

CEPF FINAL PROJECT COMPLETION REPORT

I. BASIC DATA

Organization Legal Name: World Wide Fund for Nature International- Tanzania Programme Office

Project Title (as stated in the grant agreement): *Facilitating the Compensation Payments for the Derema Forest Reserve, East Usambara Mountains*

Implementation Partners for this Project: WWF Tanzania Country Office

Project Dates (as stated in the grant agreement): July 1, 2005 - April 30, 2010

Date of Report (month/year): 31 May 2010

II. OPENING REMARKS

Provide any opening remarks that may assist in the review of this report.

The Government of Tanzania (Ministry of Natural Resources and Tourism: Forest and Beekeeping Division), in partnership with a consortium of NGOs including the Tanzania Forest Conservation Group, IUCN and WWF – Tanzania has in the past five years been actively involved in deliberate efforts to seek for co-funding that could be used to adequately compensate *cardamom* farmers in Derema forest in order to secure this key forest corridor within the East Usambara Mountain forests in Tanzania.

The East Usambara Mountains are a part of the Eastern Arc and Coastal Forest biodiversity hotspot. Available biodiversity data ranks this forest block as the most important within the Eastern Arc, and one of the most important forest areas in the whole of Africa (within the top 5 sites). Research over many years by Dr. William Newmark and Dr. Norbert Cordeiro on the distribution of forests in the East Usambaras indicates that if the forests become too fragmented and isolated then a number of the species only known from this area (Annex 3) will become globally extinct (Newmark 1991; 1993; 2002; Cordeiro and Howe 2003).

The Derema corridor connects the Amani Nature Reserve in the southern part of the East Usambaras with the nationally protected Forest Reserves further north. This corridor is essential for maintaining connectivity between these two large areas of forest and if the corridor is lost then these forests will remain as two isolated patches within an area of farmland hostile to most forest biodiversity. Derema is also the largest remaining unprotected forest in the East Usambara Mountains and is perhaps the last opportunity in this mountain to secure a large area of forest for conservation.

The Derema forest is threatened from conversion to agriculture, a process that has already removed more than 60% of the former forest cover on these

mountains (Newmark 1998). Over half of the Derema forest has already been under planted by *cardamom*, and selective logging has taken place, removing large canopy trees. This is the early stage of a process that has resulted in forest clearance elsewhere in the East Usambaras, and if halted now then the forest can make a full recovery. Actions by the Forestry and Beekeeping Division (FBD) stopped the planting over 7 years ago, and recovery is already seen, but the reserve gazettement process has not been completed and people may once again start growing cardamom in the area.

Policy and legal changes in Tanzania over the past few years mean that the basis for involving local communities in forest protection, forest management and forest restoration is now in place. The Tanzanian Land Law (1999) in particular recognizes the rights of local communities to be compensated for land that they agree to set aside for conservation. This approach is also in line with the Tanzanian Forest Policy (1998) and Forest Act (2002). For the past eight years detailed negotiations have been taking place to secure the unprotected forests of the Derema corridor as a new central government Forest Reserve.

Following previous national evolutions, fund-raising, and securing the required funds, the process of compensation payment which started on 23rd January 2008 was finalized on 16th May 2008. A total of 1,128 farmers evicted from Derema forest were successfully compensated. Gazettement process of Derema forest corridor - 968 ha has been finalized and gazettement notice is due for publication by the Ministry of Natural Resources and Tourism soon.

III. ACHIEVEMENT OF PROJECT PURPOSE

Project Purpose: *Derema Forest reserve gazetted to enhance connectivity between existing government reserves in the East Usambara Mountains*

Planned vs. Actual Performance

Indicator	Actual at Completion
Purpose-level:	
<p><i>1. Gazettement process - surveying, mapping, management planning, and endorsement meetings in progress</i></p>	<p>New updated map for Derema Forest has been drawn and completed. Biodiversity and socioeconomic data were gathered and used as input towards development of the current forest management plan for Derema Forest Corridor Forest Reserve. Proposal to gazette the Derema forest as National Forest Reserve received positive endorsements at Villages, Ward, District Council and Tanga Regional Secretariat and was finally submitted to Forest and Beekeeping Division in Dar es Salaam for final gazette process.</p> <p>The gazette permission has been endorsed by the AG Chambers and now due to be signed by the Minister of Natural Resources and Tourism ready for publication in the next official government gazette as gazette notice.</p>

Describe the success of the project in terms of achieving its intended impact objective and performance indicators.

This project has been quite successful in implementing most of its intended impact objective performance indicators in the East Usambara Mountains of Tanzania. An area of high biodiversity forest, supporting many endemic and threatened species has been gazetted and the process of under planting with cardamom – normally a stage in forest clearance for agriculture – has been stopped. The forest is now expected to recover and provide an important corridor linking the Amani Nature Reserve to other forests in these mountains, and potentially to the Nilo Nature Reserve further north. This conservation achievement has entailed years of work for many people, and cost over \$3 million dollars in compensation payments alone. The experience gained in

Tanzania may well inform other similar corridor development projects in that country, and elsewhere in the region. The degree of complexity and cost of this particular compensation project is probably not atypical of one which might be expected in similar highly populated mountains regions of Africa where there is a conflict over land use for conservation or for agriculture.

In addition to the compensation, the income generating activities and the new land offers for the affected populations, the reserve declaration process around Derema has also changed the way that government approaches these issues. The political pressure generated by the late payment of the compensation, and the increasing amount of funding actually required as given a strong lesson that unless the funding is in place to complete a land compensation process, reserve gazettement for the central government is problematic. A process that makes areas of forest 'village land forest reserve' is much easier to undertake and there may be a swing towards village level reservation unless there are critical areas that need to add to the national reserve network.

The experience gained in the Derema corridor has also been used by the Forestry and Beekeeping Division in the completion of another compensation process in the Uluguru Mountains further south (Burgess et al., 2002; 2007). The Uluguru Mountains is another of the Eastern Arc Mountain ranges supporting important areas of mountain forest surrounded by high population densities of poor rural people. In the Ulugurus an area of open farmland supporting maize and other subsistence crops formed a 'gap' between the former Uluguru North and Uluguru South Forest Reserves. This area was forested in the 1950s, but had been cleared by the late 1990s. A small area of sacred forest did, however, still survive.

The process to upgrade the Ulugurus to a Nature Reserve was undertaken from 2006-2009. A Nature Reserve status is an upgrade from normal Forest Reserves, and brings a greater level of forest conservation protection. This process provided the stimulus to look at the issue of the farmed 'gap' between these two reserves. Using the experience from Derema, the government was able to work with the communities, agree on an area of 106 ha of land that could be given up to make a corridor between the reserves, calculate compensation payments, pay communities, put in place income support activities, mark the reserve boundaries, and initiate replanting actions – within a year. The income support activities are particularly relevant because they are designed to help the communities maintain or improve their livelihoods even without the area of farmland that they have given up. In the Bunduki Gap the international organization CARE managed the income generation projects, and the most successful of these were those the Credit and Saving Schemes as these allowed communities to save up for items they needed to improve their lives. Two years after the compensation in this area the communities seem satisfied with the process and the gap area is being replanted with native species and natural regeneration is being encouraged.

There are also some other places in Tanzania where the development of a forest corridor between protected areas will require a compensation process. There is a small gap between the Derema Forest Reserve and the Nilo Nature Reserve in the East Usambara Mountains. This gap means that the original intention of making it possible for forest species to move from the Amani forests through Derema and to Nilo the northern reserves is not quite possible. As such this is clearly an important issue to try and resolve. Elsewhere in the Eastern Arc the so called Mnemba corridor between Kilombero Nature Reserve and the proposed Uzungwa Scarp Nature Reserve. This unprotected area between these two reserves has been proposed as a forest corridor, but there are people living there. These people would need to be compensated for giving up their land to reserves. The crops would be of similar value to those in the Bunduki gap, and there is relevant experience from there that could be used to inform the development of the compensation plan.

Those received compensation payments ranging between 500,000 and 1,000,000 invested in purchasing farm plots, livestock, and payments of school fees for their children and construction materials. At least in this group, the farm plots and livestock (cows) bought can help farmers to plant alternative crops and sell livestock products respectively to increase their income. The most reported crops being planted now include sugarcane, beans and orange for those who managed to get farm plots at the lowlands in Michungwani, Kwabada and Bwembera areas.

Those farmers who received compensation above 1,000,000 TZS invested construction of additional houses in the village, or Muheza town, which they have started to rent out for income. Others have bought milling machines that are installed in the villages for income generation and provision of services that were lacking in these villages. Moreover some of the members in this group managed to buy livestock to be used as an alternative income generating activity.

Although there is not a detailed assessment of livelihood impacts, it was noted that secondary school enrolment from the five villages where RAP has been implemented has increased from 46% before compensation to 56% after compensation. This suggests that farmers chose to use the money to send their children to school using the compensation funding. Also, a fairly good number of farmers who received the compensation payments are now engaged in the Village Savings and Loan Schemes (VS & L) that are spearheaded by CARE International in Tanzania in collaboration with RAP Coordination unit. Currently there are 10 groups each comprising of 30 members and the number of these groups is increasing. Experience from other places show that such schemes have been quite critical in improving household's incomes and could be quite helpful to the Derema farmers

Were there any unexpected impacts (positive or negative)?

It was assumed at the beginning of the project that targeted communities in five villages around Derema forest would resist to endorse gazettement of the forest due to incomplete compensation process and availability of alternative land for farming. To the project team surprise, the process to endorse gazettement of this forest went quite smoothly. Compensation process was well organized, planned, supervised and successfully implemented, followed with an intensive awareness and sensitization programmes were employed making affected communities to understand, satisfy and get interested in the gazettement process. Hence the current great achievement in gazettement of Derema forest through the reported endorsements at various levels. It was also assumed that by December 2009 final gazettement and securing alternative lands would have been completed but additional extension to 30th April 2010 was now necessary due to unforeseen assumptions. Even with this extension the final gazettement notice by the Minister of Natural Resources has not been published yet, and securing of alternative farming land for the 1128 evicted farmers is not yet completed.

IV. PROJECT OUTPUTS

Project Outputs:

Planned vs. Actual Performance

Indicator	Actual at Completion
Output 1: Process of making payments (compensation) to communities completed	Compensation process to 1128 affected communities was successfully done and completed.
<i>1.1. Number of target people compensated</i>	A total of 1128 targeted communities in five Villages were successfully compensated.
<i>1.2. Recorded amount of money compensated</i>	A total of TZS 1,618,309,382.87 was compensated to affected farmers in five targeted villages.
Output 2: Forest adjacent communities benefit from the compensation scheme	1128 farmers benefited successfully from the compensation scheme.
<i>2.1. Number of adjacent communities involved into viable income generating activities</i>	About 900 people are currently been involved into designed Village Savings and Loans Associations among the affected farmers (30 groups each 30 members)
Output 3: Derema proposed forest reserve gazetted as a central government forest reserve	Gazettement process is almost complete as the gazettement order is at the desk of Minister of Natural Resources and Tourism for signing after some corrections ready for publication.
<i>3.1. Number of consultation and endorsement meetings held</i>	Five Villages, Three Wards, one District Council, one Regional Secretariat

	consultation were meetings held under this project support.
<i>3.2. Number of Hactres gazetted as central government Forest Reserve</i>	968 ha of Derema forest corridor have been designated to be gazetted as National Forest Reserve.
Output 4: Joint Forest Management agreement between adjacent communities and the government operational	Participatory Forest Management Plan has been developed involving technical people and communities from the five villages adjacent to the Derema Forest.
<i>4.1. Number of adjacent villages involved in developing the Joint Forest Management Agreement</i>	Five villages adjacent to the Derema Forest Corridor have been involved in developing the Joint Forest Management Plan. These are: - Kambai, Kisiwani, Kwendimu, Msasa IBC and Kwezitu.
<i>4.2. Number of stakeholders approved and signed the agreement and by-laws</i>	Over 300 stakeholders representing various interests approved and signed the agreement and the management plan.
Output 5: Mechanism for long term monitoring developed and in use	Mechanism for long term monitoring (Plan) has been developed and now put in use.
<i>5.1. Baseline study conducted</i>	Collection of baseline monitoring data was completed.
<i>5.2. Social Impact Assessment update</i>	Monitoring Assessment and Evaluation of RAP and Derema forest gazettement process was conducted and reported towards the end of December 2009.
<i>5.3. Number of monitoring indicators developed in a participatory manner</i>	Six Key Performance Indicators were developed in a participatory manner.

Describe the success of the project in terms of delivering the intended outputs.

Following a GIS survey and boundary demarcation work, new updated map for Derema Forest has been drawn and completed. Biodiversity and socioeconomic data were gathered and used as input towards development of the forest management plan for Derema Forest Corridor Forest Reserve. Proposal to gazette the Derema forest as National Forest Reserve received positive endorsements at Villages, Ward, District Council and Tanga Regional Secretariat and was finally submitted to Forest and Beekeeping Division in Dar es Salaam for final gazettement process.

Despite delays in securing alternative farming land to affected farmers, gazettement of Derema forest corridor process has been unexpectedly smoother than anticipated. The affected five villages have been quite supportive in all stages including re-surveying the forest boundaries, demarcation, mapping process and drafting of the management plan. The five village governments were even surprisingly more supportive during gazettement endorsement process when they approved the idea quite amicably, so did the subsequent two-Ward Development Committees, Muheza District Council and Tanga Regional Secretariat endorsements. The gazettement process is now at very final stage

between Forestry and beekeeping Division – the owner and manager of the forest and the Attorney General Chambers approval as required by law.

Due to fact that alternative land is not yet availed, the Project designed at Village Savings and Loans Associations among the farmers so that they able to raise income, savings and loans. The scheme has increased in terms of members from 15 groups with a total loan amount of 10,682,000/= in January 2010 to 30 groups of loan amount of 30,000,000/= end of May 2010. The loans has mostly been used in new household projects like butterfly farmers, dairy, improved houses and school education. Each group is composed of 25-30 members

Thorough consultations in the targeted five villages, two adjacent Wards, Muheza District Council and Tanga regional Secretariat was conducted by the project and proposals were finally submitted to Forest and Beekeeping Division in Dar es Salaam for final gazette process. Gazette process is almost completed as the Order is at the desk of Minister of Natural Resources and Tourism for signing after some corrections. The management plan of Derema has also been prepared in a participatory way and forwarded to FBD for endorsement.

Collections of baseline data was finally completed and follow up Monitoring and evaluation work was conducted and reported towards the end of December 2009

Were any outputs unrealized? If so, how has this affected the overall impact of the project?

None

V. SAFEGUARD POLICY ASSESSMENTS

Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.

Environmental safeguard – Derema forest falls within the global biodiversity hotspot named as eastern Arc Mountains and East African Coastal Forests. The driving force towards the protection of the Derema forest was actually ensuring that biodiversity in this particular ecosystem is adequately protected and managed in a sustainable manner based on the prevailing scientific arguments and hypothesis. All human activities inside and outside these high biodiversity forests should be taking place to ensure that an objective to protect biodiversity in the area is positively compromised.

Social safeguard – Efforts were made throughout implementation period to ensure that conservation of Derema forest corridor should does not undermine human rights and socio responsibilities. During the implementation of this project, emphasis was put to ensure that evicted communities in the five adjacent communities are treated in such a manner that human rights and social responsibilities are adequately addressed or taken into account. Proper compensation procedures/formula and processes were necessary in order to avoid conflict of interests among various stakeholders particularly between local communities, Conservationists and decision makers. Luckily, even donor

communities were quiet conscious on this aspect particularly the World Bank was very strong in putting conditions on her support in order to safeguard social issues.

VI. LESSONS LEARNED FROM THE PROJECT

Describe any lessons learned during the various phases of the project. Consider lessons both for future projects, as well as for CEPF's future performance.

The main lessons learned from the Derema compensation process are that it took a very long time to raise the required compensation funding, and that the delays led to an even higher cost as interest was due because the payments took longer than set down in the law. Also, there was a good deal of political wrangling involved, from the villagers who tried to plant crops in the forest the day before the valuation team arrived, to the local lawyers who advised the villagers on various issues, and brought the political attention to the injustice of the unpaid compensation. This put increasing pressure on the government and intense efforts were undertaken to find the required compensation funding, pay the communities, and solve an embarrassing political issue.

A simple issue that proved a great challenge was that many of the people who needed to be paid had neither an ID card nor bank accounts at first. This made it almost impossible to be sure that the right people were going to be paid, and to pay them in a way that did not make them vulnerable to immediate robbery or potential mismanagement of the funds. A lot of time was used making sure that everyone was identified, photographed, issued with relevant cards, had opened a bank account in Muheza, and had received detailed advice from WWF and Government staff on the best ways to use the money to make sure that it improved their livelihoods over the longer term. This was undertaken over a period of more than a year, and continued even after the first and second set of payments were made. Indeed one of the reasons for making a number of different payments was that people could slowly absorb the funding and use it wisely.

A delay on providing alternative land to farmers has been a major set back to the affected farmers. This has serious implications on their livelihoods as most of them have now completely used the compensation money received and they are left with a challenge to develop any piece of land that may be provided to them. It remains possible that the lack of provision of the alternative land to affected farmers shall tempt them to reclaim the farm plots they used to cultivate in the Derema corridor, which will have negative implications on the conservation of forest in the area.

Another lesson is that a process like this is very complicated and requires high levels of legal, fundraising, diplomatic, financial management, and administrative skills. The potential for misuse of funds, for further complaints from the communities and further political fall out necessitated a detailed compensation payment process, considerable discussion and advice to communities and government, and a good deal of trust building on all sides. To an extent the

WWF staff who had worked in the area for many years provided the role of ‘honest broker’ and facilitator to the process, but at times they also came under heavy criticism and even physical attack when rumours were circulating about their role in the compensation process.

A further lesson is that the potential for misunderstanding in a process like this is extremely large, and that good communication and spending time on talking and explaining is very important. Even with considerable amounts of mis-information circulating, it can be possible to get the right messages across and for community and government leaders, sometimes backed up by the police, to keep the process moving.

Project Design Process: (aspects of the project design that contributed to its success/failure)

The genesis of this project was strongly supported by previous solid scientific findings and sensible arguments that drew attention to many interested stakeholders in the area. As part of adaptive forest management, there was a huge moral and technical support from politicians, government decision makers at different levels, scientists, researchers, conservationists and donor community. With attractive financial incentive to cardamom farmers as an opportunity cost to communities that was a biggest motivation to buy-in the idea of evicting Derema forest from farming to conservation. Right from the beginning, the conservationists spent a lot of time raising awareness to adjacent communities and leaders on why should Derema forest be protected, why is it important and why continued farming of cardamom in the forest has very bad negative impact into the ecosystems.

Moreover, both Letter of Intent and Full proposal for this particular project were developed in a consultative and participatory manner involving all key stakeholders who have some interests in the Derema forest corridor, as such there was a huge buy-in right from the project planning stage to implementation.

Project Execution: (aspects of the project execution that contributed to its success/failure)

Participatory project management involving all key stakeholders interested in the Derema forest corridor was the main emphasis of this project. There have been intensive consultation and involvement from the village level to Ward, District Council, regional and at national level in planning, decision making and endorsement on major issues. During surveying, boundary demarcating, mapping, resource mapping, socioeconomic surveys, management planning process, endorsement consultative meetings and approvals were all quite participatory. This is the reason that contributed to the current project success listed in this report.

VII. ADDITIONAL FUNDING

Provide details of any additional donors who supported this project and any funding secured for the project as a result of the CEPF grant or success of the project.

Donor	Type of Funding*	Amount	Notes
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World Bank	B	\$ 274,661	Implementation of Resettlement Action Plan (RAP)
World Bank	B	\$ 2,100,000	Compensation payment to affected communities
Government	B	\$ 85,000	Compensation payment to affected communities
FINNIDA (Now MFA)	B	\$ 107,000	Boundary clearing and compensation payment to affected communities
FINNIDA (Now MFA)	B	\$ 227,000	Compensation payment to affected communities
Global Conser. Fund	B	\$ 350,000	Compensation payment to affected communities

***Additional funding should be reported using the following categories:**

- A** *Project co-financing (Other donors contribute to the direct costs of this CEPF project)*
- B** *Complementary funding (Other donors contribute to partner organizations that are working on a project linked with this CEPF project)*
- C** *Grantee and Partner leveraging (Other donors contribute to your organization or a partner organization as a direct result of successes with this CEPF project.)*
- D** *Regional/Portfolio leveraging (Other donors make large investments in a region because of CEPF investment or successes related to this project.)*

Provide details of whether this project will continue in the future and if so, how any additional funding already secured or fundraising plans will help ensure its sustainability.

FBD continues to retain the RAP office in Muheza District Headquarter with the RAP Coordinator equipped with all necessary facilities from this project and from FBD. WWF also continues to work in the forest corridor with funding from WWF Finland on Forest Landscape Restoration interventions, PFM works in Derema and PES interventions project activities; and WWF Netherlands on PES studies and pilots.

VIII. ADDITIONAL COMMENTS AND RECOMMENDATIONS

The CEPF support towards this compensation process to secure Derema forest corridor has been very instrumental. The development of the Derema Forest Reserve in the East Usambara Mountains of Tanzania is a real world example of enhancing connectivity in a biodiversity hotspot ecosystem – worth replicating.

VIII. INFORMATION SHARING

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned and results. One way we do this is by

making programmatic project documents available on our Web site, www.cepf.net, and by marketing these in our newsletter and other communications.

These documents are accessed frequently by other CEPF grantees, potential partners, and the wider conservation community.

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