A FOREST TRENDS **REDDX** REPORT

TANZANIA

Mapping REDD+ Finance Flows 2009–2014

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Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

On behalf of BMZ Federal Ministry for Economic Cooperation and Development

skoll FOUNDATION

A Forest Trends REDD*X* Report

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Mapping REDD+ Finance Flows 2009–2014

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Executive Summary

This report presents the findings of the second and third rounds of REDD+ finance tracking in Tanzania for the period 2009–2014 under the Forest Trends REDD*X* initiative. REDD*X* represents the single-most comprehensive attempt to track pledges, commitments and disbursements of REDD+ finance in Tanzania. The first and second rounds of REDD+ finance tracking were conducted for the period of 2009–2012 and 2009–2013; this report updates and extends those findings through 2014.

Data presented in this report represents a comprehensive summary of the available information about REDD+ financing and transactions in Tanzania, as determined by key national REDD+ experts and other stakeholders during the national REDD*X* validation workshops. It is possible that there are some financial transactions for REDD+ activities that have not been identified and therefore not tracked during this period. Contrary to previous years' REDD*X* reports, this report contains data on the Tanzanian government's own financial contributions to support REDD+ activities in the country, amounting to US$6.85 million through 2014.

Overall, the REDD+ financing situation in Tanzania remained relatively steady throughout 2014, with no new significant pledges or commitments made. However, disbursements of funds continued to increase in 2013 and 2014, reaching an overall disbursement rate of nearly 81% of all funds committed by 2014. Yet, due to an overall lack of significant new commitments since 2009, the flow of funds from donors declined significantly following the ending of the five-year funding program of the Norwegian Climate and Forest Initiative in Tanzania and the UN-REDD Programme. Accordingly a number of REDD+ readiness activities ceased operation due to lack of new funding.

REDD+ pilot projects implemented by NGOs are a good example of the above situation. All the nine pilot projects funded by the Norwegian government as well as other REDD+ related initiatives funded by other donors such as UN-REDD had already been closed by the end of 2014. Unfortunately no plans are known for continued funding of any REDD+ activities in Tanzania.

No new significant commitments/pledges have been made to support REDD+ in Tanzania since 2010, either from donor governments or the private sector. The lack of new funding commitments from donor governments and the private sector is a matter of serious concern as far as the sustainability of REDD+ readiness activities initiated by the government and NGOs are concerned. Key readiness activities such as the establishment of village committees for managing project components, training of communities on several REDD+ related initiatives such as participatory carbon measurement and the establishment of village land use plans, as well as implementation of the national REDD+ strategy are all currently placed on hold indefinitely. This situation has raised many concerns, especially among local communities, given the high expectations they had developed during and after the inception of REDD+ pilot projects, and even after trial payments that were made in some project sites.

Despite the lack of new funding commitments, existing commitments have continued to be disbursed at a steady rate, such that by the end of 2014, 81% of all commitments had been disbursed, going all the way to reach local communities in some cases. For instance, three REDD+ pilot projects, namely those implemented by the Tanzanian Forest Conservation Group (TFCG), the African Wildlife Foundation (AWF) and the Tanzania Traditional Energy Development Organization (TaTEDO), disbursed a total of US$560,000 to forest adjacent communities as trial payment for carbon sequestration in their forests. This pre-cursor to performance-based payment was given to communities based on their levels of efforts towards conservation of the target forest reserves.

Despite the presence of a transparent National REDD+ Strategy, the private sector is still not adequately engaged in National REDD+ processes, neither in financing nor implementation of REDD+ arrangements. This is possibly because of uncertainties surrounding REDD+ investments, markets, and policies.

In an effort to tackle the current financial uncertainties for financing REDD+ activities, the government is currently working with the World Bank's Forest Carbon Partnership Facility (FCPF) to secure an estimated US$3.5 million to consolidate its national REDD+ readiness efforts. In addition, the UN-REDD Programme through UNDP in Tanzania has also prepared a fundraising proposal worth US$3.76 million for implementation of its second phase scheduled for 2014–2016. However, at the time of the writing of this report, the proposal is yet to secure funding. This situation therefore leaves Tanzania stranded for the moment with regards to next steps for implementation of REDD+ activities.

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Acronyms

ALAPA	Association for Land Advocacy for Pastoralists
AWF	African Wildlife Foundation
CBO	Community-Based Organization
CCE	Community Carbon Enterprise
CCIAM	Climate Change Impacts, Adaption and Mitigation
DASS	Development Associates
EPMS	Environmental Protection and Management Services
ESRF	Economic and Social Research Foundation
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FITI	Forest Industries Training Institute
FTI	Forest Training Institute
IRA	Institute of Resource Assessment
JGI	Jane Goodall Institute
JUWAMMA	Jumuiya ya Watunza Misitu wa Masito [Association for Conservation of Masito Forest]
LUPs	Land Use Plans
MCDI	Mpingo Conservation and Development Initiative
MNRT	Ministry of Natural Resources and Tourism
MRV	Monitoring, Reporting and Verification
NAFRAC	National Forest Resources Management and Agroforestry Center
NAFORMA	National Forest Resources Monitoring and Assessment Programme
NGOs	Non-Governmental Organizations
PDDs	Project Design Documents
PFM	Participatory Forest Management
R-PIN	Readiness Plan Idea Note
R-PP	Readiness Preparation Proposal
REDD+	Reducing Emissions from Deforestation and forest Degradation. Includes the role of Sustainable Forest Management and enhancement of forest carbon stocks.
REL	Reference Emissions Levels
SES	Social and Environmental Safeguards
SEPF	Social and Environmental Principle Framework
SUA	Sokoine University of Agriculture
TATEDO	Tanzania Traditional Energy Development Organization (TaTEDO)
TFCG	Tanzania Forest Conservation Group
UK-DFID	United Kingdom-Department for International Development
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
UN-REDD	United Nations Programme on REDD+
US	United States of America
WCS	Wildlife Conservation Society
WCST	Wildlife Conservation Society of Tanzania (WCST)
WWF	World Wildlife Fund (WWF)

Glossary of Terms

During the survey design process, the REDD*X* initiative found there was a need to define commonly-used REDD+ and finance terminology in order to promote greater understanding and overall consistency across in-country partners and between collaborators, including national governments, donors, and recipients. The definitions below are commonly used definitions used by the REDD+ policy community except where noted.

General and Financial Terms

REDD+: REDD+ is a global effort to create a value on the carbon stored in forests, and provide incentives to compensate countries for policies that result in reduced emissions and forest conservation. It is defined by the UNFCCC as "reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries." REDD+ countries have the flexibility to determine what exact activities they will implement in their countries based on national circumstances and development/conservation priorities.

REDD+ Finance: A working definition of "REDD+ finance" remains heavily debated within the international policy context. For the sake of this project and to promote consistency with other REDD+ tracking initiatives and broader international approaches to REDD+, it was agreed that REDD+ finance will include:

1. International REDD+ Finance: Any international financial transfers earmarked to support REDD+ mechanisms or initiatives, as currently defined by the UNFCCC, that are developed with the aim of reducing net GHG emissions from the forestry sector.

2. National REDD+ Finance: Monies earmarked and spent for any activities or actions that fall within the scope of the REDD+ definition found within an individual country's approved REDD Readiness Preparation Proposal or other existing country REDD+ strategy.

Public Finance: Revenue generated through mechanisms (e.g., taxes, carbon markets, etc.) controlled by a public entity such as a national government. Public finance can be international of national in nature, and generally supports REDD+ readiness, policy development and results-based payments.

Private Finance: In the context of REDD+, private finance constitutes funds provided by a private sector entity or business, which tend to support forest management and carbon project development, and can include PES-triggered investments or investments that address drivers of deforestation.

Public–Private Finance: Instances where a REDD+ project or business venture is funded through a partnership between a public sector authority, and one or more private sector companies.

Pledge: Pledges of REDD+ finance are often made as announcements of support from donor governments with no legal or formal indication that this funding will be released, no terms for how this might be spent, and whether this will be fully spent on REDD+ activities. Some donors pledge an amount and actually end up committing less. The REDD*X* initiative does not specifically track pledges, but if any are known, they are recorded to compare with amounts actually committed.

Commitment: REDD*X* defines "commitment" as a formal indication from a donor that they will fund REDD+ activities in a country. This "commitment" will be backed up by a legal or formal agreement specifying the total amount of funding for the recipient, a timeline for activities and a schedule for when finance will be spent. ("Commitment" is not to be confused with a "pledge").

Disbursement: In the context of the REDD*X* initiative, it is the transfer of funds from a donor to a recipient or from a recipient to an additional recipient further down the funding chain.

Expenditure: In the context of the REDD*X* initiative, it is when REDD+ finance is actually spent or expended on REDD+ activities on the ground.

Institutions

International Donor Governments: Federal agencies or ministries in the donor country. NORAD (Norway), GIZ (Germany), KfW (Germany), USAID (USA), JICA (Japan), DEFRA (UK), and FORMIN (Finland) are some of the biggest international government donor agencies supporting REDD+ globally. The arrangements that international donors utilize can include traditional bilateral and multilateral funding mechanisms, in-kind technical assistance, or direct financing of civil society or private sector consulting firms.

REDD+ Country Governments: National Governments which are receiving international financial support to implement REDD+ to conserve their country's forest resources. REDD+ countries are increasingly allocating funds for REDD+ activities in their own country, either through self-financing out of central domestic budgets, or as required co-financing of multilateral institutional grants.

Multilateral Financing Institutions and Programs: International organizations that are comprised of members from many countries. Examples include the World Bank, UN-REDD, IDB, ADB, IFAD and ITTO. These multilateral organizations often manage large REDD+ programs such as the UN-REDD Programme, the FCPF, and the Green Climate Fund.

Multilateral Implementing Agents: International organizations which carry-out the directives and work plans of international decision-making bodies and programs. For example, the UN-REDD Programme builds on the convening role and technical expertise of its three participating UN organizations: the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). These organizations act as multilateral implementing agents when implementing the decisions and work plans of the UN-REDD Programme.

Supranational Institution: An organization that is entirely composed of representatives from member states, but which acts as a collection of the member states. The most common supranational institution providing REDD+ funding globally is the European Union, represented by the European Commission.

Private Foundation: A charity that receives the majority of its support from individual and corporate donations, (not public funds) and whose funds and programs are managed by its own trustees or board of directors.

International NGOs and Academic Institutions: International NGOs or academia includes international, non-governmental organizations (NGOs) such as environmental organizations, or independent academic institutions with headquarters outside the recipient country. Many international NGOs or academic institutions receive donor funding for REDD+ activities to be implemented at the international, regional and/or national level. Their finance is typically spent in the following ways:

- At headquarters on their own staff and operations supportive of donor and/or recipient country objectives;
- At regional or national offices on their own staff and operations supportive of donor and/or recipient country objectives;
- Passed on to other international or domestic organizations through sub-grants or consultancies to implement activities (these may, in turn, pass funding on to additional organizations);

- Passed on directly to local communities or households as payments for environmental services.

National (REDD+ Country) NGOs and Academic Institutions: Civil society organizations and academic institutions based in the REDD+ implementing country.

Firms/Consultancies: This includes both private sector corporations (firms) which occasionally contribute funding or expertise to support REDD+, and consultancies, which are private sector businesses made up of a group of experts (i.e. consultants) that provide professional project management services and implementation for a fee. Firms and consultancies contributing to REDD+ processes and implementation can be based internationally and/or within REDD+ implementing countries.

Consortia: An association of various types of organizations, partnering together to fund or implement REDD+ activities. This designation is given to donors or recipients when REDD+ finance allocated to the consortium cannot be disaggregated to the level of specific participating organizations. A consortium is deemed 'international' if one or more of its members is based outside of the REDD+ country, while a consortium in which all participating members are based within the REDD+ country is designated as 'national.'

REDD+ Activities and Projects

Stakeholder Engagement: Funding aimed at improving participation of non-governmental stakeholders through the design, implementation, and/or monitoring phases of REDD+, and/or funding that promotes media outreach.

Rights and Tenure: Funding directed at addressing issues of rights and tenure—including clarifying land, property and carbon rights.

MRV and Reference Levels: Funding aimed at improving the monitoring, reporting and/or verification of REDD+, including changes in forest cover, forest degradation, biodiversity, or social and governance levels. Funding to define or implement reference levels to measure emissions, co-benefits and governance in-country.

Safeguards: Funding aimed at identifying barriers to forest conservation and enabling social and environmental benefits.

Policy and Law Development: Funding aimed at promoting research, advocacy and outreach to policymakers including policy and law analysis, policy development, REDD+ strategy development & advocacy.

Institutional Strengthening: Funding aimed at developing in-country public institutions, ministries, staffing capacity and resources for REDD+.

Forest Carbon Project Design: Funding aimed at developing project design documents (PDDs) and validation activities. This includes credited projects that go to the market and those that want REDD+ payments through an eventual UNFCCC mechanism.

Improved Forest and Land Management: Funding supporting protected areas, sustainable forest management, and reforestation management activities – including enforcement and compliance.

Carbon Offsets or Performance–Based Payments: Funding aimed at carbon offsets, direct payments, or actual benefits sharing such as incentive- or performance-based payments.

1. Introduction

1.1 About REDD*X*

REDD*X* is a Forest Trends initiative funded by the German International Climate Initiative and the Skoll Foundation. The overall objective of this initiative is to increase transparency on REDD+ financing by informing both recipient and donor communities on the status of pledges, commitments, and disbursements of funds aimed at supporting the implementation of REDD+ activities in participant countries. This information is important both in supporting REDD+ country governments to pursue effective implementation of REDD+ policies and activities, and in supporting the international donor community as it deliberates on effective modalities for the delivery of pledges and commitments for addressing growing threats of deforestation and forest degradation (REDD+).

Tanzania is one of thirteen tropical forest countries participating in the REDD*X* initiative. Other countries involved in this initiative currently include: Brazil, Colombia, Ecuador, Mexico and Peru in Latin America; the Democratic Republic of Congo, Ethiopia, Ghana and Liberia in Africa; and Indonesia, Papua New Guinea and Vietnam in Asia-Pacific.

REDD+ finance tracking results for REDD*X* countries are published through Forest Trends' REDD*X* website and report series available at reddx.forest-trends.org.

This report specifically focuses on the national results for the United Republic of Tanzania for the period of 2009–2014.

2. Methodology for Tracking REDD+ Financing

The process of data collection for the second and third rounds of REDD*X* initiative research in Tanzania was conducted between April and July in 2013 and 2014. The process for data collection involved both tracking of international financial flows as well as the Tanzanian government's own contribution to REDD+ financing (i.e. domestic contributions). International financial flow data was collected using a standardized questionnaire provided by Forest Trends as well as through interviews (including face-to-face, by phone, and by e-mail). Domestic finance tracking was also collected through face-to-face, phone, and e-mail interviews.

2.1 Defining REDD+ Finance

The focus of this tracking is on both the international financial flows and the Tanzanian government's own contributions to REDD+ financing. International financial flows refer to funding mechanisms originating outside of Tanzania to support actions aimed at reducing emissions from deforestation and forest degradation within the country.

According to the UNFCCC Cancun agreement decision (I/CP.1), REDD+ refers to 'policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries'[1] which will include activities that are country-driven, promote co-benefits and biodiversity, and are consistent with conservation of natural forests, involvement of indigenous peoples and local communities as well as transparent forest governance.[2] Tanzania's National REDD+ Strategy attempts to follow these principles, and is currently being used to guide REDD+ related activities in the country.

This study tracked international flows of finance as well as domestic contributions linked to the national definition of REDD+ as defined in Tanzania's National REDD+ Strategy, and consequently the UNFCCC definition of REDD+ as per I/CP.16. In view of this, tracking focused on funding for activities falling under the following broad categories of the REDD+ framework: reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, the sustainable management of forests, and the enhancement of forest carbon stocks. The study further tracked funding focused on:

- Development of national strategies/action plans, policies and measures, and capacity-building for REDD+;
- Implementation of national policies and measures and national strategies or action plans;
- Capacity-building, technology development and transfer and results-based pilot project activities;
- Development of MRV and safeguard information systems.

[1] Access full document on Cancuun agreement from http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf

[2] Sánchez, M. 2010. REDD+ Progress Made: Monitoring and Reporting Aspects. Available: http://www.conafor.gob.mx:8080/documentos/docs/7/561Maria%20Saenz%20Sanchez%20-%20MRV%20WS%20Jalisco%20Mexico%20UNFCCC.pdf

2.2 Types of REDD+ Finance Tracked

The categories of finance tracked for this study include **pledges**, **commitments** and **disbursements**.

Pledges refer to verbal or signed agreements from donors to provide financial support for particular activities related to REDD+. However, pledges are provisional and can be retracted or altered.

Pledges turn into commitments when the donor and recipient sign a legally binding agreement that specifies the amount, conditions, and results associated with the financing, ensuring the delivery of funding to the recipient.

Disbursements represent funds that have been released from donors to a recipient's bank account, recording the actual transfer of finances, services or materials. In cases where in-kind or technical assistance has been provided—such as trainings, workshops, administrative capacity building or provision of technology or infrastructure—disbursements are tracked when the funds, goods, or services have been transferred to the service provider or the recipient.

2.3 Approaches for Data Collection

In collecting financial data for the REDD+ activities mentioned above, three complementary approaches were employed as described below.

Literature Review: A comprehensive review of literature (reports, proceedings and website reports related to REDD+ financing) was undertaken to determine the status of both international and domestic REDD+ financial flows into the country for both 2013 and 2014. This approach generated key information including data on:

- Pledges, commitments, and disbursements of REDD+ finance;
- Timelines between when funds were committed and actually disbursed;
- The types of organizations/institutions receiving funding and implementing REDD+ activities in the country (e.g., government institutions, multilaterals, NGOs, private sector consulting firms, community organizations, etc.);
- The types of activities implemented using the current REDD+ financing.

Interviews and Follow-Up Communication: Interviews were held with various key REDD+ actors including representatives of the nine NGOs receiving REDD+ financing for implementation of REDD+ pilot projects, as well as with representatives of the local government authorities (i.e. district forest/natural resource officers) in districts where REDD+ pilots were implemented. Interviews were also held with national government officials in ministries involved in REDD+ activities such as Natural Resources and Tourism, Energy and Minerals, Agriculture and Food Security. Further interviews were held with representatives of donor governments and donor agencies such as UN-REDD, the Royal Norwegian government, the government of Finland, and the World Bank's FCPF representative. Other interviewees included Tanzanian research and academic institutions, notably SUA, Ardhi, IRA and FTI, which are receiving REDD+ finance for the implementation of specific MRV and capacity building projects.

These interviews primarily sought to collect information that was not available in the public domain. In addition, the interviews aimed at seeking clarification on information that would not be clear from the literature review. In most cases, interviews were done face-to-face but in a few cases, because of distance and time constraints, interviews were conducted via e-mail and phone calls.

National Workshops: National validation workshops were held in Arusha and Dar es Salaam in October 2014 and July 2015 respectively. These workshops brought together participants representing a wide variety of key REDD+ stakeholders in the country including representatives of the central government (e.g. members of the National REDD+ Task Force and REDD+ Secretariat), donor governments/agencies, representatives of the REDD+ pilot projects, academic and research institutions, representatives of indigenous peoples and officials from local government jurisdictions where REDD+ projects were piloted. The national Director of Environment, who is also Chairman of the National REDD+ Task Force, Dr. Julius Ningu, chaired both workshops in Arusha and Dar es Salaam. As per the objectives of these workshops, participants reviewed the REDD+ financial data and provided comments that led to revision and finalization of the report. The workshops also served as opportunities to enhance coordination, exchange information on the current status of REDD+ financing, and strengthen networking and relationships between key REDD+ stakeholders in the country.

3. National REDD+ Context

The implementation of REDD+ as one of the key approaches for reducing forest loss and encouraging sustainable land and forest management in Tanzania started in 2008. Since then, a number of international partners have provided technical and financial support that has turned Tanzania into a dynamic REDD+ country.

The largest support came from the Tanzanian-Norwegian Climate and Forest Initiative, which provided a 5-year funding commitment that supported a number of REDD+ readiness activities in the country. These included:

- **Establishment of a National-level REDD+ policy project**, which resulted in the creation of the National REDD+ Task Force and the supporting REDD+ Technical Working Groups that facilitated the development and elaboration of a National REDD+ Strategy and Action plan;[3]
- **Development of REDD+ pilot projects**, which involved development and implementation of 9 REDD+ project trials by various international and Tanzanian NGOs in different forest ecosystems across the country;
- **Development of a comprehensive scientific research and capacity building program** titled Climate Change Impacts, Adaptation and Mitigation (CCIAM);[4]
- **Development of a National-level Monitoring, Reporting, and Verification (MRV) project** resulting in the establishment of the National Carbon Monitoring Centre (NCMC);[5]
- **Development of Social and Environmental Safeguard (SES) mechanisms and a Safeguards Information System (SIS).**

Other donor partners include the UN-REDD Programme, which engaged in Tanzania as early as 2008 to complement and reinforce several aspects of the REDD+ framework at the national level, including strengthening national governance and institutional capacities for REDD+, increasing capacity for capturing REDD+ elements within national Monitoring, Assessment, Reporting and Verification (MARV) systems, improving capacity to manage REDD+ and provide other forest ecosystem services at district and local levels, and ensure broad based stakeholder engagement in REDD+ programs in Tanzania. The UN-REDD Programme also promoted REDD+ safeguards[6] through its guidelines on Free, Prior and Informed Consent (FPIC) and the Social and Environmental Principles Framework (SEPF).

Other relevant initiatives in support of REDD+ have included work by the Clinton Climate Initiative that supported work on MRV through establishment of the National Carbon Accounting System for Tanzania (NCAS-T), the Tanzania Forest Service's National Forest Resources Monitoring and Assessment (NAFORMA) project supported by the government of Finland, and the Tanzanian government's preparation of the Readiness Plan Idea Note (R-PIN)[7] in 2008, and the Readiness Preparation Proposal (RPP) in November 2010 under the World Bank's Forest Carbon Partnership Facility (FCPF).

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[3] See the strategy and action plan: http://theredddesk.org/sites/default/files/2nd_draft_national_redd_strategy.pdf

[4] The CCIAM Programme started in 2009, comprising 15 research projects and 11 strategic support interventions including capacity building on climate change impacts, adaptation and mitigation for younger scientists at the masters and doctorate levels. More information can be found at http://www.erails.net/TZ/sua/sua-/ongoing-research-projects/projects-under-cciam-programme/

[5] This project is currently hosted at the Sokoine University of Agriculture and is in its early phase of establishment.

[6] Safeguards are procedures and approaches that can help to ensure that REDD+ activities do no harm to people or the environment.See more at http://www.un-redd.org/Newsletter35/PolicyBriefonREDDSafeguards/tabid/105808/Default.aspx

[7] The R-PIN and RPP can be found here: https://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Oct2010/REVISED_FINAL_Tanzania.R-PP_main_document.V12__7.10.2010%5b1%5d.pdf

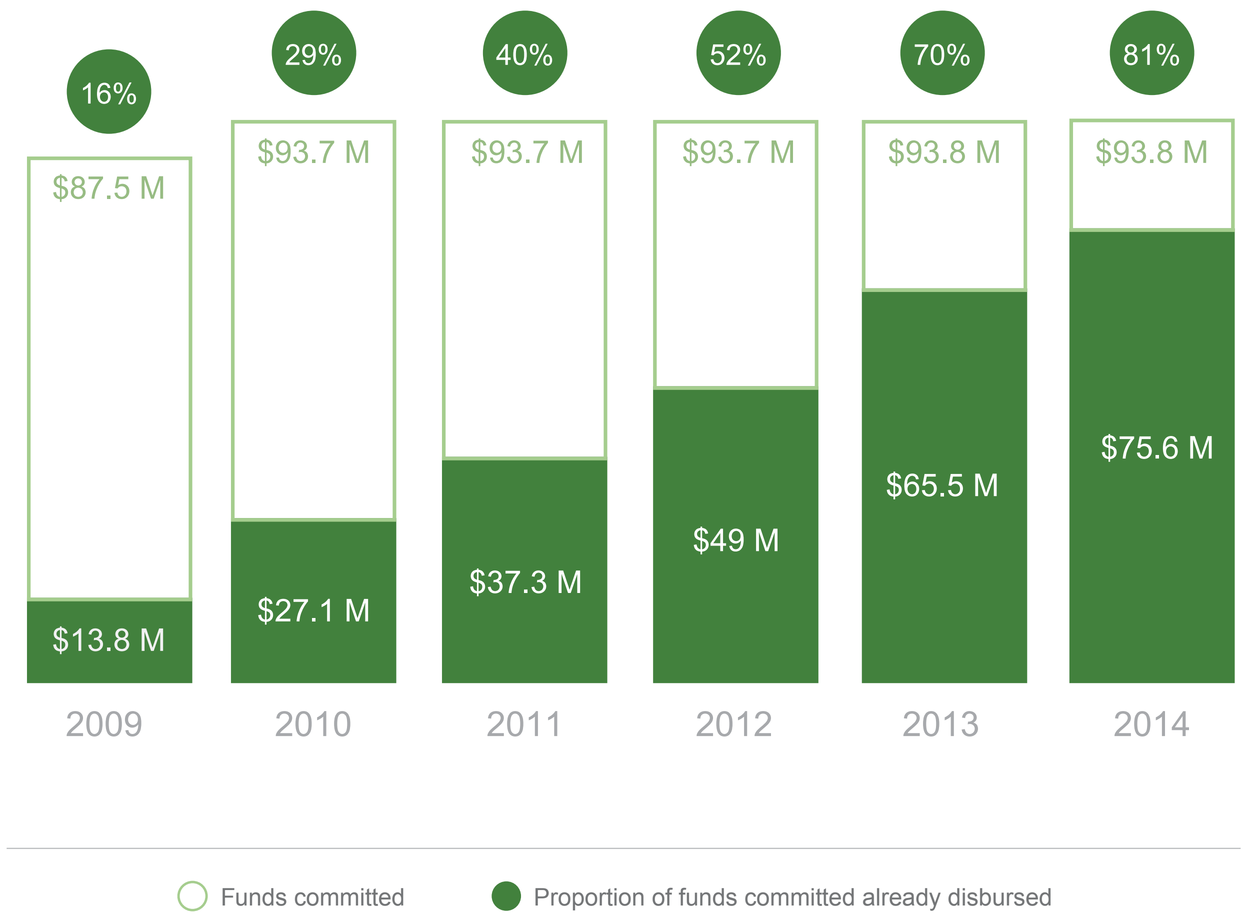
Despite the numerous high profile REDD+ activities described above, pledges and commitments for financial and technical support for REDD+ in Tanzania have stagnated since 2010, as presented in the subsequent sections of this report. Lack of new financial commitments and pledges for REDD+ activities have raised serious concerns among REDD+ stakeholders. There is a particular concern regarding sustainability of the several REDD+ activities initiated during Phase I, both at the national and local levels. This challenge is discussed in more detail in section five of the report.

4. Findings on REDD+ Financing in Tanzania

4.1 International REDD+ Financing: Overview

Overall, international REDD+ finance tracking results for the period 2009–2014 are largely similar to the previous periods of 2009–2012 and 2009–2013. This is mainly because no new significant funding pledges or commitments have been tracked over this period, meaning that donors and recipients have remained essentially the same. However, what has changed is the amount of total funds that have actually been disbursed. Our tracking indicates that 81% of all committed funds had been disbursed by the end of 2014, compared to 52% and 70% that had been disbursed by the end of 2012 and 2013 respectively.

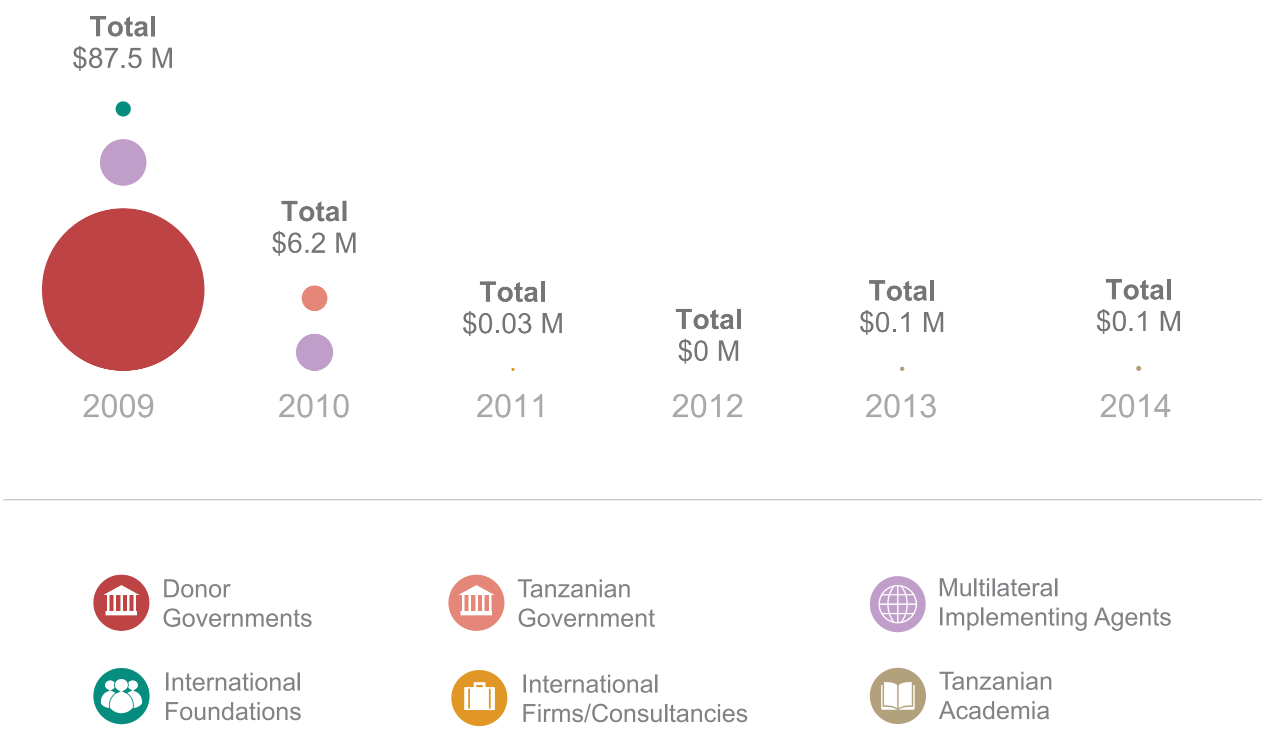
Figure 1: Cumulative Commitments, Disbursements, and Disbursement Percentage, 2009–2014



The results show that total cumulative commitments reached US$87.5 million in 2009 and increased slightly by roughly 7% to reach US$93.7 million in 2010. These large commitments in 2009 and 2010 reflect multi-year grants. Total cumulative REDD+ financial commitments to Tanzania reached a plateau in 2010. There have been no additional significant commitments since then. In contrast, disbursements continued to flow at a steady rate, starting out at US$13.8 million in 2009 (or 16% of commitments) and increasing consistently each year through 2014, when total disbursements were tallied at US$75.6 million (or 81% of commitments).

Figure 2 below shows new commitments to the various recipient types from 2009 to 2014. As the graphic clearly shows, the vast majority of REDD+ finance to Tanzania was committed in 2009, with some additional new but smaller commitments in 2010. The bulk of 2009 commitments went overwhelmingly to the Norwegian Embassy in Dar es Salaam, a trend discussed in more detail in section 4.1.2 below.

Figure 2: New Annual Commitments to Various Recipient Types, 2009–2014



4.1.1 Donors

The REDD+ donor landscape in Tanzania is relatively straightforward, with nine total donors tracked through 2014. The vast majority of REDD+ finance support has come from the Government of Norway, which has committed a total of US$80.2 million, or 85.5% of all REDD+ funding committed to Tanzania. Other significant donors include the Government of Finland, and the multilateral UN-REDD Programme, which have each committed US$4.2 million. Additional financial support has come from the Government of Germany, the Rockefeller Foundation, the United Kingdom's Department for International Development (UK-DFID), the World Bank FCPF, the Belgian government, and co-financing provided by the Government of Tanzania itself.

Figure 3: Proportional Total Donor Commitments and Disbursements, 2009–2014

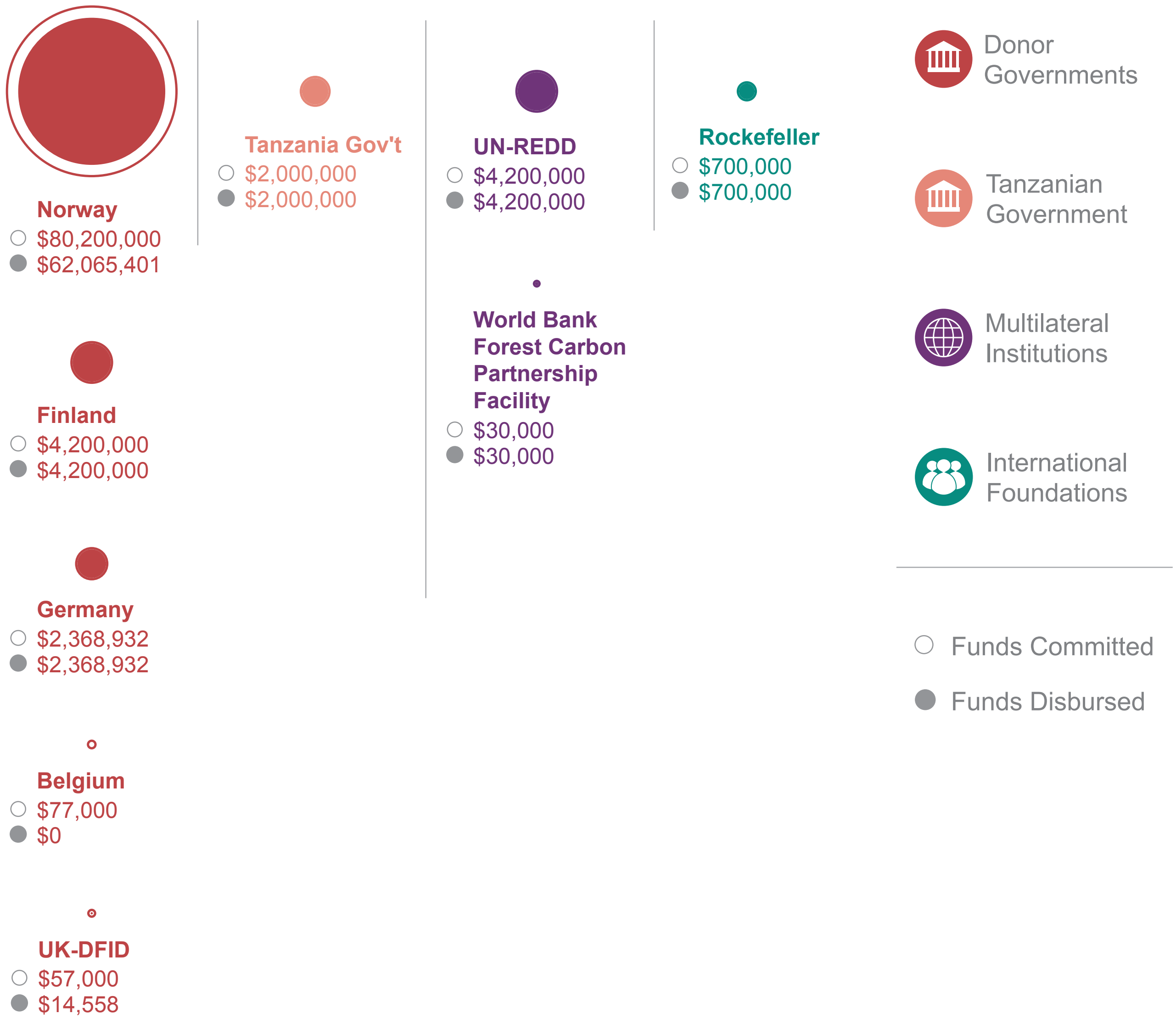


Figure 3 above shows the relative levels of funding donors have committed to support REDD+ in Tanzania, and the proportion disbursed to their recipients through 2014. The percentage of committed funding that has been disbursed varies by donor; however, the majority of donors have disbursed all of their committed funds, with the exception of Belgium and the United Kingdom, as well as the Norwegian Government which as of the end of 2014 had around US$18.1 million in undisbursed funding set aside for implementation of REDD+ activities in 2015, including the establishment of the National Carbon Monitoring Centre to improve MRV capacity, and institutional strengthening through the establishment of a permanent national REDD+ Secretariat at the Division of Environment in the Vice President's Office.

Figure 4 below locates these donors spatially by country and continent, revealing that the vast majority of REDD+ financial support is coming from Europe, followed by internationally-based multilateral institutions.

Figure 4: Donor Commitments and Disbursements by Country and Continent, 2009–2014

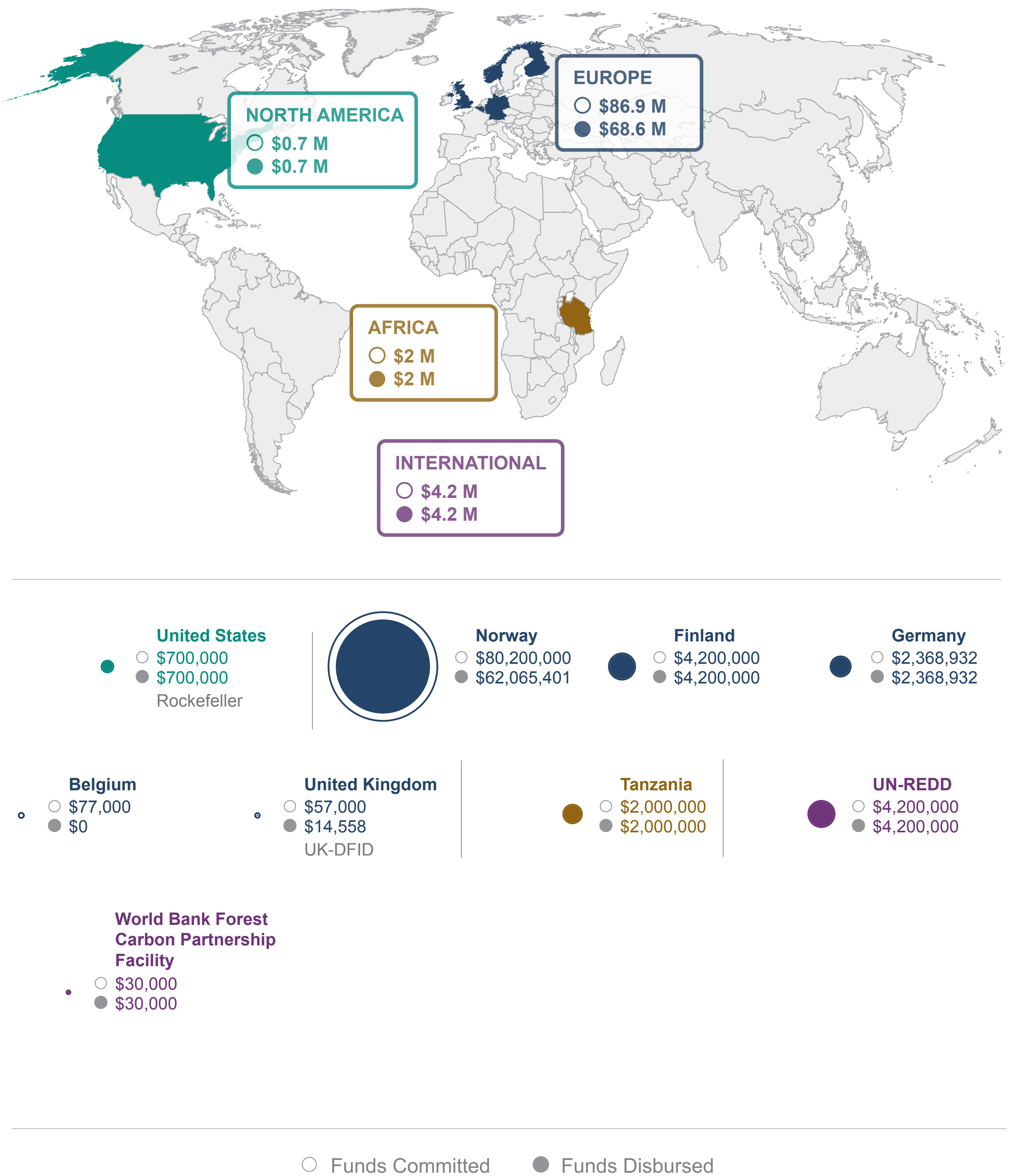
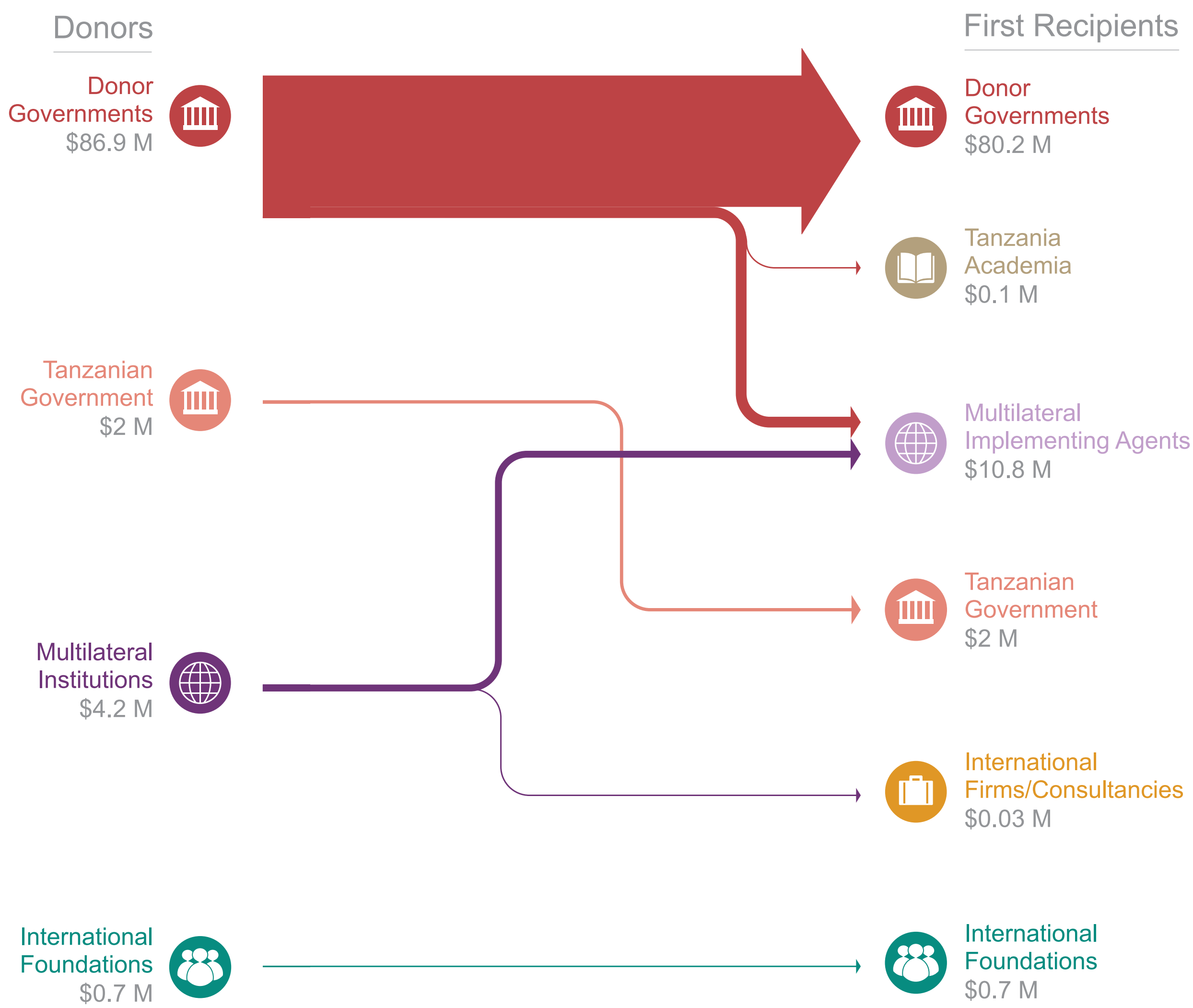


Figure 5: Flows of REDD+ Finance from Donors to First Recipients, 2009–2014



As shown in Figure 5 above, donor governments accounted for 92.6% of all REDD+ finance flowing to Tanzania between 2009 and 2014. More than 90% of this donor government finance is flowing to other donor government agencies as the first recipients. This trend is driven by the Government of Norway's decision to direct its entire REDD+ finance commitment through its Royal Norwegian Embassy in Dar es Salaam.

In the same way, the Government of Finland is channeling its funding to the United Nations Food and Agriculture Organization (FAO), while commitments from the UN-REDD Programme are going to the United Nations Development Programme (UNDP) in Tanzania. A private foundation commitment from the Rockefeller foundation, which accounts for 0.75% of total REDD+ funding to Tanzania is flowing through the Clinton Foundation accounts to reach the ground. Funds from UK-DFID (0.06% of total REDD+ finance) are flowing through private companies/consultancies such as Acacia consulting company, while funds from the Belgian government (approximately 0.08% of total REDD+ finance) are flowing through academic institutions such as Ardhi University.

Finally, the Government of Tanzanian contributed US$800,000 of in-kind co-financing to supplement the funding provided by the Government of Finland for the NAFORMA project.

4.1.2 Recipients

The initial institutions or 'first recipients' receiving funding for REDD+ activities in Tanzania are predominantly donor government agencies, namely the Royal Norwegian Embassy of Tanzania. In general, donor governments are not recipients of international REDD+ finance. However in some instances, specific donor government agencies receive funds from another agency within the donor government. Flows of funds from one donor government agency to another donor government agency might take place where development aid or climate finance is disbursed from one centralized department within a government, with projects/activities implemented by other government agencies. In this particular case, it is expected that the Royal Norwegian Embassy of Tanzania, as a first recipient, will pass on the majority of the funding it receives (US$80.2 million), acting more as an intermediary than as a project implementer. Other first recipients aside from donor governments include multilateral implementing agents (UNDP and FAO), receiving $10.8 million or 11% of total commitments, and the Government of Tanzania which is set to receive around US$2 million or 2% of commitments as the recipient of its own co-financing contribution. Other first recipients include international foundations (e.g. Clinton Foundation), receiving US$0.7 million or 1% of commitments; Tanzanian academia, such as Sokoine University of Agriculture and Ardhi University, receiving US$0.13 million or 0.1% of commitments; and international firms/consultancies that are receiving $0.03 million or about 0.03% of direct donor funding.

'Second recipients' receiving REDD+ finance passed on by first recipients are also displayed in Figure 5 below. During the period from 2009 to 2014, around 83.6% of the total funds committed to support REDD+ in Tanzania were scheduled to pass through the hands of first recipients and onto second recipients. Multilateral implementing agents and international foundations as first recipients passed on 100% of the funding received from donors. Donor government agencies, namely the Royal Norwegian Embassy of Tanzania, had passed on 86% of the overall funding commitments made by the Government of Norway by the end of 2014.

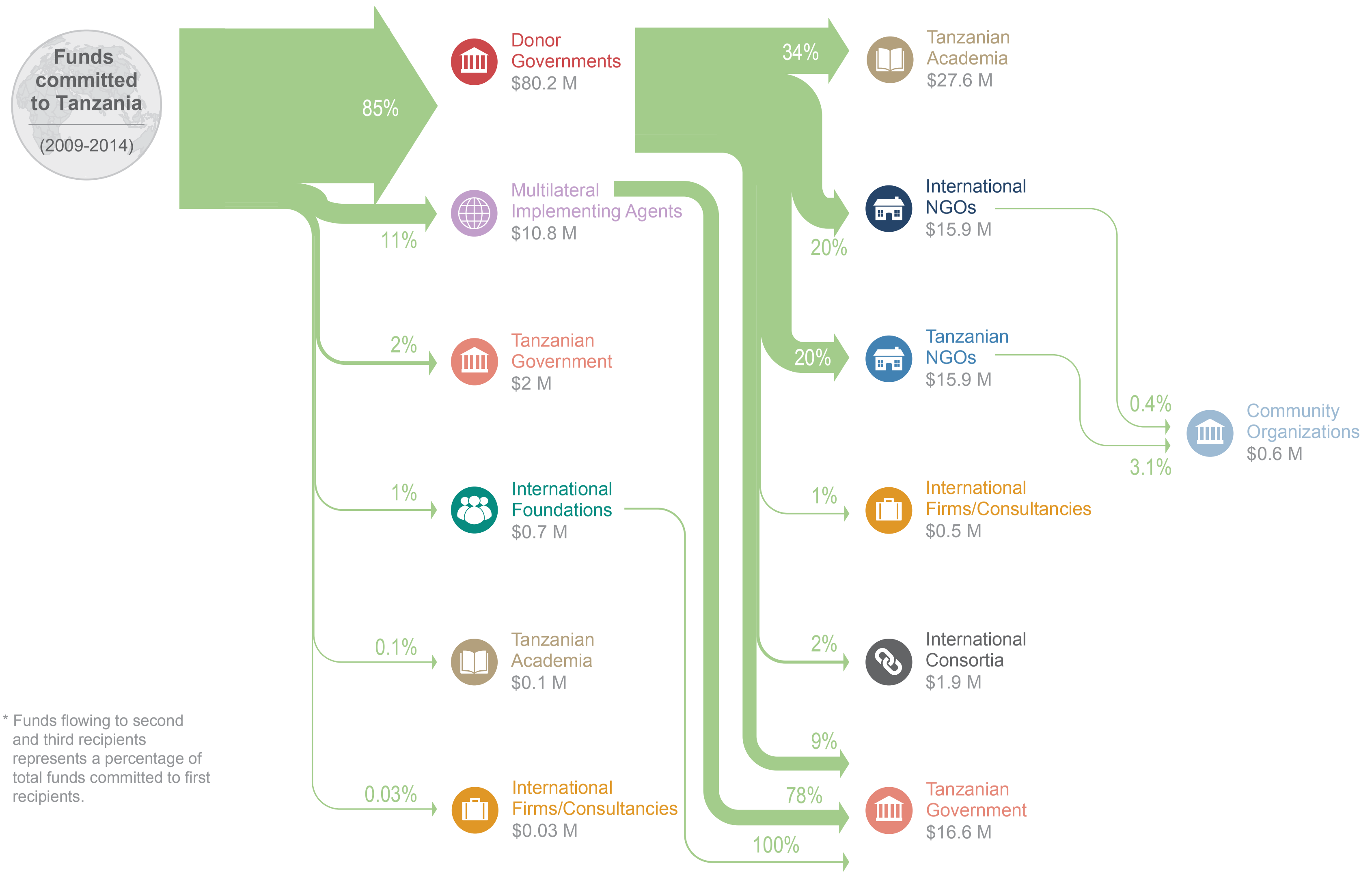
As shown in Figure 6 on page 13, Tanzanian research and academic institutions are receiving the largest share of funding passed on to second recipients (US$27.6 million). These include the Sokoine University of Agriculture, the Institute of Resources Assessment (IRA)—a constituent college of the University of Dar es Salaam which served as the National Secretariat for REDD+, and the Forest Training Institute (FTI). These institutions are tasked with conducting research, training and capacity building with a focus on natural resource management and climate change mitigation/adaptation strategies.

The Government of Tanzania received around about US$16.6 million of the total funding flowing to second recipients. The majority of this funding is going to the Ministry of Natural Resources and Tourism for carrying out various activities under the UN-REDD Programme and for the implementation of the NAFORMA project. The Revolutionary Government of Zanzibar also received funding through the Royal Norwegian Embassy for implementation of REDD+ related project activities focusing on biomass assessment.

International and Tanzanian NGOs implementing Norwegian-financed REDD+ pilot projects received a combined total of US$31.8 million in REDD+ finance flowing to second recipients. These included the Wildlife Conservation Society (WCS), CARE international, World Wildlife Fund (WWF), African Wildlife Foundation (AWF), Jane Goodall Institute (JGI), Tanzania Forest Conservation Group (TFCG), Mpingo Conservation and Development Initiative (MCDI), Tanzania Traditional Energy Development Organization (TaTEDO) and Wildlife Conservation Society of Tanzania (WCST).

Finally, a small portion (US$0.6 million) of funds received by second recipients was directed to forest adjacent communities (i.e. community organizations) in the form of REDD+ cash trial payments. While these cash payments were relatively small within the broader scope of total REDD+ finance flowing to Tanzania, it is important to note that much of the US$31.8 million in REDD+ finance received by the nine Tanzanian

Figure 6: Overview of Financial Flows to REDD+ Funding Recipients in Tanzania



* Funds flowing to second and third recipients represents a percentage of total funds committed to first recipients.

and International NGOs mentioned above was spent on activities intended to benefit forest-dependent communities, even though much of this came in the form of training, technical support, and economic development initiatives rather than direct cash payments.

Low percentage transfers of funding from first to second recipients should not necessarily be seen as a failure to implement REDD+ activities in Tanzania. This is because first recipients may implement REDD+ activities directly themselves instead of passing funding to other organizations. However, REDD*X* tracking has revealed one case in which a significant delay in the transfer of funding from a first recipient to a second recipient has caused a significant delay (i.e. six months) in implementation of REDD+ activities. This was the case of funds being transferred from the Royal Norwegian Embassy through the Tanzanian Government Treasury before reaching the target beneficiary, the Forest Training Institute (FTI). Routing the money through the Treasury was intended to serve the government's procedural due diligence process, but also created a delay in the disbursement process.

4.2 Domestic Funding for REDD+

Developing countries, particularly emerging economies such as Tanzania, are increasingly prioritizing REDD+ within their national budgets and allocating domestic funds or co-financing to supplement international REDD+ finance. Although these contributions have not been comprehensively captured or tracked to date, domestic contributions to REDD+ are widely accepted as an important component of the global REDD+ financing landscape.[8]

Global estimates place domestic REDD+ finance in the region of US$10 billion per annum,[9] equivalent to estimates of total international REDD+ finance provided globally from 2006 through 2014.[10] Data at the national level (reported through Forest Trends' REDD*X* initiative) suggests that many governments are responsible for a significant share of the total REDD+ finance in their countries. For example, the Liberian government has provided domestic REDD+ contributions of US$12.1 million over three years, representing more than a quarter of the country's total REDD+ finance, while the government of Ghana reports that it has provided over US$36 million, equivalent to 37% of the international REDD+ finance tracked in-country.

In order to understand the situation in Tanzania, the REDD*X* initiative in 2014 embarked on the process for tracking domestic contributions (i.e. The Tanzanian government's own contribution) to REDD+ activities since 2009. This process involved both review of relevant REDD+ financial reports and consultations with key government officials (e.g. accountants, coordinators and managers) that were involved most directly in implementation of REDD+ activities.

Results of this tracking revealed that Tanzanian government domestic contributions amounted to approximately US$6,852,000. These are funds that have been expended mostly indirectly though support of REDD+ related activities necessary for the creation of an enabling environment for effective implementation of REDD+ programs. The main categories of activities financed by the government's own funding from 2009 through June 2014 are shown in Table 1 below.

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8 See full Princes Charities report here: http://www.pcfisu.org/wp-content/uploads/2012/11/Nov-2012-Interim-REDD+-Finance-Current-Status-and-Ways-Forward-2013-2020-Princes-Rainforests-Project.pdf

9 Streck and Parker, 2012. Financing REDD+. In Angelsen, A., Brockhaus, M., Sunderlin, W.D. and Verchot, L.V. (eds) 2012 Analysing REDD+: Challenges and choices. CIFOR, Bogor, Indonesia. Available at: http://www.cifor.org/publications/pdf_files/Books/BAngelsen1201.pdf

10 Norman, Marigold, and Smita Nakhooda. 2014. "The State of REDD+ Finance." CGD Working Paper 378. Washington, DC: Center for Global Development. http://www.cgdev.org/publication/state-redd-finance-working-paper-378

Table 1: Tanzanian Government Contributions to Support REDD+

Expenditure Category	Amount	Remarks
Development of national system for REDD+	$112,138	Funds were largely spent on paying for staff time through monthly salaries
Participation in regional and international technical REDD+ meetings	$164, 262	Funds were spent largely on paying for staff time, both through monthly salaries and travel expenses for international meetings
Stakeholder consultation during development of national REDD+ Strategy	$191,115	Funds were spent on paying salaries of relevant government staff
Development of MRV/REL systems	$5,289,259	This amount includes US$2 million for direct in-kind contribution to the development of an MRV system; US$3,156,300 for staff time; and US$132,959 through exemption of various items including vehicles, work permits for international experts, and other costs.
Legal and institutional reforms to accommodate REDD+	$135,000	Covers cost for review and revision of key legal frameworks such as National Forest Policy 1998 to accommodate the REDD+ agenda
Government support to nine REDD+ pilot projects being implemented by NGOs	$302,724	Paid through local government authorities, these funds largely covered costs for staff time for regional government officials in all 9 districts where REDD+ pilot projects were implemented.
Total	**$6,852,000**	

4.3 REDD+ Activities

The REDD+ funding tracked in Tanzania is financing a broad array of REDD+ activities. These include stakeholder engagement, rights and tenure, forest carbon project design, safeguards, institutional strengthening, improved forest and land management, MRV & reference level development, policy & law analysis and development, and carbon offsets or performance-based payments. As shown in Figure 7 below, stakeholder engagement and institutional strengthening were the activities that had received the greatest donor support, while forest carbon project design and carbon payments were the least supported. Other activities such as rights and tenure were addressed through development and implementation of social and environmental safeguards at the national level.

Figure 7: Proportion of Donor Initiatives Supporting Various REDD+ Activities in Tanzania

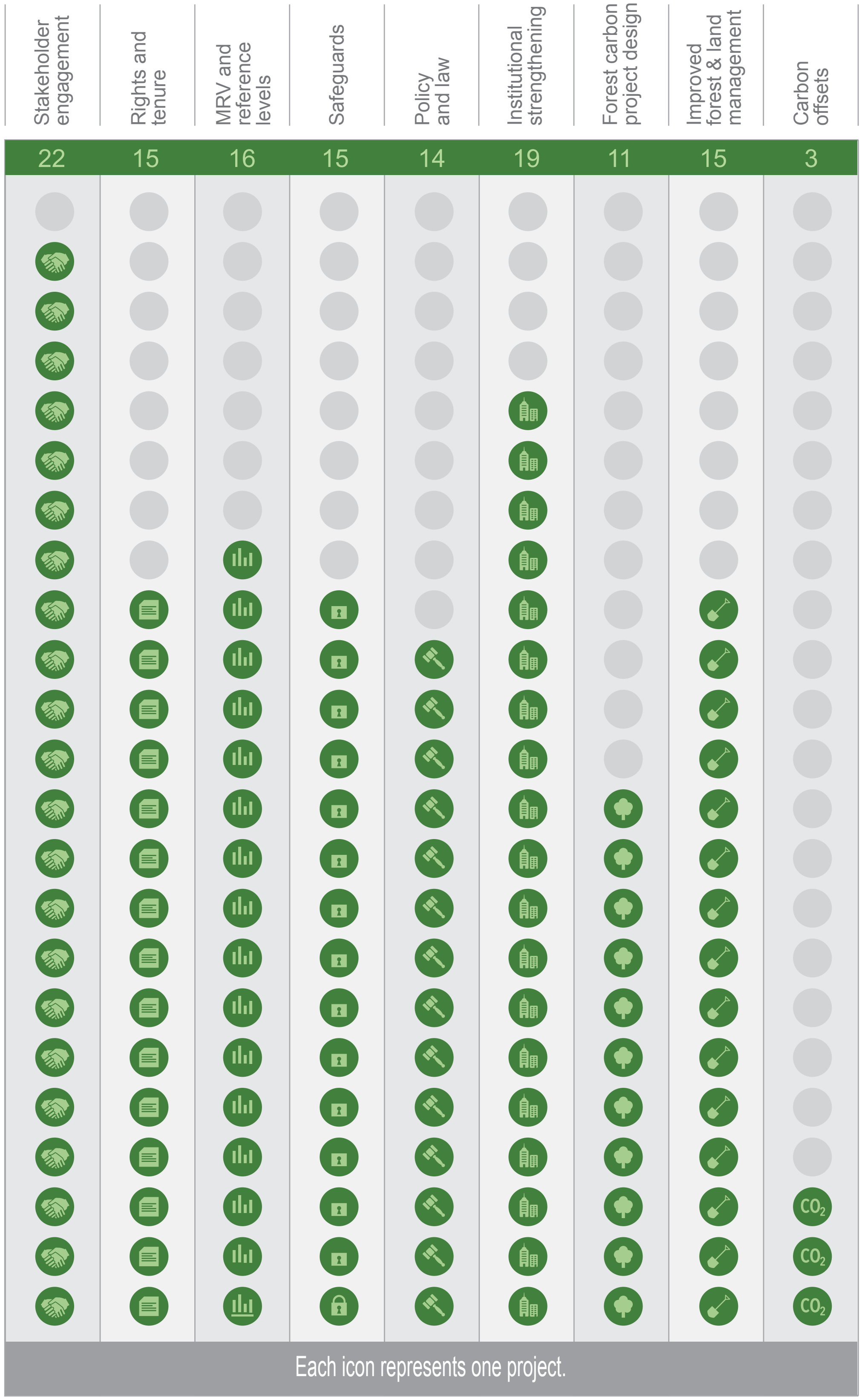


Figure 8 below provides an overview of the different types of activities financed by the three types of donors. Donor governments have supported all the REDD+ activities mentioned above, while multilateral institutions are funding all activities except forest carbon project design and carbon offsets. Private foundations are providing support for five of the nine activity types. Details on the level of progress achieved and examples of projects implemented under each activity type are provided in the section below.

Figure 8: REDD+ Activities Supported by the Different Donor Institution Types

	Stakeholder engagement	Rights and tenure	MRV and reference levels	Safeguards	Policy and law	Institutional strengthening	Forest carbon project design	Improved forest & land management	Carbon offsets
Donor Governments	✓	✓	✓	✓	✓	✓	✓	✓	✓
Multilateral Institutions	✓	✓	✓	✓	✓	✓	✗	✓	✗
International Foundations	✓	✗	✓	✓	✗	✓	✗	✓	✗

Institutional Strengthening

The National REDD+ Strategy (2013) considers governance and institutional strengthening as key pillars of REDD+ Readiness. Accordingly, a number of activities were implemented to establish/strengthen institutions and ensure good governance for REDD+. These included establishment of the National REDD+ Task Force and its thematic working groups, establishment of the National Carbon Monitoring Centre, defining the roles of the National Climate Change Steering Committee and the National Climate Change Technical Committee, among others.

Stakeholder Engagement

Stakeholder engagement and coordination is one of the key result areas under the national REDD+ Strategy. To achieve this task, an analysis of various REDD+ stakeholders and their roles was undertaken, followed by development of a community engagement strategy. This strategy has since been implemented, leading to significant community-level buy-in and participation in various REDD+ activities throughout the country. The development of safeguards standards has also strengthened and ensured effective stakeholder engagement and REDD+ processes in the country.

Social and Environmental Safeguards, Rights and Tenure

Tanzania has developed REDD+ Social and Environmental Safeguard (SES) Standards that address the issues of rights and tenure for forest-dependent communities. These standards consist of eight principles focusing on: good governance, rights to land and natural forests, livelihood improvement, stakeholder participation in REDD+ processes, rights to information access, cost-benefit sharing mechanisms, sustainable conservation of natural forests, and development of a grievance mechanism. Each principle has a set of criteria and indicators.

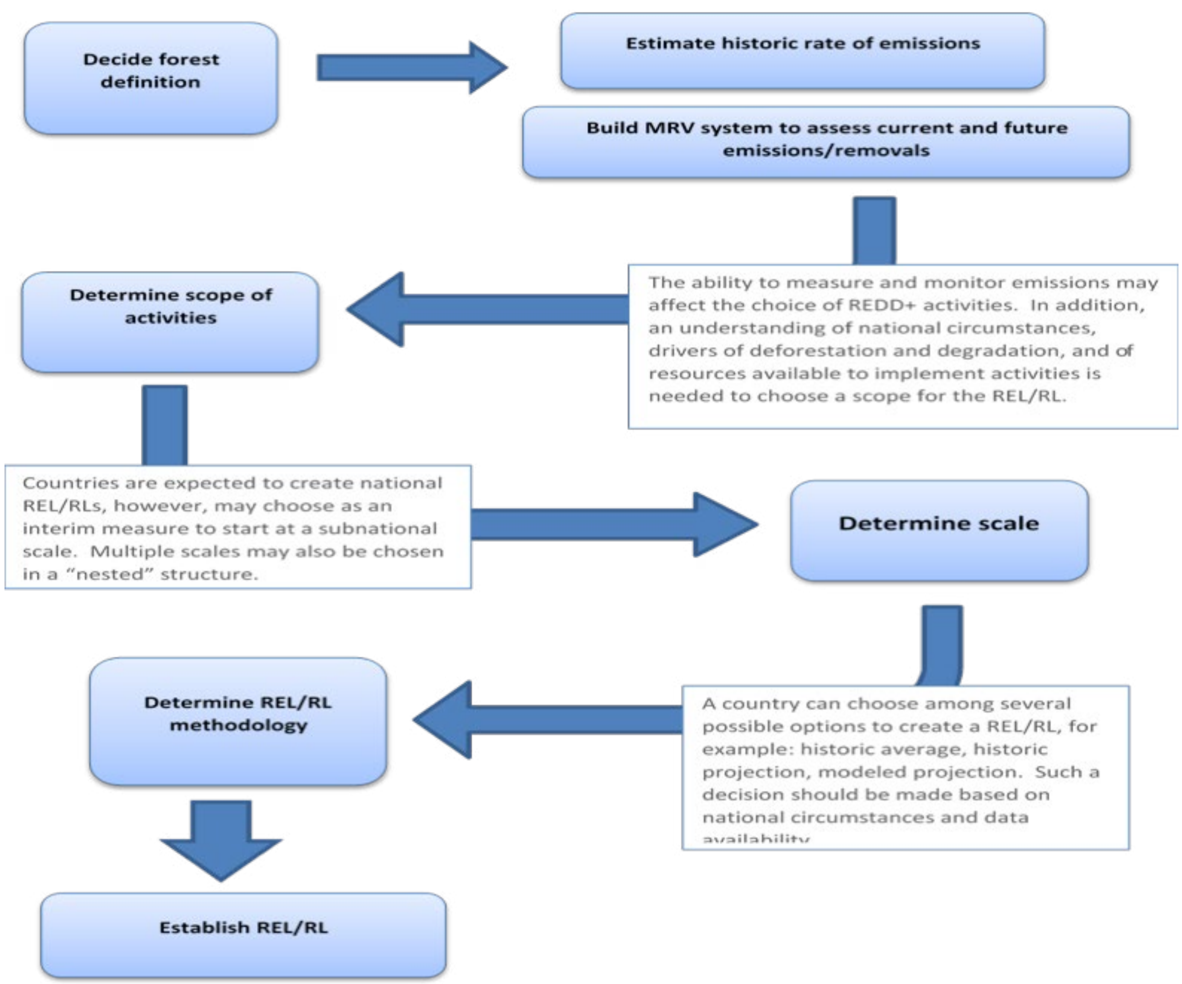
The development of these standards followed a six-step process adapted from a guide developed by CCBA and CARE for REDD+ SES standards. It also involved review of relevant national and international guidelines, such as the Cancun Safeguards of the United Nations Framework Convention on Climate Change (UNFCCC), the REDD+ Social and Environmental Standards (REDD+ SES), UN-REDD Social and Environmental Principles and Criteria (UN-REDD SEPC), the World Bank/Forest Carbon Partnership Facility (FCPF) safeguards, the Indonesian REDD+ safeguards, Brazilian safeguards, and the relevant Tanzanian policies, laws, strategies and plans with links to climate change and REDD+.

MRV and Reference Levels

In 2009 the Finnish government and FAO jointly funded and supported the establishment of the National Forest Resources Monitoring and Assessment (NAFORMA) project focusing on establishing a national forest monitoring system and development of tools to support REDD+ MRV methods. The NAFORMA project has now been completed, with the resulting data analyzed and disseminated.

In addition, the UN-REDD Programme complemented these MRV/REL efforts through establishment of a 'Roadmap' focusing on the key decision points that Tanzania must take in order to develop reference emission levels. This work provides a good starting point for further work on MRV/REL. A flow chart (Figure 9) is provided below that outlines steps for the establishment of RELs through a consultative process.

Figure 9: Priority Actions to Establish a National Reference Emission Level (REL)



Source: UN-REDD Tanzania Programme, 2014

Policy and Law

In terms of policy and law, the National REDD+ Strategy, which was finalized in 2013, is to provide the overall framework for future work on REDD+ in Tanzania. The strategy draws closely from and is guided by key pieces of national legislation, including the National Forest Policy and Forest Act of 2002, the National Environmental Management Act of 2004, the National Energy Policy, the National Strategy for Growth and Reduction of Poverty (NSGRP II), and the Tanzania Development Vision (2020). The REDD+ strategy discusses and analyzes in detail the baseline situation for REDD+ in the country, the governance system for forests, options for a forest Monitoring, Reporting and Verification (MRV) system, and the need for social and environmental safeguards as an essential component of the REDD+ scheme in Tanzania. More importantly, the National REDD+ Strategy is accompanied by an Action Plan, which identifies ten key result areas that need to be implemented for establishing a full REDD+ scheme in Tanzania. Each key result area identifies key objectives and key strategies and actions for implementation.

Improved Land and Forest Management, Forest Carbon Project Design, and Carbon Offsets

Since 2010, nine REDD+ pilot projects have been established in Tanzania as part of the Norwegian support for REDD+. Overall, they provide a unique asset and a wealth of experience and knowledge about how to implement REDD+ in Tanzania on the ground. The experience and knowledge generated in the pilot projects provides a great resource for the further development and implementation of the National REDD+ Strategy but also has relevance for REDD+ in the international context. The selection of projects covered a wide range of project conditions to test policy decisions at the sub-national level in heterogeneous contexts. While there were common activities among the different projects, each project implemented a different approach and methodology. The ecological conditions are representative of all the major ecosystems of Tanzania and are located on a range of different government land classifications, including forest land under full government control, under full community control, and under the shared management of government and local communities. This diverse group of projects has the potential to create tested models of conservation, which can be replicated in other parts of the country.

A mid-term review of the pilot projects concluded that the projects are instrumental in testing key REDD+ policy issues through project implementation across the country.[11] The review stressed that the projects have shown significant impacts at the local level in terms of positive changes in land use planning, community based forest management, and providing income generating opportunities for forest adjacent communities, and as such the projects are well recognized by local communities. The projects also have helped to improve capacity among NGOs, environmental organizations and communities to develop carbon projects, improve MRV systems, and leverage voluntary carbon markets.

4.4 REDD+ Trial Payments to Communities

In total, of the nine REDD+ pilot projects funded by Norway in Tanzania, REDD*X* has tracked US$560,000 in direct cash payments to forest adjacent communities, through three REDD+ pilot projects implemented by TaTEDO, TFCG/MJUMITA and AWF. Although this is equivalent to only around 1% of all REDD+ funding disbursed by donors to Tanzania through the end of 2014, the significance of these trial payments are the lessons they are generating, which can inform the design of future benefit sharing mechanisms.

[11] Midterm review of nine REDD pilot projects was conducted by Deloitte in August 2012. Full report can be found here http://www.norway.go.tz/Global/Mid-Term%20Review%20WCS%20REDD%20Pilot.pdf

4.4.1 Target Beneficiaries: Communities, Households, or Individuals

In anticipation of a possible future performance-based REDD+ payment scheme and as part of REDD+ readiness in Tanzania, many of these Norwegian-funded REDD+ pilot projects developed and tested different modalities for delivering these REDD+ benefits (i.e. money) to participating local communities. These modalities included direct cash payments and in-kind payment through training, seminars, and exposure/study visits. In the case of direct cash payments, trial payment was done at three levels: payment to communities/villages, payment to households, and payment to individuals. Through implementation of these trial payments, it become apparent that each of these modalities had its advantages and limitations. Based on the experience from these pilots, it can be argued that the 'best' modality for delivering REDD+ benefits to participating communities will largely depend on the context and community preferences.

Three REDD+ pilot projects implemented by three different Tanzanian NGOs, namely MCDI, TaTEDO, and TFCG/MJUMITA, best illustrate the payment modalities as applied to forest adjacent communities participating in REDD+ pilot projects in the Kilwa, Shinyanga, Lindi/Kilosa and Kondoa regions of the country (described in Boxes 1, 2 and 3 below).

Box 1: Payment to a Community: MCDI REDD+ Pilot Project

Under the MCDI supported project, participating villagers used a village-level benefit distribution scheme that has already been tested and used under Participatory Forest Management (PFM) projects that MCDI has previously supported. Under this scheme, MCDI and participating villages entered into written Carbon Sales Agreements that clarified the terms of benefit sharing between MCDI (as the service provider) and the village (as the land/forest owner). Trial payments were then given directly to the village government. Decisions on specific benefit sharing procedures and the use of the money within the village were then made through village assembly meetings, where village residents decided together what community projects would be funded with the REDD+ trial payments. The village government's executive committee then managed the community funds in accordance with spending decisions made by community members at the village assembly meeting.

While this revenue sharing scheme is still in the early stages of testing in the REDD+ context, experience from prior PFM projects demonstrates that the village assembly will often select projects that directly benefit women and more vulnerable members of the community, such as disabled and elderly people. This approach could therefore be expected to benefit a wide variety of stakeholders in the project area. However, other examples exist also where community revenues have been spent on projects that disproportionately benefit village government leaders and other prominent members of the community. If REDD+ performance payments expand in Tanzania in the coming years, it will be important to ensure that representative and credible procedures for distributing benefits at the community level are developed.

Lessons Learned:

Advantages of Community Payments

- Payment to the community represents the most cost-effective option given its low transaction cost, and is particularly appropriate in the context of communal forest resources, where attribution for changes in carbon sequestration to the individual or household level is impossible to achieve.
- Community payments are often seen as the most fair, insofar as they are able to contribute to collective benefits (i.e., to avoid the 'elite capture' trap).

- Community payments have potential to create positive impacts on governance, management capacity, and social capital as communities decide on and implement projects together.

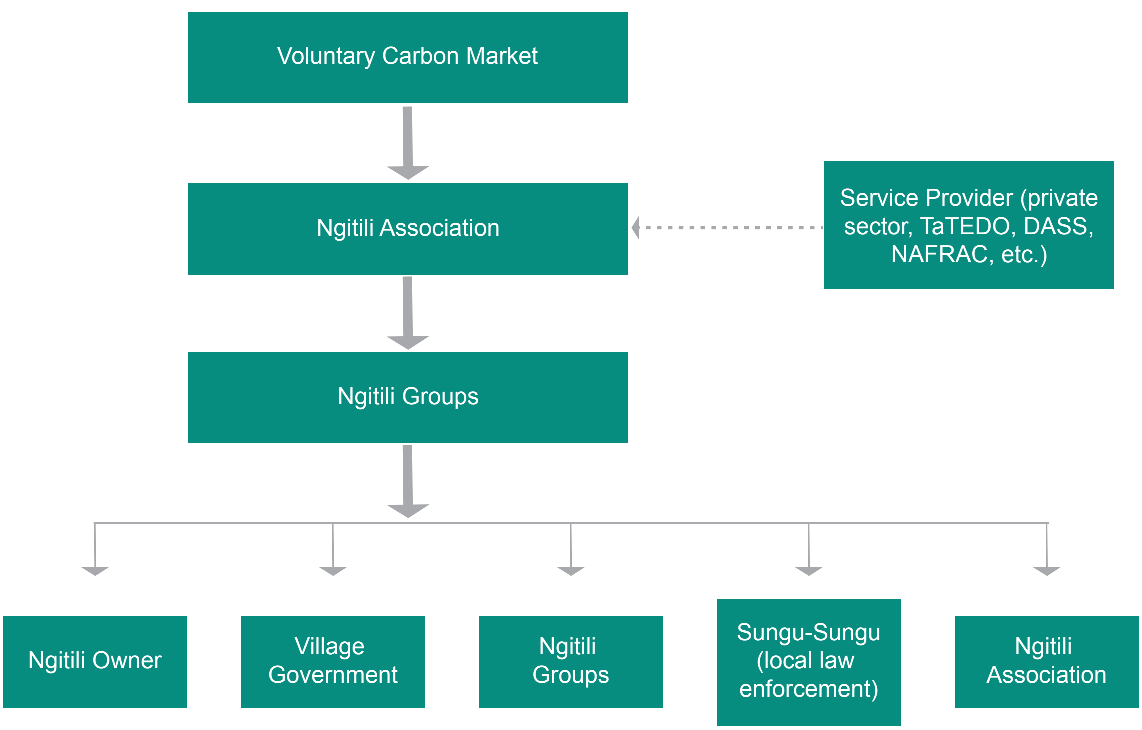
Challenges of Community Payments

- Despite the initial low transaction cost of distributing money to the community as a whole, community funds may in the end introduce more management and governance challenges and costs than direct payments to individuals.
- Communities are not homogenous entities. Depending on the community project, not all members may benefit. One option to address this could be to task communities with developing criteria to evaluate potential projects (e.g., to benefit all or to benefit particularly vulnerable groups).

Box 2: Payment to Households: TaTEDO REDD+ Pilot Project

The model envisioned by TaTEDO involves aggregating carbon credits from individual Ngitili (household small plot) owners to village groups and from village groups to a district association (see Figure 10). It is envisioned that carbon sales would then take place at the level of the district association. In the case of the pilot project, REDD+ trial payments were made directly to private Ngitili owners, through a bank account held by the village level Ngitili groups, comprised of approximately 25 members. While it is the larger land (Ngitili) owners that benefit most directly from REDD+ revenues under this scheme, the pilot project also supported all village residents (whether they directly contributed to the REDD+ project or not) in getting access to benefits such as fuel-efficient stoves, woodlots, and beekeeping training and materials.

Figure 10: Revenue Distribution System Developed by TaTEDO



Lessons Learned:

Advantages of Household Payments

- Transfers to households have the advantage of more directly targeting eligible beneficiaries, whether the eligibility criteria are contribution, performance, need, or other criteria.
- Payments to the household level also have the advantage of making a more direct link, and thus direct incentive, between conservation contribution/performance and receipt of benefits.

Challenges of Household Payments

- Payments to households often assumes that the 'household' is a cohesive unit in terms of its preferences and choices and this may often not be the case. For example, in contexts where women are marginalized, a payment to a household may, in practice, often not benefit women's interests.
- Further, 'households' are dynamic and complex; the unit comprising a household will vary by culture and context, and household compositions can change rapidly, making it potentially difficult to target all contributors and/or all vulnerable people by focusing on the household.

Box 3: Payment to Individuals: TFCG REDD+ Pilot Project

The payment scheme tested by communities working with TFCG/MJUMITA was based on payments to individuals (women, men, and children). Village residents in this project were registered individually by Community Carbon Enterprise (CCE), a local CBO established by the project to coordinate forest enterprise activities in the area. REDD+ trial payments were then distributed equally between all registered individuals, including women, men, and children. Before payments were made, the villagers—through the village assembly—collectively decided what portion of each individual's payments should be withheld to contribute toward community projects, the specifics of which were also decided by the villagers during the village assembly meeting. This proportion was thus set aside before individual payments were made. A total of 54,085 community members from 22 villages received trial payment under this model.

Table 1 below provides a typical breakdown of payment in one of the project sites of the TFCG REDD+ pilot project in the Lindi region.

Generally this model involves 12 key steps

1. Villages make a commitment (to themselves) to reduce deforestation and undertake community based forest management, village land use planning and improved agriculture.
2. Villages protect the forests on their land and take steps to address deforestation drivers such as shifting agriculture.
3. Emissions reductions are calculated and sold, potentially on the voluntary carbon market in the absence of other sources of performance-based finance. However, in this case these were trial payments only, so revenues came from Norwegian government funding, rather than from the voluntary carbon market.
4. Payments are performance-based, commensurate with measurable reductions in emissions relative to a historical baseline and are calculated on a village-by-village basis.

5. TFCG/MJUMITA plays the role of service provider, linking communities with REDD+ finance.
6. TFCG/MJUMITA is responsible for remote sensing, contracting third party verification, marketing and payment facilitation.
7. Reports from MJUMITA are presented to the Executive Committee of the project composed by the respective village leaders, representatives of respective district authorities, national level institutions and NGOs responsible for REDD+ implementation.
8. Compensation to MJUMITA is limited to the cost of services provided, which will be specified in contracts between MJUMITA and each village.
9. MJUMITA channels payments from the voluntary market (or other sources of REDD+ finance) to the individual communities.
10. Each community must choose their payment system and codify the system in their by-laws.
11. Villages pass by-laws to govern the distribution of REDD+ funds to individuals.
12. Village assemblies meet yearly to decide on the proportion of individual dividends to use for forest management activities and specific community development projects.

Table 2: Cumulative Summary of REDD+ Trial Payments Made by MJUMITA/TFCG to Villages in Lindi as of October 30, 2014

Village	Population			Total	Total Dividend per Capita (TZS)	Contribution to Development	Individual Cash Dividend (TZS)	Total Amount Contributed to Development (TZS)	Total Amount of Cash Dividend (TZS)	Total Amount Paid per Village (TZS)
	Men	Women	Children							
Mkanga 1	196	231	353	780	10,738	4,738	6,000	3,695,794	4,680,000	**8,375,794**
Likwaya	131	167	263	561	12,955	956	12,000	536,086	6,732,000	**7,268,086**
Ruhoma	133	213	255	601	36,985	3,885	39,000 (adults) 20,600 (children)	2,334,960	18,747,000	**21,081,960**
Kinyope	963	1,348	1,596	3,907	3,237	3,237	–	12,648,900	–	**12,648,900**
Mkombamosi	118	639	1,508	2,265	14,246	3,246	11,000	7,353,000	24,915,000	**32,268,000**
Muungano	507	541	1,351	2,399	21,472	5,472	16,000	13,127,200	38,384,000	**51,511,200**
Nandambi	200	236	295	731	67,910	27,910	40,000	20,402,000	29,240,000	**49,642,000**
Makumba	172	217	281	670	72,025	22,025	50,000	14,756,800	33,500,000	**48,256,800**
Milola	507	541	1,351	2,399	1,937	1,937	–	4,647,200	–	**4,647,200**
Kiwawa	379	441	918	1,738	28,276	3,276	25,000	5,693,000	43,450,000	**49,143,000**
Sub Total	3,306	4,574	8,171	16,051				85,194,940	199,648,000	284,842,940

Source: TFCG, 2014

Note: US$1= TZS 1,682 as of October 30, 2014

Lessons Learned:

Advantages of Individual Payments

- Cash transfers directly to individuals (e.g. women, men and children) seem to address some of the disadvantages of both ‘community’ and ‘household’ level transfers, including ‘capture’ of benefits by household heads and other ‘elites’.

Challenges of Individual Payments

- There are concerns that this system is associated with high transaction costs, as it will typically involve the largest number of discrete transactions and the associated logistics of reaching all people (vs. ‘the community’ or all households). However, this is not necessarily the case. TFCG/MJUMITA are finding that, in practice, the transaction costs of administering an individual payment system have been relatively modest.
- The degree to which individual benefits will reach throughout the community, and reach the most vulnerable, will depend largely on the eligibility criteria and the system used to distribute the funds.

4.4.2 Rules and Criteria Used for Distribution of Benefits

A wide variety of rules, principles and criteria have been developed by different communities involved in REDD+ pilot projects in Tanzania to govern revenue distribution and sharing. These are based on a combination of local norms and laws, including village by-laws and customary law, and provisions in national law and policy. In many cases, a number of these principles are simultaneously applied to reflect communities’ circumstances and promote overall fairness and equity. As a result, particular distribution arrangements are based on a combination of principles such as performance or relative contribution, the principle of equality, and/or the principle of basic human rights and needs (e.g. consideration of the most vulnerable members of society). Below (Box 4) are examples of how these principles and criteria have been applied by four REDD+ pilot projects implemented by TaTEDO, TFCG/MJUMITA, AWF and JGI.

Box 4: Benefit Sharing Rules/Criteria for Four Tanzanian REDD+ Pilot Projects

1. TaTEDO REDD+ Pilot Project

Ngitili owners and other village residents working with the TaTEDO REDD+ pilot project in Shinyanga region made decisions on how they wanted benefits to be distributed among REDD+ contributors. They decided to divide benefits according to the following proportions:

Ngitili owners (83%); village government (7%); village level Ngitili group (coordinates Ngtili owners’ contributions and benefits) (5%); Sungu-Sungu group (local security guards that patrol and protect Ngitilis) (3%); and the Ngitili Association (district level group coordinating Ngtili owners’ contributions and benefits) (2%).

For distribution of the 83% among the individual Ngtili owners, the determining criteria were:

- Size of the Ngitili
- Having and following a land management plan for the Ngitili as well as surrounding lands and resources. These plans help address leakage, including by requiring tree planting and woodlot establishment around Ngitilis.
- Introducing better agricultural practices in the land surrounding Ngitilis
- Adopting sustainable livestock management practices in and around Ngitilis, including developing alternative fodder sources.
- Relative contribution (i.e., how much carbon is in their Ngitili).

2. TFCG/MJUMITA REDD+ Pilot Project

For the TFCG/MJUMITA project, revenues are distributed equally between all registered individuals, including women, men, and children, provided they are participating in the project. Before payments are made, the village (through the village assembly) decides what portion of its payments to withhold for community projects, which are also decided by the villagers during the village assembly. This proportion is thus set aside before individual payments are made. These rules are set by the villagers through village by-laws.

3. AWF REDD+ Pilot Project

For the AWF project, payments were made at the village level. The criteria used in determining the amount that participating villages would receive included the following:

- Acreage of forest managed by the village
- Off-forest efforts to address drivers of deforestation and degradation (e.g. establishment of tree nurseries and woodlots, use of energy efficient and biogas stoves)
- Contribution to halting deforestation/forest degradation (e.g. conducting patrols, use of controlled grazing and improved herd management practices)
- Preparation and use of tools for managing the forest sustainably (e.g. forest management plans, land use plans, by-laws)

In terms of spending the money, each village had its own priorities for how it would like to spend revenues received from trial payments but these priorities had to be approved by all villagers during the village assembly meeting. In the end, some villages opted to build village government offices, while others built laboratories for their secondary schools.

4. JGI REDD+ Pilot Project

In the case of the REDD+ pilot project facilitated by JGI, community members reached a consensus that all future money from the sale of carbon credits and other payments for ecosystem services would be channeled through a community based organization (CBO) established by the project for the purpose of coordination and management of the project activities and revenues. This CBO is comprised of five representatives from each of the seven participating villages. Decisions regarding benefit distribution are made at general meetings of the CBO. Village and sub-village leaders are invited to CBO meetings as observers. Each village then created a project development plan, in coordination with its Participatory Forest Management plans, determining how it would use the money generated from the sale of carbon credits.

4.4.3 Overall Impacts of Payments on Deforestation and Emissions Reductions

The NGOs implementing REDD+ pilot projects were interested in understanding the impacts of the REDD+ trial payments among the receiving communities in terms of reducing their dependence on forest resources and therefore reducing carbon emissions, through reduced deforestation, forest degradation, and/or restoration of degraded forests. Interviews with these NGOs revealed that the payments appear to have provided significant incentives that facilitated the adoption of practices geared towards conservation and sustainable forest management. The trial payments thus far have been quite small, as most of the Norwegian REDD+ trial project funding was spent by the NGOs on programmatic activities with the participating communities. Thus, the changes catalyzed by the REDD+ projects have resulted from a combination of incentives from anticipated future revenues, along with education and other programmatic activities implemented by the NGOs.

According to these NGO project developers, the positive changes brought about by the financial incentives varied across projects, but general changes related to the adoption of improved land use and farming practices, improved cook stoves, and the development of land use and forest management plans. The experience of the AWF (Box 5) serves to demonstrate the positive changes brought about by financial incentives and other NGO activities among the participating communities of the Kolo Hills in Kondoa district, Dodoma region.

Box 5: Conservation Practices Adopted by Forest Adjacent Communities Participating in the AWF REDD+ Pilot Project

Development of Sustainable Forest and Land Use Management Plans (FLUPs): 19 of 21 FLUPs developed by participating villages were approved by the central government while 13 villages bordering national and district forest reserves developed Joint Forest Management Plans. At the village level, four villages developed and approved Community Based Forest Management plans.

Improving and diversifying farming practices: Many farmers in the project area adopted conservation agriculture practices, which in turn increased agricultural productivity (yield/unit area) and reduced negative impacts on the environment and biodiversity. These practices included soil and water conservation, and improved farming methods/techniques such as use of improved farm inputs, timely planting, and management of post-harvest losses. In some demonstration plots, the use of improved farming techniques increased yields eight fold. For example, maize yield increased from 300kg/acre to 2,400kg/acre. It is estimated that adoption of these practices is proceeding at a rate of approximately 80 new farmers per village per year across 21 villages.

Reducing fuel wood consumption: 107 people (16 men and 91 women) in five village groups adopted fuel-efficient cooking stoves. In addition to the adoption of improved cooking stoves, one trial was done on improved technologies for charcoal production using improved kilns. This project aimed at reducing burdens associated with wood fuel as well as exposing charcoal-makers to new and alternative livelihood opportunities. For example, use of Half Orange Kiln technology in one of the villages improved the wood-to-charcoal energy conversion rate by 50% and increased production volume by about 36%.

5. Challenges Facing REDD+ Financing in Tanzania

Despite the remarkably positive progress made in building readiness for REDD+ in Tanzania, the country faces a critical challenge in financing REDD+ activities going forward. Apart from a lack of new funding commitments from donor governments and the private sector since 2010, almost all of the main sources of funding—notably the Norwegian government, the UN-REDD Programme, the Clinton Climate Initiative, and the Finnish government—ended in 2013–2014. Both the Tanzanian government and the UN-REDD Programme are currently working aggressively to secure funding for Phase II of UN-REDD. The proposal for Phase II (US$3.76 million) has been finalized but donors have not yet been secured. The government is also currently in discussions with the World Bank's FCPF to secure the US$3.8 million available for REDD+ readiness support, as well as the US$5 million potentially available under the Biocarbon Fund for similar purposes. However, until formal commitments have been made and contracts signed, these arrangements remain tentative, with REDD+ activities placed on hold indefinitely.

Lack of available funding for REDD+ activities has led to a significant slow-down in REDD+ related processes since 2013, including closure of all pilot projects as well as various national REDD+ events such as informational seminars and newsletters. The only remaining and on-going REDD+ activities are projects that suffered a delayed start (e.g. the NCMC project at SUA and the REDD+ capacity building project at the Forest Training Institute-Olmotonyi, in Arusha).

The National REDD+ Strategy developed during Phase I of REDD+ activities contains a strategic and robust action plan that identifies 10 Key Results Areas (or Pillars) for the REDD+ implementation process in Tanzania. They cover the full range of key issues identified, including the following: drivers of deforestation and forest degradation and their underlying causes; reference emission levels and baseline establishment; financial mechanisms and incentives; stakeholder engagement; and governance and implementation of credible and robust safeguard information systems. However, despite the existence of this well-articulated action plan, lack of funding has meant that almost all activities outlined in the action plan have not been implemented.

The effects of this lack of funding are not only felt at the national level but also at the local and community levels, especially for communities that hosted REDD+ pilot projects. To illustrate the frustration endured by local communities we consider the following experience. Driven by significant funding from the Norwegian government, the government of Tanzanian organized several sensitization campaigns throughout the country to inform local people and forest adjacent communities about the financial benefits to be brought about by the REDD+ initiative. In some communities, members were given training on participatory carbon monitoring with the view of taking a pro-active step in preparation for carbon trading under a performance-based REDD+ regime. Drawing from these preparations, communities developed high expectations about the potential money they would receive from REDD+ and forest protection activities. These expectations were heightened by some NGOs, which, with good intentions, issued trial payments to test modalities that would work best under a future performance-based REDD+ regime.

Nevertheless, now with almost all REDD+ activities stalled, with neither signs nor information on when and how communities will be getting the promised future funding under REDD+, concerns abound in many project areas, with many communities becoming disillusioned. Established structures and institutions such as the various CBOs created to coordinate carbon-related business transactions (e.g. JUWAMMA established under the JGI project, and CCE established under the TFCG project) are in limbo as they lack both facilitation and duties to perform against the objectives that they were set to perform.

6. Conclusion

This report has presented the findings of the second and third rounds of REDD+ finance tracking in Tanzania under the REDD*X* initiative led by Forest Trends. The report presents comprehensive analysis of the state of REDD+ funding in Tanzania in terms of pledges, commitments and disbursements through the end of 2014.

Data presented in this report represents a comprehensive summary of the available information about REDD+ financing and transactions in Tanzania, as determined by the key national REDD+ experts and other stakeholders during the national REDD*X* validation workshops held in 2013 and 2014 respectively.

As discussed under the challenges section, the overall lack of new funding commitments for REDD+ activities in Tanzania is a matter of serious concern that needs urgent attention by the government and REDD+ partners. Short of this, both the government and partners risk allowing the efforts and resources committed to building REDD+ readiness under Phase I to go to waste.

7. Recommendations and Next Steps

Support from international donor government agencies constitutes the biggest source (95%) of funding for REDD+ activities in the country. Lack of new funding commitments since 2010 presents the single most significant concern for the maintenance, expansion, and sustainability of REDD+ activities in Tanzania. The government of Tanzania and its partners should redouble their efforts in seeking additional REDD+ funds in order to sustain and expand the REDD+ readiness built during Phase I.

The range of diverse benefit sharing models designed by pilot REDD+ projects have generated an important set of lessons on the flow of REDD+ funds from international sources (donors, foundations, markets, etc.), to the national and local level (village communities and individuals). However, these models are useless in the absence of future commitments for REDD+ finance. Therefore, other sources of funding including PES and ecotourism should also be explored as potential alternative sources of funding forest dependent communities, in case of delays or continued lack of commitments for REDD+ activities in Tanzania.

The private sector is one of the most important stakeholders for REDD+ programs and represents an important source of potential support (both financial and technical) for REDD+ activities. However, private sector stakeholders have not been adequately engaged in REDD+ programs in Tanzania. Thus, deliberate efforts should be made to ensure effective engagement of the sector during subsequent phases of REDD+ program development in Tanzania.

Finally, while the Tanzanian government has much to continue doing in terms of seeking donor funds to facilitate the continued development of REDD+ Readiness, results of domestic tracking show that the Tanzanian government has made significant contributions to support REDD+ that have enabled positive achievement under Phase I of the REDD+ initiative in Tanzania. This has been both through financial and in-kind contribution (e.g. vehicles, office space, tax exemption, etc.). Thus, the government deserves recognition of its pro-active role in support of the international community's efforts in fighting global threats such as climate change, loss of biological diversity and desertification. Tanzanian government commitments and contributions to REDD+ financing represent its strong commitment to international agreements, especially the UNFCCC and its several resolutions under the recent COP decisions. International donors should reward and match this support with new commitments to support performance-based REDD+ in Tanzania.

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