities and private sector, even in the absence of the TFS.

38. The PAD provides references to the decentralization process and attempts to make use of and contribute to this process. The actual decentralization took a different course than anticipated, with a steeply increasing role of the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG) at the field level. Project design did not foresee these changes, which are affecting reporting and resource distribution mechanisms, leading to a less prominent role of the central government at district level. The Project also missed the opportunity to specify how TFS could have operated in a decentralized environment.

### ***Assessment of Risks***

39. The five "from output to objective" risks were reasonable but their assessment was not sufficiently rigorous (and not formulated as risks). These included: (i) insufficient support for introducing institutional reforms; (ii) underdeveloped revenue sharing mechanisms; (iii) encroachment of forest areas; (iv) lack of commitment to engage with the private sector; and (v) insufficient commitment to biodiversity conservation. As outlined above, the risk for non-establishment of the TFS should have been rated as substantial as it required continued political level decision making. In this respect, the mitigation measures should have taken into account what the consequences would have been of substantial delays in the establishment of the agency. In addition, the design underestimated the risk that GOT would not engage constructively with the private sector and seize opportunities for outsourcing/concession development and management of forest areas. In retrospect, this had an impact on the performance under this component as mitigation measures not being considered. While the GOT commitment was strong to improve the mechanism for financial sustainability of forest conservation, the predicted difficulties of the Endowment Fund to generate sufficient financial support should have been assessed as substantial.

### ***Quality at Entry***

40. Quality at Entry was not recorded at the time of Project approval. In view of issues discussed above and despite less rigorous criteria and instructions used at the time it would likely have been rated *Moderately Unsatisfactory*.

## 2.2 Implementation

41. The Project has been under implementation since July 2002. Even though the progress was not as swift as expected the overall Project rating remained *Satisfactory* for almost 2.5 years. In December 2004, the rating was strongly downgraded to *Unsatisfactory*. By June 2005, it was upgraded to *Moderately Unsatisfactory*, where it remained until November 2007. In December 2007, it was again upgraded, to *Moderately Satisfactory*, but by November 2008, it was once more downgraded to *Moderately Unsatisfactory*, where it has remained until the closing date of the Project.

### (a) Factors that have negatively affected Project implementation

42. *A Project design that depended too strongly on political commitment to innovations*, in particular, establishment of the TFS and private sector involvement in industrial forest plantations. The focus on establishment of the TFS drew attention away from the other equally important innovative elements in the Project (for instance community based forest management). In 2008 and again in 2009, the Bank suggested a restructuring of the Project and withdrawal of the establishment of TFS as a Project performance indicator, but senior FBD/MNRT staff advised against this, fearing that its withdrawal as an indicator would give a negative signal to political decision makers and decrease the likelihood that TFS would be established. The original commitment to involve the private sector in forest plantation management was weakened as a result of: (i) a lack of inventory data, (ii) a reluctance to pursue privatization in the absence of reliable information on the forest resource base; (iii) an inappropriate regulatory and procedural framework to allocate concessions; and (iv) a more general backlash against privatization after mixed results in other sectors; and (v) a widespread (but unrelated) illegal logging practices (mainly in natural forests) and the high profile attention this received.

43. *Changes in leadership and weak supervision*. Frequent changes of MNRT political and technical leadership occurred during Project implementation. It has been argued that even if incoming leadership wanted to establish TFS, they would have required time to understand all implications before actually confirming such a decision. On the Bank side, the Task Team Leader (TTL) at preparation stage left the region before the Project became effective. The incoming TTL was not familiar with the country, the sector, and the implications of the institutional reforms proposed. Subsequently, supervision in initial years was weak. Additional management changes happened between 2003 and 2005, with some stability coming in October 2005 when the Project was managed from the Bank's Dar es Salaam Office.

44. *Capacity constraints*. Although FBD, the main implementing agency, allocated financial and human resources to a departmental (mainstreamed) implementation unit, the appointed accounting and procurement staff lacked experience and understanding of Bank procedures. This negatively impacted procurement activities, including contract management, and subsequently led to slow disbursement. Frequent transfers of FBD fiduciary staff also made it difficult to provide incentives for staff working on the project through the provision of training. The situation was eventually overcome with the contracting of financial management and procurement consultant expertise.

45. *Delays caused by third parties*. During Project preparation, it was expected that Denmark would complement certain TFCMP supported activities. For instance, TFCMP would work at central government level on awareness raising, engage and train a pool of service providers, as well as M&E of community based forest management (CBFM), and Denmark was expected to support local level CBFM implementation. Once TFCMP was approved, Finland joined Denmark in supporting CBFM at local level through the provision of financing directly to a number of districts. However, the implementation arrangements were different from what had been anticipated; their support was not nationwide and started later than had been expected. In order to roll out CBFM on a larger scale, the GOT requested the Bank to finance local level activities in addition. Considering the existing IDA financed TASAF II project, the Bank responded positively to the request and financed sub-projects through a window for CBFM support through TASAF, covering 25 districts, not covered by Danish/Finnish support. As this approach was



different from the one used by the other Development partners, required capacity building delayed the actual approval and implementation of sub-project proposals by about one year.

**(b) Factors that have positively contributed to Project implementation**

46. *Improved supervision and stability in task team leadership.* The appointment in 2005 of a country-based TTL, supported by team members in the Country Office, made for more concerted supervision; improved and timely dialogue with the government and responses to issues in real time.

47. *Pragmatic approach* of the FBD-TFCMP team and the Bank’s Task Team to “make the best of it”, even in the absence of the promised establishment of TFS, and the attitude to “move forward where possible”, resulted in overachievement of certain activities, while others could not be achieved.

48. *MTR and Restructuring exercises.* The restructuring on Component One, helped refocus attention from institutional change associated with the TFS, to service delivery in the field of sustainable (i.e. participatory) forest management. This was supported by the development of a Results Framework and a Results Monitoring Matrix to replace the earlier Project Design Summary and formal establishment of existing baselines against which progress could be measured. In addition, the extension of the Project duration by two years to December 2009 helped the Project to adjust the anticipated results and achieve more than would have been the case had the earlier closing date been maintained. Finally, increasing to the maximum the percentage of financing parameters to be financed by Credit Proceeds for all Categories helped to overcome implementation delays caused by the lack of counterpart funding.

49. *Joint Development Partner approach to participatory forest management.* This resulted in good coordination, cooperation and information exchange with DPs in the forestry sector (in particular Denmark, Finland, and Norway). It also facilitated increased joint policy level discussions, therefore, eliminating potential duplication or opposing advice to the government; while leveraging each of the donor’s comparative strengths in the management of forest resources.

**2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization**

50. The M&E arrangements of the Project were weak from the outset and suffered from divergent indicator formulations. During the Supervision Mission (Sept. 2003), the lack of a system “*that would allow effective evaluation of the achievements of Project specific outputs and development objectives*” was noted and measures included to develop such a system. However, a serious attempt to address this shortcoming was not undertaken until 2006.

51. *Original design.* At the time of Project design, M&E was not as rigorous as it is today. The original Project design had several M&E related weaknesses:

- The PDO was very broadly defined, but also referred to a “pilot scale”;
- The PAD included indicators that were formulated differently from the ones in the DCA and Project design summary. The DCA used the KPIs as included in the Main Text, even though these consisted of not only indicators at PDO level, but also indicators at component and sub-component levels (such as for instance the establishment of the TFS)<sup>2</sup>;
- Original Project components included a sub-component on M&E to cover Component Two (private sector involvement in forest plantations), because of the innovative nature of that component. Since the whole Project design was innovative, the same reasoning could have justified an M&E system that would have covered the entire Project. However, both TFS and the restructured MNRT were expected to have clearly defined monitoring roles, which is probably why no comprehensive M&E system was included in TFCMP itself.
- The original set of indicators consisted of two types: a yes/no type (for instance, TFS established or not) and an open-ended type, such as “forest brought under effective management”. The latter type

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<sup>2</sup> This was not addressed properly and subsequent non-achievement of certain lower level indicators contributed to the Project performance ratings as included in the ICR.

would have required a baseline against which to measure progress, and a target value that should be achieved. But, there was no baseline and no targets.

52. *NAFOBEDA and Results Framework.* As a consequence of the weak M&E system, the borrower developed a proposal for a National Forest & Beekeeping Database (NAFOBEDA), which was designed and field tested over the following two years. Nevertheless, the nationwide roll-out and implementation was delayed due to capacity constraints and lack of enabling infrastructure at local level. The 2006 MTR agreed on a proper Results Framework to replace the original Project Design Summary. It also took the initiative to start sharpening the indicators and – belatedly – formally establish a baseline. The June 2007 restructuring Project Paper included a fully-fledged Results Framework and a Results Monitoring Matrix, introducing systematic measurable Intermediate Outcome Indicators, mainly relying on already existing baselines. Reporting against these baselines was done during supervision by utilizing data from existing reports (both published and unpublished) to satisfy data requirements in the results framework to ensure the availability of sufficient data as evidence for the achievements of the Project against its PDO. This process was a result of the fact that the list of indicators that can be generated by NAFOBEDA (including the majority of the performance indicators under TFCMP/EAFRCMP) had yet to be fully entered into the database.

## **2.4 Safeguard and Fiduciary Compliance**

### **(a) Social and Environmental Safeguards**

53. Overall, Project compliance with social and environmental safeguards has been satisfactory. During preparation, the Project was categorized as a Category B Project under the Bank's Safeguard policies and guidelines. Safeguard policies triggered by the Project at appraisal were: Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04) and Forestry (OP 4.36). An analysis of Environmental and Social issues related to the Project was carried out during Project preparation and included as an Annex to the PAD. This analysis recommended that: (i) an environmental and social safeguards checklist should be incorporated into the Guidelines for the establishment of Village Forest Reserves, but that it would not be necessary to prepare an Environmental Management Plan; (ii) detailed socio-economic studies should be carried out in the pilot industrial plantation areas affected by private sector involvement; and (iii) the impact of the Participatory Forest Management sub-component and other Project activities on the integrity of tropical high forests should be monitored. The analysis concluded that overall Project impact on environmental management and conservation in forests would be positive. Considering the subsequent strengthening of the environmental compliance mechanism as stipulated in the Environmental Management Act of 2004, as well as the development of Forest Sector-specific Environmental Impact Assessment Guidelines, the compliance with the above mentioned safeguard policies was rated “*satisfactory*”.

54. At appraisal, no social safeguard was triggered, which was confirmed by the GOT (as stated in the PAD) that involuntary resettlement would not be carried out in conjunction with any Project implementation activity. However, and as outlined above, the GOT's request to use credit proceeds to compensate 1,130 local farmers who had seized cultivating inside a forest reserve targeted to become a connector between two protected areas, triggered OP 4.12 (Involuntary Resettlement) and necessitated the preparation of a Resettlement Action Plan (RAP) for the area. Once the RAP had been approved by the Regional Safeguard Coordinator and been disclosed, a request was put forward to the Bank's Land Acquisition Committee in March 2007 to review the request for financing land acquisition/compensation under BP 6.00. The request was subsequently approved and RAP implementation started.

55. As part of its due diligence, in May 2009 the Bank carried out an independent verification of the RAP implementation. The verification report outlined the achievements reached at the time and drew attention to some of the implementation constraints experienced (see Annex 7 for a more detailed description of conclusions). It states that: (i) cash compensation had been duly paid out, grievance settling mechanism was implemented and easily accessible; (ii) land compensation had not yet been finalized; (iii)

the resettlement and compensation exercise had been implemented in a piece-meal manner and with delays, (iv) the M&E had not started; and (v) OP 4.10 (Indigenous Peoples) and OP 4.11 (Physical Cultural Resources) did not apply.

56. By December 2009, a number of activities highlighted in the verification report had been addressed, such as: (i) developing and implementing a M&E system for the RAP; and (ii) identifying and demarcating a total of 921 ha of land for compensation, currently forming part of an idle, state-owned sisal plantation estate. The fact that the RAP has been incorporated into the District Development Plan indicates strong local and regional commitment (including from the local Member of Parliament). Furthermore, the Forest and Beekeeping Division will retain its RAP coordinator until the land compensation exercise is concluded. During a meeting with affected farmers in late March 2010, the Board of the Consolidated Holding Corporation (successor of the former Parastatal Sector Reform Commission - in charge of administering former state holdings), agreed that the ownership of the farm should be revoked by the President and distributed to the affected farmers as stipulated in the RAP. The necessary follow up is being undertaken by the local MP through the Commissioner for Land at the Ministry for Lands, Housing and Human Settlements.

57. In order to resolve this last outstanding issue, the World Bank will continue to monitor the progress with respect to the land compensation and work with all relevant stakeholders to ensure that the affected farmers will be allocated the farm land as outlined in the Resettlement Action Plan.

#### **(b) Fiduciary Compliance**

58. A Country Financial Accountability Assessment was completed at the time of Project preparation, and a Financial Management Capacity Assessment of MNRT was undertaken in conjunction with the Appraisal Mission. This, and the positive experience with the previous Bank operation in the sector, led to the conclusion that there would be no major financial risks to the Project. Procurement would be carried out using existing MNRT structures, and MNRT was to retain its Procurement Specialist. The overall procurement risk assessment rate was “*average*”.

59. The MTR in 2006 found the Project’s financial management to be weak: “*the accounting systems of the Project are inadequate and cannot be relied upon to produce understandable, relevant and reliable financial information required by the Bank*”. Considering the fact that the Project was operated by a “mainstreamed PIU”, capacity constraints were mainly related to insufficient understanding and skill mix of fiduciary staff in the Project office. In addition, high staff turnover at implementation made capacity building and strengthening difficult, as capable staff seldom remained with the Project but were transferred to other (Bank financed) Projects. By 2007, the situation had improved: ineligible expenses prior to FY2005/06 were refunded in full by MNRT; and additional procurement and financial expertise had been hired. The latter improved the capacity of the implementation team and resulted in a *Satisfactory* rating (for FM) and *Moderately Satisfactory* rating for procurement at Project closure.

60. Particular weaknesses existed in management of civil works contracts, specifically the construction of the (TFS) offices. Notably, there was improper application of the exchange rate formula and substantial cost over-runs, which were only formally reported at a very late stage, triggered complex contract amendment procedures that could have been avoided by timely reporting.

### **2.5 Post-completion Operation/Next Phase**

61. No direct follow-up operation is planned. The current Tanzania Joint Assistance Strategy (JAS) covers 2007-2010, and it is uncertain to what extent forestry or natural resources management issues will have a prominent place in the next CAS.

### **3. Assessment of Outcomes**

#### **3.1 Relevance of Objectives, Design and Implementation**

62. The PDO remains relevant to Tanzania's "National Strategy for Growth and Reduction of Poverty" 2005-2010 (MKUKUTA)<sup>3</sup>, particularly to its "Economic Growth and Reduction of Income Poverty" cluster, which specifically mentions natural resources management, including forestry and is currently under revision. This is also true for the Bank's Joint Assistance Strategy 2007-2010 (now extended through a CAS Progress Report until June 2011). For the latter, governance and accountability in the forest (and NRM) sector are important, as is the role of the sector in economic growth. Considering the importance of the Eastern Arc Mountains, the GEO remains as relevant today as it was at appraisal.

63. Based on solid preparatory work and preceding FRMP, the Project design was relevant at the time, considering the ongoing public service reform processes championed by some Development Partners and perceived strong GOT ownership. However, achieving the associated outcomes (such as the establishment of TFS) was dependent on political commitment, which has been outside the Project's control. The Project's focus on institutional reform assumed that other sector priorities would fall into place once the TFS had been established, yet did not prepare for the possibility that this process could stall or change. As some Development Partners changed funding modalities (to General Budget Support) and frequent changes at FBD management level led to the loss of institutional memory and subsequent lack of ownership on the client side, critical assumptions made at appraisal changed within the first 18 months of implementation. Once the institutional restructuring could not be achieved, the main factor to success was lost and despite the achievement of the activities in some of the other components – sustainability in the long term remains questionable. In the absence of TFS, there is still a need to build functional and long-term alternatives. The decentralization process is a factor that could help in the long-term, but some work will need to be done to ensure that there will be adequate linkages between the central and decentralized (local) government levels. In particular, there is a need for adequate provision of human and financial resources, to ensure that joint planning and implementation can be done and sustained in the future. As a result and regardless, whether TFS or FBD would be the responsible agency, sustainable forest management and conservation approaches could have been developed, in partnership with relevant stakeholders, such as communities and private sector as foreseen in the Project design. While some of these ideas have been introduced into the Project through the 2007 restructuring, considering the remaining implementation period, these changes could not make up for the time lost during the first five years of implementation.

#### **3.2 Achievement of Project Development Objective and Global Environmental Objectives**

64. Taking into account the broad PDO and the above discussed divergence of indicators, assessing the achievement of indicators is done in two ways: (i) by assessing whether different sub-objectives within the PDO have been achieved; and (ii) within the different components. The PDO (which remained unchanged) contained four sub-objectives: (i) implementing Tanzania's forest policy, by developing a framework for the long-term sustainable management and conservation of Tanzania's forest resources; (ii) strengthening the role of individuals, communities, villages and (iii) the private sector in management and conservation of forests; and (iv) implementing this framework on a pilot scale.

65. Today more than 4.1 million hectares (or 13% of all forests in Tanzania) are under either Community-based or Joint (GOT-Community) Forest Management, the Project clearly helped to strengthen forest management by individuals, communities and villages. In addition, within the existing framework a number of innovative activities have been implemented on a pilot scale (e.g. forest produce pricing systems, decentralized revenue tracking system, establishment of NAFOBEDA, carbon projects participating in the voluntary market). Revenues have increased by 33% over the last three years of the project. As these results were achieved without TFS being established, a *Moderately Satisfactory* rating was considered. However, the project's objective was the implementation of the policy and associated framework, focusing on (i) providing more independence of the sector from Government Budget, (ii)

creating the autonomy to make strategic decisions for the allocation of resources, and (iii) ensuring a commitment to engage with relevant stakeholders in the long-term. The establishment of this semi-autonomous agency would have been an important milestone in sector reform process. The fact that even management arrangements on a pilot were not formalized at project closure raises concern. Considering that the overall policy and legal framework in the sector has not changed since the appraisal of the project, with pressures on forest resources greater than ever due to increasing population impact, expansion of the agricultural frontier and escalating demand for fuelwood in urban centers, the failure to change the institutional set up of the sector raises concern about the sustainability of outcomes and outputs achieved. As a result, the achievement of the PDO has been rated *Moderately Unsatisfactory*.

66. Achievement of the GEO as measured by the single KPI formulated in the 2003 EAFCMP TFGA, is rated *Moderately Satisfactory*. It is not fully *Satisfactory* because of the initial delays in meeting the benchmark triggers for the disbursement of the endowment funds and the inability to raise additional capital for the endowment fund. The GEF provided the initial US\$7 million for the endowment with the goal under the Project to raise at least an additional US\$1 million. While there is no concern about the institutional and financial sustainability of the EAMCEF, the revenue generated from the capital at US\$7 million is well below what would be optimal to cater for conservation activities in all the forest blocks of the Eastern Arc.

### 3.3 Efficiency

67. The Project was a blended IDA Credit/GEF grant and counterpart funding from the Government of Tanzania. During preparation of the Project economic and financial considerations were discussed, focusing on: (i) community-based forest management; (ii) environmental values and the national economy; (iii) carbon sequestration; (iv) industrial plantation production; and (v) fiscal revenue collection in relation to FBD expenditures and budget allocation. Annex 3 revisits these considerations and attempts to quantify the benefits achieved through the different activities undertaken by the project.

68. *Institutional management efficiency:* The investment of US\$10 million for the building enabled not only the Forest and Beekeeping Division, but also the whole Ministry to consolidate staff previously based in several locations around Dar es Salaam. In addition to the beneficial credit conditions (to be repaid over 40 years at a minimal interest rate), the efficiency gain can also be measured in (i) lower travel costs (fuel, maintenance, etc.), (ii) more time spent on productive tasks due to less time spent in traffic, and (iii) better monitoring and evaluation of civil servants' performance by management.

69. *Plantation inventory:* The inventory of the public plantation estate (of 80,000 hectares) has been carried out incurring the expenses for (i) quality and supervision consultancy, (ii) incremental cost for field crews for data collection and analysis, durable goods (vehicles, computers) and (iv) training of crews. While the total cost of US\$2.59 million seems relatively high, the inventory has not only provided field data for all public plantations, established systems (including site stratification, permanent sample plots, production of maps, and development of country-specific yield tables and set up of a databases). Goods procured under this sub-component and training provided has not only benefitted the plantation inventory, but also enabled FBD to set up, train and equip inventory crews, which will be used to carry out the planned National Forest Monitoring and Assessment (NAFORMA). Therefore, the amount of valuable information gained and systems established will make all subsequent inventories much more cost effective.

70. *Improved Revenue Collection:* Under this sub-component, a number of innovative consultancies (e.g. redesign of log sale system, transport based fee system for charcoal and fuelwood) were developed and implemented. Key support was provided in establishing and equipping Forest Surveillance Units (FSUs) in strategic parts of the country. This strengthened the field presence and enforcement capacity of FBD. As a result of the project's investment of US\$ 3.68 million, a 33% increase in revenue collection (from TShs.18 billion in 2007 to TShs. 24 billion in 2009) has been achieved. In addition, the introduced tracking system of forest produce has become mandatory for all other departments in the Ministry.

71. *Management planning in Natural Forests:* As a result of the 2007 restructuring, operational support was provided to the FBD catchment office. The objective was to develop and implement management plans for 1.3 million hectares of critical Nature Reserves (Kilombero, Nilo, and Uluguru). With a cost of US\$2 per hectare, this exercise was carried out efficiently, considering an average cost between US\$1.50 to US\$4 per hectare for comparable forest ecosystems.

72. *Participatory Forest Management:* Compared to the cost per unit of doing this through traditional "project based approaches", PFM implemented under TFCMP (and parallel financed by Denmark and Finland) represented a significant reduction in transaction cost, while subsequently increasing coverage both of forest areas and villages. The funds implemented through TASAF under the credit (US\$3.76 Million) reached 25 districts and around 100 villages. The cost for developing a sub-project under this component was on average US\$1,500, which is in the same range as ring fenced funds in other sectors. In the eight districts where the local government capacity was low, the support provided under the project to engage Local Service Providers has increased the efficiency of the delivery mechanism and sped up the project development and approval process. Earlier support provided under a "traditional project" financed by Denmark had a budget of US\$5 Million and worked in 22 villages in one district. While there are issues about quality versus quantity - and trade-offs to be made, the present model developed and implemented by the GOT represents value for money. Compared with other countries Tanzania should be considered in a stage between Nepal, where unit costs are lower and Cambodia or Kenya, where much of implementation is being done at a pilot scale or by NGOs using project based models. However, Nepal has over 40 years experience and PFM now operates in 14,000 villages and touches around 23% of the total population. Recurrent costs are low because capacity, systems and modalities have been established. The development of a national system for Tanzania is well on its way, but requires additional support to make it sustainable.

### **3.4 Justification of Overall Outcome and GEO Outcome Rating**

73. The Overall Outcome Rating of the Project, measured by combining relevance, achievement of PDO (including explicit or implicit key associated outcome targets), and efficiency is *Moderately Unsatisfactory*. Reasons for this rating include:

- The institutional reform and enabling environment associated with Component One are insufficient to be confident about the sustainability of the achievements under the first KPI (area of forest under effective community management). The main pending issue is the sharing of benefits and revenues from participatory forest management between local communities, local government authorities, MNRT and the Treasury.
- Similarly the sustainability of the achievements under the private sector involvement indicator remains in doubt until the current MoUs are replaced by formal contracts.
- Project efficiency suffered as a result of unsatisfactory elements in Bank and Borrower performance, in particular: (i) political level decision making (or the lack thereof) by the Borrower regarding TFS establishment and (participatory managed) forest revenue sharing; and (ii) three years (2002 – 2005) of unsatisfactory Project supervision by the Bank and increasing deviation between revisions to the results framework and amendments to the DCA.

74. Based on achievements made toward the GEO with respect to (i) establishing of the Eastern Arc Mountain Conservation Endowment Fund (EAMCEF); (ii) selecting and implementing of a sound capital investment strategy; as well as (iii) GOT's commitment in supporting the EAMCEF operation as well as its grant facility, its outcome could be considered *Satisfactory*. However, the failure to ensure the development and implementation of an effective fundraising strategy to secure necessary financing to implement its long-term strategies resulted in an overall GEO rating of *Moderately Satisfactory*.

### **3.5 Overarching Themes, Other Outcomes and Impacts**

#### **(a) Poverty Impacts, Gender Aspects, and Social Development**

75. Natural resources from forests and woodlands (predominantly miombo) contribute significantly to household economies in rural Tanzania. However, in the majority of cases, poor rural households are not becoming rich by tapping into markets for forest and miombo woodland products, but are vitally dependent on forests because of their role as a safety net. Forests are providing for a very substantial proportion of total household consumption. This proportion increases significantly among households that encounter serious income shocks because of illness or environmental stress. Forest and woodland resources are a critical element of the rural household economy and contribute significantly to mitigating the impacts of poverty. In cases where these resources are lost as a result of deforestation or other proximate causes, the need for alternative safety nets is likely to place further and quite large burdens on public service delivery institutions, already poorly equipped to handle the problem of rural poverty.

76. The expansion of Participatory Forest Management has been a result of improving capacity for local management of forest resources, supported under the TFCMP in collaboration with other Development Partners. As communities take on responsibility, become owners of villages forests and engage jointly with the GOT in managing and conserving forest and woodland resources sustainably, the role of safety nets for mitigating the impacts of rural poverty can be greatly enhanced. While the management of the dry woodlands is unlikely to provide a path out of poverty, it can help to reduce its negative impacts.

#### **(b) Institutional Change/Strengthening**

77. Institutional change was the main focus of the original Project design, primarily the early establishment of both the TFS and the EAFEMP and the subsequent strengthening of the capacity of these new institutions to undertake a series of core functions. In the case of EAFEMP this was implemented as planned, resulting in an established mechanism (operated as a NGO) that provides long-term support to conservation and management of the Eastern Arc Mountain forest.

78. In the case of the institutional reform, TFS was never established. Instead, the Project had to take a pragmatic approach, formalized through the 2007 restructuring, and focused on the different core functions, such as: (i) financing of sub-Projects – implemented through TASAF; (ii) carrying out of natural and plantation forest inventories and the creation of relevant databases; (iii) ensuring the delivery of improved forest services in for instance the formation of village forest land reserves and in the management and utilization of industrial forest plantations; (iv) improving control of transport of forest products and the associated increases in revenue collection as well as the tracking and utilization of these revenues; (v) preparing woodfuel action plan; as well as (vi) operationalizing of a series of practical manuals and guidelines.

#### **(c) Other Unintended Outcomes and Impacts**

79. While the preparation and implementation of the Derema Corridor Resettlement Action Plan was not intended at appraisal, the fact that it was directly related to the Project's GEO facilitated the Bank's positive response to a GOT request to allocate credit proceeds and enable the GOT to overcome a financing gap under a different (non Bank) operation.

### **3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

80. Not available.

## **4. Assessment of Risk to Development and GEO Outcome**

### **Rating for Risk to Development Outcome: *Substantial***

81. The Project consisted of many different activities, some more successful and sustainable than others. With regards to major outcomes, i.e. those related to the actual management of forest and

woodland, in particular the sizable areas under CBFM and JFM, sustainability will depend to a large extent on the use of the forest resources and the sharing of benefits. These issues are yet to be resolved at policy level, and therefore all CBFM and JFM forests remain at significant risk.

**Rating for Risk to GEO Outcome: *Substantial***

82. Though the EAMCEF has been capitalized and is implementing its conservation program, sustainability of both the general functioning of the Endowment Fund, as well as, the sustainability of some of its sub-Projects remains questionable. The Endowment Fund has lost much of its value as a result of the global financial crisis. Also, it has not been particularly successful in fund-raising. The current size of the Fund is too small to effectively cover the whole EAMCEF target area.

**5. Assessment of Bank and Borrower Performance**

**5.1 Bank Performance**

**(a) Bank Performance in Ensuring Quality at Entry**

**Rating: *Moderately Unsatisfactory***

83. At the time of Project preparation, no Quality at Entry rating was recorded. Taking into account the fact that the Project preparation team could not have foreseen some of the changes that would take place, if measured against today's standards Quality at Entry would be considered Moderately Unsatisfactory because of the following shortcomings: (i) the underestimation of the risk that the TFS would not be established and the resulting impact on Project implementation; (ii) the absence of a comprehensive M&E system; (iii) internal inconsistencies within the PAD and between PAD and DCA.

**(b) Quality of Supervision**

**Rating: *Moderately Unsatisfactory***

84. During the first three years of Project implementation, supervision was Unsatisfactory and critical momentum for institutional reform, generated during Project preparation, was completely lost. The situation improved in early 2006 when the TTL relocated to Dar es Salaam. The 2006 and 2007 restructuring exercises included both satisfactory (e.g. revised Results Framework) and unsatisfactory elements (e.g. lost opportunities in rectifying earlier shortcomings). Even the constructive and pragmatic approach to "make the best of it" and "move forward wherever possible" with some considerable success until the very end of the Project cannot justify a better rating.

**(c) Justification of ratings for Overall Bank Performance**

**Rating: *Moderately Unsatisfactory***

85. Both lending and supervision performances are rated Moderately Unsatisfactory, hence the rating for the overall performance.

**5.2 Borrower Performance**

**(a) Government Performance**

**Rating: *Moderately Unsatisfactory***

86. Satisfactory elements of GOT performance include among others: (i) the relatively quick approval at all concerned levels, except MNRT itself, of TFS establishment, for instance the President's Office – Public Service Management; (ii) the approval by the Ministry of Finance, that a major share of revenues generated by GOT owned forest plantations can now be retained for the management of these plantations; (iii) the weight GOT gives to its commitment to respect social and environmental safeguards, as exemplified by its request to include the Derema Corridor RAP in TFCMP.

87. Unsatisfactory elements of GOT performance include among others: (i) the failure to establish TFS despite all the obtained clearances; (ii) the indecision on the sharing of benefits and revenues derived from CBFM and JFM; (iii) the problems of contract management, as demonstrated in particular by the construction of the Mpingo House office building; and (iv) the weakness in delivering on funding



commitments as evidenced by its requests to fund the Derema Corridor RAP and its contribution to NAFORMA from TFCMP Credit Proceeds.

88. On balance, the impact of the unsatisfactory elements of GOT performance warrants an overall GOT performance rating as *Moderately Unsatisfactory*.

#### **(b) Implementing Agency or Agencies Performance**

##### **Rating: *Moderately Unsatisfactory***

89. There have been three implementing agencies: FBD as the main implementing agency, TASAF and EAMCEF. Satisfactory elements in its performance included: (i) a pragmatic approach to Project implementation, despite the very much delayed formation of TFS; and (ii) much improved working methods, both in natural forest management (i.e. JFM and CBFM) and plantation forest management. Unsatisfactory elements in FBD performance (which outweigh the positive ones) included: (i) persistent weakness in procurement, contract management, as well as financial management; (ii) lack of counterpart funding during the first five years of implementation; as well as (iii) its isolation from other sectors and mainstream decentralization initiatives.

90. While the performances for TASAF and EAMCEF can be rated *Moderately Satisfactory*, considering the fact that both relied heavily on FBD as the main implementing agency, (whose performance has been *Moderately Unsatisfactory* at best due to the above outlined reasons), justifies an overall performance of *Moderately Unsatisfactory*.

#### **(c) Justification of Rating for Overall Borrower Performance**

##### **Rating: *Moderately Unsatisfactory***

91. When comparing achievements (and considering the time it took to achieve those) with opportunities lost, and the role the Borrower played in this, the overall Borrower performance rating cannot be better than *Moderately Unsatisfactory*.

### **6. Lessons Learned**

92. ***Sustainable forest sector reforms require strong political and technical leadership.*** Reforms also need to be in line with government priorities. Transparency in the consultative process ensures that staff/employees, at all levels, feel ownership and consider change as an opportunity rather than a threat to their livelihood.

93. ***Projects implemented during times of significant policy change require enhanced, constant engagement and supervision.*** This includes utilizing outside expertise with strong in-country experience, mobilizing senior Bank management, and ensuring flexibility in the design to respond to changes in priorities while retaining the overall goals.

94. ***Forest sector projects tend to be overly ambitious, aiming to address multiple challenges (e.g. sector reform, sustainable management, governance, community participation, etc.) in a single operation.*** Recipient implementation capacity is often insufficient to address existing complexities within the given timeframe and limited resources are spread too thinly. As a consequence, restructuring is often required to adjust ambitious project designs to realities on the ground, helping to achieve a few tangible results. So as to yield sustainable project outcomes, project designs should be more focused, allocating sufficient and targeted financial resources.

95. ***Although community involvement in forest management has become a mainstream activity in Tanzania, it involves complex social, institutional and regulatory issues.*** Awareness and capacity building during start up and implementation require time and expertise, which need to be identified during Project design preparation. In addition, considering that community forestry at local government level competes with other sectors (e.g. health, education, agriculture), incentives need to be provided in order to ensure that forestry and natural resource management (NRM) remains a priority for long-term development and growth. When cost-benefit sharing mechanisms between governments and communities

(e.g. in Joint Forest Management) are being considered, it is important the collaboration with the Ministry of Finance is sought upfront. This is critical as the development of a sharing formula cannot be decided within the sector alone, but would need to be based on established criteria that need to be transparent and acceptable to all parties.

96. ***Where Projects introduce innovative and technically sophisticated tools (such as Log Tracking System, NAFOBEDA), capacity and infrastructure constraints need to be taken into account.*** This could include the consideration of “low-tech” solutions, comprehensive training programs and investment in necessary infrastructure improvement.

97. ***Inconsistencies between different Project documents (PAD, Project Implementation Manual, etc.) and Financing/Credit Agreements are likely to negatively affect Project implementation,*** particularly where key performance indicators are incorporated in the Financing Agreement. While this issue has been recognized and guidance has been provided for new Projects in the Africa Region<sup>3</sup>, the restructuring of ongoing Projects with such problems require the country lawyer and TTL to collaborate closely throughout the process. Such collaboration would help identify inconsistencies early on and outline measures to overcome issues.

98. ***Fundraising efforts for the endowment of conservation funds must be varied, and commence in a timely fashion if targets for capitalization are to be achieved.*** There are often restrictions on bi-lateral funds being invested directly into endowment funds and therefore alternative, creative ways to attract and contribute to the overall fund must be developed. Fund-raising efforts must target all potential sources of monies including bi-lateral, foundation and the private sector.

## **7. Comments on Issues Raised by Borrower/Implementing Agency**

99. The Borrower’s Completion Report (summarized in Annex 9 A) provides an assessment similar to the findings of the Bank’s ICR. The Ministry of Natural Resources and Tourism (MNRT), in its communication of June 14, 2010 principally agreed with the World Bank ratings and observations.

100. Nevertheless, the MNRT felt that an upgrading of its performance rating could be considered, as the Tanzania Forest Service was established in April 2010, with an acting Chief Executive Officer in place and the TFS budget prepared and to be tabled as part of MNRT’s budget at the Parliament in June 2010. In addition, it was proposed to rate Implementation Agencies, in particular TASAF and EAMCEF separately, subsequently obtaining a higher than *Moderately Unsatisfactory* rating.

100. While respecting the efforts undertaken by the MNRT, as the establishment of TFS is being affected only after project closure, it could not be considered for the assessment under this ICR. The comment regarding the individual performance assessment of the implementing agencies has been taken into account under paragraph 90.

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<sup>3</sup> See joint “Ensuring Consistency between Project Documents” message from the LEGAF Chief Counsel and AFTQK Director dated March 12, 2010.

## Annex 1. Project Costs and Financing

### (a) Project Cost by Component (in US\$ million equivalent)

Components	Appraisal Estimate (US\$ million)	Actual /Latest Estimate (US\$ million) <sup>4</sup>	Percentage of Appraisal
1. Creating an enabling environment for sustainable forest management and improved service delivery	22.1	25.6	116%
2. Multi-stakeholder participation in plantation forestry	2.9	3.0	103%
3. Eastern Arc Mountains Conservation Endowment Fund	9.2	13.4	146%
4. Project Administration and Management	0.6	2.7	433%
<b>Total Baseline Cost</b>	<b>34.8</b>	<b>44.7</b>	<b>128%</b>
Physical Contingencies	2.4		
Price Contingencies	2.8		
<b>Total Project Costs</b>	<b>40.0</b>	<b>44.7</b>	<b>112%</b>
Project Preparation Facility (PPF)			
Project Development Facility (PDF)			
Front-end fee (IBRD only)			
<b>Total Financing Required</b>			

### (b) Co-financing

Source of Funds	Type of Financing	Appraisal Estimate (US\$ million)	Actual/Latest Estimate (US\$ million)	Percentage of Appraisal
Borrower		1.7	1.3	
IDA		31.1	34.93	
GEF		7.0	7.0	
NGO of Borrower country	Parallel financing	0.2	0.0	

<sup>4</sup> The appreciation of the SDR value over the duration of the project was about US\$6 million. These additional resources allowed the GOT to dedicate significant added finance, beyond what was originally budgeted, to a number of key activities under the Eastern Arc Forests Conservation and Management component without having to jeopardize support for other components. The additional resources supported the following activities: establishment and operation of the EAMCEF secretariat and field staff, implementation of the EAMCEF small grants program giving grants for applied biodiversity research, improving the ecological function of the ecosystem and management capacity, and community development activities in the Eastern Arc region. These additional resources also allowed GOT to develop and implement the Derema Corridor Resettlement Action Plan, which created a corridor between two established protected areas.

## Annex 2. Outputs by Component

1. The following undertakes an assessment of achievements under each of the component, providing more detailed rationale for the PDO rating:

(a) Component One: Creating an enabling environment for sustainable forest management and improved service delivery.

2. *Sub-component 1.1: New institutional framework with clear service delivery functions and responsibilities with regard to natural forest, woodlands and plantations* (in other words, establishment of the Tanzania Forest Service). The TFS framework documents were approved by the President's Office – Public Service Management in 2006. A valuation of FBD assets is available since 2007, a suitable candidate for the post of Chief Executive (CE) was identified in 2007, and a substantial office building was constructed for TFS by 2008. However, the appointment of the CE was not confirmed, the new office building was occupied by MNRT (with the commitment to handover to TFS upon its establishment). The process stalled and while an Acting CE was appointed in November of 2009, TFS had not been established by the closing of the Project.

3. *Sub-component 1.2: Participatory forest and woodland management*, which would put in place effective mechanisms for sharing benefits and cost of forest management. TFCMP contributed to this in two main ways:

- By supporting the preparation of relevant guidelines for: (i) Community-Based Forest Management, (ii) Preparation of Management Plans for natural forests; and (iii) Participatory Forest Management Legal Guidelines.
- By (i) establishing a window to finance PFM activities in 25 districts under TASAF, (ii) training some 400 Local Government and other local service providers to facilitate PFM processes. A total of 273 sub-Projects were financed for a total of about US\$3.8 million.

4. *Sub-component 1.3: Coherent forest revenue system designed and implemented to increase net revenues* was designed to be operated through TFS. Though good progress was made, the absence of TFS hampered the final achievements: (i) a proposal on the redesign of forest goods and services revenue collection system has been ready since 2006, but testing and full implementation was put on hold pending TFS establishment; (ii) a transport fee based system for charcoal and firewood was developed in 2008 and has since been tested and rolled out, including drafting of a Government Notice; (iii) a revenue tracking system for decentralized district level utilization is now operational in 25 pilot districts; (iv) a log sales and pricing system has been designed; and (v) forestry surveillance has been strengthened, and 12 forest product checkpoints have been constructed in strategic locations.

5. Checkpoints and improved surveillance had a positive impact, increasing overall revenues collected and decreasing the unauthorized transport of forest products. However, it may be difficult to statistically demonstrate these improvements since policy changes regarding the export of logs have also had an impact on the quantities of logs and other products transported. Meanwhile, the annual revenue collected from forest goods and services is likely to reach the set target of TShs.24 billion.

6. *Sub-component 1.4: Capacity of forest sector in undertaking forest and ecosystem inventory and mapping as well as management planning reinforced* (added in the 2007 restructuring). The intermediate outcome is “capacity of forest sector in undertaking forest and ecosystem inventory and mapping as well as management planning reinforced”, achieved through:

- *Up-to date and reliable forest and ecosystem resource data available for mainland Tanzania, with 50% of the National Forest Resource Monitoring and Assessment completed by December 2009.* As the assessment was delayed and only started in 2009, the anticipated result was not achieved.

- *Forest and ecosystem data stored and publicly available in a central database.* The National Forestry and Beekeeping Database (NAFOBEDA) was developed and field tested. NAFOBEDA is not fully functional yet and will require continued capacity development before being operational as intended.
- *Completion of 150,000 hectares of forest management plans for (natural) production forest by December 2009.* Plans for some 1.3 million hectares including both production and protection forest have been prepared and approved, including management plans for eight critical ecosystems.

7. *Sub-component 1.5: Sustainable wood fuel utilization and development of energy strategy* (added in the 2007 restructuring). The intermediate outcome indicator is “sustainable woodfuel utilization integrated in an overall energy strategy with a view to contributing to economic development and long-term land-use planning”. A Woodfuel Action Plan was prepared, and an area of 4,500 ha has been set aside within Ruvu Plantation Scheme, while at least six sustainable woodfuel utilization Projects have been initiated by different organizations.

(b) Component Two: Multi-stakeholder participation in plantation forestry

8. The indicator for this component is “public and private sector as well as communities engaged in management and development of plantation forestry”. The component focused on the 16 existing state-owned forestry plantations with a total planted area of about 80,000 hectares. At the time of appraisal these plantations were not managed well. Under direct management by FBD, there was no mechanism to retain income generated at the plantation level for management and investment operations. The component has three intermediate outcome indicators:

- *Plantation information base available.* The plantation inventory of 80,000 ha was completed in 2009.
- *Forest management guidelines revised and approved to reflect benefits and costs of multi-stakeholder arrangements in forest plantation management.* This was achieved in 2006 with the publication of the Framework and Guidelines for Evaluating and Awarding Forest Concessions in Tanzania.
- *Number of plantation management agreements in place.* By the end 2009 three Memoranda of Understanding had been agreed upon, but no contracts in place for: (i) Community based management for Kiwira Plantation Forest; (ii) Co-management for Meru/Usa Plantation Forest; and (iii) Utilization Concessions with private companies and individuals in Sao Hill Plantation. According to the guidelines, a management agreement needs to be vetted by a Forest Advisory Committee, which had not been established by December 2009. In the absence of this committee no management agreement could be approved.

(c) Component Three: Eastern Arc Forest Conservation and Management.

9. *Sub-component 3.1: Sustainable financing mechanism for long-term biodiversity conservation in place.* The Eastern Arc Mountains Forest Endowment Fund (EAMCEF) was officially registered in Tanzania in 2001. It was established as a mechanism to provide long-term reliable support for community development and conservation Projects, as well as applied research activities, which promote the biological diversity, ecological functions and sustainable use of natural resources. Governed by a Board of Trustees, the EAMCEF operates as a not-for-profit NGO. It is operated by a Secretariat based in Morogoro, headed by an Executive Director. Funding of field activities is done in three priority thematic areas, 80 grants had been awarded by the end of the Project:

- *Community based conservation and development activities for improvement of rural livelihoods of forest adjacent communities.* Largest category of grants (about 50%), activities included training and awareness building for tree nursery establishment and planting, beekeeping, improved cooking stoves and brick making, fish ponds, dairy goats and supporting local saving and credit schemes.
- *Applied biodiversity research relevant to the conservation of biodiversity in the priority Eastern Arc Mountain,* including carbon sequestration and financing, distribution of different plants, mushrooms and animals, both of indigenous and invasive species, beekeeping, participatory forest management, impact of pesticides (about 15% of grants).

- *Improving the ecological functions of the ecosystem and strengthen the management capabilities of the responsible institutions.* This category includes about one third of all grants, used for activities, such as improving boundary demarcation, removal of illegally planted crops within forest boundaries, training of villagers in forest use and management, awareness raising, improved surveillance.

10. Until 2009 EAMCEF operated as a component of TFCMP, the operational costs were covered from credit proceeds in order to allow the received endowment of US\$7 million from GEF to grow. The Endowment Fund is managed by an external fund manager. Due to the volatile global economic situation, the income generated by the fund has been less than expected, and a more defensive investment strategy than originally foreseen had to be adopted, which has had negative implications for the Projected income and growth of the Fund. After a decline due to the financial crisis (to a low of US\$5.8 million) the invested capital increased in value again to US\$ 7.2 million by the end of the Project. Though a fundraising framework was prepared in 2008, the actual amount of additional funds raised has been limited to a grant of US\$370,000 from Unilever (a multi-national company). The Fund is expecting to receive additional support to cover its operational cost from both GOT and the Royal Embassy of Norway starting in June 2010. EAMCEF grant activities have been limited to a subset of five districts to ensure that available resources achieve results on the ground. A gradual expansion to cover the total area under its mandate is foreseen. However, this would necessitate a fourfold increase of its current capital according to some calculations.

11. *Sub-component 3.2: Protection of selected forests in the Eastern Arc Mountains* (added in 2007). Three results indicators were defined: (i) bringing the whole forest area in the Eastern Arc Mountains of Tanzania, or 5,350 km<sup>2</sup>, under protection status (consolidation of protected area forests and nature reserves); this was achieved, though not all areas officially acquired IUCN status; (ii) preparation and pilot implementation of management plans of selected critical watershed forests, which is very similar to and overlaps with the activities reported under Sub -component 1.4 (iii); and (iii) implementation of the Derema Corridor Resettlement Action Plan.

### Annex 3. Estimated Benefits

1. The Project Appraisal Document did not include calculations of the Net Present Value (NPV) or of the Economic Rate of Return (ERR). The annex on economic and financial considerations did include a review of: (a) poverty impacts, (b) environmental values and the national economy, (c) carbon sequestration, (d) industrial plantation production, and (e) fiscal revenue collection in relation to FBD expenditures and budget allocation.
2. *Community benefits.* The PAD pointed out that Tanzania's woodland and forests are extremely important for mitigating the impacts of rural poverty, stating that studies had shown that some 40 percent of total household consumption in some rural areas was accounted for by forest and woodland products, (such as honey production, firewood, construction material, and wild fruit), as well as an important source of dry season grazing and reducing household exposure to environmental risks. In addition, it stated that the poor were more dependent on woodland and forest resources than the rich.
3. The Project contributed to participatory forest and woodland management in two main ways: (a) by supporting the preparation of a series of relevant guidelines that are used nationally in the two principle types of participatory forest management (Community Based Forest Management and Joint Forest Management), with a total area of 4.1 million ha; and (b) by funding the establishment of participatory forest management activities through TASAF. The latter included 273 sub-Projects in 25 districts with about of 520,000 beneficiaries.
4. Benefits of about 520,000 TASAF forestry sub-Project beneficiaries are conservatively estimated at an average of US\$100 per person per year and a total of US\$52 million per year in real terms. It should be noted, however, that most of these benefits amount to ensuring sustainability (i.e. maintaining benefits in perpetuity) as opposed to a gradual reduction that would result from uncontrolled resource use.
5. *Environmental benefits.* Here the PAD focused on two main values, first and foremost water and (hydroelectric) energy production, and secondly biodiversity, without attempting to calculate specific values. A 2007 *Tanzania Forest Account* study on the willingness of water users to pay some amount as contribution to watershed protection to ensure improved water services indicated the willingness to pay was in the range of US\$0.15-2.00 per household per year. Based on this finding, the value of *watershed services* associated with the TFCMP, particularly the Eastern Arc mountain forests, has been estimated at approximately US\$1.1 million per year.
6. The same study attempted to estimate the *biodiversity value* of Tanzanian forest resources, with assumed values ranging from US\$2.1- \$811. per ha per year. In the case of TFCMP it would be prudent to include the 5,350 km<sup>2</sup> of protected Eastern Arc mountain forests in such estimates. With an assumed biodiversity value of US\$100 per ha per year, the total biodiversity value of these forests would amount to US\$53.5 million per year.
7. *Carbon sequestration benefits.* The PAD includes a calculation of carbon sequestration in Tanzania's miombo woodlands. It assumes 30 million ha of miombo with an average stocking of 150 tons of carbon per ha and an average woody biomass increase of 3 percent per year, equivalent to 4.5 tons of carbon sequestration per ha per year. It states that the reduction of fire frequency is the main technique for increasing carbon uptake. It subsequently assumes that an increase of carbon sequestration in the miombo area of a tenth of percent (or 0.15 tons per ha) over the life of the Project would yield 4.5 million tons of carbon, which at a value of US\$5 per ton would have a value of US\$22.5 million.
8. The actual impact of the Project is not on the total 30 million ha of miombo, but it is fair to assume that the Project has had some impact on the 4.1 million ha of participatory managed forests (CBFM plus JFM). It is also fair to assume that in the participatory managed forests the actual increase of woody biomass per ha has been higher than 0.15 tons of carbon per ha (and not just due to reduced fire frequency). If we assume this increase to be 0.5 tons of carbon per ha per year, the total amount of carbon

sequestered over 4.1 million ha of forest and woodland would amount to 2.0 million tons per year. With a value of approximately US\$10 per ton, this amounts to a total value of US\$20 million per year.

9. It should be noted, however, that the extra carbon sequestered on the 4.1 million ha of participatory managed forest is at least partly offset by the likely increased harvesting from other forest areas by those who were earlier harvesting in an unregulated way in the now managed forest areas. In addition, TFCMP can only partially claim credit for this 4.1 million ha of participatory managed forests, other stakeholders include for instance the DANIDA and MFA Finland supported forestry and natural resource management Projects. Assuming that 50% of the additional carbon sequestered is offset by increased harvesting elsewhere, and that no more than 25% of the remaining additional carbon sequestered can somehow be attributed to TFCMP, the value of additional carbon sequestered thanks to TFCMP would be  $20 \times 0.5 \times 0.25 = \text{US\$}2.5$  million per year.

10. Assuming a current average stocking of 150 tons of carbon per ha and an average potential stocking of 250 tons of carbon per ha, the 4.1 million ha of participatory managed forests include a current total of 615 million tons of carbon with a value of approximately US\$6 billion. The potential at full stocking would amount to 1 billion tons of carbon with a value of US\$10 billion.

11. *Benefits from industrial plantation production.* The PAD includes six pages of economic considerations in relation to industrial plantation production, elaborating on elements such as domestic demand for sawn timber and pulpwood, international markets for softwoods and teak, the potential value of the Sao Hill Plantations, financial benefits of private sector involvement and benefits from improved management.

12. It was noted that Southern Paper Mills in Mufindi had been closed since 1997, leaving the considerable pulpwood resources of the nearby Sao Hill Plantations unutilized, thereby endangering its viability. Scenarios were presented to value the Sao Hill Plantations depending on whether the mills would be operational or not. In the best scenario, the maximum capacity of the mills is 315,000 m<sup>3</sup> over bark, the related pulpwood price was supposed to be US\$14 per m<sup>3</sup>, and the value of Sao Hill Plantation would then amount to US\$12.5 million. In the second best scenario (no large paper mill) this value would be only US\$2.5 million. It was argued that it would be essential to transfer state plantations under private sector management. The expected improved management, combined with improved pricing (marketing) systems would then result in substantial benefits.

13. During the Project, several factors played an important role in reviving the industrial forest plantation sub-sector. First, the Ministry of Finance agreed that a major share of revenues generated from government owned plantations could be retained for the management of these plantations. Second, Government stopped exports of timber logs, now only sawn timber can be exported. Third, plantation inventories (80,000 ha) under TFCMP provided plantation managers with the required information to improve plantation management. These three factors combined helped revive and improve FBD management of government owned plantations. Fourth, the Southern Paper Mills reopened, and are now harvesting 200,000 m<sup>3</sup> of pulpwood in the Sao Hill Plantations; while a series of small scale sawmills have sprung up for instance around the Longuza Teak Plantations. Finally, private sector involvement in plantation management (including communities) was accepted and some 16,563 ha of government forest plantations are now under some form of private sector management regime.

14. It still remains difficult to put figures to the value created as a result of TFCMP. It is for instance questionable that the Southern Paper Mills would have been able to reopen and obtain harvesting concessions in the absence of TFCMP. It is estimated that improved plantation management would increase annual average annual harvest values by US\$32 per ha. If we assume that a total of 80,000 ha of industrial forest plantations is now better managed, the additional annual value created would be US\$2.5 million, of which US\$0.5 million would be generated in the area managed by the private sector and US\$2.0 million in the area managed by FBD.



15. *Fiscal revenue collection in relation to FBD expenditures and budget allocation.* The PAD noted that public funding for the forestry sector was generally inadequate, irregular, and supplemented by donor funding. Improvements in the framework for royalty collection were expected to strengthen the overall financial sustainability of the Tanzania Forest Service.

16. The collection of forest revenues increased much during the Project and much of this increase is due to the Project. The PAD mentions that in 1999/2000 revenues from Central Government Forest Reserves (including plantations) totaled roughly TShs. 2 billion. In 2008/09 this had increased to TShs24 billion.

17. The increase in forest revenues has been so significant that they now are of the same magnitude as the FBD overall funding requirements. This means that if TFS had indeed been established earlier in the Project and if it were fully operational with the TFCMP assistance on offer, chances are that it would have been financially viable.

18. **Overall economic and financial benefits resulting from TFCMP.** The above calculations are indicative yet incomplete, they do not for instance include expected benefits from sub-component 1.5 on sustainable wood fuel utilization. However, the calculated direct and indirect economic and financial benefits amount to a total of US\$13.7 million per year (see Table 1). This without counting the annual US\$52.2 million benefits of TASAF forestry sub-Projects and the US\$53.5 million biodiversity value, because it could be argued that these benefits largely existed already.

**Table 1. Economic and financial benefits attributed to TFCMP**

<b>Description</b>	<b>US\$ million/yr</b>
Watershed services	1.1
Carbon sequestration	2.5
Industrial plantation production	2.5
Forestry royalties	7.6
<b>TOTAL</b>	<b>13.7</b>

19. TFCMP made a considerable difference in the forestry sector, though the institutional reform did not in the end result in an established, operational, functioning and financially sustainable TFS, though all necessary elements seem to have been put in place with some considerable results. However, the non-establishment of TFS weighs heavy, and is an important factor in rating Borrower performance as *Moderately Unsatisfactory*. Similarly, Bank supervision was insufficient during the early years of the Project, and, in later years, could not catch up with these early omissions. Both Borrower and Bank performance, therefore, had a negative impact on Project efficiency. Project efficiency could have been much improved had Bank and Borrower been more consistent in the support provided to TFCMP from start to finish.

## Annex 4. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
<b>Lending</b> (from Task Team in PAD Data Sheet)			
Peter A. Dewees	Lead Environmental Specialist	AFTES	Task Team Leader
Ladisy Komba Chengula	Sr. Agricultural Economist	SASDA	
Pascal Tegwa	Sr. Procurement Specialist	AFTPC	
Mercy Sabai	Sr. Financial Management Specialist	AFTFM	
Kithinji Kiragu	Institutional Change Specialist	EASER	

<b>Supervision</b> (from Task Team Members in all archived ISRs)			
Christian Albert Peter	Sr. Natural Resources Mgmt. Specialist	AFTEN	Task Team Leader
Nathalie Weier Johnson	Sr. Environmental Specialist	ECSS3	Task Team Leader (EAFCMP)
Bella Lelouma Diallo	Sr. Financial Management Specialist	AFTFM	
Mercy Mataro Sabai	Sr. Financial Management Specialist	AFTFM	
Gisbert Joseph Kinyero	Procurement Specialist	AFTPC	
Luis M. Schwarz	Sr. Finance Officer	CTRFC	
Jean O. Owino	Finance Analyst	CTRDM	
Cherumaine Perumal	Finance Assistant	CTRDM	
Jane Kibbassa	Senior Environmental Specialist	AFTEN	
Ida Manjolo	Social Protection Specialist	AFTSP	
Vildan Verbeek- Demiraydin	Senior Economist	AFTRL	
Zainab Z. Semgalawe	Senior Rural Development Specialist	AFTAR	
Klas Sander	Natural Resources Economist	ENV	
Elizabeth F. Sakaya	Temporary	AFTEN	
Faith-Lucy Matumbo	Team Assistant	AFCE1	
Edith Ruguru Mwenda	Sr. Counsel	LEGAF	
Marjory Mpundu	Counsel	LEGAF	
Indumathie V. Hewawasam	Sr. Environmental Specialist	AFTEN	Task Team Leader
Pascal Tegwa	Sr. Procurement Specialist	AFTPC	
Paavo Eliste	Sr. Economist	EASER	
Dean W. Housden	Program Assistant	AFTCS	
Donald Paul Mneney	Sr. Procurement Specialist	AFTPC	
Jorge O. Pena	Portfolio Officer	CTRCF	
Abu Mvungi	Consultant	AFTEN	
Aza A. Rashid	Program Assistant	SASFP	
Geoffrey D. N. Shoo	Consultant	AFTFM	
Godius Kahyarara	Consultant	AFTEN	
Richard John Kaguamba	Consultant	ENVCF	Task Team Leader
Modupe A. Adebawale	Consultant	CFPPM	
Rogati Anael Kayani	Consultant	AFTPC	
Mohammed Bekhechi	Lead Counsel	LEGEN	
Serigne Omar Fye	Consultant	AFTEN	

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	US\$ Thousands (incl. travel & consultant costs)
<b>Lending</b>		
<b>FY99</b>		24.2
<b>FY00</b>	11	58.3
<b>FY01</b>	17	133.1
<b>Total:</b>	<b>28</b>	<b>215.6</b>
<b>Supervision/ICR</b>		
<b>FY02</b>	16	88.1
<b>FY03</b>	43	178.3
<b>FY04</b>	35	138.4
<b>FY05</b>	38	79.9
<b>FY06</b>	44	112.3
<b>FY07</b>	40	126.1
<b>FY08</b>	19	79.6
<b>FY09</b>	13	84.0
<b>FY10</b>	13	55.9
<b>Total:</b>	<b>261</b>	<b>942.6</b>

## Annex 5. Detailed Description of PDO, GEO and KPIs

### A. Detailed Description of PDO and KPIs

#### Original PDO and KPIs

The original **PDO** in both TFCMP- and EAFMCP-PADs was “*to assist Government in policy implementation, in particular by developing a framework for the long-term sustainable management and conservation of Tanzania’s forest resources, strengthening the role of individuals, communities, villages, and the private sector in management and conservation of forests, and implementing this framework on a pilot scale.*” This PDO was never revised.

Both PADs each contain two different sets of **KPIs**. The first set is included in the PAD Main Text, section A.2/3 “Key performance indicators”; the second set is included in PAD Annex 1 “Project Design Summary”. All different sets of KPIs as included in the TFCMP- and EAFMCP-PADs are included below. The internal inconsistencies in the TFCMP-PAD have led to misinterpretation at later stages.

- (i) According to TFCMP-PAD Main Text section A.3 “Key performance indicators”, the Project was to be considered successful if:
  - (a) A functioning TFS is established with clearly defined service delivery functions and responsibilities with regard to natural forests, woodlands, and industrial plantations.
  - (b) Significant areas of natural forests and woodlands are under effective management as an outcome of partnerships and initiatives with multiple partners (primarily communities and local governments).
  - (c) A range of mechanisms for improving revenue collection involving partners such as the Tanzania Revenue Authority and/or private sector are tested and implemented; time-bound forest revenue collection targets are established and achieved; and effective mechanisms for sharing revenues with villages are put in place.
  - (d) A framework for private sector participation in the management of industrial plantations is established, including guidelines, incentives, and regulatory, monitoring and control mechanisms; 3 pilot operations are in place and have been evaluated.
  - (e) An institutional framework consistent with overall civil service reforms is in place which enables Government to undertake forest biodiversity conservation initiatives, in particular in the Eastern Arc Mountains; institutional capacity to do so is strengthened.
  - (f) The modalities for the establishment of a sustainable financial mechanism for conservation of the Eastern Arc Mountain forests are developed and implemented.
- (i) The EAFMCP-PAD Main Text section A.2 “Key performance indicators” includes one additional KPI:
  - (g) The endowment has been capitalized and the Eastern Arc Mountains Conservation Endowment Fund is implementing the proposed conservation program.
- (iii) According to both TFCMP- and EAFMCP-PADs Annex 1 “Project Design Summary” the KPIs (or Outcome/Impact indicators) related to the PDO included:
  - (a) Forest and woodland cover is brought under effective management by communities and individuals in Project areas.
  - (b) Private sector is involved in plantation management.
  - (c) Mechanisms for forest biodiversity conservation are more fully established.

**PDO and KPIs in the Development Credit Agreement (DCA).** The IDA Development Credit Agreement (DCA) dated March 13, 2002, retains the PDO and KPIs as included in the Main Text of the TFCMP-PAD. Normally the CDA would have retained the KPIs as included in the “Project Design Summary” (the equivalent of the “Results Framework”) of PAD Annex 1.

### **Revised KPIs following the 2006 restructuring**

The June 2006 restructuring proposal did *not* propose to change the KPIs, the TFCMP Task Team assumed the KPIs to be those included in Annex 1 of the PAD. However, the July 2006 First Amendment to the DCA did revise the KPIs:

- (i) According to the June 2006 TFCMP restructuring proposal the KPIs related to the PDO included:
  - (a) Forest and woodland cover is brought under effective management by communities and individuals in Project areas.
  - (b) Private sector is involved in plantation management.
  - (c) Mechanisms for forest biodiversity conservation are more fully established.
- (ii) According to the July 2006 First Amendment to the DCA the revised KPIs included:
  - (a) A functioning TFS is established with clearly defined service delivery functions and responsibilities with regard to natural forests, woodlands, and industrial plantations.
  - (b) Significant areas of natural forests and woodlands are under effective management as an outcome of partnerships and initiatives with multiple partners (primarily communities and local governments).
  - (c) A range of mechanisms for improving revenue collection involving partners such as the Tanzania Revenue Authority and/or private sector are tested and implemented; time-bound forest revenue collection targets are established and achieved; and effective mechanisms for sharing revenues with villages are put in place.
  - (d) A framework for private sector participation in the management of industrial plantations is established, including guidelines, incentives, and regulatory, monitoring and control mechanisms; 3 pilot operations are in place and have been evaluated.
  - (e) An institutional framework consistent with overall civil service reforms is in place that enables Government to undertake forest biodiversity conservation initiatives, in particular in the Eastern Arc Mountains; institutional capacity to do so is strengthened.
  - (f) The modalities for the establishment of a sustainable financial mechanism for conservation of the Eastern Arc Mountain forests are developed and implemented.
  - (g) *Increased area under sustainable forest management, providing multiple benefits to forest adjacent communities in the long term.*

### **Revised KPIs following the 2007 restructuring**

The June 2007 restructuring Project Paper proposed relatively small changes (precisions) to the KPIs, the TFCMP Task Team assumed the KPIs to be those included in Annex 1 of the PAD. However, the August 2007 Second Amendment to the DCA included different changes to the KPIs than proposed, and further increased the divergence between the Results Framework and Results Monitoring Matrix as used by the TFCMP Task team and the KPIs as included in the DCA:

- (i) According to the June 2007 TFCMP restructuring Project Paper the revised KPIs related to the PDO included:
  - (a) Area of forest on Tanzania Mainland managed according to approved forest management plans (including Community Based Forest Management (CBFM) and Joint Forest Management (JFM) Agreements).
  - (b) Areas of forest plantations under private management agreements (concessions, co-management, or communities designated).
  - (c) Mechanisms for forest biodiversity conservation are more fully established (Areas of Forest Reserves Mountains managed according to IUCN Codes).

- (ii) According to the August 2007 Second Amendment to the DCA the revised KPIs included an ever increasing list:
- (a) A functioning TFS is established with clearly defined service delivery functions and responsibilities with regard to natural forests, woodlands, and industrial plantations.
  - (b) Significant areas of natural forests and woodlands are under effective management as an outcome of partnerships and initiatives with multiple partners (primarily communities and local governments).
  - (c) A range of mechanisms for improving revenue collection involving partners such as the Tanzania Revenue Authority and/or private sector are tested and implemented; time-bound forest revenue collection targets are established and achieved; and effective mechanisms for sharing revenues with villages are put in place.
  - (d) A framework for private sector participation in the management of industrial plantations is established, including guidelines, incentives, and regulatory, monitoring and control mechanisms; 3 pilot operations are in place and have been evaluated.
  - (e) An institutional framework consistent with overall civil service reforms is in place which enables Government to undertake forest biodiversity conservation initiatives, in particular in the Eastern Arc Mountains; institutional capacity to do so is strengthened.
  - (f) The modalities for the establishment of a sustainable financial mechanism for conservation of the Eastern Arc Mountain forests are developed and implemented.
  - (g) Increased area under sustainable forest management, providing multiple benefits to forest adjacent communities in the long term.
  - (h) A national forest assessment is carried out in at least 50% of the Borrower's mainland territory (by December 31, 2009).
  - (i) About 4000 hectares of forest land is set aside and sustainably managed for charcoal production (by June 30, 2009).
  - (j) About 5,350 square kilometers of forests is maintained under protection status and management effectiveness is monitored regularly (by June 30, 2008).

### **B. Detailed Description of GEO and KPIs**

**The GEOs in the PADs.** The PADs contain three different versions of GEOs, the first version is included TFCMP-PAD Main Text section A.2 "Global Objective", but it has been removed from the EFCMP-PAD; the second version is included in both PADs under section C.1 "Project Components"; and the third version is included in Annex 1 "Project Design Summary" of both PADs. For the sake of completeness all three versions are included here:

- (i) According to TFCMP-PAD Main Text section A.1, the GEOs were to:
  - i. Develop and begin to implement an integrated biodiversity conservation strategy for the Eastern Arc Mountains (which account for 40 percent of Tanzania's remaining tropical high forest cover), which will, in turn, strengthen Tanzania's capacity to coordinate and lead forest biodiversity conservation interventions.
  - ii. Support an integrated community-based pilot intervention in a priority conservation area to achieve sustainable impact related to both biodiversity and human development.
  - iii. Improve the institutional mechanisms and capacity to undertake forest biodiversity conservation;
  - iv. Develop, and implement on a pilot basis, a sustainable financing mechanism for conservation activities in the Eastern Arc forests.
- (ii) According to both PADs Main Text section C.1 the GEO was to promote the sustainable conservation and management of the Eastern Arc forests.
- (iii) According to both PADs Annex 1 the GEOs were:
  - (a) Promoting in-situ use mechanisms for biodiversity conservation.

- (b) Promoting sustainable use mechanism for biodiversity conservation.
- (c) Promoting cost-effective conservation measures.

**GEOs in the GEF Trust Fund Grant Agreement (TFGA).** According to the GEF-TFGA, the objective of the Project is to *assist the Recipient within the Forest Conservation and Management Project, to promote sustainable conservation and management of the biological biodiversity and ecosystems of the Eastern Arc Mountains Forests through, inter alia, strengthened institutional capacity, pilot community-based conservation and development and implementation of participatory forest conservation strategies.*

**KPIs for the GEOs:** The PADs also contains different sets of KPIs for the GEOs. The first set is included in the Main Text, section A.2/3 “Key performance indicators” (see paragraph above on KPIs in the PAD); the second set is included in Annex 1 “Project Design Summary”. However, the GEF-TFGA includes only one KPI. For the sake of completeness, the three different sets of KPIs are included here:

- (i) The relevant KPIs included in the GEF-PAD Main Text section A.2 are:
  - (a) An institutional framework consistent with overall civil service reforms is in place that enables Government to undertake forest biodiversity conservation initiatives, in particular in the Eastern Arc Mountains; institutional capacity to do so is strengthened.
  - (b) The modalities for the establishment of a sustainable financial mechanism for conservation of the Eastern Arc Mountain forests are developed and implemented.
  - (c) The endowment has been capitalized and the Eastern Arc Mountains Conservation Endowment Fund (EACMEF) is implementing the proposed conservation program.
- (ii) According to both PADs Annex 1 the KPIs related to the GEO included:
  - (a) Extent of forests brought under community-based conservation.
  - (b) Forest cover loss is slowed.
  - (c) Conservation measures are financially sustainable.
- (iii) According to the TFGA there is only one KPI related to the GEO: The Endowment Fund has been capitalized and the EAMCEF is implementing the proposed conservation program by December 31, 2006.

PAD (Annex 1)	DCA	Results Framework (post 2007 Restructuring)
<b>Project Development Objective:</b>		
<p>The PDO is to assist GOT in implementing its new policy, by developing a framework for the long-term sustainable management and conservation of Tanzania's forest resources, strengthening the role of individuals, communities, villages and private sector in management and conservation of forests, and implementing this framework on a pilot scale.</p>	<p>The PDO is to assist the Borrower in the establishment of a framework for long-term sustainable management and conservation of its forest resources by strengthening the role of all stakeholders, that is, local institutions, communities and the private sector in management and conservation of forests.</p>	<p>The PDO is to assist GOT in implementing its forest policy by developing a framework for the long-term sustainable management and conservation of Tanzania's forest resources, strengthening the role of individuals, communities, villages and private sector in management and conservation of forests, and implementing this framework on a pilot scale.</p>
<b>Outcome Indicators</b>		
<ul style="list-style-type: none"> <li>• Forest and woodland cover is brought under effective management by community and individuals in project areas.</li>   <li>• Private sector is involved in forest plantation management.</li>   <li>• Mechanisms for forest biodiversity conservation are more fully established.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant areas of natural forest and woodlands under effective management as an outcome of partnerships and initiatives with multiple partners (primarily communities and local governments).</li>   <li>• A framework for the private sector participation in the management of industrial plantation established, including guidelines, incentives, regulatory monitoring and control mechanisms; and three pilot operations are in place and have been evaluated</li>   <li>• An institutional framework consistent with overall civil service reforms in place which enables Government to undertake forest biodiversity conservation initiatives, in particular in the Eastern Arc Mountains; institutional capacity strengthened.</li> </ul>	<ul style="list-style-type: none"> <li>• Forest and woodland cover is brought under effective management by community and individuals in project areas.</li>   <li>• Private sector is involved in forest plantation management.</li>   <li>• Mechanisms for forest biodiversity conservation are more fully established.</li> </ul>



**Intermediate Outcome Indicators**

**Component 1**

<ul style="list-style-type: none"> <li>• Establish a new national forestry framework effectively to support the sustainable management and protection of Tanzania's forest woodland and industrial plantation resources.</li> </ul>	<ul style="list-style-type: none"> <li>• A functioning TFS established with clearly defined service delivery functions and responsibilities with regard to natural forests, woodlands, and industrial plantations.</li> <li>• Increased area under sustainable forest management, providing multiple benefits to forest adjacent communities in the long-term.</li> <li>• A national forest assessment is carried out in at least 50% of the Borrower's mainland territory.</li> <li>• About 4,000 hectares of forest land is set aside and sustainably managed for charcoal production.</li> </ul>	<ul style="list-style-type: none"> <li>• TFS framework documents approved by PO-PSM.</li> <li>• TFS establishment order signed, CEO appointed and TFS operational.</li> <li>• MNRT/FBD assets evaluated and transferred to TFS.</li> <li>• Revenue collected from forest goods and services.</li> <li>• New transport based fees and market-based forest produce pricing systems introduced and operational.</li> <li>• Revenue Tracking System introduced and decentralized at district level.</li> <li>• Total area of forest under Village Land Forest Reserves (VLFRs) or Joint Management Agreements (JMAs).</li> <li>• Number of villages with preparatory or established PFM processes (according to approved guidelines).</li> <li>• Total village forest revenue collected per district per year.</li> <li>• Number of Facilitators trained and implementing PFM.</li> <li>• Up-to-date and reliable forest &amp; ecosystem resource data available for Mainland Tanzania.</li> <li>• Routine Forest &amp; ecosystem data stored and publicly available in central database (NAFOBEDA).</li> <li>• Forest management plans for both protection &amp; production forests updated or revised.</li> <li>• Number and area of Forests set aside and sustainably managed for charcoal production.</li> <li>• Number of projects piloting innovative economic instruments.</li> </ul>
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**Intermediate Outcome Indicators****Component 2**

<ul style="list-style-type: none"><li>Establish a framework for involvement of the private sector in industrial plantation development and management.</li></ul>		<ul style="list-style-type: none"><li>Plantation resource base information available.</li><li>Forest management guidelines revised and approved to reflect benefits and costs of multi-stakeholder arrangements in forest plantation management.</li><li>Number of plantation management agreements in place.</li></ul>
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**Component 3**

<ul style="list-style-type: none"><li>Develop the institutional capacity within the forest sector for coordination, financing, and management of biodiversity conservation interventions within Tanzania's forests in particular in the forests of the Eastern Arc Mountains.</li></ul>	<ul style="list-style-type: none"><li>About 5,350 square kilometers of forest is maintained under protection status and management effectiveness is monitored regularly.</li></ul>	<ul style="list-style-type: none"><li>Increase in capital of the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF).</li><li>Number of grants provided by EAMCEF for biodiversity conservation projects.</li><li>Forest area under protection status (including IUCN categories).</li></ul>
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## **Annex 6: Detailed Description of Project Components**

### **A. Original Project Components and Sub-Components according to the PAD**

**Component One: Supporting institutional change and improving delivery service**, was to assist GOT with the design and establishment of the Tanzania Forest Service (TFS), as a specialized 'executive agency' as defined by the Executive Agencies Act (1997), and consistent with the wider and on-going national program of civil service reform. It was envisaged that the TFS would, among other things, have responsibility for bringing about improvements in the protection and management of natural forests and the development and management of industrial plantations (including promoting private sector involvement). The concept was that an agency with a national mandate would eventually be established. Technical assistance would be provided to work with FBD and the Civil Service Department (CSD) and other relevant government agencies to design the structure and functions of the agency and to draw up the necessary implementation plans and guidelines for establishment of the agency, including the formulation of business and staff recruitment plans. This component would also provide support to build on experience from previous operations, and upon the opportunities posed by the new Forest Policy, and planned legislation. The component would have three sub-components:

Sub-Component 1.1: Establishment of the TFS, focusing on the phased-in introduction of the new executive agency, with clearly defined roles, functions, performance standards, and monitoring. This sub-component would provide resources to manage the change process, to strengthen the capacity for administration and management, to rationalize and to strengthen the capacity for tasks related to policy, planning, and legislation (which would remain with the Ministry), and would support a badly-needed program of investments in infrastructure, including headquarter and field facilities for the TFS.

Sub-component 1.2: Improving service-delivery mechanisms for participatory forest and woodland management, in particular, support for the establishment of Village Forest Reserves, woodland management by individuals and communities and Joint Forest Management, building on experiences piloted in earlier operations. This sub-component, which would focus on facilitating the expansion of community based forest management activities, was envisaged to be supported by the Government of Denmark.

Sub-component 1.3: Improving revenue collection from forests and woodlands, to meet the dual objectives of improving the capacity of the TFS to become self-financing, and of ensuring that revenues are reinvested in forest protection and management at the local level. This component would develop alternative revenue collection mechanisms, and monitoring systems to improve rates of collection.

**Component Two: Private sector involvement in the management of industrial plantations**, would provide resources to develop and implement a framework for the involvement of the private sector in the management of existing industrial plantations as well as to strengthen the potential for the development and management of new plantations. This would include an analysis of the technical and financial feasibility of the industrial plantations with reference to existing and potential markets, as well as, the formulation of steps and guidelines for the private sector's involvement. Multiple mechanisms for the involvement of the private sector would be developed and implemented on a pilot basis, and were expected to include leasing or concession arrangements, joint forest management, and co-management. Consistent with policy, the objective was eventually to introduce fully commercial plantation management, building on information and experience gained through Project activities. There were four sub-components:

Sub-component 2.1: Improving the plantation resource information base and management planning capacity would provide resources to develop the information needed to allow for the

identification and selection of priority sites and for designing pilot activities. It would finance aerial photography, interpretation, mapping, and indicative inventories of around 40,000 ha of state-owned plantations; a rapid socio-economic assessment which identifies key stakeholders, their concerns, and expectations and any mitigating steps which might be needed; the development of a plantation database for management purposes; preparation of basic guidelines to assist plantation management and to establish parameters for monitoring commercial plantation operations; preparation of basic growth and yield tables for key species relying on existing data; preliminary estimates of growing stock and allowable cut; and capacity building of staff in selected areas.

Sub-component 2.2: Strengthening institutional support services for private sector involvement would support the creation of an enabling institutional and market environment for private sector involvement in plantation development and management. It would provide resources for the design and implementation of a communication strategy; the development of an action plan with clear principles and objectives for private sector involvement; strengthening the capacity within MRNT or within the planned forest agency to handle PSI; the development of legal procedures and instruments for tendering to ensure transparency and consistency with GOT guidelines and with social and environmental safeguards; the preparation of model information memoranda, leases, model contracts, and transparent bidding assessment procedures, as well as community and environmental action plans where they are needed; prepare recommendations on an improved log sales system; an action plan for improving forestry taxation and the investment environment for plantation forestry; and study tours and staff training to increase an understanding of the principles surrounding private sector involvement.

Sub-component 2.3: Pilot alternative management of selected industrial plantations. Three pilot activities were envisaged: (a) the development of leasing or concession arrangements for involving the private sector in plantation management; (b) the development of co-management arrangements where responsibility for plantation management is shared between GOT and a partner (for example, a village or a company); and (c) designated community management for a plantation area where responsibilities and control are assumed by a village. The Project would provide resources to establish boundaries of each pilot area, to carry out rapid inventories or aerial surveys as needed, to prepare legal documentation as needed, and to carry out stakeholder surveys and assessments where communities would be involved or otherwise affected by the program.

Sub-component 2.4: Monitoring and evaluation. The Project would place a strong emphasis on the monitoring and evaluation (M&E) of performance under the pilot operations. It would provide resources to establish a mechanism for M&E; to determine performance indicators for the pilot operations; to implement a regular monitoring process which reports against quantitative and qualitative performance indicators; and to provide feedback to MNRT to modify mechanisms and procedures on the basis of results from the pilot operations.

**Component Three: Eastern Arc forests conservation and management**, which was largely to be financed by GEF. The GEF-financed elements of this component were separately appraised. The component would support institutional reform, strategy development, pilot community-based conservation, and the development of sustainable financing for tropical high forest conservation in Tanzania. The component had four sub-components:

Subcomponent 3.1: Institutional reforms for forest biodiversity conservation, in particular of the Eastern Arc forests at central, district and local partnership levels to incorporate specific responsibilities for biodiversity conservation, oversight, monitoring and coordination. Such reforms would be linked with other reforms and institutional restructuring proposed for the forestry sector as a whole, which were to be financed by IDA. The GEF implementing agency for this sub-component would be the Bank;

Sub-component 3.2: Mechanisms for sustainable financing of biodiversity conservation, would be developed including the establishment of the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF). It was envisaged that a pilot endowment trust fund would be established by the Project with GEF resources. The EAMCEF's initial operations and programs would be co-financed by IDA. The GEF implementing agency for this sub-component would be the Bank.

Two additional sub-components to be implemented by the UNDP were complementary to the Bank-implemented activities, and are not formally reported upon in this report:

Subcomponent 3.3: Development and preparation of an integrated Conservation Strategy for the Eastern Arc Mountain Forests using a broad-based participatory process, with a focus on institutional capacity building, and which considers links to other sectoral activities, such as agriculture, water, land, and energy. A wider dialogue on the impacts of sectoral activities on forest biodiversity conservation in the Eastern Arc would be developed amongst the key institutions involved in sectoral activities. Mapping and baseline activities would be undertaken as part of the Strategy development, and would include an assessment of the multiple tenure regimes found in the forests of the Arc. The GEF implementing agency for this sub-component would be UNDP.

Sub-component 3.4: A forest conservation intervention through government and community partnership initiatives which would be undertaken at priority sites in the Uluguru Mountains – one of the most important mountain forest blocks in the Arc. Firm linkages would be established with partners (other donors, NGOs, Community-based organizations, government agencies, etc.) The GEF implementing agency for this sub-component would be UNDP.

**Component Four: Project administration and management.** The Project would finance the costs of administration and management of the Project components, in a manner consistent with World Bank guidance with respect to accounting, financial management, and procurement. This fourth component was *not included in the DCA*.

## **B. Original Project Components and Sub-Components according to the DCA**

The DCA describes a Project with three instead of four components; it does not include a component four Project Administration and Management. It also changed the sequence of sub-components under component one (i.e. 1.2 became 1.3 and *vice versa*); and it excluded sub-components 3.3 and 3.4, since these were to be implemented by the UNDP.

## **C. Revised Project Components according to the June 2006 Restructuring Proposal**

The June 2006 restructuring proposal did not include any changes to the structure of components and sub-components. It proposed to open a window (through TASAF) for financing of community-based forest management under the sub-component 1.2 improving service-delivery mechanisms for participatory forest and woodland management.

## **D. Revised Project Components according to July 2006 First Amendment to the DCA**

The July 2006 First Amendment to the DCA altered and reduced the contents of sub-component 1.3 (equivalent to sub-component 1.2 in the PAD); and created a new fourth Project component:

Revised sub-component 1.3: Improving service-delivery mechanisms for participatory forest and woodland management, including facilitating networking and information sharing, and monitoring activities, through the provision of technical advisory services, training, goods, acquisition of goods and equipment.

**New Component Four: Supporting community-based management of forests and woodland** to accommodate sub-Projects financed through TASAF.

## **E. Revised Project Components according to the June 2007 Restructuring Project Paper**

The 2007 Restructuring Paper introduced Intermediate Outcome Indicators (IOIs) at the sub-component level. The differences with the original components as in the PAD are indicated in *italics*.

**Component One: *Creating an enabling environment for sustainable forest management and improved service delivery***, with *five* instead of three sub-components:

Sub-component 1.1: Establishment of the Tanzania Forest Service, with three IOIs:

- (a) *TFS framework documents approved by the President's Office – Public Service Management (PSM).*
- (b) *TFS establishment order signed, Chief executive Officer (CEO) appointed and TFS operational.*
- (c) *MNRT/FBD assets evaluated and transferred to TFS*

Sub-component 1.2: Improving service delivery mechanisms for participatory forest and woodland, the main *changes* introduced is that the “*Sub-Projects*” would be *financed and implemented through TASAF*, and four IOIs were defined (see also Section 1.9 Other significant changes):

- (a) *50,000 ha of forest under Village Land Forest Reserves (VLFs) or Joint Management Agreements (JMAs).*
- (b) *150 villages with preparatory or established PFM processed.*
- (c) *TSh 50 million village forest revenue collected per district per year.*
- (d) *150 Facilitators trained and implementing PFM.*

Sub-component 1.3: Improving revenue collection from forests and woodlands, with three defined IOIs:

- (a) *TSh 24 billion revenue collected annually from forest goods and services.*
- (b) *New transport based fees and market-based forest produce pricing systems introduced and operational.*
- (c) *Revenue Tracking System introduced and decentralized at district level.*

Sub-component 1.4: Reinforcing capacity of the forest sector to undertake forest and ecosystem inventory, mapping and management planning, a new sub-component with three IOIs:

- (a) *Up-to-date and reliable forest and ecosystem resource data available for 50% of Mainland Tanzania (see also Section 1.9 “Other significant changes”).*
- (b) *Routine forest and ecosystem data stored and publicly available in the National Forestry and Bee Keeping Database (NAFOBEDA).*
- (c) *150,000 ha of forest management plans for production forests updated or revised.*

Sub-component 1.5: Integration of sustainable woodfuel utilization in an overall energy strategy a new sub-component with two IOIs:

- (a) *4,500 ha of forests set aside and sustainably managed for charcoal production.*
- (b) *Five Projects piloting innovative economic instruments.*

**Component Two: *Multi-stakeholder participation in plantation forestry*** with *no* instead of three sub-components, and three IOIs:

- (a) *80,000 ha of plantation resource base information available.*
- (b) *Forest management guidelines revised and approved to reflect benefits and costs of multi-stakeholder arrangements in forest plantation management.*
- (c) *Three plantation management agreements in place.*

**Component Three: *Eastern Arc forests conservation and management***, with two sub-components:

Sub-component 3.1: Eastern Arc Mountains Conservation Endowment Fund, with two IOIs:

- (a) *Increase in capital of the EAMCF to US\$ 11 million.*
- (b) *80 grants provided by EAMCEF for biodiversity conservation Projects.*

Sub-component 3.2: Effective protection and management of selected forests in the Eastern Arc Mountains, with three

- (a) 5,350 km<sup>2</sup> of forest area under protection status.
- (b) 50,000 ha of preparation and pilot implementation of management plans of selected critical watershed forests.
- (c) Derema Corridor Resettlement Action Plan (RAP) implemented (see also Section 1.9 “Other significant changes”).

**Component Four: Project administration and management**, unchanged.

#### **F. Revised Project Components according to August 2007 Second Amendment to the DCA**

Significant differences with the Restructuring Project Paper are in *italics*.

**Component One: Supporting institutional change and improving delivery service**, with three sub-components:

Sub-component 1.1: Establishment of the TFS as a specialized executive agency (etc.) including:

- (a) *Change management in FBD.*
- (b) *Capacity building for administration and management.*
- (c) *Strengthening policy and planning services and capital investment in infrastructure.*

Sub-component 1.2: Improving service delivery mechanisms for participatory forest and woodland, including *facilitating networking and information sharing, and monitoring activities.*

Sub-component 1.3: Improving revenue collection from forests and woodlands, including:

- (a) Improving non-tax revenue administration.
- (b) Redesigning a revenue collection system.
- (c) Centralizing revenue collection and accounting;
- (d) Governance information and social marketing.

Sub-component 1.4: Reinforcing capacity of the forest sector to undertake forest and ecosystem inventory, mapping and management planning.

Sub-component 1.5: Integration of sustainable woodfuel utilization in an overall energy strategy.

**Component Two: Private sector involvement in the management of industrial plantations**, with four sub-components:

Sub-component 2.1: Improving the plantation resource information base and management planning capacity.

Sub-component 2.2: Strengthening institutional support services for private sector involvement.

Sub-component 2.3: Pilot alternative management of selected industrial plantations.

Sub-component 2.4: Monitoring and evaluation

**Component Three: Eastern Arc Forests Conservation and Management**, with *four* sub-components:

Sub-component 3.1: Operating the EAMCEF.

Sub-component 3.2: Strengthening institutional support services for biodiversity conservation.

Sub-component 3.3: Effective protection and management of selected forests in the Eastern Arc Mountains.

Sub-component 3.4: Supporting implementation of the Derema Corridor RAP.

**Component Four: Supporting Community-Based Management of Forests and Woodland.**

## **Annex 7:**

### **Conclusions of the Verification of the Derema Corridor RAP (May 2009) and subsequent GOT action**

- The RAP has been integrated into the Muheza District Development Plan and its delivery is, therefore, now part of the responsibility of the Local Administration beyond the project life.
- The RAP document was translated into Swahili, intensively discussed by the Project Affected People (PAPs) before acceptance and the approval process documented.
- The cash compensation to the PAPs has been duly paid out in compliance with the World Bank's safeguards policies.
- The grievance settling mechanism was easily accessible. As a result of the thorough crop counting process, few complaints were received and they were settled amicably.
- Delays in procuring important equipment (e.g. vehicle and motorcycles) led to higher operational cost in implementing the RAP.
- The implementation of the RAP had been done in a piece-meal manner, focusing initially on cash compensation, while other important activities, such as income and livelihood restoration and M&E have been carried on afterwards.
- Land compensation to the PAPs, which has been an integrated part of the RAP, had not been finalized, by the time of verification. Since May 2009, the following progress has been made:
  - About 921 hectares of farmland in the low lands (formerly owned by the defunct Tanzania Sisal Authority) have been surveyed and demarcated by the Ministry of Lands and Human Settlements Development (MoLHSD) facilitated by the RAP Coordinator, local authority and regional leadership.
  - The District Executive Director officially requested the Commissioner of Lands to revoke the Right of Occupancy of the land in question. This is a necessary step to allow the allocation of land to the affected farmers.
  - Until the land will be distributed to the affected farmers, the Forest and Beekeeping Division has assigned one senior staff at Muheza District to work with the affected farmers, district, provincial and national level institutions, including the local Member of Parliament, to finalize the land compensation. This has facilitated continuous follow up with the MoLHSD and the Ministry of Finance and Economic Affairs.
  - During a meeting with affected farmers in late March 2010 the Board of the Consolidated Holding Corporation (successor of the former Parastatal Sector Reform Commission - in charge of administering former state holdings), recommended that the ownership of the farm should be revoked by the President and distributed to the affected farmers as stipulated in the RAP. The necessary follow-up is currently undertaken by the local MP through the Commissioner for Land at the Ministry for Lands, Housing and Human Settlements.
  - Considering the fact that all relevant parties are now in agreement to allocate the land to the affected farmers, the final decision lies now with the President as the sole authority on land issues. While this process might be lengthy, there is an expectation that the issue can be solved in due time.
- While the Monitoring and Evaluation component of RAP implementation had not yet been conducted by the time of RAP verification, this activity has been carried out subsequently through WWF, with a final report delivered by the time of project closure. The report confirms (i) the implementation of activities for restitution of income capacities and living standards; (ii) ongoing efforts to settle the land allocation as well as (iii) that neither OP 4.10 (Indigenous Peoples) and OP 4.11 (Physical Cultural Resources) were triggered.
- The Derema corridor boundary demarcation has been effected and the gazettelement of the Derema Corridor as a forest reserve is in its final stages.



- The preparation of forest management plans has started involving PAPs to ensure the provision of access and benefit sharing mechanisms. This will take into consideration the demand of PAPs for the implementation of income generating activities, which has been wrongly considered part of the RAP.
- While boundaries for the forest have been demarcated and the majority of people have abstained from returning to the former forest farms, the development and implementation of the management plan is critical to ensure that the forest area is conserved. Providing opportunities to benefit from and actively engage in the protection of the forest, will aid all parties in the long term.

## Annex 8. Summary of Borrower's ICR and Comments on Draft ICR

### A. Summary of Borrower's ICR

The Borrower has prepared a detailed ICR using the Bank's template, which is available in the project files. The following summarizes the main findings and assessment of that ICR:

#### Assessment of the achievement of Project Development Objectives, Outputs and Outcomes

##### *Rationale for Achievement Rating*

The project was implemented since July 2002. It faced many implementation problems. The speed of implementation was very slow initially (2002 – 2004)

Based on the achievements made the project, its Overall implementation performance was rated "Satisfactory"

Factors that have positively contributed to project implementation included:

- The commitment of FBD-TFCMP team and the TFCMP-Task Team to see the success even in the face of constraints and challenges;
- Improved supervision and Task Team competence including the appointment of a forester as a TTL in 2005;
- The reviews which were carried out and use of the feedback to steer the Restructuring exercises
- Joint Development Partner (Denmark, Finland, and Norway) approach to participatory forest management;
- The decision to *incrementally* refocus the project, revise indicators and reorganize activities had a positive impact on project implementation although perceived limitations of the approval processes limited a more comprehensive and holistic restructuring of the project;
- **Improvements** later on in terms Financial management and accounting systems in particular with respect to World Bank and National Audit Office reporting requirements.

The implementation the project was negatively affected by<sup>5</sup>:

- Some components like the establishment of the TFS and private sector involvement in industrial forest plantations did not achieve the desired outputs. The project was over-dependent on the establishment of the TFS at the expense of other project activities and without taking into consideration the risk factors involved. There was weak commitment in the involvement of the private sector in forest plantation management;
- Inadequate project supervision due to frequent changes in leadership in the MNRT which affected continuity of operations and institutional memory on the project. There were also changes on the Bank's side too- TFCMP Task Team leader (TTL);
- Delays caused by other parties including; delays in expected DANIDA support for local level implementation of CBFM and the FAO/NAFORMA project.

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<sup>5</sup> **Moderately Satisfactory:** Project achieved *some of its major* relevant objectives, and has achieved (or is expected to achieve) some satisfactory development results. There were moderate shortcomings in achievement of its objectives.

## **Achievements of project objectives envisaged at planning stage including developmental (Institutional Reform, Forest Conservation and Management) and harmonized national management programs**

- Despite the constraints during implementation, the project has achieved (in some areas even over-achieved) many of the anticipated intermediary outcome targets. For example PFM supported by the Bank and other Development Partners, has reached a total coverage of almost 15 % of the total forest area of the country.
- Instruments and tools to improve the enabling environment for sustainable forest management have been introduced and/or developed, including the Log Tracking, forest control and surveillance as well as the set up of the NAFOBEDA.
- The implementation of the NAFORMA had been delayed and therefore no direct support to the actual field work was provided. However, critical logistical ground works, Institutional arrangements and procurements have been realized under TFCMP, which will ensure that the field work starts in early 2010 and beyond.
- Coordination and monitoring of revenue collection has been made possible because of the system which involves registration for dealing with forest produce, licensing, FSUs, checkpoints and use of Transit Passes. Compliance with the Forest Law and regulations has increased significantly as a result of TFCMP interventions as more people now have licenses allowing them to engage in timber business. This notwithstanding, illegal harvesting of forest products is still persistent owing to inadequate funds to sustain FSUs activities and absence of harvesting plans. Discussion with FSUs staff indicated that while the objective of forming FSUs was to curb illegal harvesting, large amounts of timber and charcoal impounded were wrongly recorded as achievement.

## **Achievement of expected project outputs and outcomes of each component based on the performance indicators data, lessons learnt and synthesis reports.**

### **Supporting Institutional Change and Improving Service Delivery**

- (a) Activities accomplished under the *TFS sub-component* have provided the basis for establishing the new executive agency. The Acting Chief Executive was appointed in November 2009. The TFS Framework Document (FD) (2006) and the TFS Strategic Plan (SP) 2010/2013 are being revised on the basis of the Executive Agencies Act Cap. 245 (Revised edition 2009). The next stage is for the FD and SP documents to be sent for approval by the Chief Secretary (CS) who is the Head of Public Service. The approval by the CS will pave the way for the signing of the establishment order by the Minister for Natural Resources and Tourism after which TFS will be launched. The launching will be followed by the reviewing of the TFS Business Plan 2010/2011. At this stage a substantive TFS Chief Executive Officer (CEO) will be recruited. All this will be completed in time so that the Strategic Plan is operationalized in the July 2010/June 2011 financial year.
- (b) The technical document for the planned Forest Resources and Ecosystem Assessment prepared by FBD has been approved by FAO.
- (c) A wood fuel strategy had been prepared and action plan was being implemented. This is expected to help FBD in advancing the agenda to address the “charcoal/wood fuel challenge”, an important cause of deforestation and land degradation. However, it should be realized that the strategy was a nationwide effort and involves the Ministry of Energy (MoE) as the key player and other stakeholders.

### **Participatory Forest Management**

With the funding available for the ring-fenced forest window under TASAF, local service providers have been hired to assist communities in the formulation of “fundable” sub-projects. The forest area under

Community Based Management and Joint Forest Management has increased to more than 4.1 million hectares in 67 Districts. With the funding available for the ring-fenced forest window under TASAF, and the technical assistance of local service providers, a total 166 sub-projects have been funded, while another 62 have been technically approved and are awaiting financing. In addition, there are 59 sub-projects which have been “deferred” (returned for improvement and re-submission to the project deferred. This was a result of efforts made by both FBD and TASAF staff (agreed upon in November 2008) to increase the number of acceptable sub-projects, as that the project development progress was slow. The total coverage of the program is now about 15% of the total forest area of the country, a target which far exceeds the end of project goal.

### **Progress of the PFM program**

The change of forest management paradigm under new forest policy and legislation has enabled local communities to have more responsibility in forest management under PFM. Based on PFM goals, its progress can be assessed with regard to:

1. Improved forest quality and condition;
2. Enhanced livelihoods; and
3. Improved forestry governance.

#### Improved forest quality and condition

- The progress for this goal can best be measured through research, either by use of permanent forest sample plots established in the forest with baseline established before PFM, or through the use of successive aerial photos or satellite images. Unfortunately very little had been done on this. However, the Tanzania Forestry Research Institute (TAFORI) was spearheading a research component on PFM, and has over the past three years provided quantifiable evidence of forest recovery under various PFM governance models.
- Other useful ecological studies have been done by other research/ training institutions but it seems there is not much horizontal link among forest research centers in the country. Improved networking, e.g. formalized through an annual research seminar, would facilitate the establishment of comprehensive collection of literature on PFM with regard to forest quality and condition.

#### Enhanced livelihood

- Local livelihood enhancement is increased through forest revenues and secured supply of subsistence forest products. It was anticipated that launching of the NAFOBEDA during FY 2006/07 would have acquired information to track progress of this indicator but by the end of TFCMP national-level data had not yet been processed.
- The proportion of household subsistence and cash based income derived from harvesting, processing, marketing and sale of forest products was another outcome indicator under this goal. The target was that by 2010 at least 15% of household subsistence and cash income should be derived from forest products. This indicator was monitored under the household Budget Survey of the National Bureau of Statistics (NBS). No up-to-date data was available which showed the extent to which this had been achieved.
- Tree planting, though not systematically dealt with in PFM, was an important means of supporting the villagers. The districts often provided seedlings and advice to the communities on how and where to establish woodlots on village land. Since tree planting provided opportunities for community benefits, and also added to improvement of the environment, there was scope for including tree planting in the PFM guidelines as one of the important means within PFM for both compensating and adding to the livelihoods of the villages in question. The District Forest Officer (DFO) should therefore include such training in the PFM training programs.

#### Improved forestry governance at village and district levels

- The institutional setting at village level was well set to accommodate good governance in PFM. Each village had a Village Environmental Committee. When PFM was introduced this committee either became the Village Natural Resources Committee (VNRC) or a new VNRC was set up. VNRC was responsible to arrange for law enforcement (e.g. patrolling) and progress reporting on natural resources management issues. The VNRC was answerable to the village government, which is an autonomous organ at village level. For monitoring and evaluation (M&E) purposes, the VNRC was responsible for collecting and summarizing all data and information and for submitting to the DFO who was answerable to the District Land, Natural Resource and Environment Office under the District Executive Director. Monitoring information is submitted directly to the MNRT from DFO whereas progress reports are submitted to PMO-RALG with copy to the MNRT. It, however, appeared that the 'copying' procedure was a too loose link between the Local Government (PMO-RALG) and the line Ministry (MNRT), and this adversely affected effective accountability in forest governance.
- The PFM guidelines had been prepared. A proposal on benefit sharing with regard to Joint Forest Management (JFM) was sent to the Ministry of Finance and Economic Affairs for approval but until the closure of the project the approval was yet to be granted. The proposal suggests a 60% benefit to the government and 40% to the other partner Taking into account The continuous delays on an acceptable sharing mechanism jeopardizes the achievements made so far and planned The sharing formula needs to be seen as a priority issue.

### **Improved Revenue Collection (IRC)**

A performance review in 2006 of the IRC system in 25 districts and Mwanza and Dar es Salaam regions was undertaken by INDUFOR/Ernst & Young. Revenue collection continued to be a serious problem for FBD. The main constraints to improved revenue collection include: (i) inadequate human capacity in revenue collection and law enforcement; (ii) lack of appropriate incentive structures; (iii) lack of clear mechanism for sharing accrued revenue to the District; (iv) retention of resources at FBD.

A proposal to introduce a transport fee based system for charcoal and firewood had been developed and was awaiting formal approval for implementation.

A contract to develop a log sales and pricing system was awarded and expected to provide guidance of revamping price and royalty setting, which in the past had been done centrally with little regard to market supply and demand.

FBD HQ had played its role in coordinating collection of central government revenue from the districts. Collection performance for 2004/05, 2006/07 and 2007/08 were above estimates by 64.5%, 27.3% and 40% respectively. In the 2005/06 and 2008/09 financial years, collections were below estimates by 16% and 34.5% respectively. Collections in the year 2008/09 were significantly less (by 34.5%) than the target because harvesting and operations of forest based industries were closed for almost half of the year.

Coordination and monitoring of revenue collection has been made possible because of the system which involves registration for dealing with forest produce, licensing, Forest Surveillance Units (FSUs), checkpoints and use of Transit Passes. Compliance with the Forest Law and regulations was said to have increased significantly as a result of TFCMP interventions as more people now had licenses allowing them to engage in timber business. This notwithstanding, illegal harvesting of forests product was still persistent owing to inadequate funds to sustain FSUs activities and absence of harvesting plans. Area covered by a unit was way too big and could not be effectively be patrolled owing to the inadequate funding and transport.

### **Eastern Arc Forests Conservation and Management**

The major element of the component was the formation of an Endowment Fund. Increasing the capital of the Fund has been identified as a priority for EAMCEF. The Endowment has realized a decline from a high of USD7.7 million in September 2007 to a low of USD5.8 million in December 2008 due the world financial crisis. The Fund has started to recover and has recorded USD 7.2 million in September 2009.

Efforts at specific fund raising opportunities have been mixed. The Trust successfully negotiated a corporate partnership with Unilever PLC who has committed to contribute ₦250,000 into the endowment through a specific window to support projects in the Mufindi Forest area. The Trust has also received a positive response to proposals to the Norwegian Embassy to provide budgetary support to cover its operations and grant program starting January 2010. Additionally, EAMCEF has secured commitment from the GOT to be included in the MNRT Ministerial budget for three years beginning July 2010.

The proposal to launch a joint fund raising program through the Critical Ecosystems Partnership Fund (CEPF) has not been successful. EAMCEF is also seeking to engage a professional fund raiser on a commission basis to help raise funds. The mission recommends that EAMCEF concentrates all its efforts on this key priority with special attention to bi-lateral donors who in the current economic climate may be the most promising partners for additional funding. )

The four Key Performance Indicators for this component were achieved as shown in the following table:

**Table 1: Status of Achievement of performance indicators for EAMCEF**

Key Performance Indicator	Status
EAMCEF is established and is fully functional by June 2005	EAMCEF established and fully functional by October 2005
9 Benchmark and indicators for the GEF capital endowment attained by 2007	All attained by March 2007
At least 20 field projects funded by December 2009	49 projects funded by March 2009
Endowment Capital increased to USD 8.5 by December 2009	Endowment reached USD 7,229,698.00 by September 2009

After the closure of TFCMP on 31<sup>st</sup> December 2009, EAMCEF has been operating using proceeds from the invested Endowment Capital. Assets procured under TFCMP (transport, some furniture, office machines and equipment) have been transferred to EAMCEF to enable it to continue carrying out its planned activities.

Secondly like when it was under TFCMP, EAMCEF will continue to enjoy VAT exemptions since it is a not-for –profit organization. The component has been able to establish operational structures, arrangements as well as strong stakeholder commitment for the achievement of the Global Environmental Objectives which are Institution reform for forest biodiversity conservation and Mechanism for sustainable financing of biodiversity conservation.

There is a need to change the strategy to fund raising. It has been recommended that EAMCEF should concentrate all its efforts on fund raising with special attention to bi-lateral donors who in the current economic climate may be the most promising partners for additional funding.

The Fund should also ensure there is a forum for the Funds stakeholders to meet and share experiences. Further the Fund should train and encourage village based proposals. Projects based on such proposals will not only be more efficient, effective and sustainable but also cheap as there will be savings on fuel that could have been used by a proposal writer from outside the village

### **Derema Corridor Biodiversity Conservation**

The Implementation of the Resettlement Action Plan (RAP) for the Derema Corridor is almost complete. Most of key activities (Implemented through WWF such as RAP have been completed (the title of the report provided in Reference list). The cash compensation part of the RAP has been successfully completed, with 100% of the payments disbursed. WWF was contracted to undertake a Participatory M&E for the RAP and have submitted a final report. Land compensation to Project Affected Persons under RAP for the Derema Corridor is yet to be finalized although some significant progress on the issue

has been made. About 921 ha of farmland in the low lands have been surveyed and demarcated by the Ministry of Lands and Human Settlements Development thanks to the efforts of the RAP Coordinator, the local authorities and the regional leadership. This land (formerly owned by the defunct Tanzania Sisal Authority) has not yet been allocated to the PAPs. The District Executive Director for Muheza has sent a letter to the Commissioner of Lands in the Ministry of Lands, Housing and Human Settlements Development proposing revocation of right of Occupancy of the land in question.

The MP for Muheza, WWF and MNRT's RAP coordinator joined forces to finalize the land compensation issue. They took the issue with the Ministry of Lands, Housing and Human Settlements Development and the Ministry of Finance and Economic Affairs so that the land compensation part of RAP would be concluded by December 2009. However until the closure of the project (31<sup>st</sup> December 2009) the land allocation to the PAPs was not yet concluded.

### **Monitoring and Evaluation**

A Results Framework (RF) with clear measurable indicators was developed much later during the project implementation. It is also aligned with the approved National Forestry and Beekeeping Database (NAFOBEDA).

Updating the RF has not been done routinely to ensure that the project has sufficient data as evidence for the achievements of the project against its PDO.

NAFOBEDA is now in place, but not yet operational at all levels of FBD. This is supposed to work at local government level also. A total of 300 employees from both central and 67 district councils and plantations have been trained in the use of NAFOBEDA system. In addition the project has also trained a number of NGOs and private sector. What needs to be done now is to update the system, retrain the users and deal with the virus that had proved a serious problem. With respect to the list of indicators, which can be generated by NAFOBEDA, the majority of performance indicators (including those being tracked under this project) are not yet entered into NAFOBEDA and therefore not available electronically. Currently only data from PFM is being entered.

FBD needs to make NAFOBEDA functional at all levels by (i) improving capacity to maintain the database, (ii) entering readily available data (with the help of an IT capable staff) and (iii) assign additional staff to enter existing data and update the database at least twice a year (iv) monitoring and evaluations. This would ensure that all data collected by FBD is kept in a central location, is analyzed and used for policy making decisions. Moreover, once updated and maintained NAFOBEDA should be linked to the NBS thus making the database available and accessible to the general public.

### **Private Sector Involvement (PSI)**

National Plantation Forest Reserves' inventory which covered 80,000 ha was completed in December 2008. This created a useful Plantation Information Resource base and an inventory system to serve as a baseline for future resources assessment under NAFORMA. Management Plans for all 15 government plantation forest reserves have also been updated providing the critical basis for the involvement of the private sector in the management of public forest plantations and a sound economic base to kick start the TFS. The progress on this component with respect to Management Concessions and Public Private Partnership had been stalled by the delay in putting in place a National Forestry Advisory Committee (NaFAC) which is legally charged with the role of advising on the issuance of the concessions and Joint Management Agreements. Members to the NaFAC have recently (November 2009) been appointed which was a step towards instituting PSI in management of State owned Plantation Forests.

There is high enthusiasm among local stakeholders and they seem to be possessive as they do not want the plantations they depended on to fall into hands that would jeopardize their livelihoods. In Sao Hill the small dealers feared that they might miss out in the privatization process in favor of the big dealers. In Kiwira plantation the local NGOs and dealers should be given priority in the joint management venture. There is good progress in planning and management with TFCMP support in the Sao Hill and Kiwira

Plantations, despite existing constraints, such as lack of market based pricing and marketing mechanisms as well as access to quality seeds, to improve and diversify the current stock.

The project made some progress in involving the private sector, for example for the Kiwira plantation a memorandum of understanding has been established to facilitate the participation of the surrounding communities. These communities are quite enthusiastic and they already engage in the opportunities for community plantation management (through tending operations, fire fighting, fire patrols, thinning etc.). However there was a risk that the current achievements might not be sustainable if the management contract agreements with the government which spells out the benefits accruing to the communities continue to be delayed. The trust and enthusiasm among the private sector operators as waning and this was detrimental to efforts to involve the Private sector in Management and development of public forest plantations.

### **Assessment of impact of project intervention on the national and local institutional development**

The project had institutional change as its major focus in the original project design. It should have started with the establishment and strengthening of TFS. The realization of this became problematic and despite promises official inauguration continued to be elusive time and again. The focus then shifted to actual management and conservation of Tanzania's forests hence the 2007 restructuring Project Paper stipulates that to deliver on improving enabling environment for sector Reform through strengthening existing and promoting new tools for sustainable forest management.

- The support to and formation of JFM and CBFM.
- Involvement of the Private sector and the community in public plantation forest management.
- Formation of village land forest Reserves through TASAF
- Preparation of a series of manuals and guidelines (including management plans)
- The establishment of the EAMCEF for the management and conservation of the Eastern Arc Mountains.
- The project also leaves behind an important institutional landmark in the Mpingo house which was supposed to house TFS but is now occupied by MNRT with promises that it will be relinquished to the former upon its official inauguration. In addition there was the DEREMA corridor RAP which the project took over upon request by the government
- In their review of the impacts of PFM in the Eastern Arc Mountains forests of eastern Tanzania, Vyamana *et al.*, (2008) established that by laws established for JFM in Change village, Morogoro district appear to have been applied within the forest area under joint management but no similar management practices were introduced into other forests on village land. The net result of this is simply a displacement of harvesting from one area of forest to another.

The establishment of the TFS was a central element of the project design. Unfortunately the establishment of TFS was much delayed and became increasingly uncertain. The delay and uncertainty prompted a refocus in 2007 on "to deliver on improving enabling environment for sector reform through strengthening existing and promoting new tools for sustainable forest management". The "new tools for sustainable forest management" referred to CBFM and JFM of natural forests and woodlands; while in relation to plantation forest management the original focus on private sector involvement widened to also include community involvement. These are institutional changes at the field or forest level. Here TFCMP had two types of distinct impacts: (i) direct, for instance through inventories of GOT owned forest plantations, and the formation of village land forest reserves through TASAF; and (ii) indirect, for instance through the preparation of a series of manuals and guidelines. Other institutional changes included the instruments and tools to improve the enabling environment for sustainable forest management that were in place by the closure of the project in December 2009. These include the Log Tracking, forest control and surveillance as well as the setting up of NAFOBEDA and the National Forest Resources Monitoring and Assessment (NAFORMA)



Towards the end of the project an Acting CEO for the TFS was appointed and she will preside over the activities that will see to it that TFS is operational starting FY 2010/11. Among others the Acting CEO is expected to undertake the following activities (i) updating all TFS establishment documents (ii) process approval of the Framework Document and Strategic Plan documents (iii) Gazettement of TFS (iv) Launching of TFS (v) Review TFS business Plan for Financial Year 2010/2011 and (vi) complete the Assignment of Financial Management and Accounting Systems (FMAS) and training of Accounts Staff. The recruitment of the substantive CEO will then follow. The substantive CEO will facilitate the recruitment of directors and determine other staff levels. It was planned that the foregoing will be achieved in time for the TFS to be operational in Financial Year 2010/2011. This shows that moderately satisfactory achievements have been made in these respects. With regards to the Eastern Arc Mountains, the project successfully established the Endowment Fund and hence enhanced the respective institutional conservation and management mechanisms. The Progress is assessed as being satisfactory.

**Other useful outcomes of the project included the following**

- The Derema Corridor RAP was included in the project at the request of GOT to fulfill commitments made under a different non Bank operation.
- The office building constructed for the TFS (Mpingo House located in Ivory Room), which has in the absence of TFS been occupied by MNRT and its all departments. The building will be handed over to TFS upon its launching in the first half of 2010.

## **B. Borrower's Comments on draft ICR**

This is to acknowledge the World Bank ICRR, and inform The World Bank that; the Management Meeting of the Ministry of Natural Resources and Tourism(MNRT), on its extra ordinary meeting held on the 14th June 2010, and based on both the Government ICRR and the World Bank ICRR have principally agreed with the World Bank ratings and observations. However, the Management of MNRT is of the opinion that:

1. The overall rating for TFCMP Could be upgraded to *Moderately Satisfactory* from the Current *Moderately Unsatisfactory*, this is due to the fact that the Tanzania Forest Service is already established since April 2010, the acting Chief Executive Officer is in Place and the TFS budget will be tabled as part of MNRT budget at the Parliament this month of June 2010, to be followed by Launching.

2. Implementing Agencies such, as TASAF and EAMCEF could be considered separately in the process of rating and could be rated at a rate they deserve without the influence of overall TFCMP rating, hence could get a higher rate than *Moderately Unsatisfactory* they are having now under the Bank's ICRR.

The Ministry argues the World Bank to consider this together with other arguments contained in the GOT-ICRR.

Regards,  
Gerald Jones Kamwenda  
For: Permanent Secretary

## **Annex 9. List of Supporting Documents**

### **World Bank Documents**

#### ***Project Concept, Appraisal, Restructuring and Review Documents***

Project Concept Document, TFCMP, April 7, 2000.  
Project Appraisal Document, TFCMP, Report No. 22743-TA, January 25, 2002.  
Mid-Term Review Report, TFCMP, September/October 2006.  
Project Paper on a Proposed Restructuring of TFCMP, June 29, 2007  
Verification of the Resettlement Action Plan for the Derema Corridor, May 2009.

#### ***IDA Development Credit Agreement and Amendments to the Agreement***

Development Credit Agreement, TFCMP, Credit 3604 TA, March 13, 2002.  
(First) Amendment to the DCA, TFCMP, Credit 3604 TA, July 18, 2006.  
(Second) Amendment to the DCA, TFCMP, Credit 3604 TA, August 6, 2007.  
(Third) Amendment to the DCA, TFCMP, Credit 3604 TA, August 21, 2009.

#### ***Minutes of QER and Decision Meetings***

Minutes of the TFCMP Concept Review Meeting, April 20, 2000.  
Minutes of the TFCMP Decision Meeting for Appraisal, September 27, 2001.  
Minutes of the TFCMP Supervision Quality Enhancement Review (QER), April 18 – 19, 2006.

#### ***Aide Memoires***

Aide Memoire, TFCMP Pre-appraisal Mission, January 29 – February 16, 2000.  
Aide Memoire, TFCMP Appraisal Mission, October 8 – 17, 2001.  
Aide Memoire, TFCMP Launch Mission, 23 – 29 June, 2002.  
Aide Memoire, TFCMP Supervision Mission, January 26 – February 21, 2003.  
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Aide Memoire, TFCMP Supervision Mission, May 31 – June 18, 2004.  
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Aide Memoire, TFCMP Mid-Term Review Mission, September 25 – October 3, 2006.  
Aide Memoire, TFCMP, Supervision Mission, September 24 – 29, 2007.  
Aide Memoire, TFCMP Supervision Support Mission, June 16 – July 4, 2008.  
Aide Memoire, TFCMP Implementation Support Mission, June 1 – 11, 2009  
Aide Memoire, TFCMP Final Implementation Support Mission, November 9 – 13, 2009

#### ***Implementation Status and Results Reports***

ISRR # 1, May 13, 2002  
ISRR # 2, December 23, 2002.  
ISRR # 3, May 25, 2003  
ISRR # 4, November 26, 2003  
ISRR # 5, May 28, 2004  
ISRR # 6, December 15, 2004  
ISRR # 7, June 29, 2005  
ISRR # 8, December 19, 2005  
ISRR # 9, June 18, 2006  
ISRR # 10, June 29, 2006  
ISRR # 11, December 19, 2006  
ISRR # 12, June 29, 2007  
ISRR # 13, November 6, 2007  
ISRR # 14, December 13, 2007  
ISRR # 15, May 22, 2008  
ISRR # 16, November 24, 2008.  
ISRR # 17, May 24, 2009

ISRR # 18, July 11, 2009  
ISRR # 19, November 18, 2009

***Other relevant World Bank Documents***

Environmental crisis or sustainable development opportunity? Transforming the charcoal sector in Tanzania, a Policy Note, May 2009.

**GEF Documents**

Project Brief, EAFCMP, 2001.  
Project Appraisal Document, EAFCMP, Report No. 23901-TA, May 28, 2003.  
Trust Fund Grant Agreement, EAFCMP, Grant No. May 2003

**FBD/MNRT Documents**

***Manuals and Guidelines and Plans prepared for TFCMP or with TFCMP support***

TFCMP Project Implementation Manual, October 2001  
Business Analysis, the Tanzania Forest Service (TFS), July 2003  
Tanzania Forest Service Framework Document, June 2006.  
Tanzania Forest Service Strategic Plan July 2006 – June 2011, June 2006.  
The Tanzania Forest Service Establishment Order, 2006 (not signed).  
Resettlement Action Plan for farm plots displaced for biodiversity conservation in the Derema Forest Corridor, September 2006.  
The Framework and Guidelines for Evaluating and Awarding Forest Concessions in Tanzania. September 2006. MNRT-FBD.  
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Guidelines for Preparation of Management Plans for Natural Forests in Tanzania (a Synthesis Guide for Forest Managers). December 2007. MNRT-FBD.  
Participatory Forest Management Legal Guidelines. Undated (2007 or 2008) Folder. MNRT-FBD.

***TFCMP Consultancy Reports***

National Training Programme for Sustainable Forestry and Beekeeping Management. Draft TFCMP Consultancy Report, September 2003. R.C. Ishengoma.  
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National Forest and Beekeeping Programme Monitoring Database, NAFOBEDA Version 2.8, Monitoring Manual – Monitoring Procedures. TFCMP Consultancy Report, December 2006. COWI Tanzania Consulting Engineers.  
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Final TFCMP Consultancy Report, June 2008 (Helsinki). Indofur in consortium with the Institute of Resource Assessment, University of Dar es Salaam.  
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Performance Report – October to December 2007. TFCMP Quarterly Report. January 2008.  
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TASAF - TFCMP, Participatory Forest Management Component Implementation Status “January-March 2008”. Progress Report for the Third Quarter (January – March 2008). June 2008.

#### ***Other relevant FBD/MNRT documents***

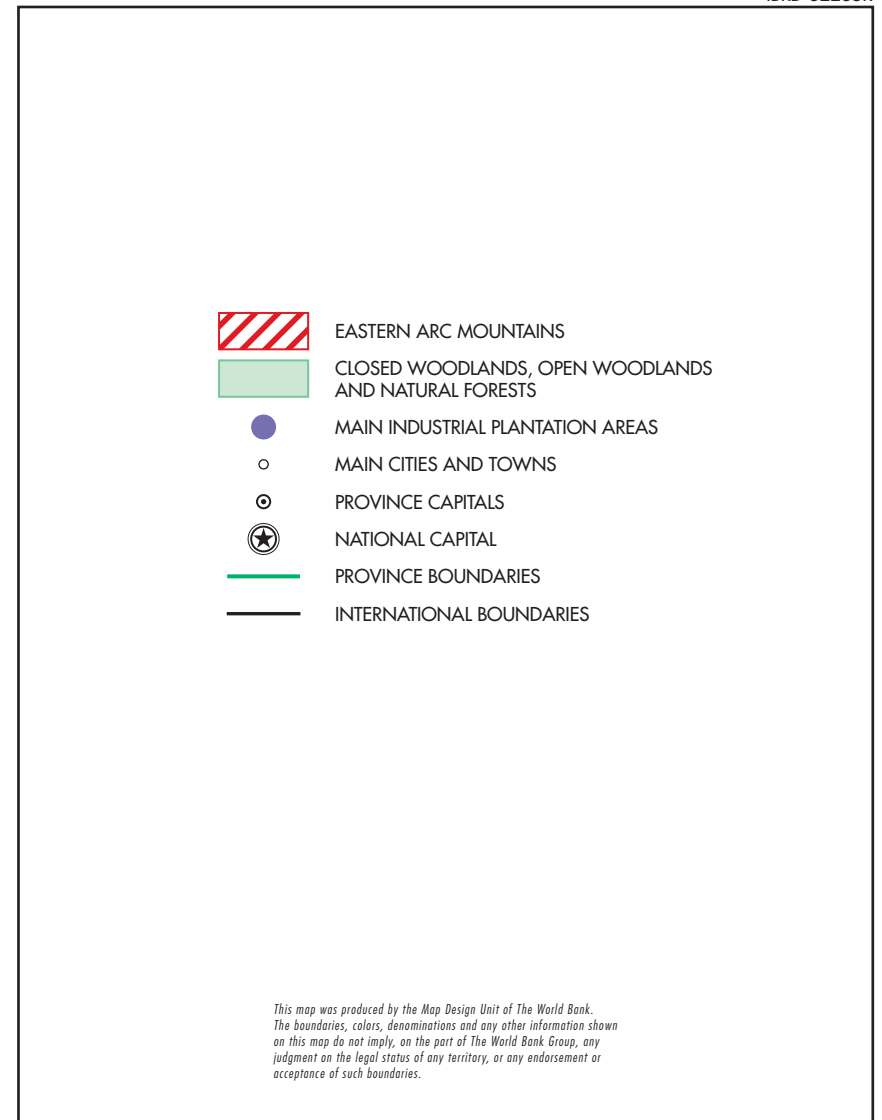
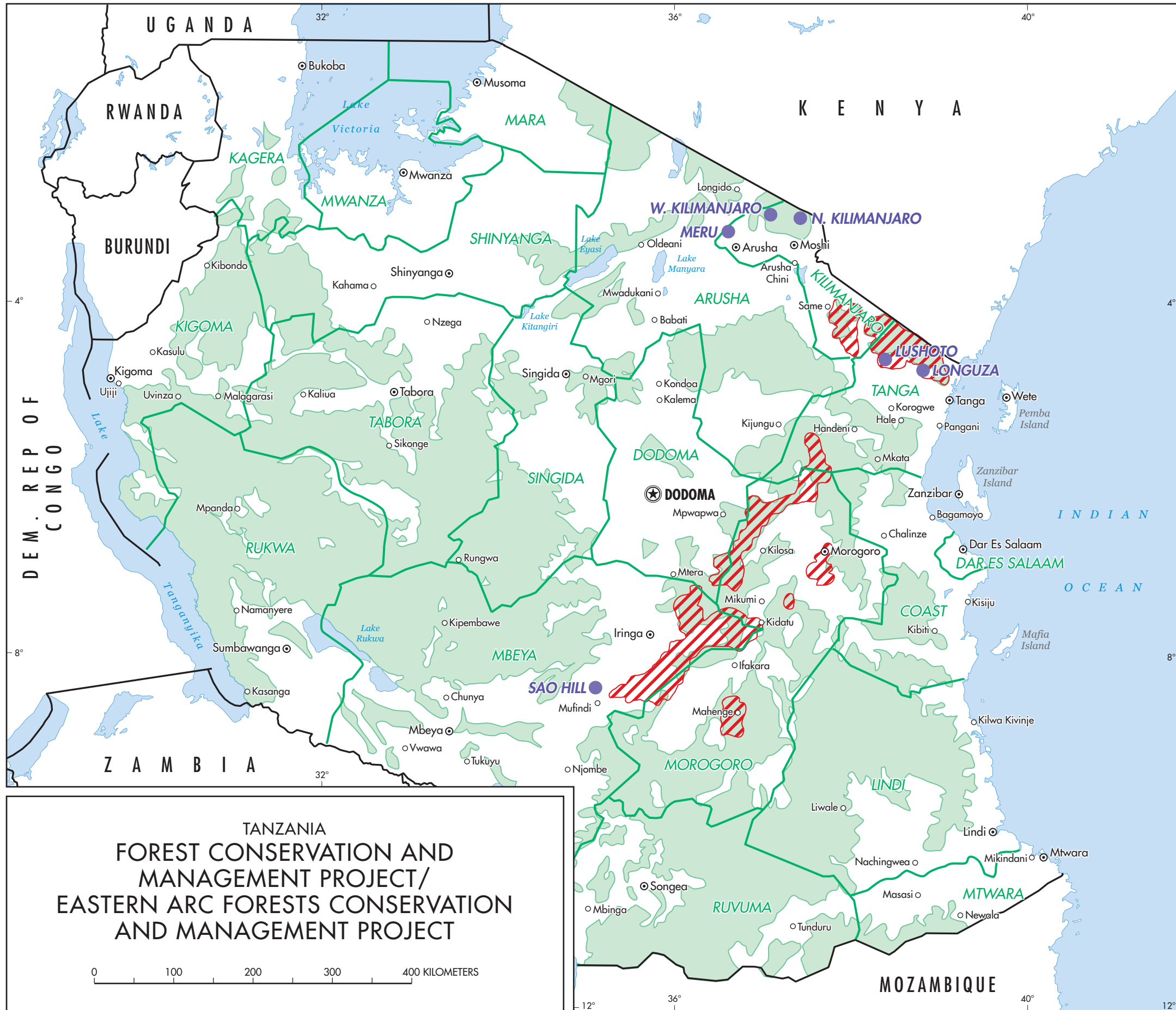
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Forestry, Governance and National development: Lessons learned from a logging boom in Southern Tanzania. Prepared by Simon Milledge, Ised Gelvas and Antje Ahrends in 2006.  
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Participatory Forest Management in Tanzania: 1993 – 2009, Lessons learned from experience to date. Prepared by Tom Blomley and Sai Iddi, September 2009.

#### **Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) Documents**

EAMCEF Financial, Operations and Management Manual, October 2001 (Annex 5 to TFCMP PIM)  
Guidelines for Local Advisory Committees. November 2005. EAMCEF.  
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1<sup>st</sup> Quarter Progress Report, FY 2007/2008 (July-September 2007). September 2007. EAMCEF.  
3<sup>rd</sup> Quarter Workplan & Budget, FY 2007/08 (January-March 2008). December 2007. EAMCEF  
2<sup>nd</sup> Quarter Progress Report, FY 2007/2008 (October-December 2007). January 2008. EAMCEF.  
Fundraising Framework. March 2008. EAMCEF.  
Guidelines for Preparation of Project Proposals and Procedures for Making Grants, May 2008.  
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Value for Money Audit Participatory Forest Management and Sustainable Wetlands Management, Draft Final report prepared in September 2009, by Ernst & Young, for the Royal Danish Embassy.  
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