



Assessment of Plantation Fees and Prices: Lessons and Policy Implications

**Maggie Munthali Nkosi, Mike Chirwa, Bonface Nankwenya, Moses Njiwawo,
Levison Chiwaula & Milu Muyanga**

Presented at Forest Plantation Conference
Ufulu Gardens, Lilongwe
10 September, 2024



Introduction

- 🌅 **Forest plantations continue to play a critical role in meeting the country's:**
 - Socio-economic development
 - Maintenance of ecological balance
 - Climate change mitigation
- 🌅 **However, the growth and development of the plantation forestry sector are still a challenge**
- 🌅 **This is partly due to the structure of forest plantation fees and prices that are not competitive**

Objectives

- ☀️ **Guide the establishment of an effective competitive plantation fee structure for Malawi's forestry sector**
 - How does the GoM plantation-related fee structure compare with other countries in the sub-Saharan Africa region?
 - What are the challenges hindering the performance of plantation forestry in Malawi?
 - What policy recommendations can improve the performance of plantation forestry in Malawi?

Data sources

Collected secondary data from:

- Malawi, Tanzania, Rwanda, Zambia and Kenya

Primary data was collected through key informant interviews

- Government officials (Plantation managers and Senior DoF officers)
- Large concessionaires (Raiply Malawi, Total Land Care, Pyxus Agriculture Limited)
- Small-scale concessionaires/cooperatives

Lessons on concession fees/licence (1)

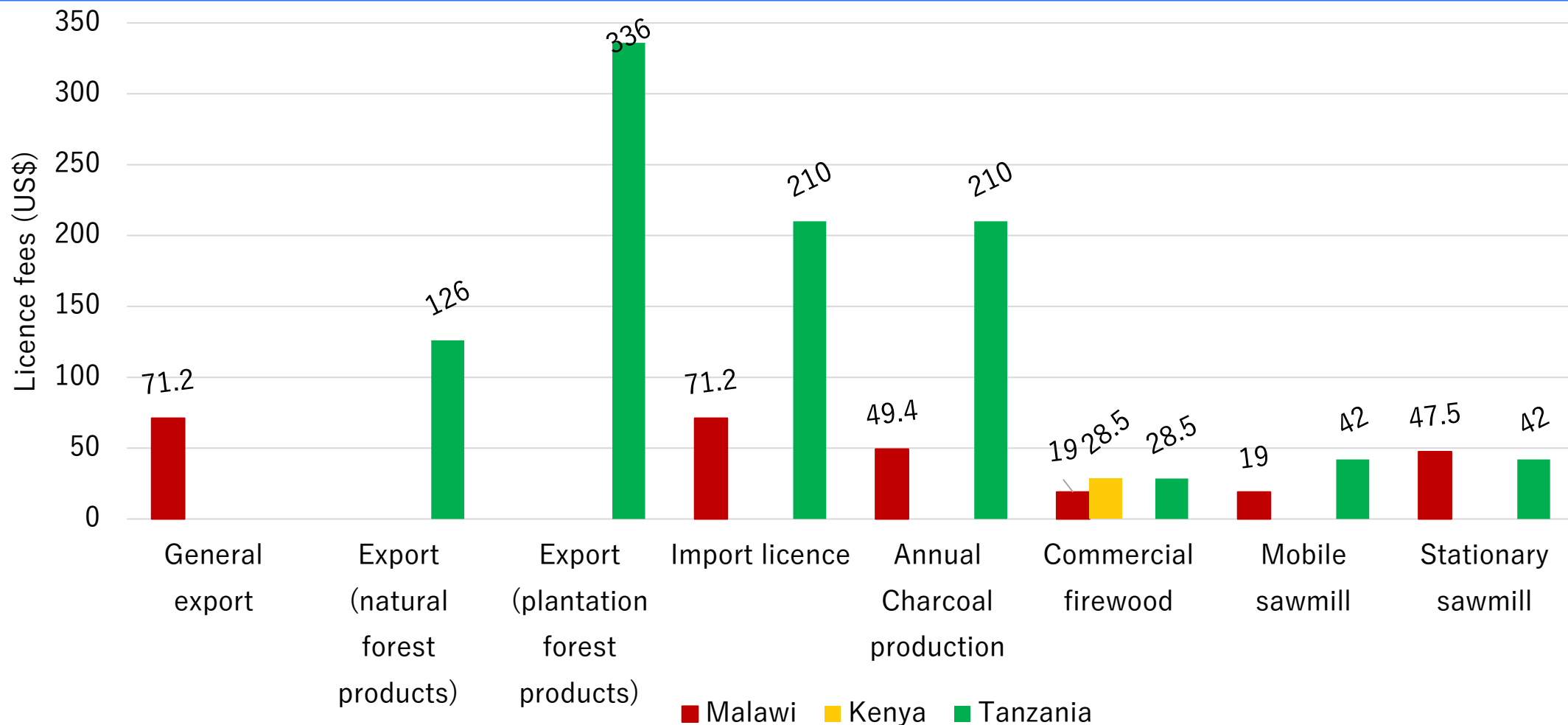
License category	Item	Zambia	Kenya
Small-scale	Fees (USD)	189	29
	Production capacity	20 -100m ³ /month	<10m ³ /day
	Duration	2	1
Medium-scale	Fees	946	43
	Production capacity	101-200m ³ /month	10 - 20m ³ /day
	Duration	3	1
Large-scale	Fees	1892	76
	Production capacity	201 -400m ³ /month	>20m ³ /day
	Duration	5	1

Tanzania	Category A	Category B1	Category B2	Category B3	Category B4
Fees	84	42	50	59	63
Production capacity	Not specified	1-1000m ³ /year	1001-3000 m ³ /year	3001-5000 m ³ /year	>5000 m ³ /year
Duration	1	1	4 1	1	1

Lessons on concession fees/licence (2)

- ☀️ Concessionaires also pay commitment fees upon license approval (Zambia) and operation fees (Kenya) increasing potential revenue
- ☀️ Malawi: Concessionaires pay fixed lease fees for their concession area per plantable ha per year (\$10) (MK10,000)
- ☀️ Rwanda: Concessionaires pay lease fees per ha per year (the lease fees vary from rural to urban areas, infrastructure, soil conditions, etc.): Prices: \$4-17
- ☀️ There were differences in the concession fees, with Malawi having the lowest

Lessons on licensing fees (1)



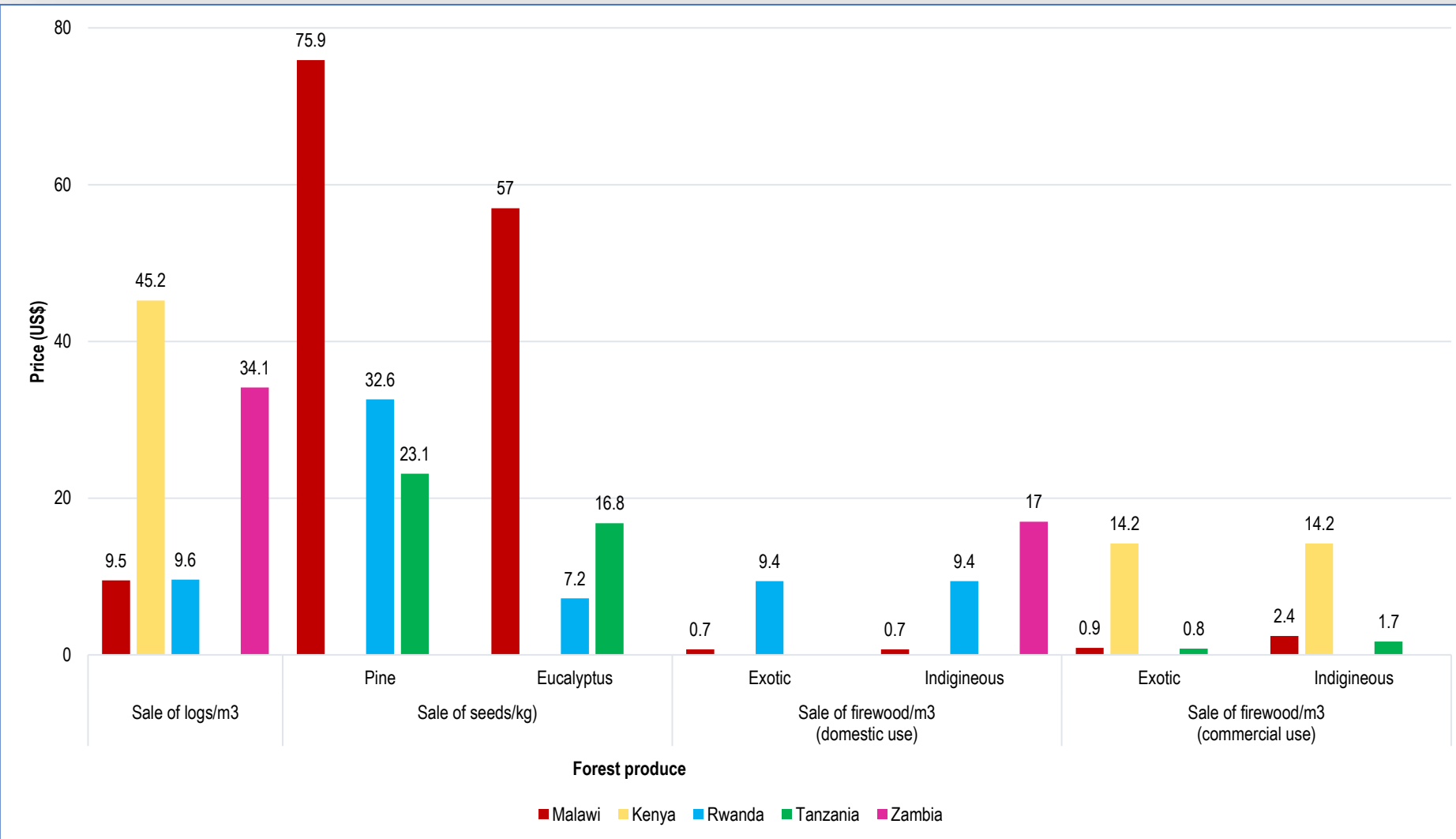
Lessons on licensing fees (2)

License fees for different services in other countries are structured differently:

- Export and import permits are based on consignment type (commercial consignment and non-commercial depending on value of consignment) and may include inspection and permit fees – potential revenue sources
- Tanzania charges transit application (\$5 < 7-ton vehicle and \$10 for >7-ton vehicle)
- Conveyance fees in other countries are based on volume or size of vehicle, unlike Malawi, where the conveyance fees are per consignment (MK2,000)

There are differences in various license fees, with Malawi having the lowest

Lessons on prices/charges of forest produce (1)




☀ The price of pine/m³ for Kenya and Zambia is four and five times higher than that of Malawi

☀ The prices for firewood in Malawi are lower by more than 10 to 20 times than in Zambia and Kenya

Lessons on prices/charges of forest produce (2)

 In Kenya charges for pine/m³ also depend on diameter at breast height (DBH)

 For poles, Tanzania charges per running meter the DBH is more than 15cm





 In Malawi, charges do not consider the length of the poles

Kenya Subsidiary Legislation, 2016

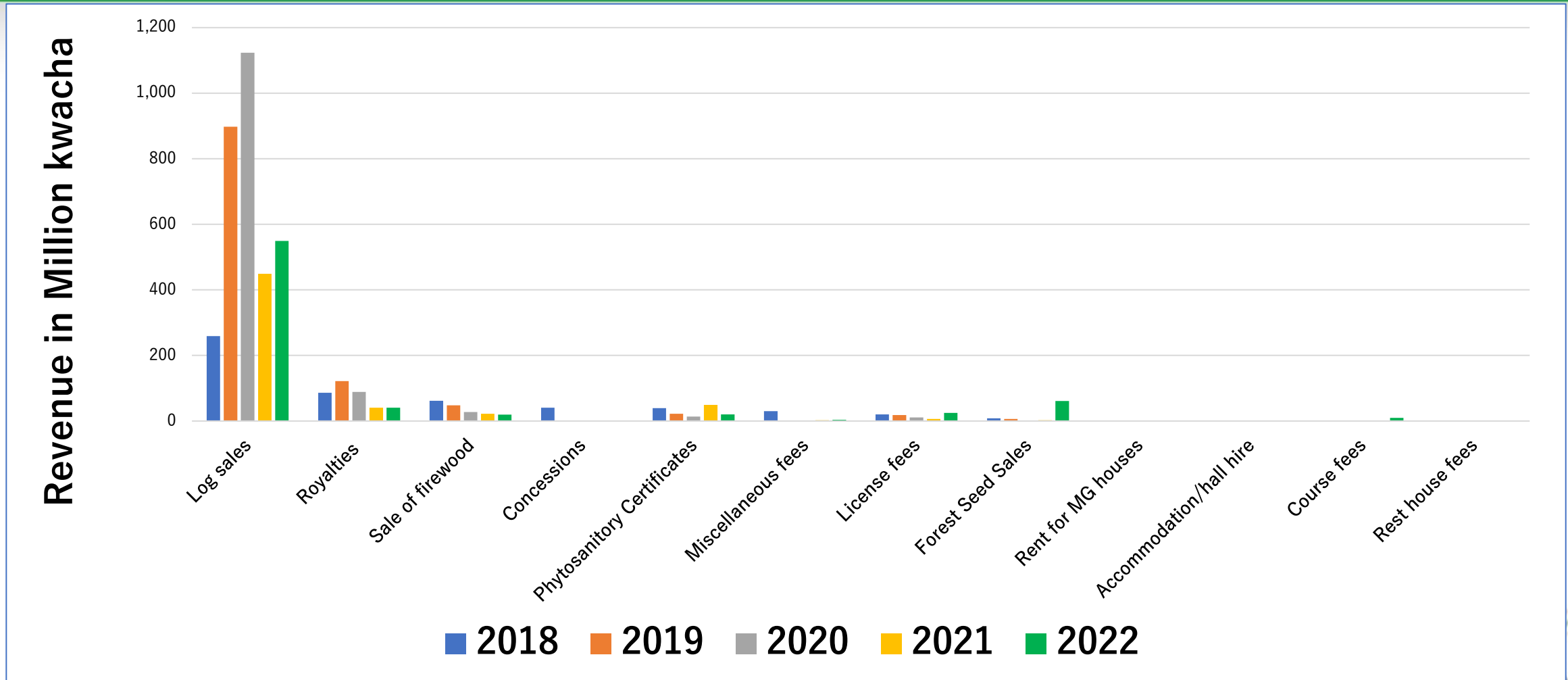
1471

A—Cypress			B—Pines			C—Eucalyptus	
	Clear fell	Thinning		Clearfell	Thinning		Clear fell
DBH (cm)	KSh/ m ³	KSh./ m ³	DBH (cm)	KSh./ m ³	KSh./ m ³	DBH (cm)	KSh./ m ³
16	3,362	2,354	16	3,362	—	16	—
17	3,338	2,372	17	3,338	—	17	—
18	3,414	2,390	18	3,414	—	18	—
19	3,440	2,408	19	3,440	—	19	—
20	3,466	2,426	20	3,466	2,426	20	2,774
21	3,492	2,444	21	3,492	2,444	21	2,801
22	3,519	2,463	22	3,519	2,463	22	2,823
23	3,545	2,482	23	3,545	2,482	23	2,846
24	3,572	2,501	24	3,572	2,501	24	2,870
25	3,599	2,520	25	3,599	2,520	25	2,897

Factors other countries considered when revising plantation fees structure

-  **Inflation**
-  **Forest/area condition - slope**
-  **Proximity to infrastructure – roads, electricity, urban areas**
-  **Other factors (a survey of forest products, international forestry product commodity prices)**

Revenue streams for plantation forestry sub-sector






Source: Malawi annual economic reports from 2018 to 2022



Challenges to be addressed to maximize plantation revenue and improve performance of plantation forestry

- 🌅 Lack of adequate resources to develop the plantations
- 🌅 Forest fires
- 🌅 Corruption due to weak law enforcement and governance and lack of monitoring framework
- 🌅 Delays in the approval of forest management plans
- 🌅 Lack of quality seeds due to limited research and development
- 🌅 Lack of robust forest information and data management system




Take home messages

-  Malawi has one of the lowest concession and license fees, and prices for forest produce, 5 to 20 times lower than those in other countries in the region
-  Low forest fees and prices that undervalue forests provide little incentive for sustainable management and efficient utilization of forest resources in Malawi.
-  Consider revision of the structure of plantation fees and prices for forest produce

Short-term policy options (1 year)

-  **Revise forest plantation fees and prices of forest produce to accurately reflect the current economic and market value and sustainably manage the plantations**
-  **Provide adequate funding and the necessary equipment to support effective and sustainable forest plantation management**

Medium-term policy options (2 to 5 years)

-  **Develop a national integrated forest fire management strategy**
-  **Enhance the revenue collection system by developing an integrated revenue collection system to reduce corruption and revenue leakages**
-  **Develop and implement forest investment plans to attract domestic and international investments supporting forest conservation and enhancing governance**

Long-term options (5 years and above)

- ☀️ **Improve research and development in plantation forestry to address emerging challenges**
- ☀️ **Develop a forestry information management repository for data accessibility**

Acknowledgements



**Agricultural
Transformation
Initiative®**





Zikomo

info@mwapata.mw

www.mwapata.mw

m.munthali@mwapata.mw

mike.chirwa@tetrattech.com