

CEPF SMALL GRANT FINAL PROJECT COMPLETION REPORT

I. BASIC DATA

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

Project Title (as stated in the grant agreement): DO PAYMENTS FOR ENVIRONMENTAL SERVICES OFFER THE POTENTIAL FOR LONG-TERM SUSTAINABLE FINANCING?

Implementation Partners for This Project:

- The WWF-Tanzania Programme Office
- The Sustainable Financing Unit and Macroeconomics Programme of WWF-USA
- The GEF UNDP funded Eastern Arc project of the Tanzanian Forest and Beekeeping Division and through it the Eastern Arc Conservation Endowment Fund
- The Forest and Beekeeping Division of the Government of Tanzania, through the technical assistance of Dr. Neil Burgess to both organisations in the development of their work on this issue.
- The project incorporated two students doing MScs in Water Resources Management at the University of Dar es Salaam.
- Within WWF it will work closely with the East Usambara Forest Landscape Restoration Project.

Project Dates (as stated in the grant agreement): October, 2004 – September 31, 2006

Date of Report (month/year): December 2005

II. OPENING REMARKS

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

The project aimed at addressing strategic direction 1 relating to improved livelihoods. The issue of water as a key environmental service supplied by the forests of the Eastern Arc Mountains is a key conservation issue. It provides a tangible link for the people of urban areas between the conservation of forests and the water they drink, and that powers their industry and homes. Without these forests and their ecological services, livelihoods in urban areas and the economic prospects of the nation would be dramatically affected.

III. NARRATIVE QUESTIONS

1. What was the initial objective of this project?

The initial (broad) objectives were:

- To help in the making of decision making of decisions regarding forest and water resources management
- To raise awareness of the public about the sustainable management of water.
- To promote strategies to protect the watershed
- To create a mechanism to finance the conservation of watershed conservation of watershed based on the value of their services.
- To look into the possibility of rewarding communities that are stewards of catchment areas.

2. Did the objectives of your project change during implementation? If so, please explain why and how.

These were later fine tuned and evolved as the following (objectives):

- Help in the making of decisions regarding forest and water resources management.
- Suggest how part of the revenues from water sales can be used for forest management as part of watershed management.
- Look into the possibility of rewarding upland communities who are stewards of catchment areas i.e. suggest ways through which communities around catchment forests and especially the upland poor can be rewarded to actively participate in catchment protection and management.
- Gather lessons of PES from around the world where payments for water are linked to the conservation of water resources.
- Indicate potential benefits that might be gained if the Payment for Water for watershed management mechanism is to be established in Tanzania.
- Give more insights of how Payment for water can be established and operationalized in Tanzania.
- Add into the existing literature about payments for water services in Tanzania.
- Identify and quantify water services: Which services are generated in a given location? How much is the service worth?
- Identify key beneficiaries and charge them for water services: Who should pay? What fee? How should the funds yielded be managed?
- Develop payment systems that work: How are payments to be made to achieve the desired change in forest use sustainability?
- Address political, economy and institutional issues: Who are the winners and losers, and how can the resulting political economy implications be addressed? What institutional preconditions make the payments possible?

3. How was your project successful in achieving the expected objectives?

The project generated the relevant information/data that was required to support policy initiatives that are focusing on bringing about and getting the concept of payments for Environmental Services to be accepted in Tanzania. At the moment the information has been used in two stakeholders meetings and will continue to be used in between two to three follow-up meetings and discussions during 2006. The information has also been used to write proposals for a larger initiative covering the Uluguru, and Nguru Mountains.

4. Did your team experience any disappointments or failures during implementation? If so, please explain and comment on how the team addressed these disappointments and/or failures.

There were two field sites for this project, one in the Uluguru Mountains and the other in the East Usambara Mountains. The East Usambara study was very successful, and in contrast the Uluguru Mountain study was not very impressive. We terminated the sub- contract for the Uluguru study and have commissioned the remainder of the funds to the person who conducted the East Usambara study to upgrade and complete the Uluguru study so that its finding can be more useful.

5. Describe any positive or negative lessons learned from this project that would be useful to share with other organizations interested in implementing a similar project.

The **positive** lessons are that:

- This is a relatively new area and thus when selecting people to work with, their ability to innovate is important.
- Since the bulk of the field work was done by the two MSc students, they had effectively undergone a capacity building process.
- There was also a spread-effect to the staff/department at the University of Dar es Salaam through this process
- The initial information was generated through a small grant, but the impact of the information generated show prospects of being considerable thus a “bigger bang for the buck”.

The only **negative** lesson is that one of the students was poorer and not highly motivated.

6. Describe any follow-up activities related to this project.

As mentioned earlier, the results of this project are making critically important contributions to the evolution and hopefully adoption of the payments for Environmental Services in Tanzania and especially in the Eastern Arc Mountains.

7. Please provide any additional information to assist CEPF in understanding any other aspects of your completed project.

IV. 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 |
|---|---------------------------------------|--|--|
| DGIS (Netherlands), Danida (Denmark) | C - Grantee and Partner leveraging | Euro 100,000 per annum for the first 18 months. | This is a project to be jointly implemented over 18 months with CARE Tanzania and PEMA. Other international partners are IIED. |
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***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.

This project is about to end, but will continue through another PES project funded by Danida and DGIS (Netherlands) in the Eastern Arc Mountains.

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| V. ADDITIONAL COMMENTS AND RECOMMENDATIONS |
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We expect to complete the project over the next eight to ten weeks. The aim is to upgrade what was otherwise a mediocre report for the Uluguru site to be a much more comprehensive and useful report. No additional funding is sought only remaining funds will be used.

VI. INFORMATION SHARING

CEPF aims to increase sharing of experiences, lessons learned and results among our grant recipients and the wider conservation and donor communities. One way we do this is by making the text of final project completion reports available on our Web site, www.cepf.net, and by marketing these reports in our newsletter and other communications. Please indicate whether you would agree to publicly sharing your final project report with others in this way.

Yes

No

If yes, please also complete the following:

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