

Benefit sharing to make REDD+ work for communities and forest conservation in Tanzania: The Community Carbon Enterprise (CCE) Model

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The launch of the TFCG/MJUMITA project in one of the sites called Lindi rural. In attendance are villagers, staff of TFCG/MJUMITA and some local government representatives from Lindi rural district.

This case study shares some early experience and lessons from one of the pilot REDD+ projects in Tanzania "Making REDD work for communities and forest conservation in Tanzania". The project is being implemented by the Tanzania Forest Conservation Group (TFCG) and the Community Forest Conservation Network of Tanzania (MJUMITA) with support from the Royal Norwegian Embassy in Dar es Salaam as part of its bilateral arrangement with the government of Tanzania on climate change.

DISCLAIMER

This case study is published by the REDD-net programme, supported by the Norwegian Agency for Development Cooperation (NORAD). The findings, views and recommendations contained in the case study are those of the authors and do not necessarily represent the views of the funders. Research was carried out from January 2011 to September 2011.

KEY POINTS

- The REDD+ Model employed in this project is based on the Participatory Forest Management (PFM) regime, and all villages involved have to follow all steps required to undertake PFM. As a pilot REDD+ project, communities involved are also undertaking carbon monitoring, measurement and reporting, and emissions reductions will be sold on the voluntary carbon market. In this way, revenues from emissions reductions are additional to the primary benefits obtained from PFM.
- Emissions reductions generated by each village are sold through the REDD+ Community Carbon Enterprise (CCE) established as part of the project. The CCE model is based on aggregation of voluntary emissions reductions from different villages, which will then be traded on the voluntary carbon market, after being certified and verified according to VCS and CCB standards. The main advantage of this approach is that it reduces the transaction costs associated with individual village's emission reductions, which would make selling emissions reductions unviable and thereby prevent individual villages accessing carbon market revenues.
- The revenues from the sale of emissions reductions through the CCE are distributed back to individual villages based on emissions reductions achieved in forests under their control.

KEY POINTS CONT'D

- The design of this benefit sharing mechanism provides some clear lessons for other REDD+ projects
 - The CCE model relies on clear information flow between the actors and upholding particular values for example transparent decision making, honesty, accountability and inclusion of different social groups.
 - Building on existing good practices to roll out community REDD+ projects (for example PFM guidelines) is an effective strategy because it builds on their existing knowledge and experience.
 - Implementing safeguards for community REDD+ projects in the form of Social Impact Assessment and Free Prior and Informed Consent (FPIC) procedures at an early stage (project design / implementation) is commendable and has broadened community understanding of the project and its implications for them.

MAKING REDD WORK FOR COMMUNITIES AND FOREST CONSERVATION IN TANZANIA

This project, 'Making REDD+ work for communities and forest conservation in Tanzania' is one of the 10 REDD pilot projects in Tanzania. It is being implemented by the Tanzania Forest Conservation Group (TFCG) and the Community Forest Conservation Network of Tanzania (MJUMITA).

This is a five-year partnership project launched in September 2009. It is being implemented in 2 sites of high biodiversity, in two different regions, covering a total of 31 villages. One site is in Lindi region (15 villages) and includes areas of Coastal Forest. The other site is in Kilosa district in Morogoro region (16 villages) and includes areas of Eastern Arc Mountain Forest.

The goal of the project is to reduce greenhouse gas emissions from deforestation and degradation in Tanzania in ways that provide direct and equitable incentives to rural communities to conserve and manage forests sustainably. Its purpose is to demonstrate at local, national and international levels, a pro-poor approach to reducing deforestation and forest degradation by generating direct and equitable financial incentives from carbon finance sources for communities that are sustainably managing or conserving Tanzanian forests at the community level. (See more in Box 1 below).

In this regard, this project has four outputs, namely;

- Establishing a Community Carbon Enterprise (CCE). This seeks to develop and test replicable, equitable and cost-effective models for REDD+ revenue distribution at the group or community level, on village and government forest land, in ways that maximize benefits to communities, forests and the nation.
- Reducing deforestation drivers and capacity building. This seeks to design and develop replicable, equitable and cost

effective models for addressing drivers of deforestation and forest degradation and to reduce leakage across project sites in ways that build capacity of communities and other stakeholders and provide additional climate change adaptation benefits to participating rural communities.

- Project monitoring, evaluation and communication. This output seeks to ensure that monitoring, evaluation and documentation processes are supported to assess the overall impact of the project at the local and national levels and that results are communicated.
- Advocacy at the national and international level. This seeks to ensure that national and international level advocacy that promotes equitable and effective REDD+ benefit sharing mechanisms is supported. It particularly seeks to support forest managers at the community level.

THE COMMUNITY CARBON ENTERPRISE (CCE): THE PROJECT'S PLANNED BENEFIT SHARING MECHANISM

Effective fair and equitable sharing of benefits is central to the 'Making REDD Work for communities and forest conservation in Tanzania' project. To achieve this, the project implementers (TFCG and MJUMITA) have proposed the CCE model. The arrangements and operations of this model are currently being finalized. In general terms, under the CCE model, voluntary emission reductions from different villages are aggregated by TFCG and MJUMITA and are traded as one entity on the international voluntary carbon market after receiving VCS and CCB certification and being verified. One of the main advantages of this approach is reduced transaction costs associated with individual village's emission reductions, enabling them to benefit from the sale of emissions reductions. This provides an additional benefit to villages from PFM.

After carbon credits are sold on the international voluntary market each village will receive revenue based on the amount of emissions reduced in their forest areas, that have been contributed to the CCE. Revenue distribution within villages will be based on individual performance and contribution to the project, and outlined in village REDD+ revenue distribution by-laws. These by-laws will be established in each participating village, and approved by the village assembly.



Members of the local theater group that attended the launching event to entertain participants

BOX 1: PROJECT SUMMARY

- Making REDD+ Work for communities and forest conservation in Tanzania seeks to reduce greenhouse gas emissions from deforestation and degradation in ways that provide direct and equitable incentives to rural communities to conserve and manage forests sustainably. The REDD+ Model employed in this project is based on Participatory Forest Management (PFM) mechanisms. This means that all villages involved in this project have to follow all steps required under the PFM regime in Tanzania, including developing village land use plans, boundary establishment, conducting participatory forest resource assessment and developing forest management and village by-laws. Carbon measurement, monitoring and marketing is then added as an additional activity of the project.
- Fair and equitable sharing of carbon revenues (financial benefits) is central to this project. Benefit sharing is managed through the CCE Model. The CCE model is based on aggregation of emissions reductions from different villages, which are then traded on the international voluntary carbon market after being verified under VCS and CCB standards. The main advantage of this approach is that it reduces the transaction costs associated with small, individual village's emission reductions, which would inhibit their participation in carbon markets.
- Payments to individuals from village carbon revenues are based on performance. For individuals performance is defined as the contribution to reducing emissions from deforestation and forest degradation through participation in addressing various drivers of deforestation on their village land.
- An initial average payment of about \$98,000 has been allocated for each village once they have a land use plan in place and other PFM establishment requirements have been fulfilled. At the moment the project is working to identify the payment modalities to communities. Trial payments are to be made in September 2011 to four villages that have effectively fulfilled all the necessary requirements.
- The project pays particular attention to potential negative social and environment impacts. Social Impact Assessments are conducted prior to project implementation and Free, Prior Informed Consent (FPIC) procedures are also fulfilled. These procedures follow the Climate, Community and Biodiversity Alliance (CCBA) standards for REDD+ projects, which ensure that potential negative social and environmental harms are minimized. This project is planning to be certified against this standard.
- To ensure sustainability, the project has an environmental education component whereby environmental issues including climate change and REDD+ issues are taught in schools.

To recognize the performance of individuals, each village member aged 18 years and above must subscribe to the village project register. Their individual performance and contribution to activities of avoiding deforestation and forest degradation is then monitored and recorded in the register. It is then reported by the Village Natural Resource Committee (VNRC) according to their Village Land Use Management (VLUM) and Village Land Forest Management Plan (VLFMP).

Apart from the individual payment arrangements, the CCE allows for other benefit sharing arrangements to be established at the community level, as is deemed appropriate by community members. One of these options is that part of the funds are to be used for community development priority needs, within the mandate of the village assembly, for example, building a school or health centre. The remainder of the revenue is then able to be distributed to community members based on their efforts. An initial pilot payment is expected to be made in September 2011 in 4 villages that have successfully completed all necessary project requirements under PFM and carbon project guidelines. Approximately \$98 000 per village has been allocated for this payment, which is intended to test the proposed benefit sharing mechanism.

These funds will be from the project grant, and at the moment the size of the payment per participating individual is unclear. Individual payments will be based on the potential Average Avoided Emissions per year, minus the costs involved in PFM, intermediary costs of MJUMITA, the cost of third party validation, and registration, certification and brokerage fees.

PROJECT PROGRESS SO FAR MADE

So far the following have been achieved:

- A benefit sharing and CCE model design is complete and testing is pending.
- Four community networks have been formed and these will be used to test the operation of the CCE model.
- REDD+ revenue distribution guidelines has been developed for communities.
- Village land use plans have been developed in six villages.
- Thirteen villages have resolved long-standing boundary conflicts.
- Four village forest reserves have been established, accompanied by management plans and by-laws.
- Twenty-six villages have developed participatory strategies to address deforestation drivers. Social Impact Assessment



One of the villagers (lady) painting the tree as part of marking the boundaries during forestry boundary establishment process in Lindi rural.

and FPIC procedures based on the project experience and a review of UN REDD process have been completed.

- Project activities are ongoing in other project sites where TFCG has two sites with a total of 32 villages.

ACTORS IN THE PROJECT: MAKING REDD WORK FOR COMMUNITIES AND FOREST CONSERVATION IN TANZANIA

Many actors are involved in this project and they can be grouped into direct and indirect actors.

DIRECT ACTORS

The direct actors include the project implementers / project owners (the local communities) and technical supporters/service providers (TFCG, MJUMITA, District forest officers). Technical supporters provide all the necessary support in project design, development, implementation and marketing / selling of carbon credits on behalf of the implementers. The implementers are the legal owners of the carbon credits but technical supporters facilitate the process of credit creation, marketing and selling. At the moment technical supporters (service providers) are funded by the grant from the Royal Norwegian Embassy to provide these services, including building relevant and the necessary capacities of the project implementers. Capacity is built in key project management areas such as administration, accounting, marketing, monitoring, evaluation, reporting and communications.

It is expected that in the future, once the project has started generating credits and credits have been sold, payment for service providers will come from project revenue. In the long term the need for service providers and the choice of service provider will rest in the hands of the project implementers (local communities).

INDIRECT ACTORS

Indirect actors include all stakeholders that are involved in the project in one-way or another. These include the national REDD+ task force in Tanzania and its secretariat, the Vice President's office (Division of the Environment), carbon buyers, the media, project validators and registries and certification.



Village members taking measurement on various tree parameters as part of forest inventory and carbon assessment in one of the villages in Lind rural project site.

IMPLICATIONS FOR REDD+

A number of lessons can be drawn from this project, although it is in its early stages. These lessons will be useful for the roll-out of these types of projects into other parts of Tanzania, as is planned after 2012. They are also useful for other countries, in East Africa and further afield, looking to design benefit sharing schemes for REDD+ that incorporate equitable recognition of individuals and communities participating in REDD+ activities, and the important role of communities in delivering emissions reductions. These include:

- The CCE model relies on clear information flow between the actors where particular values of transparency, democratic decision making and honesty are upheld. For example, participation of all community members in the villages is expected and all village members are allowed to participate in decision making processes regardless of the status. Democratic decision-making, transparency regarding carbon transactions, and sharing of revenue at the village level based on individual efforts are all principles promoted through the project.
- Aggregation and trading of the emission reductions from different villages as one entity reduces transaction costs. This can broaden participation especially when there is clarity for local community members on how this process works. Transparent information flow is very important from local to international levels.
- Building on existing good practices to roll out community-based REDD+ projects (for example PFM guidelines) is an effective strategy. This project has built on Tanzania's positive experiences with PFM in its design and implementation.
- Building safeguards for community-based REDD+ projects in the form of Social Impact Assessment and FPIC procedures at an early stage (project design / implementation) is commendable. In many countries, safeguards for community REDD+ projects are non-existent, incoherent or only appear as part of donor requirements.
- Service provision, currently supported by a grant from the Norwegian Government, is an important part of the project. Project implementers (local communities) will need this even after this grant runs out. Therefore, early attention has to be



A portion of the village forest in Kilosa district which is another site of the TFCG/MJUMITA REDD project.

paid to secure long –term technical assistance in view of the uncertain size of carbon revenues.

- There is the need not to lose sight of the co-benefits of REDD+ such as the provision of fuel wood, medicines and

catchment functions arising from forest conservation at the community level (in addition to the carbon payments). This could be done by increased awareness and documentation about the non-monetary contribution of forest conservation.

ABOUT THE COLLABORATING INSTITUTIONS

THE TANZANIA FOREST CONSERVATION GROUP (TFCG)

The Tanzania Forest Conservation Group (TFCG) has over 20 years experience in working with issues relating to forest conservation in Tanzania.

Through TFCG's five programmes: advocacy, participatory forest management, environmental education, community development and research, TFCG has succeeded in rolling out innovative and high-impact solutions to the challenges facing Tanzania's forests and the people that depend on them.

MJUMITA

MJUMITA is a national network of community groups involved in participatory forest management. It has been operational since 2000 and was officially registered as an independent NGO in 2007. It provides a forum for capacity building, advocacy and communication for these groups. MJUMITA currently has 80 affiliated local area networks, which are made up of Village Natural Resource Committees (VNRC) and Environmental User Groups. The local level networks are registered legal entities or are in the process of being registered.

MJUMITA's members are present in 23 districts, 420 villages and representing around 500 user groups or VNRCs involved in participatory forest management countrywide.

For more information about this project, please contact:

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REFERENCES AND RESOURCES FOR FURTHER READING

Official Making REDD Work for communities and forest conservation in Tanzania'

Project website: <http://www.tfcg.org/makingReddWork.html>

Progress Summary: Making REDD work for communities and forest conservation in Tanzania: Summary of progress between September 2010 to February 2011, TFCG/MJUMITA, 2011

TFCG / MJUMITA REDD Project leaflet, TFCG, 2009: <http://www.tfcg.org/pdf/TFCG%20MJUMITA%20REDD%20project%20leaflet.pdf>

ABOUT REDD-NET

REDD-net is an international knowledge forum for southern civil society organizations through which they can access information about efforts to Reduce Emissions from Deforestation and forest Degradation, share their own experiences and help to build pro-poor REDD projects and policies. REDD-net is a partnership between Centro Agronómico Tropical de Investigación y Enseñanza (CATIE), the Overseas Development Institute, RECOFTC – The Center for People and Forests and Uganda Coalition for Sustainable Development. REDD-net is funded by Norad.



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FOR MORE INFORMATION ABOUT REDD-NET VISIT: WWW.REDD-NET.ORG