

The Role of the World Bank in the Forestry Sector in Tanzania: A case of Sao Hill Plantation Forest, 1960-2010.

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Abstract

The International community has been one of the key stakeholders in policy making for both plantation and natural forests in Tanzania. These international efforts have been through UN agencies, World Bank, FAO, and sometimes independent developed countries through bilateral cooperation. The World Bank specifically has unwaveringly “assisted” Tanzania by funding the forestry sector. In essence, the international community has influenced the management culture of forestry in Tanzania since independence. This paper uses Sao Hill plantation forests of Tanzania to map out the role of the World Bank in the forestry sector between 1960 and 2000. Through the use of archival sources, and interviews with few officials who served during the expansion of the forest; it is shown that the current structure and size of the Sao Hill forest bears a lot from the influence of the World Bank.

Introduction and Historiographical note

While many African countries have been critical of the international organs of funding - the World Bank and the International Monetary Fund (IMF) - by deeming them agencies of neo-colonialism, there are areas in which the funding organs deserve credit. Despite hefty criticisms of international aid by many African countries, Tanzania was once one of the major recipients of aid from the international community. The kind of socialism in Tanzania – *ujamaa* - was in some cases precisely what attracted aid to different projects, because after independence in December 1961 the country became one of the ‘darlings’ of the international aid community (Edwards 2012). The donor countries, especially the Nordic thought that Tanzania’s socialism would bring development and equality. The country was one of the recipients of the highest levels of foreign aid in the world between 1962 and 1983 (Hyden and Mukandala, 1999).

The dependence on development assistance in funding was not limited to the plantation forest sector alone, however. It was no wonder that the Sao Hill plantation forest, the biggest one in Tanzania with-135,903 Hectares- owned solely by the state, was one of the projects which benefited from this foreign aid – especially from the World Bank, which provided the loans for two tenures (1976 and 1982). The provision of these loans by the World Bank between 1976 and 1982, a period of economic crisis in the country, ensured the survival of the plantation forest (Legu and Mmari 1995, Havnevik 1987, Havnevik and Isinika 2010, Onimode 1989). The objective of this article, therefore, was to explore historically the role of the World Bank in the forestry sector of Tanzania by taking

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Sao Hill forest as case study. Sao Hill forest was chosen as it is the biggest plantation forestry in Tanzania (Kangalawe, 2018).

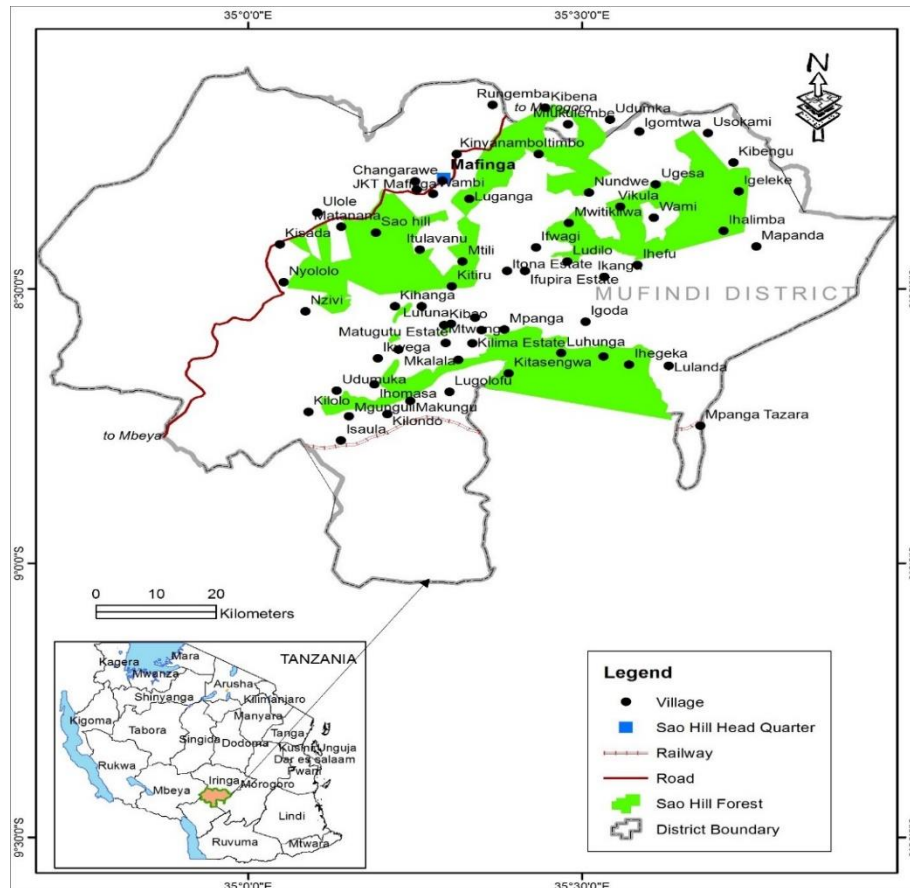


Figure 1: Map of Mufindi district showing the coverage of Sao Hill Forest with boundaries based on 1976 government gazette which was as per World Bank’s requirements for loan qualification.¹

This article, by and large, goes against the wind as these big financial institutions (World Bank and the International Monetary Fund) have received hefty criticism from the developing countries (Toussaint 2008, Havnevik 1987). The article acknowledges that despite being a recipient of loans from these Bretton Woods institutions, Tanzania has experienced bad relationship with the Bretton Woods. For instance, in the late 1970s, McNamara – the World Bank president between 1969 and 1978 – reassessed his previous optimism about Tanzanian President Julius Nyerere’s socialist economic policies when he confronted with

¹ Source: GIS (Geographical Information Systems), University of Dar es Salaam, June 2017.

data showing that the country's economy was in shambles (Sharma, 2017). The response of Tanzania was that the World Bank was in "serious interference in government affairs" as it elevated itself to be an institution which was "a world planning authority supplanting national efforts" (Ibid). According to Nyerere's government, aid from the World Bank and IMF were threatening the country's independence and sovereignty and indeed, Nyerere saw them as agents of neo colonialism geared at destroying the country's chosen socialist path - *ujamaa* (Hyden and Mukandala 1999). Despite all these conflicts of interest between Tanzania and the World Bank, Tanzania applied for loans for different projects as hereunder explained by using the forest sector at the Sao Hill plantation forestry. See figure one:

Research Methodology

The data for this article were obtained through archival sources and interviews. The archival sources were obtained from the Tanzania National Archive – Dar es Salaam and at Sao Hill Forest Plantation Headquarters in Mufindi district in 2017. Interviews were administered in Mufindi district and in Dar es Salaam region between 2016 and 2017. The interviewees were selected purposefully based on the role they played during the period of applying for the loan to the World Bank and they utilized the money to expand the Sao Hill forest. These data were collected as part of the main project of doctoral thesis entitled "Plantation History in Tanzania: A History of Sao Hill Forests, 1939-2015" (Kangalawe, 2018). The data obtained were analyzed qualitatively to develop the background of the World Bank loan to plantation forestry with a focus on the case of Sao Hill forests. The year 1960 was selected to justify the years when the plantation forestry in Mufindi was mooted while 2000 refers to the year when final assessments of the output of the World Bank loan was done.

The World Bank loan for Sao Hill forest expansion, 1976 -1982

Tanzania applied for a loan from the World Bank in 1975 for an expansion of the Sao Hill forest. The loan agreement was signed on 12 July 1976 in Washington D.C., worth US\$7, 000, 000 and was estimated to be sufficient to develop 15, 750 hectares (World Bank, 1976). That was almost a quarter of the postulated 50, 000 hectares for the pulp and paper mill. The implementation of the agreement began in October the same year (World Bank, 1976). The agreement was conceivably delayed because its sub-sections were too demanding. The borrower on that agreement (Tanzania) was obliged to carry out the project with due diligence and efficiency in conformity with sound forestry professionalism, financial and administrative practices. Furthermore, the borrower was required to provide promptly the needed funds, facilities, services and other resources required for the purpose (Ibid).

The loan from the World Bank for afforestation, however, was not a new phenomenon in Tanzania and in Africa at large in the post-colonial period. The World Bank financed many agricultural projects in Africa after independence.

Some countries, however, got World Bank aid even before independence; for example, in 1950 the World Bank financed Malawi's colonial government to develop the Viphya plantation forest. In 1978 the World Bank, in collaboration with Belgium and France, financed Burundi to establish a plantation forest. In 1979 Nigeria got World Bank support to develop plantation forests (Jacovelli, 2014). Moreover, the World Bank was not the only international agency that financed afforestation in Africa, but the Commonwealth Development Corporation (CDC) also assisted in developing the forest sector in Swaziland at Usutu Pulp Co. (1950), in Tanzania at Tanganyika Wattle Co. (1949) and in Zambia at State Copper belt forest (1967) (Ibid). In the Tanzanian context, especially in the forest sector, the World Bank was applauded because it largely eliminated mediocre management in the Sao Hill forest by, for example, insisting that employees be vetted by both the World Bank and the Forest Division. For this reason, the new employees after the World Bank loan had international credentials. The World Bank wanted to ensure that the output from Sao Hill forest received an international recognition too. The positions which were affected by the World Bank conditions were those of the project manager, financial controller, a silviculturist and the forest mechanical engineer. One of the World Bank loan conditions is worth quoting:

“The borrower shall employ, after consultation with the Bank, and until the completion of the project, a project manager, financial controller, a silviculturist/forest economic and roads/mechanical engineer to be employed by 15.11.1976”.²

Before the disbursement of the World Bank fund in 1976, there were already activities on the ground. However, getting labourers for the Sao Hill forest before the disbursement of the World Bank loan was difficult, especially during the start of rainfall in December. The Sao Hill Forest managers sometimes resorted to the use of the National Service School recruits based at Mafinga town. The manager's letter to the Headmaster of the school attests to this:

“I am proud to let you know that the Sao Hill Plantation Forest has expanded its yearly planting acreage from 800 to 3 300. [...] therefore, it is the aim of this letter to let me know the probability of securing your strong youths at your school to assist in planting trees in early December, this year, when the rainfall starts as you know trees have to be planted with first rains.”³

The World Bank, however, demanded many reports before disbursing the money for the first phase in the Sao Hill plantation forest. One of the reports needed was that on water studies at Kigogo and Ruaha rivers. The Kigogo and Ruaha rivers were close to the site for Southern Paper Mills (SPM). The World Bank wanted to know the water flow, as this was an important element in the development of the

² Interview with Modest Mtuy, Ubungo-Oil Com, Dar es Salaam, 20.5.2016.

³ TNA, Manager Sao Hill Forest, 14.11.1975 to Headmaster National Service Army School, Acc. No. 604, File No. FD/33/23/ VOL. II: Afforestation Scheme: Sao Hill.

paper and pulp mill.⁴ The World Bank, despite the delays, signed an agreement on 12 July 1976 to give Tanzania a loan for expanding the Sao Hill forest acreage. The loan became effective on 12 October 1976 and as a consequence of the delay only nursery and fire protection could be undertaken during the first quarter of the loan implementation period. Activities like purchase of materials, engagement of labour and other project expenditures had to be postponed.⁵ At the level of the ministry (Ministry of Natural Resources and Tourism in Tanzania), the Director of Forests department formed a special task force to deal with the implementation of the conditions of the World Bank to secure the loan and comply with the plan set by the World Bank. The task force aimed at advising the ministry on the best ways of running the Sao Hill forest during the implementation of the World Bank loan. Furthermore, the task force aimed at acting as an immediate mediator to deal with problems related to the loan implementation period. The task force was required by the forest director to provide a detailed report on the implementation of the loan every three months.⁶

The World Bank insisted on the use of improved seedlings too at Sao Hill forest during the implementation of its loan. The agreement read “there shall be use of best seedlings so as to ensure best output”. The best seedlings were requested from Lushoto, in Tanga region. Lushoto had the best arboretum for exotic trees in Tanzania, as it was established during the German period and was well developed by the British colonial government too.⁷

The 1976/1977 Sao Hill report revealed some problems which the first phase of the World Bank loan faced at its inception. Some of them were that the key personnel, which included the plantation specialist and the financial controller, arrived late in November 1976; the late deployment of key personnel meant a slow start on project execution. The situation was further aggravated by the absence of the project engineer throughout the year. Despite these drawbacks the project succeeded in planting 1, 106 hectares. However, the seedlings planted between July 1976 and June 1977 were naked rooted, because the World Bank funds were disbursed late. The use of polythene tubes started in 1978.⁸ The introduction of polythene tubes raised hopes on reducing expenses on replanting up. The project used only 4, 300, 000 million shillings out of 12, 500, 000 million allocated for the year. The low level of expenditure was the result of delays in procurement of equipment and vehicles, a shortage of building materials which

⁴ TNA, Forest Project Officer Mufindi, “Water Studies at Kigogo/Ruaha Rivers, 2/February/1976 to General Manager, NDC, Dar es Salaam, Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

⁵ TNA, Sao Hill Forest Project, Mafinga, “Annual Report 1st July 1976 to 30th June 1977”, Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

⁶ TNA, The Director of Forests Division, Dar es Salaam, “Task Force for Sao Hill Project” to Manager Sao Hill Project- Mafinga, 9/10/, 1976, Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

⁷ TNA, Forest Officer-Research, Mufindi, “A Tour for Fetching Seedlings” to Manager Sao Hill Project-Mafinga, 6/11/, 1976, Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

⁸ TNA, Sao Hill Forest Project, Mafinga, “Annual Report 1st July 1976 to 30th June 1977”, Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

held up the building programme, non-execution of the water study, and the problem of weeding as it was not stipulated in the agreements. Certain costs such as local staff salaries and expatriates' salaries could not be attributed to the project because of the accounting system within the ministry. Practically, it was noted that almost every operation was affected by the lack of equipment and vehicles, together with staffing difficulties.⁹ In November 1976 a fire affected 93 hectares planted in 1960, 1961, 1962 and 1963. Of these hectares, 72 were scorched and 21 hectares were burned completely. There were more than five fires which erupted in this period, but they were successfully contained and prevented from entering in the plantation.¹⁰ The 1979/1980 report brought to light many things which transpired in the Sao Hill plantation during the final years of implementation of the first phase of the World Bank loan. In the period 1979/1980 Tanzania started experiencing the effects of the economic crisis caused by the oil shock, the Uganda – Tanzania War (1978-1979) and the decline of agriculture, the main foreign exchange earner at the time (Havnevik, 1987).

The World Bank and fire control systems in Sao Hill forest

The 1976 World Bank loan proposed new ways of dealing with fire outbreaks in the Sao Hill plantation forestry when it endorsed its loan to Tanzania. The World Bank assessed the fire control systems before introducing the new approaches. The Sao Hill forest before the World Bank loan used to place fire breaks of 34 to 40 metres wide. The World Bank reversed that habit by arguing that this distance could not provide security for spot fires during the high wind speeds which were experienced at Sao Hill between September and November. Furthermore, the 34 to 40 metre fire breaks were reported to be too wide and, indeed, were expensive to maintain.

The World Bank recommended that the minor fire breaks of 30 m wide be planted with trees up to the road side. The sides of the fire breaks which were adjacent to the roads were cultivated and ploughed instead of being an open space. The World Bank instructed the Sao Hill plantation forest that the major fire breaks of 40 metre wide be planted with trees of *Pinus Kyasya* species. The World Bank argued that effective fire control did not depend on the width of the fire lines, but on getting highly trained gangs to deal with fire outbreaks in the shortest possible time. They also insisted that the firebreaks be readily passable throughout the year.¹¹ The Sao Hill project was advised to use 20 to 30 trained people on fire protection in both *Pinus Patula* and *Pinus Elliottii* plantations. The number of fire crews were to include drivers, forest guards and fire fighters. Furthermore, one special car (Land Rover) was to be assigned for fire investigations and fighting.

⁹ TNA, Sao Hill Forest Project, Mafinga, "Annual Report 1st July 1976 to 30th June 1977", Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

¹⁰ TNA, Sao Hill Forest Project, Mafinga, "Annual Report 1st July 1976 to 30th June 1977", Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

¹¹ TNA Manager, Sao Hill Project, Mafinga "Fire Control and Organisation" 13 April 1977 to Director of Forestry, Dar es Salaam, Acc. No. 604, File No. FD/36/12/2. Fire Reports.

The World Bank also suggested that a local telephone system linking the fire tower and the forest stations in the highlands be installed. Moreover, the forest project was advised to start a programme of educating the surrounding community on the importance of forestry. Education on the importance of forestry and collective firefighting was aimed at promoting good public relations and thus eliminating fires which could be caused by careless smoking, hunters, farm cultivators and arsonists. Moreover, the forest project was advised to have water points/hydrants in the forest plantation essentially for providing water for firefighting.¹²

The fire protection section was improved between 1979 and 1980 as two vehicles were delivered to the forest project by the Ministry of Natural Resources and Tourism. Furthermore, a seven-ton lorry was delivered for the same purpose. Fire towers were manned for 24 hours a day and 12-hour patrols were carried out. The World Bank was preoccupied with the fire protection measures because two major fires occurred at that time, one in the area planted in 1975 and replanted in 1978. The fire destroyed all tree stock planted in 1978. The area affected in the land planted in 1975 was about 40 hectares.¹³ Another major fire occurred in the area planted in 1976, which had been replanted in 1979. A total of 58 hectares were completely destroyed. The culprit was jailed for six months. Lighting caused a fire in the area planted in 1962 (Msonzogo block), which burnt thirty *Pinus Elliottii* before the accompanying downpour put the fire out. The much-awaited radio system for fire protection was finally installed in October 1979. Up to January 1980 the project had seven mobile radios (six Land Rovers and one in a lorry) and seven fixed stations, including the control centre.¹⁴

World Bank loan II for Sao Hill, 1981-2000

The Sao Hill forest survived in the years between 1981 and 2000 as a result of the World Bank loan. The loan worth US\$12, 000, 000 was approved on 13 April 1982 and became effective on 16 March 1983 (World Bank, 1992). With the exchange rate of 140 Tanzanian shillings at the time, the loan was worth Tsh. 1, 680, 000, 000. In the Tanzanian context at the time of disbursement, given the economic crisis of the time, this was indeed a handsome loan. The loan aimed at expanding the Sao Hill forest plantations to meet the needs of the pulp and paper mill envisaged way back in the mid-1960s. Furthermore, the World Bank loan phase II was intended to consolidate and strengthen the project's implementation and management capacity in the forests established under phase I. The major project components of the loan were maintaining 1, 106 ha of forests developed under the phase I loan, establishing of 10, 000 ha of new plantation and the construction of forest roads, tracks, fire breaks, fire towers and more buildings for

¹² TNA Manager, Sao Hill Project, Mafinga "Fire Control and Organisation" 13 April 1977 to Director of Forestry, Dar es Salaam, Acc. No. 604, File No. FD/36/12/2. Fire Reports.

¹³ Interview with Modest Mtuy, 19.3. 2016, Kigamboni, Dar es Salaam.

¹⁴ TNA, Sao Hill Forest Project, Mafinga, "Annual Report 1st July 1976 to 30th June 1977", Acc. No. 604, File No. FD/33/23/7: Sao Hill Forest Project.

workers. The loan was aimed at consolidating the plantations to meet the needs of the pulp and paper mill which was commissioned in 1985 (Ibid). The country faced many economic difficulties during the implementation period and the consequent shortages of government funds caused serious delays in the implementation period. For most of the project years, less than half of the funds requested were approved. Under those circumstances, project management decided to speed up the afforestation programme through World Bank fund at the expense of sound silvicultural practices and infrastructure development (Ibid).

The Sao Hill forest management reconsidered the World Bank report on the performance of the first phase loan and promised to adhere to the terms of the second phase loan. Some of the key reservations expressed by the World Bank on the implementation of the loan on the first phase had to do with staff changes. The World Bank loan conditions stipulated that the staff allocated to the forest project had to have international credentials to avoid the mediocrity experienced in the first phase. The transferring of technical staff, sometimes on the grounds of political considerations, did not please the World Bank. These transfers, as reported in the first phase of implementing the loan, compromised the professionalism of the operation and indeed the output too.¹⁵

The World Bank report on the first World Bank loan was suspicious of the financial management of the Sao Hill plantation. The report indicated that the financial controller was not independent in disbursing the money, as was stipulated in the agreement. Interference in the management of finances insinuated that the fund was being tampered with by some officials, especially in getting the project off the ground (between 1976 and 1977). The long-serving manager, Modest Mtuy, admitted that the earlier administration before him had tried to tamper with the money for the Sao Hill appraisal loan phase one:

“The World Bank wanted to freeze the loan at the very beginning of the implementation because of Sao Hill forest project administration mismanagement of funds. The Division of Forests and Bee Keeping Director was forced to send me there to rescue the situation. At Sao Hill I was the most hated forest manager as I clung to principles of silviculture and abiding by the loan agreement as I was a key part of the delegation to New York, together with Emanuel Mnzava [the Forestry and Bee Keeping Director at the time] and AthumaniJanguo [who represented the members of parliament at that occasion].”¹⁶

The World Bank had emphasised the qualifications of the employees of the Sao Hill forest project, as it took for granted that proper credentials were a key element in robust forest management and development. The forest project was

¹⁵ TNA, Manager Sao Hill Forest Project “Comments on Project Performance Audit Memorandum” to World Bank, Washington DC, 25.4.1983, Acc. 604, File No. FD/33/23/7 Sao Hill Forest Project.

¹⁶ Interview with Modest Mtuy, the longest serving manager at Sao Hill forest, 1978-1992, Kigamboni, Dar es Salaam Tanzania, 14.3.2017.

sometimes advised to consult the FAO (Food and Agriculture Organisation) in the exercise of identifying and recruiting suitable candidates for the Sao Hill forest. The most contentious positions, however, were those of the assistant project manager (Finance and Planning), workshop manager and silvicultural specialist. The World Bank, moreover, suggested that should the management of Sao Hill project fail to consult the FAO, the Nairobi World Bank office could also be consulted.¹⁷ The World Bank also requested the Curricula Vitae of the aforesaid officials. The World Bank was very eager to know the credentials of the manager who replaced Modest Mtuy, the Sao Hill forest project manager most appreciated by the World Bank, when he took a short leave for his Master's degree at Edinburg University in 1982.¹⁸ Those measures meant that the issue of the qualification of workers was extremely important in the second phase loan from the World Bank. It is acknowledged by many forest stakeholders that the second phase eliminated mediocre performance in the running of the Sao Hill forest plantation.¹⁹

The World Bank loan phase II was aimed, first, at the development of 18, 000 hectares planted during the phase I loan signed in 1976. Secondly, the loan aimed at establishing an additional 10, 000 hectares for the production of saw logs and pulp wood, the construction of about 160 kilometres of forest secondary roads and 725 kilometres of tracks, upgrading of some 120 kilometres of secondary forest roads to primary standard and maintenance of such roads, and purchasing of trucks.²⁰ Furthermore, the loan was aimed at construction of 58 staff houses and other buildings and structures, and the maintenance of such houses and buildings. Strengthening of the mechanical engineering services, and designing financial and management information systems for the project management were also part of the main loan fund (World Bank, 1992).

Moreover, the communication and transportation unit in the forest project was given a high priority in the second phase of the loan to the forest project. Vehicles, tractors, machinery and initial spare parts were to be bought. The tender bids to buy those facilities, however, had some strings attached, as it stipulated that domestic manufacturers were to be allowed preference of only 15 percent, while the remaining 85 percent was subjected to internationally recognised bidders.²¹

¹⁷ TNA, The World Bank "Sao Hill Forestry, Phase II: Supervision Visit" to Director of Forests, Ministry of Natural Resources and Tourism, Tanzania 1.7.1982, Acc. 604, File No. FD/33/23/7 Sao Hill Forest Project.

¹⁸ TNA, The World Bank "Sao Hill Forestry, Phase II: Supervision Visit" to Director of Forests, Ministry of Natural Resources and Tourism, Tanzania 1.7.1982, Acc. 604, File No. FD/33/23/7 Sao Hill Forest Project.

¹⁹ Interview with Fidelis Mwanalikungu, Sao Hill Headquarters, 28.1.2016.

²⁰ Sao Hill Forestry Project, Phase II, Project Completion Report, Tanzania (World Bank, 1992), 1.

²¹ TNA, Sao Hill Forestry Phase II: General Procurement Notice 31.7.1982, Acc. 604, File No. FD/33/23/7 Sao Hill Forest Project.

The final World Bank report, which came out in 1992, assessed the implementation of the second loan to the Sao Hill forest project. The World Bank report admitted that the main objective of establishing plantation trees to supply the emerging wood-based industries in Mufindi was reached. The World Bank further admitted that the plantations would reduce pressure on the natural forests for timber and energy. It was reported that the long-sought aim of ameliorating the climate was reached, verified by the reduction of wind movement and the return of wildlife (World Bank, 1992). The World Bank report, however, cautioned on project sustainability:

“It would be difficult to achieve sustainability if the project were to be managed under a normal government subject to lengthy bureaucratic procedures. A management system with an autonomous body and an assured source of finance is vital for the long-term sustainability of the project (Ibid)”.

Generally, the World Bank phase II strengthened silvicultural management in the forest project and, indeed, it succeeded in establishing an internationally reputable degree of professionalism in the daily running of the Sao Hill plantation project. World Bank view of staff at the Sao Hill plantation forest 1979-1992. The problem of getting funding to fully develop the Sao Hill plantation led the government to seek a loan from the World Bank in 1976 (URT, 1976). The World Bank streamlined and promoted the morale of the staff at Sao Hill plantation. The World Bank noted that the Sao Hill plantation was expanding well, but it did not promote the morale of the staff. It was the view of the World Bank that any satisfactory outcome in Sao Hill forest was dependent on the morale of the staff. To show the importance of the working staff at Sao Hill plantation, the World Bank pointed out that, “where the provision of money incentives to project staff (working in remote areas) is not possible, the provision of other non-monetary incentives may be equally appreciated and contribute to staff morale and continuity” (World Bank, 1992). This implied that the World Bank saw the sustainability of the Sao Hill plantation as reliant on a highly motivated workforce. Because of that vision the World Bank funded the establishment of the new administrative structure which still exists up to this day.²² The World Bank financed the construction of the Headquarters and Divisions offices. It was noted by the World Bank that the project’s performance improved remarkably from 1986 onwards, mainly due to staff dedication and project management’s efforts to respond to staff needs through the provision of some non-monetary incentives (World Bank, 1992).

The World Bank, however, preferred staff with sound academic qualifications and who were hardworking.²³ Sometimes the World Bank differed with the government concerning staffs deployed to Sao Hill, who in their view were not competent enough to deliver good results in such a big plantation. The World Bank criticized the mediocrity of the staff at the Sao Hill plantation and insisted

²² Interview with Modest Mtuy, the former Sao Hill Manager, Kigamboni, Dar es Salaam, 14.3. 2016.

²³ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

that having professional staff at every respective department was important. To improve the capacity of staff at Sao Hill, the World Bank suggested that Sao Hill should consult the FAO (Food and Agricultural Organization) offices based in Nairobi, Kenya, to get the basic criteria in the process of recruiting suitable candidates for posts like Assistant Project Manager (Finance and Planning), workshop manager and work study specialist.²⁴

The World Bank improved the conditions of houses for the Sao Hill plantation staff by constructing 58 staff houses and other buildings.²⁵ This was part of the implementation of the memorandum of understanding between Tanzania and the World Bank. The memorandum stipulated that the World Bank would construct about 44 houses for professional staff and 170 for junior labourers. Additionally, the World Bank pledged to construct about 20 buildings for administrative and social purposes (URT, 1976). These houses were built at the Headquarters (Sao Hill), Ihalimba and Irundi divisions. The former Sao Hill manager expressed the importance of the World Bank fund by saying, “without the World Bank fund there could be neither good houses nor good offices, from the headquarters to the divisions of our project”.²⁶ Around those houses, there was an acre of farmland for cultivation of maize and beans, which are staple foods in Mufindi. The farms were provided at no cost as an incentive for the forest staff at the headquarters and in the divisions.

Beyond free *shambas* (a small plot or farm), the staff also got free electricity and water. However, it was not easy to provide all these utilities to all divisions. Sometimes these free benefits could only be acquired after extensively lobbying the managers of such utilities. The former manager of the Fourth Division said, “many foresters did not like to work in the rural areas, especially university graduates. Because of that I had to lobby the Iringa region TANESCO (Tanzania Electricity Supply Company) to connect my division to the national grid”.²⁷ With regard to water utilities, there were initiatives at every division to get water as there were many streams in the area. Each division fetched water from its own source. However, this does not mean that every division had all these facilities for the staff members. Up until 2016 Ihalimba division was not connected to the national electricity grid.

The World Bank also supported staff of the headquarters and the divisions with transport. The World Bank donated five four-wheel drive pick-ups, four motor cycles and twenty bicycles. The transport facilities went in parallel with the construction of about 725 kilometres of roads within the headquarters and the divisions.²⁸ Interestingly, the construction of these roads was done by the civil

²⁴ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

²⁵ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

²⁶ Interview with Modest Mtuy, the former Sao Hill Manager, Kigamboni, Dar es Salaam, 14.3.2016.

²⁷ Interview with Fidelis Mwanalikungu, former Manager- Mgorololo division, Sao Hill HQ, 13.1.2016.

²⁸ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

works under the very same forest project, as the World Bank funded it to purchase one construction motor grader.²⁹ Because of this kind of monetary backing by the World Bank, any discussion about Sao Hill plantation would not be complete without mentioning the role of the World Bank. As a result of the mediocre standards of staff recruitment in the Sao Hill plantation, the World Bank intervened by bringing in three key personnel to assist in developing the forest's human resource capacity in 1983. They brought in the Assistant Project Manager (Finance and Planning) and the workshop manager. These two posts, however, were to be occupied by one trainee counterparts as the World Bank aimed at building capacity to the local forest staff.³⁰ The workshop manager was such an important post for the World Bank as they aimed at improving research, trials, training and studies. The section was projected to cost \$1, 000, 000 out of the \$7, 000, 000 which was allocated for the first phase implementation of the Sao Hill project between 1976 and 1982 (URT, 1992).

Sometimes, there was mistrust between the World Bank and the Tanzanian government about the long leave of some local staff at Sao Hill (World Bank, 1976). Sometimes, the World Bank did not trust the staff replacements for some vacant posts. During the absence of Modest Mtuy-one of the trusted managers by the World Bank- for example, the World Bank wrote that "Ntumbo has been appointed as the acting project manager in place of Mtuy. According to our understanding, Mtuy should be completing his overseas course in June 1983. I would appreciate receiving your confirmation of this timing".³¹ Generally, the current structure of the labour organisation in the Sao Hill plantation was crafted under the influence of the World Bank as far back as the late 1970s.

The pulp and paper mill vision and the Sao Hill plantation forestry

In 1964 the government envisaged the Sao Hill project as possibly producing up to 15, 000 acres of softwood per year for timber, paper and pulp mill by 1984.³² Planting was planned to start effectively in 1968. The project, however, waited for the FAO Timber Trend Study report, which indicated the index for shortage of timber worldwide in the late 1960s. That report became the epitome of grandiose, large-scale planting in two regions of Iringa (at Sao Hill) and Mbeya (at Kawetire) in post-colonial Tanzania. The Kawetire acreage, however, was low compared to that of Sao Hill plantation forest. There was another factor underlying this anticipation: the Tanzania Zambia Railway Authority (TAZARA) proposal was confirmed in 1968. The TAZARA railway was anticipated to carry goods wagons of timber, paper and pulp to the Dar es Salaam market and indeed for export. The paper mill was situated at the Mufindi TAZARA station in the extreme south of

²⁹ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

³⁰ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

³¹ TNA, Acc. No. 604: File No. FD/33/23/7: Sao Hill Forest Project, 1.7.1982.

³² Interview with Mathias Lema, Ministry of Natural Resources and Tourism, Dar es Salaam, 8.4.2016.

the district (Monson, 2009). The land for expanding plantation forests for pulpwood and papers production was planned.³³

To implement the state's vision of paper and pulp mills, in 1963 the Ministry of Land and Natural Resources contracted the services of Sandwell and Co., a Vancouver-based global consultant on the feasibility of pulp and paper mills.³⁴ The company had to investigate the possibility of creating a pulpwood plantation and developing a pulp-manufacturing site in the vicinity of the Indian Ocean coast (to cut transportation expenses) for export to the world market. The Sandwell report came out in 1966. They advised the government that the pulp and paper mill could be situated at Kongowe in the coastal region should the condition of proximity to the Indian Coast be considered the sole factor. The second site, which was more convincing in their view, however, was the area close to the Sao Hill forest at a TAZARA (Tanzania Zambia Railway Authority) rail-crossing area. Exotic trees proved a failure at Kongowe hence leading to a shift to Mufindi – at Sao Hill.³⁵ The conditions for selecting a site for a paper and pulp mill were in consonance with what had been recommended by Björn Lundgren. He remarked that “[with present technology such a mill [pulp and paper] has fairly high-water consumption. Although the technical development may diminish the need for fresh water, a responsible decision must be to erect the mill only where the water supply is adequate” (Lundgren, 1975). Modest Mtuy, added that the other reasons behind expanding the Sao Hill Forest for the sake of having a pulp and a paper mill came from the president:

“The first President of Tanzania the late Julius K. Nyerere loved trees so much. At Sao Hill he visited almost thrice during my tenure as a manager. In 1964 he invited the Canadians to conduct research on pulp industry possibility. They produced a marvellous report in 1966. At first, they selected Mufindi and Kongowe-Kibaha (Forest Reserve). Later on, in 1975 the silviculture personnel realised that exotic trees did not grow well at Kongowe. In 1972 the government invited the World Bank, which sent officials who visited both places and recommended increase of land for forest extension, especially in the vicinity of Mufindi areas. In the eyes of the state, it was luck time, as it was during villagisation campaigns. That's why it was easy to get land for forest extension. Problems came later as those people wanted to go back to their old homes (*mahame*).”³⁶

Moreover, the state decided to construct the pulp and paper mill, because at that time long-fibred pulp made from coniferous trees, with high strength, was in high demand throughout the world for the manufacturing of paper and paper boards. The state report cited areas like Asia and the Far East as experiencing a shortage of long-fibred pulp and the produce derived from it. Western Europe was estimated to experience a deficit of three million metric tons per year in 1980 and

³³ TNA 634.9: United Republic of Tanzania, Annual Report of the Forest Division, 1966, 6.

³⁴ Interview with Modest Mtuy at Kigamboni, Dar es Salaam, 20.3.2016.

³⁵ TNA 634.96: United Republic of Tanzania, Annual Report of the Forest Division, 1963, 22.

³⁶ Interview with Modest Mtuy at Kigamboni, Dar es Salaam, 20.3.2016.

it was claimed by the Forestry Division that it would not be possible to supply this from traditional sources in Europe. Additionally, the Food and Agriculture Organisation (FAO) conducted research, which came out with the results showing that East Africa as a whole was considered to offer possibilities of lower pulp production costs than any of the traditional timber producing countries or other developing countries such as Chile (URT, 1965).

Sandwell assisted in the preparation of this plan and reported favourably on a project in Mufindi. The consultants started surveying areas which had softwood trees for pulp production in 1963. Mufindi was better than the coastal areas, as it qualified for both growing softwoods and as the site for the pulp mill. Sandwell's report attracted financing from the World Bank because of their positive support for the project:

“Tanganyika (Tanzania) has a good opportunity to develop coniferous wood plantations economically; market conditions indicate that the proposed industry should be planned for entry into export market; the Coastal plains are strategically placed for plantation development but their suitability for growing pulpwood has yet to be proved; and of the interior locations with proven pulpwood growing ability, the Mufindi area offers the best potential and gives promise of an adequate return on investment for an unbleached kraft pulp mill (URT, 1965)”.

The government re-engaged the consultants in 1964/1965, directing their attention to the Mufindi area. The government wanted to conform to the recommendations of the consultants' first report. The results of the second survey were positive too. Two suitable alternative mill sites were found in the extreme south to the railway junction in Mufindi. A way was found of transporting pulpwood across an escarpment separating part of the plantation areas from the mill.³⁷ Under the price conditions of the time, a satisfactory gross return of 14 percent invested capital was foreseen from the operation. of a projected 400 tons per day unbleached kraft mill.³⁸ That rate of gross return, however, was dependent on the extension of the railway to the vicinity of the mill.

The consultant recommended the production of pulp (rather than paper) and anticipated the products to be exported principally to Asia and the Far East. The possibility of capital returns of the mill, therefore, was based on pulp rather than paper production. The pulp mill was planned to go into production in 1980 or later. It was anticipated that by that time the local demand within Tanzania for pulp and paper board was expected to be up to 20, 000 tons per year, of which a proportion would be supplied from the mill at Mufindi. That internal market, though small in comparison with the envisaged production of the mill, was potentially valuable, being relatively more profitable than exports. Additional

³⁷ Interview with Modest Mtuy, Kigamboni, Dar es Salaam, 19.3.2016.

³⁸ This is a technical term referring to thick brown paper, usually brown paper made from chemically treated wood pulp.

export markets were anticipated to be Western Europe, which was claimed to be equally as accessible as the Far East, where a high demand was certain to arise (URT, 1965).

The consultant reduced profit estimates to 13.6 percent in their report on the production of unbleached pulp because of the distance from Mufindi to Dar es Salaam.³⁹ The production of unbleached pulp was recommended, because of the high cost of carrying imported bleaching chemicals, which were not available in Tanzania, anyway.⁴⁰ Furthermore, the development of local chemical sources, for which a supply of electric power was needed, would enable the production of bleached pulp – the consultant advised that this was a possibility that should not be ruled out. Paper production was not considered viable by the consultants at the early stage, but was claimed by the government to have definite advantage when the local market for paper has been built up (URT, 1965).

Based on these reasons, the government of Tanzania invited enquiries from other parties, other governments, international financing organisations and private organisations that were interested in financing or providing part of the finance for the development of pulp production in Tanzania (Ibid). The consultants summarised their findings on the Mufindi pulp project as follows:

“This current report has been prepared to choose a suitable mill site in the Mufindi area. It has been concluded that the best site location would be below the Mufindi Escarpment, either close to the proposed site of the Mufindi Railway Station or close to the KigogoRuaha River. It has also been concluded that the most economic method to transfer pulpwood down the escarpment would be by truck and would involve the construction of an all-weather road down to the escarpment (Ibid)”.

The consultant group calculated the price conditions at that time (1964) as the gross return on investment for 400 tons per day unbleached kraft mill would be in the order of 14 percent. The return, however, was subject to the availability of land in the areas surrounding the mill site in Mufindi. The consultant made the following recommendations concerning land requirements in Mufindi for a pulp mill:

“Steps should be taken to reserve all suitable land for plantation development in the Mufindi area. Plantations should continue to be developed in this area. In addition, trial plantations should be initiated on the underdeveloped area below the Mufindi escarpment. Where several species of trees can be grown successfully, the species which would have the best pulping characteristics should be selected (Ibid)”.

The government used the silvicultural and management experience in Mufindi area acquired far back into the colonial era, when the Kigogo arboretum centre

³⁹ Interview with Modest Mtuy, Kigamboni, Dar es Salaam, 19.3.2016.

⁴⁰ Interview with Modest Mtuy, Kigamboni, Dar es Salaam, 20.7.2017.

was established in 1935. That was the time when the forest division first planted exotic trees in the Mufindi area. From the Kigogo arboretum centre, planting continued on a small scale in high rainfall forest and bushland sites in Mpanga. From 1957 planting was extended into the grassland sites of Sao Hill and gradually built up to a rate of 2, 000 acres of new planting per year by 1965. Up to 1966 there were 6, 714 hectares of pines planted at Sao Hill. The operation was on a sufficiently large scale to enable considerable management experience to be gained and had permitted the determination of costs applicable to operations on a scale comparable with the planting of trees for pulp production. *Pinus patula* and *Pinus Radiata* were planted initially at Kigogo. *Pinus Radiata* was affected by needle blight and planting of that species was discontinued. Species planted for pulp wood, based on experience, were to be *Pinus Patula* and *Elliottii* at Kigogo, Mpanga and Sao Hill, and *Pinus Elliottii* at Kihata. Knowledge of the latter site was limited to trials of pines planted in 1964/65, but the site was confidently expected to be very satisfactory for *Pinus Elliottii*.⁴¹

Land availability was around 117, 500 acres for pines, which occurred in three land categories: forest reserves, abandoned and revoked large farms, and public lands. Government held the ownership of the land of all the three categories. The public land, however, carried some small settlements of local people who engaged in subsistence farming. The freeing of this land by these people was to be negotiated by the government (URT, 1965). It was intended that land required for plantations plus a 10 percent additional for dead land, and mill buildings connected with the pulp project, was to be made forest reserve at an early date in order to ensure its availability for the assigned use when required (Ibid). Therefore, the expansion of Sao Hill was partly justified by scientific research from consultants contracted by the state but the main problem was the lack of fund of which the World Bank solved.

Conclusion

The Sao Hill plantation forest in Mufindi District in Tanzania, the biggest plantation forestry in Tanzania, was expanded tremendously because of the funding from the World Bank loans between 1976 and 1982. This paper has argued that despite the hefty criticisms which have been levelled against the World Bank, there are few success stories from it as it funded and indeed rescued the plantation forestry in Tanzania through its loans. The World Bank through the two times loans managed to increase the acreage of the forestry and transformed the management by training them. The World Bank assisted the Sao Hill forest by building administration blocks at the headquarters and divisions. This paper therefore goes against the wind by commending the World Bank's role in increasing the acreage of the plantation forestry in Tanzania. It was the loan from the World Bank that improved and expanded the plantation forests and led to the establishment of the pulp and paper mill in Tanzania in 1984. This line of

⁴¹ Modest Mtuy, "Mufindi Afforestation Project Report Record No.12" (Unpublished Report, 1979), 6.

argument has been neglected by many scholars who have debated the role of the World Bank in Sub-Saharan Africa.

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