

[Kilombero Valley Teak Company Ltd](#)

The KVTC Biomass Challenge

Background

Majority of households in Tanzania depend on firewood and charcoal for their energy needs and with a growing population this is resulting in ever increasing pressure on Tanzania's forests. It is estimated that Tanzania loses around 400,000ha of forest each year and the demand of charcoal is a major driver behind this forest cover loss and it is estimated that around 70% of deforestation is directly or indirectly related to fuel wood and charcoal harvest.

Traditional charcoal production has led to severe deforestation around the cities in Tanzania causing environmental stress and degradation, diminishing watershed management and rising vulnerability towards climate change.

Despite this looming environmental disaster there have been very few successful initiatives that have been able to offer a sustainable and economically viable alternative to firewood or charcoal.

The Kilombero Valley Teak Company

The Kilombero Valley Teak Co. Ltd. ('[KVTC](#)') is a forestry company operating in Tanzania since 1992 and manages approximately 8,000ha of planted teak and protects 15,000ha of natural woodland.

KVTC operates a sawmill in the Ulanga District (Morogoro Region) and supplies roundlogs to an additional three sawmills in the area. All sawmills are generating significant amounts of unutilized by products from their milling operations and none of the mills has been able to find commercially viable use for its sawmill waste.

KVTC believes that finding solutions to sawmill residues can offer some solution to Tanzania's energy needs and assist in reducing deforestation whilst at the same time offer economic opportunities for the company to monetize its waste products.

To mark the company's 25-year anniversary KVTC will launch the **KVTC Charcoal and Biomass Challenge** ('[KCBC](#)') in partnership with the Private Forestry Programme ('[PFP](#)').

The Private Forestry Programme

The Private Forestry Programme (PFP) is a bilateral Programme between the Governments of Tanzania and Finland. The Programme aims at increasing rural income in Tanzania through developing sustainable plantation forestry and value addition.

The planned 16-year Programme is now in its first Phase. The Programme works under the guidance of the Ministry of Natural Resources and Tourism of Tanzania and the Embassy of Finland in Dar es Salaam.

The Challenge

KVTC and PFP invite entrepreneurs, individuals, private companies, SMEs, CBOs, NGOs, FBOs and social enterprises from Tanzania and East Africa to submit a business plan that describes a commercial venture utilizing sawmill residues (sideboards, offcuts, shavings and sawdust) to be used to address the energy needs in Tanzania and that will positively contribute to fighting climate change and reduce deforestation.

The criteria on which the business plan will be judged are as follows:

-) Criteria to qualify for submission
 - o Registered business or organization
 - o Proven track records of executing start-up ventures
 - o Experience in execution of social ventures
-) Criteria on which the business plan will be judged
 - o Technical viability
 - o Commercial viability
 - o Social and Environmental Impact
 - o Commercial attractiveness to KVTC
 - o Scalability
-) Timeline
 - o Dec. 2017 Announcement of the Challenge
 - o Jan. – Mar 2018 Interested parties can request technical info and visit KVTC
 - o 30th April 2018 Submission of Business Plan
 - o June 2018 Presentation and Pitch by Top 3 Candidates
 - o 29th June 2018 Announcement of Award

Submissions will be accepted up to 30th of April 2018 and will need to be in English language and describe in detail the technical, commercial and financial aspects of the venture.

Applicants will be required to fill out a form to be collected from the KVTC offices or downloaded from the KVTC and/or PFP website.

Submission Criteria

Submissions are required to be in digital format and, at a minimum, contain the following information and components

-) Cover Letter
-) Project Summary (max. 1 page)
-) Company / Organization Registration Documents
-) Tax Clearance Certificate
-) Profile of the submitting organization
-) Business Plan / Project Proposal
 - o Executive Summary
 - o Business and Technical description of the project
 - o Market Analysis
 - o Description of the positive Environmental Impact
 - o Description of the positive Social Impact
 - o Organization and Management
 - o Sales Strategy and Channels
 - o Funding Requirements
 - o Financial Projections

Vetting and Judging Process

The panel responsible for vetting the business plans will consist of executives of KVTC and PFP supported by experts in the field of forestry, energy and business.

During evaluation process, shortlisted projects/solution could be visited to witness existing operations – sometimes several times – and contestants may be asked to provide physical equipment or design or any other details or demonstrate practical applicability to facilitate thorough and fair evaluation.

The three best submissions will be invited to pitch their project in front of a panel of KVTC and PFP executives as well as independent experts.

KVTC and PFP reserve the right not to grant the award if the submissions are not considered to be commercially viable.

The Award

The winning business plan, to be determined through an open and robust vetting and judging process by a panel consisting of KVTC and PFP executives will receive a cash prize of TZS 75,000,000.

The cash prizes can only be used for capitalization of the projects/solutions and in addition KVTC offers a 6 month supply of free biomass from its sawmill. After the initial period of six months the biomass is to be procured on commercial terms (as described in the business plan).

The winning solutions will have access to KVTC's network of investors and/or be exposed to financing opportunities, both within and outside the country, for scaling up their solutions.

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